

Growth Committee

13 October 2016

Disposal of the long lease of St Mary's Centre, Chessington

Report by the Director of Place

Purpose

To approve the disposal of the site known as the St Mary's Centre, Chessington, to the YMCA by way of a long lease, subject to the YMCA obtaining any necessary planning consents and resolving any relevant land issues.

Recommendations of the Portfolio Holder for Regeneration, Assets and Planning Policy

The Committee is recommended to approve the proposed disposal of the leasehold of the site known as the St Mary's Centre, Chessington, to the YMCA, subject to the YMCA obtaining any necessary planning consents and resolving any relevant land issues.

To **resolve** that the Head of Property is granted delegated authority to finalise the commercial terms for the leasehold disposal of the site known as St Mary's, Chessington to the YMCA.

Key Points

- A. The Council owns the freehold of the site known as St Mary's Chessington. The site has been leased to St Mary's Church since 2008;
- B. The YMCA has made a proposal to acquire the leasehold of the site for a period of 150 years in order to facilitate a mixed use development consisting of a community hall facility and 31 one bedroom residential units;
- C. The Council understands that the YMCA has an outline agreement in place with St Mary's Church to surrender its existing rights under the Landlord and Tenant Act 1954, in return for the use of the new community facility that the YMCA intends to develop on site;
- D. The YMCA has proposed to pay an annual rental for the use of the site, to grant the Council nomination rights for 50% of the residential units it intends to develop on the site, and to enter into a profit sharing arrangement with the Council for any additional revenue it is able to generate from the community facility;
- E. The Committee is asked to grant the YMCA a leasehold interest of 150 years, restricted to use classes C3, D1 and D2 under the Town and Country Planning (Use Classes) Order 1987, subject to the YMCA obtaining any necessary planning consents under the Town and Country Planning Act 1990, and subject to the YMCA resolving any relevant land issues on site.
- F. The key commercial terms for the proposed leasehold disposal are set out in the Exempt section of this report.

Context

1. The Council has leased the premises to the St Mary's Centre since 2008. This lease expired in May 2015 and the Council has agreed that the tenant can 'hold

over' on it's lease in the premises until November 2017. This holding over period has facilitated a dialogue between the tenant and the developer about the proposed development on site.

Proposal

2. The YMCA has been discussing with St Mary's Church the possibility of taking on the existing St Mary's Centre site, for the purposes of re-providing the community centre and constructing 31 residential units.
3. The Council received an offer from the YMCA for a 150 year lease of the site, which includes payment of a ground rent, the provision of nomination rights for 15 of the residential units, and an agreement with St Mary's for them to use the proposed community hall facility. The key elements of the bid are set out in the exempt sections of the report.

Consultations

4. Any proposals for development on site will be subject to the full consultation requirements of the Town and Country Planning Act 1990 and will be for the developer to take forward.

Timescale

5. The proposed disposal is subject to the purchaser achieving any necessary planning consents, and resolving any relevant land issues on site. It is proposed that Contract for Sale grants the purchaser a period of 18 months, from December 2016, to achieve this.

Resource Implications

6. The proposed disposal will produce a financial benefit to the Council through increased rental income from the site. The proposed development will also facilitate a non-cashable financial benefit to the Council by virtue of the nomination rights to 15 residential units. The precise details of the proposed offer are set out in the Exempt section of this report.
7. The Head of Housing has been consulted on this proposal and regards the offer of nomination rights on 15 of the residential units as being advantageous to the Council.

Legal Implications

8. Local Authorities are given powers under the Local Government Act 1972 to dispose of land in any manner they wish, including sale of the freehold interest, granting a lease, and the granting of easements. Local Authorities are generally expected to obtain the best consideration reasonably obtainable for the disposal of their land. However, it is also recognised, in the General Consent Order 2003, that there may be circumstances where an authority considers it appropriate to

dispose of land at an undervalue. Specifically, in circumstances where the undervalue of the land is valued at less than £2,000,000 of the unrestricted value of the land, the authority has the power to dispose of the land in question in line with its powers to promote economic, social and environmental well being in the area.

9. An assessment of the financial value of the cashable and non-cashable elements of the proposed disposal are presented in the Exempt part of this report. The assessment demonstrates that the proposed offer produces an overall net financial benefit to the Council.

Environmental Implications

10. The disposal is subject to the developer obtaining any necessary planning consents, and resolving any relevant land issues, and it is expected that any applicable environmental issues will be identified and managed during this process.

Background papers: None other than those referred to in this report

Author of the report - Karl Limbert, Head of Property, 020 8547 5155,
karl.limbert@kingston.gov.uk