

Property Sub-Committee - Wednesday 03 May 2023

Sale of Property at Hassell Street, Newcastle Under Lyme

Property PID 3377

Local Member:

Cllr Stephen Sweeney, Newcastle South

Recommendations by Cllr Mark Deaville – Cabinet Member for Commercial Matters

- a. The property is sold to Tri-Services Veterans for £85,000 with an overage clause for 50% of any uplift in value should the property be sold within 20 years.
 - b. The final details of the transaction be delegated to the Assistant Director for Commercial and Assets.
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Transaction Summary

Sale of the property to the current tenants.

1. Current Arrangements

The property is occupied by the proposed purchaser on a tenancy at will following a period of lease, now expired, that contained an option to purchase.

2. Proposals

Sale of the freehold title with an overage for 20 years.

3. Undervalue Transaction

The transaction is at an undervalue. The original lease to Tri-Services contained an option to purchase at £100,000 which was the market value at the time. Officers' view is that between £90,000 and £120,000 could be obtained by an open market sale.

The undervalue amount is within the council's remit to consent to. The charity status of the organisation and the evidence of the work it does to

support former armed service personnel fully justifies the local socio-economic and environmental well-being of the area criteria to justify the undervalue element.

Supporting Details

4. Background Information

- 4.1. The building was formerly used as a Careers Office.
- 4.2. It was leased to Tri-Services 26th June 2015 for 3 years at a peppercorn rent on an all repairing basis. The lease included an option to purchase at £100,000 index linked to RPI. A subsequent tenancy at will was entered into prior to the establishment of the property sub-committee.
- 4.3. The property was in poor condition having previously suffered from water ingress. Repairs had been made and windows replaced but internally condition was poor.
- 4.4. Tri-Services first made an offer to purchase in 2017 at £40,000 based on staged payments.
- 4.5. In October 2021, members agreed a further tenancy at will to allow more time for Tri-Services to raise funds for an improved offer.
- 4.6. Shortly after this was entered into, in February 2022 they made an offer of £60,000 again with staged payments.
- 4.7. Also, officers have assisted in trying to find alternative accommodation for the charity.
- 4.8. When an improved offer was not forthcoming, officers wrote to Tri-Services to inform them that the property would be disposed of and commenced the notification period under the asset of community value process.
- 4.9. Subsequently, further fund raising activities have taken place and Tri-Services have made an improved offer to purchase the property much closer to its market value.
- 4.10. Previous information submitted by Tri-Services has indicated the nature and impact of the work they undertake to support the benefit to the local community to support the justification of accepting an undervalue disposal. This information is included in Appendix 2. This has not been updated recently but officers and members have attended meetings with Tri-Services and have no concerns that the property isn't being used for the purposes described and delivering the benefits outlined in the original document.

5. Alternative Options

The property could be sold on the open market or a further period of lease could be agreed with the current tenants.

6. Implications of Transaction for County Council (Risks)

Accepting this proposal as an alternative to open market sale means a marginal undervalue element.

7. Community Impact*

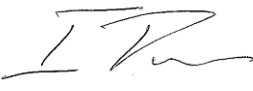
The use of the property by the Tri-Services ensures their continued delivery of activities that support ex armed forces personnel.

8. Comments from Local Member

To be reported to committee

9. Support/Approval of the Proposal

Proposal supported by Assistant Director for Commercial and Assets

Signed: 

Name: Ian Turner

Date: 19/4/23

10. Author/Valuer/Officer(s) Advising on this Transaction

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List of Background Documents/Appendices:

Appendix 1 – Hassell Street Location Plan
Appendix 2 – Charity Background

Informal Property Committee Report – 1st June 2022
Informal Property Committee Report – 7th December 2022

*3 priority Outcomes for the people of Staffordshire are:

- To be able to access more good jobs and feel the benefits of economic growth
- To be healthier and more independent
- To feel safer, happier and more supported in their community.

