

Title of meeting: Leaders Portfolio

Date of meeting: 27th July 2020

Subject: Dorothy Dymond / Melbourne Place car parks

Report by: Tristan Samuels - Director of Regeneration

Wards affected: Somerstown

Key decision: Yes

Full Council decision: No

1. Purpose of report

- 1.1 This report sets out the proposed property opportunities available to the Council working with the University of Portsmouth (UOP).
- 1.2 The Council and the UOP have agreed Heads of Terms for the Council to potentially purchase the Melbourne Place carpark from the UOP whilst simultaneously disposing of the Dorothy Dymond (also known as Guildhall Walk) carpark to the UOP. The Heads of Terms are attached at the confidential appendix A.

2 Recommendations

The Leader is recommended to:

- 2.1 Give delegated authority to the Director of Regeneration, on the advice of the City Solicitor, to negotiate and complete acquisitions and disposal of Melbourne Place and Dorothy Dymond carparks.

3 Background

- 3.1 The Somerstown and North Southsea area action plan was adopted on 17 July 2012. The plan's purpose is to:
- 3.2 Outline a vision for managed change to the physical structure and layout of area which is informed by the priorities identified by residents and other stakeholders
Ensure that the area is not subject to 'ad hoc' and piecemeal development that conflicts with these priorities
- 3.3 Set out development proposals that will deliver the comprehensive restructuring of the area and act as a catalyst for regeneration.

- 3.4 Provide the basis for future land assembly including compulsory purchase order (CPO) powers
- 3.5 The area covered by The Somerstown and North Southsea area action plan, is adjacent to an area covered by the City Centre master plan supplementary document 2013, which covers a site considered in one of the options.

The Melbourne Place Carpark (Appendix B Location Plan)

- 3.6 Is a two storey semi-underground 107 space carpark and is situated in the area of the Somerstown masterplan.
- 3.7 The Melbourne Place Carpark has been let on a long lease of 125 years to the UOP and currently has 92 years remaining.
- 3.8 The building is in need of significant repair estimated at £750,000 as part of the universities obligations, approximately 45 spaces are in use at present.

The Dorothy Dymond Car Park (Appendix C Location plan)

- 3.9 Is situated within the City Centre masterplan area, currently designated as a 58 space carpark, identified as a potential development site for a variety of uses, up to six storeys.

4 Proposal

- 4.1 To purchase the Melbourne Place car park as this is required by the City Council to facilitate the future regeneration of the Somerstown Masterplan.
- 4.2 The University have indicated that they would be able to surrender their interest and while they are looking to reduce their staffs reliance on car usage they do still require parking in the City Centre to facilitate staff retention in the medium term.
- 4.3 The UOP have agreed to accept a long leasehold interest of DD with restrictions on the lease to clawback additional value in the event the site is developed. In lieu of any additional compensation to the UoP the site will be exchanged for the Melbourne Place site. A valuation of the two sites is attached in the confidential appendix D.

5 Reasons for recommendations

- 5.1 The recommendations are considered by officers as important to ensure the future delivery of the Somerstown Masterplan.

6 Integrated impact assessment

- 6.1 The contents of this report do not have any relevant equalities and environmental impact and therefore an Integrated Impact assessment is not required.

7 Legal implications

- 7.1 Under s.123 of the Local Government Act 1972 there is a general power for local authorities to dispose of land in any manner they wish. The only restriction is that it must be for the best consideration obtainable.

- 7.2 If the disposal is not for the best consideration obtainable then the consent of the Secretary of State will be required.

- 7.3 The General Disposal Consent Order on 30 July 2003 which came into force on 4 August 2003 gives consent to a disposal of land for less than best consideration in certain specified circumstances. These circumstances are:

a) the local authority considers that the purpose for which the land is to be disposed is likely to contribute to the achievement of one or more of the following objects in respect of the whole or any part of its area, or of all or any persons resident or present in its area:-

- i) the promotion or improvement of economic well-being;
- ii) the promotion or improvement of social well-being;
- iii) the promotion or improvement of environmental well-being;

AND

b) the difference between the unrestricted value of the land to be disposed of and the consideration for the disposal does not exceed two million pounds.

- 7.4 Unrestricted value means the best price reasonably obtainable for the property on terms that are intended to maximise the consideration.

- 7.5 The terms of the consent mean that specific consent is not required for the disposal of any interest in land which the authority considers will help it to secure the promotion or improvement of the economic, social or environmental well-being of its area for the best value that can be obtained or at an undervalue not in excess of £2 million. Where the consideration is the best obtainable then there is no need to satisfy the criteria of economic, social or environmental well-being as the Council can rely on the general power under section 123.

- 7.6 In determining whether or not to dispose of land for less than the best consideration reasonably obtainable, and whether or not any specific proposal to take such action falls within the terms of the General Disposal Consent, the authority should ensure that it complies with normal and prudent commercial practices, including obtaining

the view of a professionally qualified valuer as to the likely amount of any undervalue. Officers have confirmed that point 7.3 a & b above are satisfied by this proposal.

- 7.7 In respect of the proposed terms for the new site please note a lease of more than 40 years, and 25 years of that term has expired, the Upper Tribunal has jurisdiction to discharge or modify restrictions affecting that leasehold land, as if it were freehold - and that can extend to modifying the permitted use.

8 Director of Finance's comments

- 8.1 The off street Car Park known as Dorothy Dymond currently yields around £167,000 per annum in pay and display income. Off street parking income is accounted for in the general. After disposing of the site the Council will need to identify either additional income or savings in order to make up this loss of income.
- 8.2 Before acquiring the Melbourne Place car park and then entering into a long lease with the University for the Dorothy Dymond car park the Council needs to ensure that the development opportunity is financially appraised to ensure that it is commensurate in value in order to cover this loss of income.

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Signed by:

Appendices:

- Appendix A - CONFIDENTIAL Draft Heads of terms
- Appendix B - Melbourne Place location plan
- Appendix C - Dorothy Dymond location plan
- Appendix D - CONFIDENTIAL Report & Valuation Summary jointly commissioned by PCC & UoP from CBRE

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by on

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Signed by: