

Brighton & Hove City Council

Strategy, Finance and City Regeneration Committee

Agenda Item 68

Subject: 7 Crowhurst Road

Date of meeting: 5 October 2023

Report of: Executive Director Economy, Environment & Culture

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Ward(s) affected: Patcham & Hollingbury

For general release

1. Purpose of the report and policy context

1.1 The long lease for this property has less than 10 years to expiry. It is recommended that the lease be surrendered and a new long lease be granted to facilitate redevelopment of the site.

2. Recommendations

2.1 That Committee notes that the existing lease will be surrendered under officer delegations.

2.2 That Committee agrees to grant a new 250 year lease and delegates authority to the Executive Director Economy, Environment and Culture and the Assistant Director Legal and Democratic Services to approve terms and take any necessary steps to facilitate this recommendation.

2.3 That the net capital receipt be invested into the council's corporate capital investment strategy to support future corporate investment plans.

3. Context and background information

3.1 Unit 7 Crowhurst Road, Hollingbury comprises an ageing industrial building dating from c 1952 let on a long lease for eighty years from June 1952. It has been occupied throughout the whole term by Talbot Tool Company Limited at a rent of £1,922 pa, fixed throughout the term. The lease has less than ten years until expiry. The present building of c 23,000 sq ft sits on a site of 0.92 acres. This is the last remaining original industrial building at Hollingbury with the other original sites having been redeveloped over the last thirty years.

3.2 Talbot Tools have agreed an option for the disposal of their existing interest with Hanbury Developments, the head lessor of the adjoining site, recently redeveloped to provide a Harwoods JLR car Dealership and trade counter units, the largest of which have been let to Howdens and Screwfix.

- 3.3 In the full knowledge of Talbot Tools, Hanbury Developments approached the Council's agents Avison Young with a proposal to surrender the current lease with less than 10 years remaining in return for a new 250 year ground lease at a peppercorn rent. Following the completion of valuations and negotiations Avison Young has recommended acceptance of a premium in return for granting a 250 year lease at a peppercorn ground rent to facilitate the redevelopment of the site. The premium is calculated by way of marriage value methodology whereby the uplift in value over and above the combined current freehold and leasehold values is apportioned between the parties on an even split basis.
- 3.4 The proposal is for the site to be redeveloped for industrial/warehouse/trade counter use. This protects the site as employment land and based upon 45% site coverage, will produce an approximate aggregate square footage of 18,000 to 20,000 sq ft. The future use will be a condition of the lease.

4. Analysis and consideration of alternative options

- 4.1 Allow the current lease to continue until expiry in 2032. Options for use of the site would then be considered in 2032. These could include:
- The grant of a new lease to Talbot Tools who have a statutory right to renewal of a lease on the same terms as the existing (excluding rent);
 - Refusal of a new lease to Talbot Tools to demolish and redevelop the site.
- The site would sit undeveloped for at least another 8 years.
- 4.2 Surrender of the existing tenancy and grant of a new 250 year lease as negotiated with Hanbury Developments, facilitating redevelopment of the site. This is the recommended option.

5. Community engagement and consultation

- 5.1 Negotiations have been completed with the agent to Hanbury Developments in full knowledge of the existing tenant Talbot Tools. Wider public consultation will be undertaken as part of the planning application process.

6. Conclusion

- 6.1 The existing original building is old and the tenant, Talbot Tools, has agreed an option with Hanbury Developments for the disposal of their interest, which is less than 10 years.
- 6.2 Hanbury Developments have requested the lease be surrendered and a 250 year lease be granted to facilitate redevelopment of the site. Hanbury Developments have redeveloped the adjacent site to provide a car dealership and trade counter units. A premium has been negotiated.
- 6.3 It is recommended that the existing lease be surrendered and a new 250 lease be granted to achieve a capital receipt for the council and to facilitate the redevelopment of this site.

7. Financial implications

- 7.1 The council's agreed capital strategy includes the requirement that the net proceeds from the disposal of surplus or underperforming assets and other capital receipts from leases are used for reinvestment in the capital investment programme. This will support the council's future corporate capital investment funds and modernisation investment plans across the Medium Term Financial Planning period. The expected receipt from Unit 7 Crowhurst Road would be held corporately and applied in line with this strategy.
- 7.2 There is a minimal annual rental income of £1,922 this will not be recovered after the sale and may slightly impair Property & Design's rental income targets.

Name of finance officer consulted: Rob Allen Date consulted: 06/09/23

8 Legal implications

- 8.1 With reference to recommendation 2.2, Section 123 of the Local Government Act 1972 enables a local authority to dispose of land provided it achieves the best consideration reasonably obtainable.
- 8.2 The Council's constitution requires that a decision to dispose of land by way of a lease with a term in excess of 25 years must be taken by the Strategy Finance and City Regeneration Committee.

Name of lawyer consulted: Hannah Bassett Date consulted: 21/08/23

9 Equalities implications

- 9.1 It is not considered that the proposal would negatively impact on any particular group in relation to their 'protected characteristics'. Therefore, no equalities implications have been identified as arising from this report.

10 Sustainability implications

- 10.1 The proposed redevelopment of the site would allow for energy efficiency improvements to be introduced as part of the design of any new property.

Supporting Documentation

1. Appendices

1. Site Plan

