

DECISION NO:	<i>For Member Services use only</i>
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Concurrence No:	066452
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Action under delegated authority of Chief Executive	
Action under delegated authority of Director of Finance and Cabinet Member for Finance	X
Action taken by Chief Executive in consultation with Cabinet Member(s)	

Subject: Wolsey Court sale of Freehold

Signature and designation of officer(s) taking action:

20/08/2021	19/08/21
Chief Executive	Date
Director of Finance	Date
Head of Finance	Date

**Name of Cabinet Member(s)
Consulted:**

I have been consulted and concur with
the proposals set out below:

23/08/2021

Councillor P Mason Cabinet Member for Finance	Signature: Date:
Councillor Cabinet Member	Signature: Date:

Name of any member who has declared a
conflict of interest in relation to this decision: _____

THIS DOCUMENT WILL BE PUBLISHED ON THE COUNCIL'S WEBSITE

The report overleaf sets out the decision to be taken, the reasons for the decision, and the details of alternative options, if any, considered and rejected. Officer decisions are available for public inspection, both at the Borough Offices and on the Council's website. Officer decisions are kept for a period of six years at the Borough Offices and for six months on the website after the decision is made. Background papers are available for four years.

RECOMMENDED that: the sale of the freehold of Wolsey Court, Cheshunt is completed to Badger BC Investments Ltd. for the sum of £5.8 million.

Purpose

To agree the sale of the residential development at Wolsey Court, Cheshunt to Badger BC Investments Ltd (Badger).

Background

The Council completed the redevelopment of the former Wolsey Hall site in October 2020 creating the Wolsey Court development which provides 24 two bedroom flats.

Following the completion a lease was granted to Badger to enable them to commence marketing and letting of all the flats in the private market on Assured Shorthold Tenancies.

A sale at that time was not undertaken due to the on-going dispute between the Council and Borrás Ltd. An agreement has now been reached and although the Council is still holding a retention sum the mechanisms are clearly established to bring the matter to a final conclusion once the retention period has ended.

On this basis, an agreement has now been reached with Badger BC Investments for the sale of the freehold of the flats for the sum of £5.8 million.

Financial, Legal and Risk Management Implications

The total cost of the development (excluding preparatory works), once outstanding commitments relating to the retention sum are taken into account is £5.7 million.

The sale price of £5.8 million is in line with the Council's valuation of the completed development.

All surveyors and legal fees will be funded from existing budgets.

The Council will retain responsibilities for defects in the building and all negotiations with Borrás until the end of the retention period in October 2021 when all matters will pass to Badger.

The Council will be granting a mortgage to Badger for the acquisition costs through its agreed procedures. There will be no stamp duty payable due to this being a transaction between the Council and Badger BC Investments but Badger will have to pay Land Registry and other fees.

Alternative Options Considered and Rejected

The continuation of the leasing arrangement was considered but rejected by Badger and if the lease was to be terminated the Council and Badger would then have to gain vacant possession of the building before remarketing. This was not considered to be in the best interests of all parties.

Contribution to the Council's Objectives and Environmental Sustainability Priorities

A THRIVING ECONOMY

3. Pursue the implementation of the housing and infrastructure needed to support a thriving economy.

SUSTAINABLE LIVING IN AN ATTRACTIVE ENVIRONMENT

10. Deliver affordable homes for local residents and reduce homelessness.

Conclusion

That a sale of the freehold of Wolsey Court is completed to Badger BC Investments for the sum of £5.8 million.

Contact Officer:	K Clark	Ext:	5541	Date	18.3.21
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Action reported to the Cabinet
on:

Appendix A

Wolsey Court – Valuation for Borough of Broxbourne Council of the freehold for sale.

Wolsey Court is a new build development of 24 no 2 Bed flats on Windmill Lane adjacent to the Laura Trott Leisure centre and close to the facilities provided at the Old Pond Cheshunt. It is within 10 minutes walking time of Cheshunt Station and

each flat is provided with a dedicated parking space with one EV charging point available.

The flats are completed to a high standard and fitted with standard white goods and have fully fitted kitchens. Each flat has an outdoor amenity area and the car parking courtyard is gated. A number of the flats have one bedroom with en suite facilities as well as the normal bathroom provision.

The development was completed by the Council in October 2020. It is currently let under a short term lease to Badger BC Investments to allow Badger to rent out the flats on Assured Shorthold Tenancies. The letting is at a peppercorn for a period of 2 months and then a rental payment based on turnover is to be agreed. For the purposes of this valuation it is assumed that this payment has been waived.

To provide a check as it is intended for this building to be an income producing investment for Badger BCI two approaches have been made to the valuation.

Firstly a comparable method based on sales of similar individual flats currently on the market in the area. The aggregate of the flats will then have a discount applied for the bulk sale. Intricacies around how management and service charges may have been applied to the flats have been ignored for this purpose, although it could be argued that the value of individual flats would be higher because of no annual service charge this is offset by the freeholder having to cover everything from a rental with possible vacancies.

Secondly an investment view has been taken, using the known annual rental income deducting a management fee and repairs allowance percentage and then applying a yield.

In both cases a deduction has then been made for buyers costs to reach a figure.

Valuation 1 – Comparable method

Sale of individual flats

24 no 2 bed flats at an average price of £285,000

	£6,840,000
Less discount for all sales at once of say 10%	£ 684,000
=	£6,156,000
Less costs of purchase at say 6.5%	£ 400,140
=	£5,755,860.

Say £5.76 million

Valuation Methodology 2

Investment valuation based on level of income.

Current income generated	£354,600 per annum
Less costs @ say 12%	£45,552
NRV	£312,048
X yp in perp @ 5%	20
=	£6,240,000
Less costs of purchase say 6.5%	£405,600
	£5,834,400

Say

£5.83 million

Conclusion

The two valuation methodologies provide similar outcomes with an average price of £5.795 million.

Therefore my open of the fair market value for the freehold interest in Wolsey Court is £5,800,000.

Kevin Clark, BSC MRICS

18 March 2021

Comparable information

The flats are fully rented and the annual management costs are known and so these figures were used in the valuation.

The market indicates that at present residential yields would be between 4% and 6% and so a mid range figure has been used.

The area range of 2 bed flats in Cheshunt on the market from £220,000 up to £315,000 depending on the specification. The flats at the higher end and in close proximity to Wolsey Court and have en suite bedrooms but these have been available for over a year.

Based on the specification of the flats with some having en suite and some not an average price indication of £285,000 was chosen to represent a flat in a block with a service charge and long lease.

A discount factor then applied to account for all flats selling at once, and the freehold being a simpler sale than a number of leaseholds and the subsequent management.

Comparable schedule for Wolsey Court sale.

Address	Bedrooms	Car parking	En suite	On market since	Price
Riverpoint, High Street Cheshunt	2	yes	no	08/03/2021	£250,000

Huron Road Turnford		2	yes	yes	01/10/2020	£240,000
Turners Hill Cheshunt	two flats	2	No Yes (but requires separate payment)	No	03/02/2021	£240,000
Pond House , Turners Hill		2	No	No	26/12/2020	£315,000
Aldermere Avenue, EN8		2	yes	yes	10/10/2020	£310,000
Shalcross Drive EN8		2	yes	no	21/01/2021	£285,000
Brookfield Gardens		2	yes	no	11/02/2021	£280,000
Hamburgh Court, West Cheshunt		2	yes	no	19/02/2021	£280,000