

 <p>Brent</p>	<p>Cabinet 16 June 2014</p> <p>Report from the Strategic Director of Regeneration and Growth</p>
<p>For Action</p>	<p>Wards affected Brondesbury Park</p>
<p>Disposal of loft space at 96 Leighton Gardens, London NW10 3PU</p>	

*Appendix 1 is not for publication.

1.0 SUMMARY

- 1.1 This report seeks approval to proceed with the disposal of the Council's loft space within the Housing Revenue Account (HRA) at 96 Leighton Gardens, London NW10 3PU for a capital receipt.

2.0 RECOMMENDATIONS

- 2.1 That Members approve the disposal of the Council's loft space at 96 Leighton Gardens to the leaseholder on the first floor flat at 96B Leighton Gardens (the top floor flat which adjoins the loft space), for a capital receipt.
- 2.2 That Members delegate authority to the Operational Director of Property and Projects to agree the terms of the disposal and grant a supplementary lease for the sale of the loft space.

3.0 DETAIL

- 3.1 The Council receives a number of enquiries each year from leaseholders in street properties within the HRA wishing to acquire the undemised areas of land or property above or neighbouring their flats in order to extend their existing flats.

- 3.2 No formal written policy or framework is currently in place to deal with these types of leaseholder enquiries. Instead, each case is reviewed on a case by case basis and in the context of the practical, legal and technical reasons in relation to each property.
- 3.3 The Council is not legally required to dispose of areas of land and property which are not demised, such as loft spaces and basements, to adjoining leaseholders, however there is the potential to generate capital receipts for the Council from these types of disposals and potentially allow development to take place to increase the number of habitable rooms in the borough.
- 3.4 When an enquiry is received from a leaseholder wishing to acquire an undemised area of land or property, the Council will consult with Brent Housing Partnership (BHP), who manages the properties, about the feasibility of the disposal and set out the procedure and timescale for investigating whether we would be agreeable to the sale to the leaseholder.
- 3.5 The Council may agree in principle to the disposal except in the case where we would wish to retain the undemised areas of land or property within the HRA, or if there are other practical or technical reasons against the disposal. It must be emphasised that each case must be viewed on its own facts and merits because of the legal and technical complexities inherent in some property ownership structures.
- 3.6 The Council or BHP will carry out a valuation to assess the amount of premium we would seek for the disposal of the undemised area of land or property. The valuation may take into account any potential development value. In addition to the premium payable, the leaseholder will be required to pay any legal or surveyor fees incurred by the Council in relation to the transaction.
- 3.7 If the premium and costs being sought is agreed with the leaseholder and the necessary approvals obtained by the Council, a deed of variation will be executed which will include the undemised area of land or property in the lease. The offer is generally conditional on the leaseholder obtaining the necessary licence for alteration, planning, building regulations and any other consent that may be necessary for development.
- 3.8 The subject property is a maisonette comprising two self-contained flats. The Council owns the freehold of the property. The ground floor flat at 96A Leighton Gardens is owned by the Council and is let to a secure tenant.
- 3.9 The first floor flat at 96B Leighton Gardens is privately owned and comprises two bedrooms (approximately 786 square feet). The gross internal floor area of the adjoining loft space (shown in appendix 2) is approximately 505 square feet. The combination of the roof space with the first floor flat is possible and the additional accommodation from such a scheme could comprise a double bedroom with en suite bathroom.

- 3.10 In the case of the subject property, Council officers have reviewed the case with Brent Housing Partnership and have agreed in principle to the disposal of the loft space to the leaseholder who owns the first floor flat. The proposed disposal only includes the loft space shown in appendix 2 and excludes the roof over the lower back addition of the main building.
- 3.11 Bearing in mind that an additional bedroom is likely to increase the value of the property, the resulting estimated net increase in value (gross profit less development costs) is divided equally between the parties to arrive at a valuation for the disposal. The premium being sought by the Council which has been agreed by the leaseholder subject to contract is shown in appendix 1.
- 3.12 It is assumed that the leaseholder has satisfied himself that full planning consent would be available for his proposed use and the Council's valuation is on that basis.
- 3.13 The deed of variation will set out the new ownership details and responsibility for the management and maintenance of the roof and loft space under the new arrangements. It is generally a condition of sale that when a loft area under the main roof is sold that the purchaser takes on the full responsibility of the whole roof.
- 3.14 The proposed loft space is entirely over the subject flat and there is little risk posed to the occupier of the ground floor flat. However, it will be necessary for the leaseholder to obtain the Council's consent for any technical work and the precise construction detail of any redevelopment, particularly where such work may have an impact on the ground floor flat.

4.0 **Options Appraisal**

Recommended option

Option 1 – Dispose of the loft space to the adjoining first floor leaseholder (special purchaser) at an open market valuation, for a capital receipt

- 4.1 The loft space is currently vacant and can only be accessed through the adjoining first floor flat which is privately owned and this is therefore a strong factor in favour of disposal.
- 4.2 The disposal will provide a capital receipt for the Council and this is a strong factor in favour of disposal.
- 4.3 Regular maintenance expenditure on specific building elements will be passed to the leaseholder and this is a strong factor in favour of disposal.

The discounted options are shown below

Option 2 – Do nothing

4.4 The current loft space is not being utilised. The disposal of the loft space will provide for an additional habitable room for the borough if the loft space is subsequently redeveloped by the purchaser.

4.5 Option 3 - Open market sale

Not applicable as the loft space can only be accessed by the adjoining leaseholder of the first floor flat and could not be reasonably sold to any other purchaser. However, the premium being sought is based on an open market value and therefore satisfies the best consideration requirement.

5.0 FINANCIAL IMPLICATIONS

5.1 The estimated gross capital receipt on disposal is given in Appendix 1.

5.2 There is no annual rent loss to the HRA under the proposal.

5.3 The Council's transaction costs for the disposal to be covered by the leaseholder.

5.4 The Council's general policy is that receipts arising from the disposal of land and properties are used to support the overall capital programme.

6.0 LEGAL IMPLICATIONS

6.1 Under Section 123 of the Local Government Act 1972 the Council has a general power to dispose of properties including by way of the sale of the freehold or the grant of a lease. The essential condition is that the Council obtains (unless it is a lease for 7 years or less) the best consideration that is reasonably obtainable.

6.2 Disposal at market value to the leaseholder of the first floor flat will satisfy the best consideration requirement.

6.3 Where the leasehold flat is extended by a loft space then the parties execute a deed of variation to the existing lease. The term of the existing lease will not be extended.

6.4 The proposed transaction is 'without prejudice' and subject to contract'.

7.0 DIVERSITY IMPLICATIONS

7.1 There are no diversity implications directly arising from this proposal as the loft space being sold is currently unused and vacant.

8.0 STAFFING/ACCOMMODATION IMPLICATIONS

8.1 As per main body of the report.

9.0 ADDITIONAL INFORMATION

Appendix 1: Valuation and premium [below the line]

Appendix 2: Loft plan

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Appendix 2: Loft plan

96B Leighton Gardens, London, NW10 3PU

Disposal of Loft Space



Brent

Premises shown cross hatched black.

1:500

Plan to stated scale if printed at A4.

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