

GREATER LONDON AUTHORITY

REQUEST FOR DIRECTOR DECISION – DD1190

Title: Disposal of Units 2 and 5 Wildspace, 6-10 Lamson Road

Executive Summary:

To request approval to the terms of the disposals of Units 2 and 5 at Wildspace, 6-10 Lamson Road, London Borough of Havering on a virtual freehold basis (999 year lease), under the delegated authority granted in MD 1201 "Disposal of Industrial Units at Lamson Road (Wildspace)".

The Deputy Mayor for Housing and Land has confirmed that he is happy with this approach.

Decision:

To approve (acting under authority delegated as per MD1201) the disposal of:

- Unit 2 Wildspace, 6-10 Lamson Road on a virtual freehold (999 year lease) to Hambro Roofing on the terms set out in Part 2 confidential paper. The approval in this case is sought retrospectively.
- Unit 5 Wildspace, 6-10 Lamson Road on a virtual freehold (999 year lease) to Technology Desking Limited on the terms set out in Part 2 confidential paper.

AUTHORISING DIRECTOR

I have reviewed the request and am satisfied it is correct and consistent with the Mayor's plans and priorities.

It has my approval.

Name: David Lunts

Position: Executive Director of Housing & Land

Signature:



Date:

26/03/14

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

- 1.1. The freehold to the industrial units at Lamson Road transferred on 16th April 2012 from the London Thames Gateway Development Corporation (LTGDC) to the GLA under the London Thames Gateway Development Corporation (Transfer of Property, Rights and Liabilities) (Greater London Authority) Order 2012 (LTGDC Transfer Order). The site was again transferred to GLA Land & Property Ltd (GLAP) in November 2012, in order to enable efficient disposals in line with the Mayor's objectives.
- 1.2. LTGDC had purchased the redundant 38,000 square foot industrial building in Lamson Road, immediately south of Rainham train station in 2008. A site plan is attached at Appendix 1. LTGDC then refurbished the building, creating 5 self-contained units ranging from circa 5,000 to circa 11,000 sq ft. The construction works were completed in June 2011, with marketing commencing thereafter. Unit 1 sold immediately to a company, previously located on the site of the Creative Industries Quarter, Barking, that was subject to a Compulsory Purchase Order, in August 2011.
- 1.3. The site benefits from good connections both into London and to the wider south east by road and rail. The LTGDC undertook to refurbish the units to a high standard, achieving BREEAM Very Good. Each unit is provided with a dedicated secure yard area.
- 1.4. Local agents, Glenny and Kemsleys, were appointed on a joint agency basis in October 2010 to dispose of the units. Details of the enquiries and offers received to date are included in the Part 2 (confidential) paper.
- 1.5. In May 2013, Mayoral Decision 1201 granted approval for the disposal of Unit 4 (which subsequently proved abortive) and delegated authority to approve the terms of future disposals of the remaining units 2, 3 and 5 to the Deputy Mayor of Housing Land and Property and the Executive Director for Housing and Land where the disposal value was above a minimum value as set out in Part 2 to that MD.
- 1.6. The terms of disposal for two of the remaining units (2 and 5) have now been agreed, and this paper outlines the details of the disposals.

2. Objectives and expected outcomes

- 2.1. The industrial market in East London has been depressed in recent years, with few comparable sale completions taking place. Sales that completed in 2013 achieved between £65 and £105 psf, with the most direct comparables to the Lamson Road units achieving circa £78 - £88 psf. On this basis MD1201 set a benchmark minimum per square foot price necessary for disposal to take place under a delegated decision which is included in Part 2 of this paper.
- 2.2. The holding costs for the estate as a whole are circa £65,000 per annum in maintenance, management and business rates and these costs cannot be mitigated other than by disposal of units. Occupiers will take on responsibility for business rates, service charge and maintenance of the unit on transferred.

3. Other considerations

3.1. Finance:

The price and terms of sale for the units are contained in Part 2 of this paper. Both purchasers have confirmed funding is in place for the units.

The costs of the transaction are being borne by the individual parties and Eversheds LLP have been appointed via TfL Legal to act for GLAP in this matter.

3.2. Risk

Delivery risk: the units are practically complete and therefore there is limited risk to the transaction in terms of programme delivery.

Financial risk: holding costs are currently being incurred on the vacant units.

4. Financial comments

4.1. Finance comments are included in the Part 2 confidential paper.

5. Legal comments

5.1. LTGDC had been advised by Eversheds LLP in relation to this site and have been retained to act for GLAP.

5.2. Section 30 of the Greater London Authority Act 1999 (as amended) (GLA Act) gives the Mayor a general power to do anything which he considers will further one or more of the principal purposes of the GLA as set out in section 30(2) which are:

- Promoting economic development and wealth creation in Greater London
- Promoting social development in greater London and
- Promoting the improvement of the environment in Greater London

5.3. Sections 1 and 2 of this report indicate that the decisions requested of the Director (acting under the authority delegated in this regard under MD1201) fall within the Authority's general statutory power under Section 30 and its power under section 34 of the GLA Act to do things facilitative of and conducive to the discharge of its general functions

6. Planned delivery approach and next steps

6.1. Once all the units have been disposed of on a virtual freehold basis the GLA will review the Service Charge arrangements and will establish of a Management Company. This will allow GLAP to dispose of its freehold interest in the site as a whole, removing any liability for the property.

Appendices and supporting papers:

Appendix 1: site plan

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary.

Note: This form (Part 1) will either be published within one working day after approval or on the defer date.

Part 1 Deferral:**Is the publication of Part 1 of this approval to be deferred? Yes**

To enable the completion of the legal agreements.

Until the completion of the sale of Unit 5 – anticipated to be 30 April 2014

Part 2 Confidentiality: Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form – YES

ORIGINATING OFFICER DECLARATION:

Drafting officer to
confirm the
following (✓)

Drafting officer:

Philippa Bloomfield has drafted this report in accordance with GLA procedures and confirms that:

✓

Assistant Director/Head of Service:

Simon Powell has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

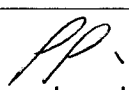
✓

Financial and Legal advice:

The Finance and Legal teams have commented on this proposal, and this decision reflects their comments.

✓

EXECUTIVE DIRECTOR, RESOURCES:

 I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature



Date

24.03.14