

<p><b>REPORT OF THE EXECUTIVE MAYOR</b></p> <p><b>FREEHOLD ACQUISITION OF LAND AT 231-237 GRAHAM ROAD HACKNEY LONDON</b></p> <p><b>Special Urgency Report</b></p> <p><b>26 May 2016</b></p>	<p><b>CLASSIFICATION:</b></p> <p><b>Open</b></p> <p><b>If exempt, the reason will be listed in the main body of this report.</b></p>
<p><b>WARD(S) AFFECTED</b></p> <p><b>Hackney Central</b></p>	
<p><b>LEAD MEMBER</b></p> <p><b>Mayor Pipe</b></p>	
<p><b>KEY DECISION</b></p> <p><b>Yes</b></p> <p><b>REASON</b></p> <p><b>Spending or Savings</b></p>	
<p><b>GROUP DIRECTOR</b></p> <p><b>Ian Williams Group Director Finance &amp; Corporate Resources</b></p>	

## **REASONS FOR SPECIAL URGENCY**

**Pursuant to Regulation 11 of The Local Authority (Executive Authority) (Meeting and Access to Information) (England) Regulations 2012 this report is submitted under Special Urgency.**

**This item is to be considered under the Council's Urgency Procedure.**

**The reason for urgency is that it is not expedient to defer the process until the next Cabinet meeting given the circumstances. In view of the strategic location of this property adjacent to existing Council ownership it is important therefore that this opportunity to purchase is not lost.**

### **1. CABINET MEMBER'S INTRODUCTION**

- 1.1 This property acquisition effectively extends the Council's existing ownership immediately adjacent and to the rear of 333-337 Mare Street comprising the Iceland store.
- 1.2 The strategic location of this property is such that it could potentially assist the Council in any plans that may come forward in the future for this area and its existing property holdings.
- 1.3 I commend this report and the recommendation to acquire the freehold interest in this property.

### **2. GROUP DIRECTOR'S INTRODUCTION**

- 2.1 This report seeks approval to purchase the freehold interest in a parcel of land located to the rear of the Iceland store at 333-337 Mare Street which the Council acquired last year as a strategic purchase within Hackney Central.
- 2.2 This is a further strategic acquisition within Hackney Central which will enable the Council to secure ownership of a key site for which there are a number of options not least to further shape and potentially improve and enhance the capital value of its adjacent properties.
- 2.3 The purchase price agreed is predicated on the fact that this land already benefits from a planning consent for a mixed use commercial/residential development. This consent recognizes the development potential of this site albeit it has a special value to the Council as it could be combined with adjacent ownership to provide a larger and more comprehensive development in the future.
- 2.4 It is proposed that pending future development plans for this site that Meanwhile Uses generating rental income will be sought.

### **3. RECOMMENDATIONS**

- 3.1 To authorise the Council's purchase of the freehold interest in land at 231-237 Graham Road London, shown edged red on the plan attached at Appendix A and on the commercial and other terms set out in exempt Appendix B.**
- 3.2 To authorise the Group Director of Finance and Corporate Resources to agree the commercial terms for the acquisition to achieve exchange and completion of the acquisition.**
- 3.3 To authorise the Director of Legal to agree, settle, negotiate and complete the legal documentation for the acquisition of the freehold interest in 231-237 Graham Road and all other relevant and ancillary legal documentation arising thereto and to sign and complete them on behalf of the Council.**
- 3.4 To delegate to the Group Director of Finance and Corporate Resources authority to determine the most cost effective option in terms of financing the acquisition provided that it represents best value on the part of the Council.**

### **4. REASONS FOR DECISION**

- 4.1 The acquisition of this property is entirely opportunistic but given its location adjacent to the Council's existing ownership, control of this property is considered as likely to be highly significant in helping to shape any future plans within this area.**

### **5. DETAILS OF ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

- 5.1 No alternative options have been considered as this is a standalone opportunity supported on its own merits.**

### **6. BACKGROUND**

- 6.1 The Council already has a significant land holding at 333-337 Mare Street which it acquired in 2015. That property is occupied under a lease granted to Iceland. The location of the property that forms the subject of this report is considered relevant because it lies immediately to the rear of the Iceland store and could potentially be amalgamated with it in the future to unlock further development and enhance the capital value and rental income.**

6.2 This property comprises a cleared site extending to 0.096 acres. There is a planning consent for a mixed use development comprising a ground floor commercial unit of 800 sq ft and 7470 sq ft of residential accommodation within 9 units arranged over ground and three upper floors.

6.3 The financial terms that have subsequently been agreed for the purchase of this property are as set out within exempt Appendix B and the Business Case/Justification along with Development Appraisal is contained within exempt Appendix C. The vendor has already elected for VAT and it is therefore payable on the purchase price. The Council will similarly need to elect prior to completion to enable it to recover this VAT.

#### 6.4 **Policy Context**

The purchase of the freehold interest in this property is seen as potentially assisting with any plans that may arise in the future. It is proposed that Meanwhile Uses will be sought for the site in the interim.

#### 6.5 **Equality Impact Assessment**

No equalities issues are believed to arise from this report.

#### 6.6 **Sustainability**

No sustainability issues arise from this report.

#### 6.7 **Consultations**

No consultations have been conducted with Ward Members although there have been prior discussions with the Lead Member for Property the Mayor and the Capital & Investment Board has agreed that in principle this purchase should be pursued.

#### 6.8 **Risk Assessment**

This is a strategic site acquisition which could potentially be amalgamated with the Council's adjacent ownership. It is regarded as low risk as this site currently benefits from a planning consent which accordingly underpins its value and the purchase price agreed. Also as a key site in the heart of Hackney Central adjacent to Hackney Central station it is considered not only likely to hold its value but to see an increase given the development of the fashion hub and potential for Cross Rail 2.

## **7 COMMENTS FROM INTERIM DIRECTOR STRATEGIC PROPERTY SERVICES**

- 7.1 The purchase price agreed (as shown in the exempt Appendix B) is a fair representation of the market value of this site with the benefit of a planning consent for a mixed use commercial/residential development.
- 7.2 This price can also be further predicated on the strategic significance and location of this property adjacent to the Council's existing ownership at 333-337 Mare Street.
- 7.3 Paragraphs 8 below and Appendices B & C outline the financial benefits of the acquisition and the strategic significance of the site within Hackney Central which may contribute to any future plans for the area to achieve economic growth. Paragraph 7 & 8 also confirms that the acquisition is at a fair price. The reasons given are in line with the statutory power under section 120 of the Local Government Act 1972.
- 7.4 The Council has the opportunity to acquire this land notwithstanding the fact that the existing landowner was proposing to develop out the existing planning consent. This is nevertheless agreed on the basis that exchange of contracts is required to take place no later than 20 working days from receipt of the pack of legal documentation. A thorough due diligence exercise must be undertaken to assess the rights and interests affecting the property and the potential future use of the site before exchange should be effected.

## **8 COMMENTS OF THE GROUP DIRECTOR OF FINANCE & CORPORATE RESOURCES**

- 8.1 As set out in this report, the acquisition of this site will add value to the Council's present ownership of the adjacent site providing scope for intensified use and therefore maximum value. It also adjoins Hackney Central Station and provides a further important strategic purchase in the Hackney Central area.
- 8.2 The purchase price as set out in exempt Appendix B is considered to be a fair price, as set out in the comments from the Interim Director, Strategic Property Services. It is anticipated that the purchase will be financed from reserves held by the authority although the final option for financing will be considered as part of the wider financing of the capital programme to ensure that the option representing best value is used.

## 9 COMMENTS OF THE DIRECTOR OF LEGAL

- 9.1 The Local Government Act 1972, Section 120 empowers the Council to acquire land by agreement with a third party for (a) the purpose of any of its functions, or (b) the benefit, improvement or development of its area.
- 9.2 Furthermore the Council has a general power of competence pursuant to Section 1 of the Localism Act 2011 to acquire the property the subject of this report.
- 9.3 As set out in paragraph 7.4 of the report, given the requirement to exchange within 20 days there may be insufficient time for the results of all the usual local and other relevant searches to be obtained. The usual practice in these circumstances is to await receipt of all such searches before proceeding to exchange of contracts but given the circumstances of this acquisition the Group Director for Finance and Corporate Resources has indicated that he will take such a commercial view on whether or not to proceed with the acquisition in the absence of such information.

### Exempt Appendices B & C

#### Appendices B & C are classified as Exempt on the following basis:

By virtue of Paragraph (3) Part 1 of schedule 12A of the Local Government Act 1972 Appendices B & C to the report are exempt because they contain information relating to the financial or business affairs of any particular person (including the authority holding the information) and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

### BACKGROUND PAPERS - NONE

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