

## Agenda Item 20

**Cabinet**

**13 June 2012**

**12/1225**



### **Priority Disposal Programme – York Street Car Parking Spaces, Sidmouth Sale**

#### **Exempt Information**

Para 3 Schedule 12A information relating to the finance or business affairs of any particular person.

#### **Summary**

The 6 York Street Car Parking spaces were identified as part of the Council's Priority Disposal Programme in July 2011. The site has been marketed and tenders received the results are detailed below.

#### **Recommendations**

**To sell the freehold of six York Street car parking spaces, subject to the use of the spaces being for the parking of cars only for the sum of £120,000 and a claw back clause for half the uplift in value if planning permission is granted for development.**

#### **a) Reasons for Recommendation**

The reasons for making the recommendations are in compliance with the provisions of section 123 of the Local Government Act 1972 which requires that the council obtains the best price that is reasonably obtainable.

#### **b) Alternative Options**

To not accept the recommendation.

#### **c) Risk Considerations**

There are no risks to the council.

#### **d) Policy and Budgetary Considerations**

The Capital Reserve currently used to fund the shortfall on the Capital Programme will be depleted in 2012/13. The Priority Disposal Programme is designed to generate capital receipts to help fund the Capital Programme going forward.

#### **e) Date for Review of Decision**

N/A

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## 1 Main Body of the Report

### 1 Marketing

1.1 The six car parking spaces were advertised in Midweek Herald, Exmouth Journal, Sidmouth Herald, Western Morning News and Estates Gazette. There was also a For Sale Notice placed in the Car Park entrance. Property particulars were produced setting out terms and conditions with a deadline date for bids of the 3 May 2012. A guide price of £50,000 was given based on the investment value of current income received and on the low side to generate interest.

### 2 Results

- 2.1 There were 7 active bidders. Bids ranged from £35,000 to £120,000.
- 2.2 The highest bidder is a consortium of local residents who own homes in York Street. They intend to retain the spaces for parking.
- 2.3 The sale of the freehold will be subject to the spaces being used for car parking spaces only, the standard clawback clause and protection of the existing right(s) of way.

### 3 Value

- 3.1 Parking spaces are a premium in this location due to the fact that the main car parks do not allow overnight parking and there are circa 100 houses (many of which are holiday lets) in the area with no on street parking. There was demand from high street businesses a short distance away. There was also demand from the investment market looking for secure low risk income.
- 3.2 The current gross income is £3,182.40 standard EDDC residential parking rates. Commercial spaces are double this i.e. £6,364.80 or £1060 / space / year. In the current market investors may pay 2.5% for secure low risk investments.
- 3.3 The current gross income capitalised at 2.5% = £127,280. Therefore the sale price of £120,000 is a fair price for the current market.
- 3.4 The residents 'consortium' having paid £20,000 / space should recoup their outlay not only from increase in capital value to their homes but also from a reduction in their annual outgoings.

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### Legal Implications

This matter last came to Cabinet on 7 March 2012 when it was **resolved** to offer 6 York Street, Sidmouth car parking spaces for disposal on the open market through an informal tender process, subject to the purchaser meeting the Council's legal costs and a covenant restricting their use to the parking of cars only.

Determination of any other details on the drafting of the clawback provision (subject to which the disposal is to be made) and the transfer generally, to be delegated to the legal and surveying teams.

Details of current licence agreements will need to be located in order to terminate the same in accordance with their terms.

## Financial Implications

A £120k capital receipt would be a welcome source of funding for the reducing capital programme. However if a market rental was received for the car parking spaces, which given the demand would be easily achieved and perhaps bettered, the income capitalised value would be £255k ( $£6,364.80/2.5\%$ ). Comparing £255k rather than £127k at current rental rates makes the disposal value of £120k seem insufficient. With minimal maintenance costs on an annual income of £6.5k or more retaining the car park spaces is an option worth considering.

## Consultation on Reports to the Executive

Reports to the Executive re the budget/policy framework must detail the nature, extent and outcome of consultation with stakeholders and relevant Overview Committees. Reports about other matters must give details and outcome of consultation as appropriate

## Background Papers

- The Off Street Car Park Review 2010/11
- Priority Disposal Programme – Cabinet Report, July 2011
- Cabinet Report, March 2012

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