

Title of meeting: Cabinet

Date of meeting: 22nd November 2022

Subject: 32,34,42,56,58 & 60 Middle Street, Portsmouth

Report by: Anne Cains, Head of Acquisition & Disposal

Wards affected: St. Thomas Ward

Key decision: No

Full Council decision: No

1. Purpose of report

- 1.1 To seek the approval of the Leader of the Council as Portfolio holder to dispose of the above properties shown on the plan at Appendix A, subject to the existing long leaseholds listed in Appendix B (Exempt).

2. Recommendations

The Cabinet is asked to;

- 2.2 Delegate to the Director of Regeneration and the City Solicitor authorisation to negotiate and finalise terms for the disposal of the site known as 32,34,42,56,58 & 60 Middle Street, Portsmouth to PV1 Developments, subject to the long leases currently in place in accordance with the schedule of interests as attached in Appendix B.

3. Background

- 3.1 The premises are held in the general fund (leaders' portfolio) and were let post WW2 originally on long leaseholds at now nominal rents for industrial use, now with terms of a minimum of 33 years remaining. The buildings are out of date and the site would benefit redevelopment, as the area is no longer suitable for the industrial use specified in the original leases.
- 3.2 Whilst the Council would normally seek to retain income generating assets in this case the potential for a capital receipt outweighs the long term rental.
- 3.3 The premises are subject to separate leases with a number of tenants, see appendix B, all of whom have protected tenancies, meaning they have the

potential right to remain in occupation beyond expiry of their current lease. We understand the majority of the tenants have entered into agreements with the developer to sell their own leasehold interest to the developer.

- 3.4 The Council have reviewed its own ability to acquire and deliver a housing scheme on this site, whilst policy compliant it is not within the approved capital programme. Added to which the developer has a leasehold for two of the premises.
- 3.5 Ravelin Housing Ltd could engage with the scheme to mitigate the risk to PCC of losing the land interest in the event a development was not forthcoming but it is not part of the Ravelin Business plan and could not be delivered at the pace the developer requires.
- 3.6 The Council's planning department did recommended Council approve an application to redevelop the site to provide 163 residential units. Due to a legal technicality on ownership the developer was unable to satisfy the S106 agreement, as such the developer withdrew the application. (Now showing status as dismissed) .

4. Reasons for recommendations

- 4.1 The developer has an interest in the site, with existing freehold ownership at both ends of middle street, a leasehold interest of two units, and is believed to have the ability to deliver the scheme.
- 4.2 The proposal demonstrates the Council's ability to work with the community and private housing providers to find an equitable solution for delivery. As neither the Council nor the developer own all the interests required, further land assembly is required by either party to develop the site.
- 4.3 The existing interest based on income as it stands is of low value, but the site is significant in supporting the regeneration of the area. For both parties the value is in the sites potential redevelopment which cannot be recognised without the cooperation of both parties.
- 4.4 The Council will receive a Capital Sum, aware the time frames are not within either the Council's or the developer's control due to the existing long leasehold interests, therefore with no guarantee to ensure a redevelopment within the near future.

5. Integrated impact assessment

- 5.1 Appendix C

6. Legal implications

- 6.1 Under s123 of the Local Government Act 1972 the Council may dispose of any land in any manner it wishes provided it is for the best consideration that can reasonably be obtained. If the disposal is not for the best consideration then the consent of the Secretary of State will be required.

- 6.2 However, Secretary of State consent to the disposal would be required where the Local Authority considered that the purpose for which the land is to be disposed is likely to contribute to the achievement of any one or more of the following objects in respect of the whole or any part of its area, or of all or any person 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

- 6.3 Corporate Assets would need to negotiate a premium for the grant of a long lease or a disposal of the freehold and assess whether it was the best consideration that can reasonably be obtained. If not, the Council would need to consider whether the disposal of the land falls into one of the categories listed in paragraph 6.2 above.

7. Director of Finance's comments

- 7.1 The current income from the Council's interest in this property is a small rent of less than £300 per annum.

- 7.2 The disposal will result in a capital receipt to the Council exceeding the capital value of the existing interest.

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Signed by:

Appendices:

- Appendix A: Location Plan
- Appendix B: Schedule of interests (Exempt)
- Appendix C: Integrated Impact Assessment

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location

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

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Signed by: