


Individual Mayoral Decision Proforma Decision Log No: 84	 TOWER HAMLETS
Report of: Aman Dalvi Corporate Director D&R	Classification: Unrestricted.
Recommendation to sell 296 Bethnal Green Road by Auction instead of by informal tender as authorised by Cabinet on 4th February 2015	

Is this a Key Decision?	No
Decision Notice Publication Date:	N/A
General Exception or Urgency Notice published?	Not required
Restrictions:	None

EXECUTIVE SUMMARY

On 4th February 2015 Cabinet authorised the sale, by informal tender, of five council owned properties, being 11-31 Toynbee Street, 2 Jubilee Street, 31 Turner Street, 329 Morville Street and 296 Bethnal Green Road. Officers are recommending that 296 Bethnal Green Road is sold by auction rather than informal tender for a number of reasons as laid out within the report. This recommendation does not affect the other properties noted in the 4th February 2015 Cabinet decision that are to be sold by informal tender.

Although sale by auction is not considered appropriate for the properties at Toynbee Street, Jubilee Street, Turner Street and Morville Street, as noted in the Executive Summary above, sale by auction is an ideal method of sale for the shop at 296 Bethnal Green Road which has no development potential and has a straightforward retail use.

Due to its poor condition, small size and straightforward use, 296 Bethnal Green Road will benefit from being sold at auction rather than by informal tender. Investors and developers and those who are likely to be interested in purchasing this type of property regularly purchase at auction houses, often without viewing the property. Sale by auction will ensure good market coverage and that the property is seen by those parties typically interested in this type of purchase. During an auction the price paid for properties can exceed its estimated market value.

Sale by auction is usually a quick process with the sale becoming legally binding on the fall of the hammer. The buyer must pay 10% of the purchase price immediately and is contracted to pay the outstanding amount within 28 days after the auction. There can be no renegotiating of price. A quick sale

will be particularly advantageous: 296 Bethnal Green Road has suffered from squatters in the past and there is currently a full time security guard on the premises which is costing the Council £250 per day.

Auctions are ideal methods of sale for relatively straightforward transactions where purchasers often carry out minimal pre-sale due diligence.

The alternative option is to remain with the Cabinet decision of 4th February and to sell 296 Bethnal Green Road by informal tender. Sale by informal tender will delay the sales process and security costs will remain until the property sale completes.

DECISION

The Mayor is recommended to:

1. Agree the sale of 296 Bethnal Green Road by auction.
2. Note that following a direction given by the Secretary of State on 17 December 2014, prior written agreement will be required from appointed Commissioners before disposing of the property.

APPROVALS

1. (If applicable) Corporate Director proposing the decision or his/her deputy

I approve the attached report and proposed decision above for submission to the Mayor.

Signed  Date 28/4/15

2. Chief Finance Officer or his/her deputy

I have been consulted on the content of the attached report which includes my comments.

Signed  Date 14/4/15

3. Monitoring Officer or his/her deputy

I have been consulted on the content of the attached report which includes my comments.


Signed  Date 16/04/15

Deputy

4. Mayor

I agree the decision proposed in paragraph above for the reasons set out in ~~paragraph X~~ in the attached report.

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Signed  Date 27/4/15

