

Land Assembly process and
Proposal:

Handleys Corner (Former
Debenhams Store) Palmerston
Road

1 Introduction

- 1.1 This report sets out the proposals to enable the Land Acquisition to facilitate part of the regeneration and development of the Southsea Town Centre, Palmerston Road.
- 1.2 The proposal sets out the current position, timing and methods of land acquisition available to the City Council in order to facilitate the development, and will provide some suggestions as to the most appropriate method of acquisition in varying circumstances.
- 1.3 Whilst the City Council will work to acquire all necessary property interests by agreement, this land acquisition proposal includes the potential use of compulsory purchase powers.

2 Current position

- 2.1 The Council have been considering options to regenerate and improve Palmerston Road since the closure of both Debenhams and John Lewis, two national department stores occupying significant buildings on Palmerston Road. Previous consideration included a joint venture scheme for the sites to include commercial use and residential units.
- 2.2 The John Lewis site has been acquired by That Group and is in the process of redevelopment. Negotiations with the owners of The Debenhams building have stalled and reached a position that negotiations cannot be concluded, there is no timeframe for the situation to be resolved.
- 2.3 The area including the site, is owned by a number of parties, including a long leasehold to PCC, Vivid Homes, and other private entities, but the subject site is independent of any other sites.

3 Acquisition Options

- 3.1 There are two principal options for acquisition available to the City Council to ensure vacant possession of the site for the regeneration of, these are:
 - Acquisition by agreement
 - Compulsory Purchase
- 3.2 Each method has its benefits and it is envisaged that both will all be pursued in combination to ensure that vacant possession of the site is delivered in a cost-effective manner.

4 Application

- 4.1 As has been discussed above, a combination of both methods is appropriate for the acquisition of the entire site required for the proposed redevelopment.

Prior to acquiring any land, it is vital to have a schedule showing a comprehensive list of all property interests within the development site. The initial task will be a desk top study of approximately three weeks from instruction (anticipated March 2023), followed by a more detailed referencing exercise taking approximately five weeks thereafter (Eight in total for the first stage to have a document ready to support a Compulsory Purchase order if required and to assist acquisitions). To date due diligence has already been carried out in advance of an acquisition by negotiation, and will serve to minimise the work outlined in this paragraph.

Acquisition by Agreement

- 4.2 This is the preferred method of acquisition
- 4.3 The Council will continue to pursue the acquisition of the site through negotiations with the vendor in advance of a CPO.
- 4.4 The Council will need to identify any other property interests within the site that are on the market, but none are anticipated due to previous due diligence and also make it known that they are seeking to acquire. If property interests are on the market, and can be acquired at a reasonable cost, then they should be purchased. It may be possible to enter into conditional contracts or take options in order to secure the property interest rather than an outright purchase at an early stage.
- 4.5 The remainder of the interests within the site should be contacted in order to initiate attempts to acquire by agreement. This process can obviously be prioritised depending on the type of interest held. It should be recognised that there may be more than one property interest in some properties, and that the acquisition by agreement of a superior interest may allow the determination of an inferior interest using landlord and tenant powers.
- 4.6 At an early stage a 'stock letter' should be sent to all affected parties initiating contact and explaining the Council's intentions to negotiate acquisitions by agreement. This process of regular correspondence should be continued throughout the duration of the project. This process can be accommodated as part of the initial work carried out for land referencing work.

Small Investment Owners, Owner occupiers and large space users (If applicable)

- 4.7 The site is currently vacant, but if required a schedule showing available relocation properties within the local area including all of the various land uses which are within the development site will be prepared. This schedule needs to be updated regularly throughout the entire land acquisition process. It should be available on PCCs website and any other local property search sites.
- 4.8 This schedule will provide the basis of negotiations with occupiers to purchase their interests. It should provide a useful information source for all those who are affected by the scheme in their attempts to find relocation premises. This will significantly reduce the risk of businesses having to extinguish due to their inability to find relocation premises, and assist in achieving continuous trading for relocating businesses.
- 4.9 The Council should work with any affected occupiers to identify appropriate relocation opportunities and be prepared to indemnify occupiers for the reasonable costs of acquiring and holding relocation properties, such as agents or legal fees.
- 4.10 The main concern of small investment owners will be to obtain the right value for their interest. If agreement can be reached on this value, it is likely that a deal can be agreed.
- 4.11 Owner occupiers are likely to have two main concerns, achieving the appropriate value for their property interest, and finding appropriate relocation premises. If both of these issues can be resolved, it is likely that a deal can be agreed. The owner-occupier is likely to reserve their rights to claim disturbance compensation, which is difficult to assess at this early stage.
- 4.12 The main concern of a large or unusual space occupier is likely to be finding appropriate relocation premises. If these can be found, it is likely that agreement can be reached more easily on issues of the value of the property interest and disturbance compensation. Early discussion with these occupiers is particularly important in order to avoid businesses extinguishing or ceasing trading for a short time whilst relocation takes place.

Leaseholders and occupiers (If applicable)

- 4.13 The main concerns of these occupiers will be finding appropriate relocation premises. The council will work with the affected occupiers to identify appropriate relocation opportunities and be prepared to indemnify occupiers for the reasonable costs of acquiring and holding relocation properties. The schedule of available property discussed at paragraph 3.11 above will be very useful in these discussions.

- 4.14 Once appropriate relocation premises have been identified, it is more likely that agreement can be reached on any other costs incurred.

Acquisition by Compulsory Purchase

- 4.15 Compulsory purchase is the second process of acquisition.
- 4.16 Compulsory purchase is seen as a last resort by acquiring authorities, to be used only when all other options have failed. It should never be seen as a first option.
- 4.17 Government guidance supports the use of compulsory purchase to secure regeneration schemes. It recognises that, due to the time taken to make and confirm a compulsory purchase order, it may be appropriate to run the compulsory purchase process in parallel with other efforts to acquire interests in property. This also demonstrates the seriousness of the council's intentions, and can help to move negotiations forward.
- 4.18 Therefore, whilst the council explores all reasonable options for acquiring the necessary land as set out above, the City Council will make preparations to make a compulsory purchase order to facilitate the development. Negotiations to acquire by agreement will continue throughout this process.
- 4.19 The timeframe to prepare and finalise a compulsory Purchase order is approximately 18 months. As the council have addressed a number of issues for the proposed scheme previously, this time frame may be reduced, and the application supported by previous attempts to work with external bodies.
- 4.24 The period leading up to securing the CPO will be used to continue to negotiate with owners, and also to focus on delivering the best outcome for the city. Negotiations will be in line with the statutory guidance for using compulsory purchase in that interests will be valued at their existing use, but with consideration given for the savings gained in not paying compensation under CPO regulations.

5 Conclusions

- 5.1 The council will continue to engage with the vendor to acquire the property interests required in advance for the proposed scheme.
- 5.2 Where property interests are available on the market at present, the council will make reasonable attempts to acquire them by agreement.
- 5.3 The council will make reasonable attempts to acquire any remaining property interests by agreement. This will necessitate the commissioning of the land referencing work.
- 5.4 The council will prepare and maintain a schedule of all available property for relocation. They will work with affected occupiers to identify and secure relocation property where appropriate.
- 5.5 The council is prepared to use of its compulsory purchase powers to acquire property interests required for the development.
- 5.6 Anyone who is potentially affected by the scheme, or has questions concerning land assembly, should be directed to;

Tom Southall MRICS
Assistant Director of Property & Investment
Tom.Southall@portsmouthcc.gov.uk

Anne Cains MRICS
Head of Acquisitions and Disposal
Anne.Cains@portsmouthcc.gov.uk

Appendix 1 Proposed site plan



