

FELLOWSHIP HOUSE, 96 TRINITY ROAD, HOYLAK

1. EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to advise Members of a change to the terms of the disposal of this building to the Wirral Methodists Housing Association.

2. BACKGROUND

- 2.1 At its meeting on 15th April 2010, Cabinet resolved to dispose of Fellowship House, Hoylake in accordance with the terms and conditions set out in the report.
- 2.2 The report itself was exempt because the financial information related to the consideration to be paid for the property by way of a premium for lease, by Wirral Methodist Housing Association (WMHA) and because it referred to the potential capital receipt that might be achieved at auction, in the event that the lease was not completed. However, it is not now considered necessary to exempt this information as the Association is content that the consideration be public information and, if the scheme does not proceed, the potential capital receipt that the Council may achieve at any subsequent auction sale will be determined by the market conditions applicable, at that time.
- 2.3 The original terms of disposal was, proposed to be by a 99 year lease. This was deemed an appropriate method of disposal because the Council wished to ensure WMHA were contractually committed to delivering a scheme from the property for the sole benefit, of a group of families known as the Independent Supported Way of Life Group (IS-WOL Group), who have children with learning and other physical difficulties.
- 2.4 Accordingly, it was proposed that the disposal be by way of a 99 year lease, with a user clause restricting the use of the building to that of living accommodation for people with physical and learning difficulties. It was considered that this was the most secure legal mechanism by which the Council could ensure that this property was converted for the particular needs of this group of families.

3. Current Position

- 3.1 When these lease terms were considered by WMHA's solicitors and funders, an unforeseen problem arose regarding the ability of WMHA to raise monies against the security of the asset, if it was a leasehold interest rather than a freehold one.
- 3.2 Several meetings have been held between Council officers and WMHA, including their legal advisers, to try and overcome this impasse.

3.3 Finally, a provisional agreement has been reached, which is summarised as follows;

- 1) The Council will sell its freehold interest in the building for £100,000.
- 2) WMHA will enter into a Development Agreement with the Council that requires it to:
 - a) Convert the building in accordance with a previously agreed specification for the needs of the IS-WOL Group.
 - b) Demonstrate that the families have taken up accommodation in the building, following completion of the adaptation work.

The Council will not transfer its freehold interest in the property until these two requirements are satisfied.

- 3) The Development Agreement will be time limited to 9 months from the date of the Cabinet resolution. This will oblige the Association to progress this scheme expeditiously and provide some assurance to the Group of when the building will be ready.
 - 4) The Development Agreement will require WMHA to pay a 10% non-refundable deposit.
 - 5) The use of the building will be restricted to that of accommodation for people with physical or learning difficulties.
 - 6) In the event of this particular client group no longer requiring the building, or it becoming economically unviable for these purposes, WMHA will be allowed to use the building for purposes associated with its Articles of Association as a Registered Social Landlord.
 - 7) In the event of the building no longer being required for social housing purposes, then it is to be sold in the open market with the Council receiving 25% of the net sale proceeds. The total investment required to acquire the building at market value and carry out the necessary adaptations and modifications to the premises, for the purposes set out in this report, is estimated at £815,000. The value that the Council is to forego in selling its interest, in accordance with the recommendation in this report, is £215,000. This represents approximately 25% of the total investment required.
- 3.4 These terms are acceptable to the Association and they are designed to secure the original objectives of the Council to provide a scheme tailor made for the needs of the IS-WOL Group.
- 3.5 Accordingly, it is recommended that the Council disposes of its freehold interest in Fellowship House in accordance with the provisionally agreed terms set out in this report.
- 3.6 If Members are minded to grant approval to dispose of Fellowship House to WMHA, in support of the scheme with IS-WOL Group and, for any reason, WMHA or IS-WOL group withdraw their support for this specific scheme, then

the property will be sold at the next available Auction, at the reserve previously agreed under Delegated Authority on 18th March 2009.

4. Financial Implications

- 4.1 The Council will receive a Capital receipt of £100,000, once the terms of the Development Agreement have been satisfied.
- 4.2 If the property was sold unrestricted, in the open market, its value has been assessed by the District Valuer at £315,000. When this matter was previously considered, Cabinet agreed to a disposal at less than market value, under the General Consent powers that allow it to restrict the value of an asset by imposing restrictions as to its use. The terms of this proposed disposal remain the same, as they are also based on the premise that to do so is in the interests of the economic and/or environmental and/or social well-being of the inhabitants of the Borough. The provisionally agreed terms of the disposal of the freehold are, therefore, essentially the same with regard to the financial implications of this transaction.
- 4.3 There are no revenue savings as the building is vacant and on going costs of keeping the building are minimal.

5. Equal Opportunities/Equality Impact implications

- 5.1 The scheme, when delivered, will positively impact on equal opportunities, persuading living accommodation for people with physical and learning difficulties.

6. Community Safety implications

- 6.1 The client group will have secure premises and supervision.

7. Local Agenda 21 implications

- 7.1 The conversion and refurbishment of this building will offer benefits in terms of sustainability by reducing the development's carbon footprint, compared to a scheme to demolish and construct a new building.

8. Planning implications

- 8.1 Any planning application for conversion to create additional residential units would currently be assessed against Regional Spatial Strategy (RSS) Policy LCR4 and the Interim Planning Policy 'New Housing Development'. While new housing is normally directed towards previously developed land with the HMRI and other identified Regeneration Priority Areas, there is provision that enables schemes that address barriers to affordability and meet identified local need to be considered favourably. The Government has given notice that it intends to abolish the Regional Spatial Strategy through legislation which scheduled to come into force during summer 2011.

9. Anti-poverty implications

- 9.1 None

10. Human Rights implications

10.1 None

11. Social Inclusion implications

11.1 The successful delivery of this scheme will have positive benefits for social inclusion as it will provide accommodation for the IS-WOL Group, who have children with learning and other physical difficulties, enabling these families to live within the community.

12. Local Member Support implications

12.1 The property is in the Hoylake and Meols Ward.

13. Background Papers

13.1 Delegated Authority report of 18th March 2009.
Cabinet Report of 15th April 2010.

14. RECOMMENDATIONS

14.1 That Fellowship House, Hoylake be disposed of in accordance with the terms set out in this report.

14.2 That, if Wirral Methodist Housing Association is unable to deliver this scheme within the timetable stipulated in this report, then the Director of Law, HR and Asset Management be authorised to dispose of the property at auction.

Bill Norman

Director of Law, HR and Asset Management

AM/SH