

AGENDA ITEM No. 7

CABINET
13th December 2016

SOLICITOR TO THE COUNCIL
REPORT NO. LEG1615

FIRST WESSEX COVENANT ISSUES AND DISPOSALS

PURPOSE

This report is to seek consent for the disposal of 69 garage sites owned by First Wessex to Hampshire Garages Ltd.

1. BACKGROUND

On the 13th November 1995 the Council disposed of its housing stock to Rushmoor Housing Association Ltd. Pavilion Housing Association succeeded them. First Wessex is a successor in title to PHA.

The transfer of the stock contained a number of covenants given by the purchaser to the Council: some were personal covenants that do not run with the land and others were restrictive covenants that bind future owners.

One of the covenants provided that there could be no sale of the garage land without the prior consent of the Council.

Subsequent to the sale of the stock on the 23rd July 1997 the Development Committee approved a policy for dealing with disposals. This was approved by Finance and General Purposes Committee on 2nd November 1999.

Under this policy garage land can only be developed for social housing with the Council being entitled to 100% nomination rights from such development. Any disposal for any other reason requires the council's consent. The agreement does not cover how redeveloped garage land should be valued or how the betterment should be shared, but clearly, the purpose of the covenant is to allow the Council to benefit where garage land is redeveloped for a use other than social housing.

2. PROPOSAL

First Wessex seek the Council's consent under the terms of the above mentioned covenant to dispose of 69 garage sites listed in the appendix to this report, to Hampshire Garages Limited, a newly incorporated company that has been incorporated for the purposes of this venture. First Wessex are not asking for the covenant to be released but only for consent to allow the transfer to proceed. The recommendation is that Hampshire Garage Investments Limited will give the Council the same covenant and that this will be supported by a restriction on the land title to each garage site so that the garage sites cannot be further disposed of or redeveloped without the Council's consent. Therefore, if any of these sites were to come forward for

redevelopment in the future then the Council would seek a share of the increased value of the site as a condition of granting its consent.

3. COMMUNITY POLICY AND REVIEW PANEL

On the 17th November the panel received a presentation from First Wessex and their surveyor acting for them in connection with the sale. The director from Hampshire Garages Investments Ltd also attended to answer questions. First Wessex wish to dispose of the garage sites for the following reasons:-

- They do not believe that any of these 69 sites have any development potential;
- They do not have the resources to invest in improving the garages as their income goes towards improving their housing stock
- The capital receipt is needed to help offset the government's requirement that they reduce their rents by 1% over four years.

Hampshire Garage Investments Ltd hope to actively market the garage stock to increase lettings rates which currently stand at 21%. They will use a management consultant to look after the stock. Some stock may be improved or rebuilt, where there is a high tenant demand, to make it more attractive but such investment needs to be paid for by improved letting rates. They have also recently bought Eastleigh's garage stock from First Wessex.

First Wessex confirmed that no consultation had been undertaken with existing tenants, as it is proposed to be done after the council has given its consent. First Wessex also agreed that the capital receipt from the sale will be ring fenced for social housing within the borough.

4. FINANCIAL IMPLICATIONS

There are no financial implications for the Council as the recommendation preserves the status quo in that Hampshire Garage Investments Ltd will need to give the Council the same covenant, thus preserving the right of the Council to take a share of any increased value should any of the sites be redeveloped other than for garaging.

5. LEGAL IMPLICATIONS

Hampshire Garage Investments Ltd will be required to enter into a personal deed of covenant with the Council so that they cannot sell or grant a long lease of the garage stock or redevelop the stock, other than for garage or parking use, without the consent of the Council. This covenant will be protected by a caution on the register of each title so that the council will be notified of any dealings with the land. Consent will not be given to First Wessex under the covenant until this Deed of Covenant is in place.

6. RECOMMENDATION

That Cabinet gives authority to the Solicitor to the Council to consent to First Wessex transferring the 69 garage sites set out in the appendix to Hampshire Garage Investments Ltd subject to:-

1. Completion of a deed of covenant from Hampshire Garage Investments Ltd agreeing not to transfer, whether freehold or long leasehold, or otherwise redevelop the garage sites (other than for garaging or parking) without the Council's consent;
2. First Wessex entering into an agreement with the Council to ring fence the capital receipt to provide housing within the borough.
3. Payment of the Council's legal fees by First Wessex in connection with the matter.

APPENDIX

Revised List of garage sites for Disposal

Lot No	Address	Post Code		No. of garages	No. of tenancies
30	Lakeside Gardens Farnborough	GU14 9JG		8	4
31	Shepherds Walk Farnborough	GU14 9HA		26	6
32	Beeching Close, Aldershot	GU12 6AP		15	3
33	Longfield Road, Aldershot	GU12 6NB		20	10
34	Belle Vue Close, Aldershot	GU12 4SB		18	15
35	Clayton Road, Farnborough	GU14 9DG		7	1
36	Neville Duke Road, Farnborough	GU14 9BX		13	8
38	Fairfax Road Farnborough	GU14 8JP		8	6
39	Fairfax Road Farnborough	GU14 8JP		5	2
40	Fairfax Road Farnborough	GU14 8JP		9	3
41	Worcester Close Farnborough	GU14 8JW		11	0
42	Off Worcester Close Farnborough	SO14 8JW		18	3
43	Sedgemoor, Farnborough	GU14 8JN		10	5
44	Cromwell Road Farnborough	GU15 4HY		20	11
45	Cromwell Road Farnborough	GU15 4HY		19	10
46	Willow Crescent Farnborough	GU14 8EY		8	4
47	Montgomery Road, Farnborough	GU14 0AZ		15	11
48	Cody Road Farnborough	GU14 0DE		10	9
49	Sycamore Road, Farnborough	GU14 8JE		3	0
56	Atfield Close, Aldershot	GU12 6PX		0	0
57	Cove Road, Farnborough	GU14		2	1
58	Totland Close, Farnborough	GU14 8TZ		11	5
59	Totland Close, Farnborough	GU14 8TZ		18	9
60	Austen Road Farnborough	GU14 8LQ		62	46
61	Ballantyne Road, Farnborough	GU14 8SN		8	6
62	Croyde Close, Farnborough	GU14 8UE		4	4

63	Chaucer Close, Farnborough	GU14 8SP		16	10
64	Caswell Close Farnborough	GU14 8TG		14	10
65	Houseman Road, Farnborough	GU14 8QF		42	33
66	Kingsley Road, Farnborough	GU14 8SX		22	7
67	Giffard Drive, Farnborough	GU14 8QB		23	11
68	Camathan Close Farnborough	GU14 8TJ		12	9
69	Camathan Close Farnborough	GU14 8TJ		8	3
70	Bideford Close, Farnborough	GU14 8TL		8	6
74	Church Street Aldershot	GU11 3JT		3	2
75	Morris Road, Farnborough	GU14 6HJ		1	1
76	Brookhouse Road Aldershot	GU14 0BS		20	16
77	Queens Court, Alexandra Road, Aldershot	GU11 3JT		24	23
78	24 Cambridge Road, Farnborough	GU11 3JZ		1	0
79	Alison Way, Aldershot	GU11 3JX		2	1
80	York Crescent, Aldershot	GU11 3JN		1	1
82	Eton Place Aldershot	GU9 0EG		36	5
83	Lyll Place Aldershot	GU9 0EO		15	11
84	Macdonald Road Aldershot	GU8 0EJ		24	12
85	Barrie Road Aldershot	GU9 0DU		21	7
86	Brougham Place Aldershot	GU9 0ED		20	9
87	Miles Road, Aldershot	GU12 6AU		0	0
88	Fairview Road, Aldershot	GU12 6AT		24	17
89	Chester Close Aldershot	GU12 6AZ		17	9
90	Chester Close Aldershot	GU12 6AZ		14	6
91	Friend Avenue, Aldershot	GU12 4QU		24	11
92	Tongham Road, Aldershot	GU12 4AT		14	7
93	Maple Walk, Aldershot	GU12 4AW		20	20
94	Allden Gardens, Aldershot	GU12 4AQ		0	0
95	Allden Avenue, Aldershot	GU12 4AG		14	13

96	Allden Avenue, Aldershot	GU12 4AG		19	7
97	Gloucester Road, Aldershot	GU11 3SQ		2	2
99	Stockbridge Drive Aldershot	GU11 3RT		20	9
100	Romsey Close Aldershot	GU11 3RR		15	5
101	Overton Close Aldershot	GU11 3RP		16	12
102	Selbourne Avenue, Aldershot	GU11 3RQ		3	3
103	Lyndhurst Ave Aldershot	GU11 3RW		14	8
104	Cadnam Close, Aldershot	GU11 3RN		5	5
105	Andover Way, Aldershot	GU11 3RJ		6	4
106	Guildford Road, Aldershot	GU12 4BW		29	11
107	Field Road, Farnborough	GU14 9DJ		12	4
108	Carmarthan Road	GU14 8TJ		12	0
109	Cambridge Road, Cambridge	Title:HP457735		3	0
110	Pinewood Park, Farnborough	GU14 9JT		5	0
	TOTAL	48% vacant		949	505