

GREATER **LONDON** AUTHORITY

REQUEST FOR MAYORAL DECISION – MD1370

Title: Disposal of Units 3 & 4 at Wildspace, 6-10 Lamson Road, Rainham

Executive Summary:

GLAP is seeking to dispose of the two final remaining units at Wildspace, 6-10 Lamson Road in accordance with the previously agreed disposal strategy as set out in MD1201.

Decision:

That the Mayor approves the disposal of Units 3 and 4 of the final remaining units (at Wildspace, 6-10 Lamson Road, Rainham) to the identified purchaser on the terms set out in the Part 2 confidential section of this decision form.

Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision, and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:



Date:

18/6/14

PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR

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 accordance with the Mayor's strategic 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, in August 2011 that was subject to a Compulsory Purchase Order and required new premises.
- 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 remaining 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. Because the disposal of Unit 4 fell away this paper seeks to confirm the disposal price of the new offer and seek approval for the disposal.
- 1.6. Units 2 and 5 have been disposed of on the basis of a long leasehold in substantially the same form as the disposal of Unit 1 and the heads of terms for disposal for the remaining 2 units (3 and 4) have now been agreed with a single purchaser, 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.
- 2.2. The holding costs for the estate as a whole require circa £65,000 per annum in maintenance, management and business rates and these costs cannot be mitigated other than by disposal. The holding costs for the estate would be reduced by disposal as the Tenant would take on responsibility for business rates, service charge and maintenance of the units.
- 2.3. These final disposals would also enable GLAP to review its asset position and consider whether a freehold transfer of the units to a management company or investor would be appropriate.

3. Other considerations

Finance:

- 3.1. The price and terms of sale for the units are contained in Part 2 of this paper. The purchasers has confirmed funding is in place for the units.
- 3.2. 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.

Risk

- 3.3. Delivery risk: the units have been completed and therefore there is limited risk to the transaction in terms of programme delivery of the units.
- 3.4. Financial risk: the holding costs will be reduced by the sale and delays to the sale will result in ongoing costs to the GLA.

4. Finance comments

- 4.1. Finance comments are included in Part 2 of this MD.

5. Legal comments

- 5.1 LTGDC had been advised by Eversheds LLP in relation to this site and they 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 are within the Authority's general statutory power under section 30 and its power under section 34 of the GLA Act to do things facilitative and conducive to the discharge of its general functions.
- 5.4 The proposals are in line with the disposals of the other units at the site and there are no specific issues arising

6. Housing Investment Group

- 6.1. The disposal was recommended at the Housing Investment Group meeting 9th April 2014.

7. Planned delivery approach and next steps

- 7.1. GLAP will review the asset once all the units have completed long leases and consider the options for the disposal of the freehold to a management company or investor.

8. Appendices and supporting papers:

- 8.1. 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? NO

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 the following have been consulted on the final decision.

✓

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.

✓

Sponsoring Director:

David Lunts has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

Mayoral Adviser:

Ric Blakeway has been consulted about the proposal and agrees the recommendations.

✓

Advice:

The Finance and Legal teams have commented on this proposal.

✓

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

M. J. Blak

Date

17.6.14

CHIEF OF STAFF:

I am satisfied that this is an appropriate request to be submitted to the Mayor

Signature

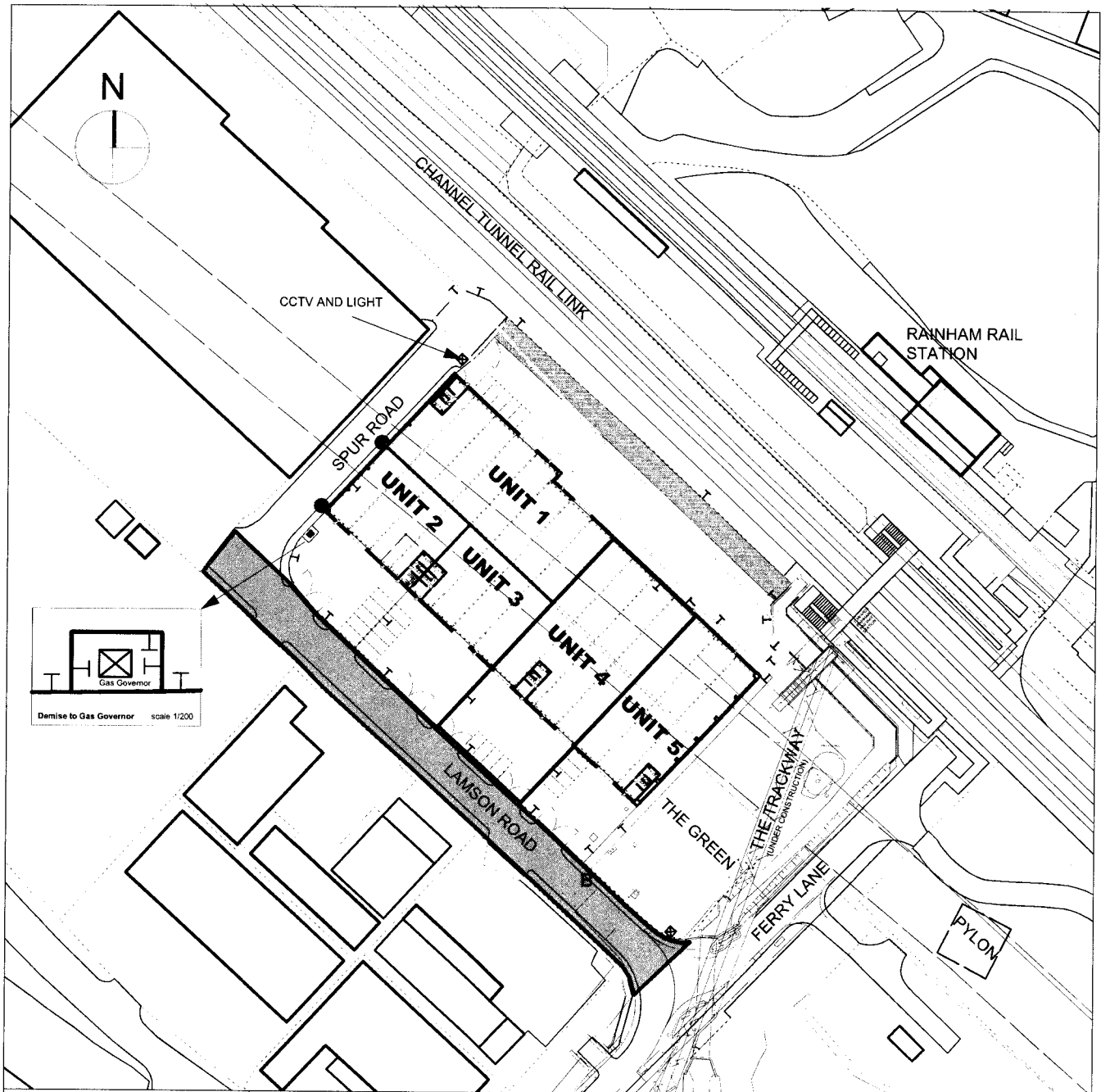
Edmund h'

Date

17.06.2014

WILDSpace

6 - 10 LAMSON ROAD, RAINHAM, ESSEX RM13 9YY LONDON BOROUGH OF HAVERING



Map ref: TQ 52015 81994
Scale 1:1250
Date: 08 June 2011
Prepared by: ABA

UNIT 4 Conveyance Plan
PL05

6 - 10 Lamson Road, Ferry Lane,
Rainham, Essex RM13 9YY

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Legend

- | | |
|---|------------------------------------|
| British gas 40 ft wide strip - no excavation & no material alterations or deposits affecting support
deed dated 26 February 1985 | CCTV column |
| CTRL 5 metre wide maintenance strip & right of entry
reference transfer dated 16 April 2007 to LTGDC | barrier |
| service chargeable | light column (indicative position) |

