



**Cabinet Meeting
10 November 2014**

**Report from the Strategic Director of
Regeneration and Growth**

For Action

Wards affected
Mapesbury

**Disposal of basement space at 48d Mapesbury Road,
London NW2 4JE**

*Appendix 1 is not for publication.

1.0 SUMMARY

1.1 This report seeks approval to proceed with the disposal of the Council owned basement space within the Housing Revenue Account (HRA) at flat 48d Mapesbury Road, London NW2 7JE for a capital receipt.

2.0 RECOMMENDATIONS

2.1 That Members approve the leasehold disposal of the Council's basement space directly lying beneath 48d Mapesbury Road to the leaseholder of the same address, 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 new lease for the sale of the basement space.

3.0 DETAIL

General principles of the disposal of undemised areas

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.

Property details

- 3.8 The subject property is situated on the south side of Mapesbury Road, between its junctions with Exeter road and Shoot-Up-Hill. The area is, principally, private residential in character.
- 3.9 Number 48 Mapesbury Road comprises a bay fronted detached two-storey house which has been converted to provide 4 self-contained flats. Flat 48d is situated on the ground floor right hand side when viewed from the front. The land which the existing leaseholder wishes to acquire is that which lays immediately beneath his flat i.e. the un-demised basement space.
- 3.10 The front part of the site which lies immediately beneath the flat was previously used as a basement, though it has long been abandoned.

The rear part is undeveloped and unexcavated. The overall basement floor area is approximately 72 square meters.

- 3.11 Council officers have reviewed the case with Brent Housing Partnership and have agreed in principle to the disposal of the basement space. The proposed disposal only includes the basement space shown in appendix 2 i.e. the basement space is enclosed on all sides with brick walls, and excludes the basement space lying beneath the adjoining ground floor flat.
- 3.12 The Council appointed an external surveyor to value the basement space and the valuation report was prepared in accordance with the RICS Appraisal and Valuation Standards (Red Book). The premium being sought by the Council which has been agreed by the leaseholder subject to contract is shown in appendix 1.
- 3.13 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.
- 3.14 The new lease will set out the new ownership details and responsibility for the management and maintenance of the basement space under the new arrangements.
- 3.15 The basement space is entirely beneath the subject flat and there is little risk posed to the occupier of the other flats within the premises. However, it will be necessary for the leaseholder to obtain the Council's consent for any technical work and for the precise construction detail of any redevelopment, particularly where such works may have an impact on other ground and first floor flats, and to safeguard the building enclosure.

4.0 **Options Appraisal**

Recommended option

Option 1 – Dispose of the basement space for a capital receipt via private treaty

- 4.1 The basement space is currently vacant and can only be accessed through the ground floor flat at 48d Mapesbury Road, 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 purchaser and this is a strong factor in favour of disposal.

The discounted options are shown below

Option 2 – Do nothing

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

4.5 Option 3 - Open market sale

The basement space can only be accessed by the ground floor flat at 48d Mapesbury Road 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 reasonable transaction costs for the disposal to be covered by the purchaser.

5.4 This property is not included within the Capital Disposals Programme, however the Council's general policy is that receipts arising from the disposal of land and properties be 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 will satisfy the best consideration requirement.

6.3 The term of the existing lease of the flat 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 basement space being sold is currently unused and vacant and can only be accessed via the ground floor flat directly above, which is under private ownership.

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: Location plan

Contact Officers

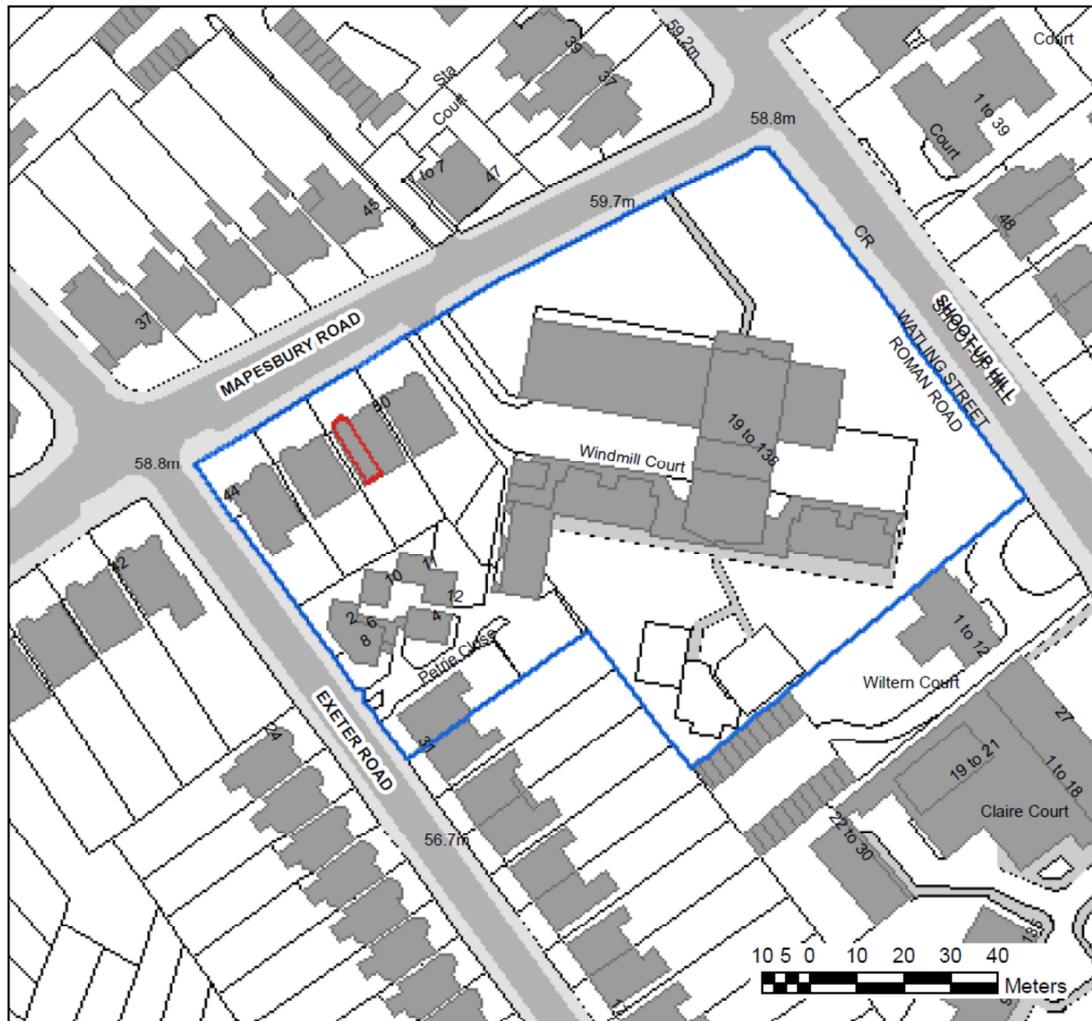
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Appendix 2: Location plan – 48d Mapesbury Road

48D Mapesbury Road, London, NW2 4JE



Brent

Premises shown edged red.
Land in applicants ownership edged blue.

1:1,250

Plan to stated scale if printed at A4.

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