



## Belfast City Council

<b>Report to:</b>	Strategic Policy and Resources Committee
<b>Subject:</b>	Update on Asset Realisation
<b>Date:</b>	21 May 2010
<b>Reporting Officer:</b>	Mr Gerry Millar, Director of Property & Projects (ext. 6217)
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### Relevant Background Information

Asset realisation is a key plank of both the City Leadership Place Shaping agenda and also the Council's Efficiency Agenda.

Members will recall that a paper was taken to Strategic Policy & Resources Committee on 20 November 2009 on the City Investment Framework which incorporated asset disposals (copy enclosed at Appendix 1).

At that meeting it was highlighted that the current economic climate is not favourable to asset disposals given the lack of market demand, availability of finance & the resultant marked decline in market values. However, it was agreed that a cross departmental Assets Realisation Project Group be established to undertake appraisal and assessment of certain land and property assets, with a view to having them 'market ready' and to bring forward for disposal and/or development when the market improves or if any advantageous proposals are presented to the Council in the interim.

It was recognised that there are a number of issues that slow down any disposal or development options including planning, legal & title restrictions, environmental and contamination issues, and co dependencies with other agencies and external stakeholders. By way of examples, obtaining planning approval is the major hurdle in completing the Loughside disposal; it was also the major issue in the previously proposed redevelopment and disposal of the former Ravenhill Road PC's and rest garden site; and planning approval was required for both the demolition and redevelopment of the former Templemore Avenue PC's (located in an Area of Townscape Character) which delayed the site coming to the market. Resolving title issues (albeit in relation to the adjoining land primarily) at Primrose Street former civic amenity site has also delayed completion, whilst overcoming contamination & environmental constraints is a major issue of many sites, including the Gasworks Northern Fringe.

The above are only some examples but every site has its own particular issues and problems.

## Key Issues

- A cross departmental Asset Realisation Project Group has been established comprising officers from Property & Projects, Legal Services, Health & Environmental Services, Development & the Parks & Leisure departments.
- The group are of the view that in terms of moving forward & progressing planning, legal, environmental and other issues, or progressing with disposal, that prioritisation should be given to those assets that are already currently surplus to Council requirements or, in certain instances, where interest has been expressed by third parties in acquiring or developing. These are listed in Table 1 below. In the case of the other assets previously identified (listed in Table 2 below), these are still being progressed but as there are various operational & other issues to be addressed in the first instance, it is considered prudent to take a phased approach. Thirdly, Table 3 provides a short list of under-utilised assets which could potentially be developed to the benefit of the wider community and the city.
- Planning assessments are to be undertaken in respect of many of these sites to ascertain future use options, optimal development & likelihood of obtaining approval in the context of planning policy, highway & other constraints. A procurement process has commenced to obtain planning consultants to advise on this. Planning advice has already been obtained in respect of certain assets.
- A process has been put in place to check & resolve as far as possible, title issues, restrictions, grant aid clawback etc.
- A process has also been put in place to ascertain contamination & environmental issues associated with each of these sites. Current environmental legislation could be a very significant constraint in future development/disposal options. A separate report is being brought to this Committee in relation to the Gasworks site and seeking approval to a tendering exercise for professional environmental advice in terms of a risk assessment, legal review and opinion on liabilities and a strategy for the management and future development of this site.
- A longer term accommodation strategy is being considered simultaneously and this may influence future development options in respect of certain assets. A separate report will be brought back to Committee on this.
- Whilst capital receipts through asset disposals has been identified as a key source of funding for the capital programme, city investment framework and other Council priorities, it must be highlighted that in the current economic climate caution should be taken in deciding to dispose of the Council's assets, and the timing of any such disposals. In terms of borrowing, there is limited finance available for purchasers which is reflected in the low levels of demand and significantly reduced open market values. The capital return from any disposal is obviously a key consideration although associated running costs and any contribution to wider corporate and service objectives also needs to be considered.

**TABLE 1: Phase 1 Assets for Realisation**

<b>Asset</b>	<b>Current Position</b>
<b>Beechmount</b>	Price agreed with Department of Education, final negotiations taking place as part of conveyancing process in relation to the issue of continued public access to facilities on the site.

<p><b>Loughside</b></p>	<p>Disposal subject to planning approval; planning application submitted. Consultations ongoing.</p>
<p><b>Glen Road (Adj St Teresa's GAC)</b></p>	<p>Disposal completed. Capital receipt of £750,000 received.</p>
<p><b>Glen Road (Large site)</b></p>	<p>Forms part of a larger site (in 3 separate ownerships inc BCC land) designated in dBMAP as requiring a Concept Statement to facilitate the comprehensive development of total combined lands with a minimum of 240 social housings units and transport assessment to be agreed with Roads Service. Fold &amp; Oaklee Housing Associations were nominated by NIHE as social housing providers. However, the disposal of this site was delayed primarily to issues surrounding proposed delivery vehicle and DSD guidance on EU Procurement Regulations which precluded the Design &amp; Build route that NIHE and the Housing Associations had proposed. There were also issues with access and roads infrastructure. LPS had previously valued the Council's land but have to re-value following details of the revised scheme which is currently being progressed by architects on behalf of the Housing Associations/NIHE. A further report will be taken back to Committee in the near future with detailed terms of disposal.</p>
<p><b>Colin Glen</b></p>	<p>Previous Committee approval in principle to dispose to Clanmil Housing Association (nominated by NIHE to develop for social housing purposes) but progress by Clanmil has been very slow to date, which was, in part, due to changes in EU procurement process. Clanmil have however indicated that they are to submit a planning application in July, which should enable valuation to be agreed upon. Discussions remain ongoing with Clanmil with a view to progressing this sale.</p>
<p><b>Primrose Street former Civic Amenity Site</b></p>	<p>Following extensive marketing this property was agreed for sale on basis of Council's site and the adjoining area of land, owned by the Pigeon Club, being disposed of simultaneously. However, there were legal issues (including restrictions on title) with the Pigeon Club land which are being resolved by the Pigeon Club solicitors but this has delayed completion.</p>

<p><b>Seapark former Civic Amenity Site</b></p>	<p>Following extensive marketing this site was agreed for sale in June 2009. However, the purchaser has now made the completion of the sale conditional upon the sale of another property and progress has therefore been slow. Every effort is being made to complete the sale and it remains on the market. In addition mapping and title issues have had to be resolved.</p>
<p><b>Templemore Avenue former PC's site</b></p>	<p>Planning approval was obtained for 6 no houses at this site and it is currently on the open market for sale. However, any interest in this site has, to date, been at significantly less than the asking price. Habitat for Humanity has expressed an interest in the site and are to make a formal offer which will be reported to Committee in due course.</p>
<p><b>Land at North Foreshore</b></p>	<p>Potential disposal of land to Arc 21 for an MBT facility is dependent upon outcome of Arc 21 procurement process and site selection by the preferred bidder.</p>
<p><b>Gasworks Northern Fringe</b></p>	<p>Masterplanning process underway with a view to submitting an outline planning application. However land contamination issues and clarification on liabilities have to be resolved in the first instance; and there is a separate paper being presented to this Committee on this matter.</p>
<p><b>Maysfield</b></p>	<p>Planned demolition of this building was put on hold due to planning advice which highlighted that retention of the existing structure may protect future development potential, as existing use and vehicular access are factors that Planning Service <i>may</i> consider. Further engagement with Planning Service and Roads Service is however to be undertaken to secure their support in principle for redevelopment that would permit demolition but not impact on development potential. A planning assessment is being obtained to assess the optimal development potential; and roads/infrastructure, title &amp; health &amp; environmental issues (including impact of the COMAH regulations) are currently being considered. A more comprehensive report will be brought back to Committee in the near future with detail on these issues and options for disposal /redevelopment of this site, either on its own or in conjunction with adjoining landowners.</p>

<p><b>Grove Former Leisure Centre</b></p>	<p>Demolition and associated costs are being assessed. A planning assessment is being obtained to assess development potential; and roads/infrastructure, title &amp; health &amp; environmental issues are currently being considered. A more comprehensive report will be brought back to Committee in the near future with detail on these issues and options.</p>
<p><b>Ravenhill Road (former PC's &amp; rest garden</b></p>	<p>This site was previously marketed by way of a Development Brief and a developer appointed. However due to difficulties in obtaining planning and problems with obtaining funding this did not proceed. Discussions are currently underway with Planning Service in terms of these planning issues; and a planning assessment is being obtained to assess development potential; and roads/infrastructure, title &amp; health &amp; environmental issues are also currently being considered.</p>
<p><b>Duncrue former car compound site &amp; adj. option site.</b></p>	<p>Planning issues, legal, title and health &amp; environmental issues are all currently being considered, as well as an assessment of means of disposal (capital premium v rental income as per remainder of Duncrue Industrial Estate).</p>
<p><b>Shore Road (adj Whitewell Tabernacle Church)</b></p>	<p>A planning assessment is being obtained to assess development potential; and roads/infrastructure, title &amp; environmental issues are also currently being considered.</p>
<p><b>Clara Street former Civic Amenity Site</b></p>	<p>Recently vacated by Health &amp; Environmental Services department. Planning issues, legal, title and health &amp; environmental issues are all currently being considered,</p>
<p><b>Boucher Road former Civic Amenity Site</b></p>	<p>Planning application previously submitted with a view to marketing by way of a long lease with reviewable ground rent (in line with the remainder of Balmoral Industrial Estate). Difficulties however with planning still to be resolved as well as legal, title and health &amp; environmental issues all currently being considered,</p>
<p><b>Cathedral Gardens</b></p>	<p>Operational asset held by Parks &amp; Leisure department as a city centre park area. Previously unable to agree terms with UJJ re appropriate redevelopment of this site. Parks &amp; Leisure and the Property &amp; Projects departments are undertaking an assessment</p>

<p><b>Old Zoo Antrim Road</b></p> <p><b>Upper Whiterock Road/Ballygomartin Road</b></p>	<p>of options regarding the future use and/or redevelopment of this site taking into account its current use. A report will be taken to the Parks &amp; Leisure Committee in the first instance with options as to future use/retention or redevelopment.</p> <p>Parks &amp; Leisure and the Property &amp; Projects departments have commenced an assessment of options regarding the future use and/or redevelopment of this site, also taking into account the ongoing feasibility study of Floral Hall. Planning issues, legal, title, roads and health &amp; environmental issues are all being considered.</p> <p>Issues regarding title and grant aid clawback have delayed the planning assessment which had been commissioned for this site. It is hoped that these legal issues will be resolved in the near future to allow the planning assessment to proceed.</p>
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**TABLE 2: Phase 2 Assets for Realisation**

<b>Asset</b>	<b>Current Position</b>
<p><b>Stranmillis Car Park</b></p> <p><b>Ormeau Avenue Car Park</b></p> <p><b>Dunbar Link Depot</b></p> <p><b>Seymour House &amp; ISB building Gloucester Street</b></p>	<p>The outcome of the dBMAP enquiry is awaited (the Council objected to its designation as public open space as part of the Lagan Valley Regional Park). Pending this, investigations are underway to ascertain use as a short stay car park with limited waiting time, for e.g. as a pay and display operated by a commercial car park operator or with limited waiting. This will be reported to Parks &amp; Leisure Committee in first instance. Longer term options will be assessed in light of the outcome of the dBMAP enquiry.</p> <p>Impact of proposed road scheme awaited. Legal, title and health &amp; environmental issues will be ascertained in interim.</p> <p>Operational asset. Alternative re-provision to be considered, but also awaiting outcome of negotiations between potential developer and NIE (adjoining landowner) to ascertain if NIE proposing to relocate; and further awaiting details of transfer of functions from Roads Service in terms of the car park located to front of the site.</p> <p>Staff in Seymour House have largely been relocated, and both buildings are being considered as part of a longer term accommodation strategy which is underway.</p>

<p><b>McClure Street Open Space</b></p>	<p>A report will be brought back to Committee in due course.</p> <p>Longer term options will be assessed in light of the outcome of the dBMAP enquiry. Legal, title and health &amp; environmental issues will be ascertained in interim.</p>

**TABLE 3: Underutilised Assets with potential for wider benefits:**

Asset	Current Position
<p><b>Land at Whiterock Leisure Centre</b></p>	<p>This has been identified as having potential for a range of Parks and Leisure uses as well as potentially some commercial development. A range of issues are being addressed including the existing lease arrangements on part of the site and the extent of land contamination. A planning assessment will be required following resolution of these potentially limiting factors.</p>
<p><b>Wilmont House</b></p>	<p>A 'Listed Building' for which a draft Development Brief has been prepared and investigations are underway regarding relaxation of title constraints. The existing title limits use of the building to uses which bring benefit to the citizens of Belfast. Title also places a bar on the sale of alcohol.</p>
<p><b>Floral Hall</b></p>	<p>Feasibility Study underway to ascertain physical potential of the building and consider appropriate and sustainable end use.</p>

**Resource Implications**

Financial: Capital receipts through asset disposals has been identified as a key source of funding for the capital programme, city investment framework and other Council priorities. However, in the current economic climate caution must be taken in deciding to dispose of the Council's assets, and the timing of any such disposals. In terms of borrowing, there is limited finance available for purchasers which is reflected in the low levels of demand and significantly reduced open market values. The capital return from any disposal is obviously a key consideration although associated running costs and any contribution to wider corporate and service objectives also need to be considered.

Human Resources: Cross departmental staff resource, primarily from Property & Projects department to progress the disposal or redevelopment options.

Asset & Other Implications: Consideration of the most appropriate disposal and/or redevelopment options for surplus Council assets accords with effective asset management.

<b>Recommendations</b>
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Members are asked to note the contents of this report and further note that more detailed reports will be brought back on an individual basis following the completion of the various planning and options appraisals in respect of the assets as listed.
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<b>Decision Tracking</b>
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Director of Property & Resources to ensure that the issues highlighted above are progressed in a timely manner with regular updates reported to Committee.
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<b>Key to Abbreviations</b>
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