

Addendum Report to the Cabinet

Report reference: C-021a-2009/10
Date of meeting: 7 September 2009



Portfolio: Housing
Subject: Redevelopment Scheme – Marden Close, Chigwell Row
Responsible Officer: Alan Hall (01992 564004).
Democratic Services Officer: Gary Woodhall (01992 564470).

Recommendations/Decisions Required:

- (1) That the premium for the proposed lease of the ground floor of Faversham Hall to Chigwell Parish Council be based on the Alternate Use Value;**
- (2) That, when inviting the Council's Preferred RSL Partners to submit tenders for the proposed redevelopment scheme for Marden Close, they also be asked to provide an optional purchase price for having a 99 year lease of the ground floor of Faversham Hall and converting the existing hall into two self-contained flats, let on assured tenancies at affordable rents to nominees from the Council's Housing Register;**
- (3) That the premium for the lease to Chigwell Parish Council be equivalent to the optional purchase price submitted by the Preferred RSL Partner selected by the District Council to undertake the proposed re-development of Marden Close; and**
- (4) That the proposed lease includes provision for external repairs and the arrangement of building insurance for Faversham Hall be undertaken by the District Council, with the associated cost shared between the District Council and Parish Council on a floor area basis of the ground and first floor, and that the Parish Council reimburses the District Council its share of the costs by way of a service charge under the terms of the lease.**

Executive Summary:

Advice from the Principal Valuer & Estates Manager on the valuation for Faversham Hall.

Reasons for Proposed Decision:

The option of providing a lease to the Parish Council is likely to result in an opportunity cost to the District Council. The proposed decision would result in the District Council mitigating the potential loss, whilst providing a true value, through a competitive process.

Other Options for Action:

- 1) To value the Hall on its existing use value
- 2) To charge the Parish Council a peppercorn rent
- 3) To charge the Parish Council a different sum
- 4) To not offer the Parish Council a lease.

Report:

Valuation for Faversham Hall

1. The main agenda item refers to the need to obtain a valuation for the proposed 99 year lease for the ground floor of Faversham Hall, Chigwell Row. The advice of the Council's Principal Valuer and Estates Manager has been sought, who has suggested the following approach to the valuation:

"I understand that the Council is looking for an open market valuation of Faversham Hall based upon a long lease to Chigwell Parish Council.

I understand that the property is currently used as a community hall for the older residents of Marden Close, with kitchen and laundry on the ground floor and with a residential flat at first floor. The Council are responsible for insurance and external repairs at present and would retain the first floor flat.

I would suggest that under the terms of the lease the cost of external repairs and the building insurance are split on a floor area basis and that the Parish Council would reimburse EFDC under the terms of the lease and by way of a service charge. This would allow for a fair apportionment of the cost.

With regard to valuing the ground floor as a community hall this can be done by either valuing its Existing Use Value or looking at an Alternative Use Value.

Estimating the current Existing Use Value is quite difficult as there is a very small market for community halls and I understand that this one is likely to have a prohibition on music after 9pm which will severely restrict any hiring for family parties etc. The price is therefore likely to be quite low especially when income is compared to maintenance costs, cost of insurance etc. However, if required, I will be happy to provide a valuation on this basis.

A more realistic open market value can be ascertained by considering the Alternative Use Value. I understand that the ground floor could potentially be converted into two flats subject to obtaining the necessary planning approval. You propose to obtain competitive tenders for the conversion of bedsits into ten one bedroom flats at neighbouring Marden Close from Preferred RSL (housing association) Partners.

If they could tender separately for the conversion of Faversham Hall's ground floor into two flats then this would give a true competitive market value which is equal to a premium payment. The District Council would then know the capital receipt it would be foregoing if the hall was leased to the Parish Council. The Parish Council could then be asked if it wished to take a lease for the hall, for this level of premium.

If the Parish Council declined such an invitation but, subsequently, the conversion proposals did not obtain planning permission for a fundamental reason, the Parish Council could be invited to take on the lease based on the Existing Use Value."

Resource Implications:

Potential capital receipt for the District Council – unable to determine the amount at present

Legal and Governance Implications:

Housing Act 1985

Safer, Cleaner and Greener Implications:

None

Consultation Undertaken:

None.

Background Papers:

None

Impact Assessments:

Risk Management

If the Cabinet agrees an alternative approach, it could result in a loss of potential income to the District Council

Equalities Assessment

It is not considered that there are any equalities.