

Report to: Cabinet

Date of Meeting: 7 March 2016

Report Title: Factory Block on Churchfields Estate

Report By: Peter Grace
Assistant Director Financial Services & Revenues

Purpose of Report

To seek approval to progress with proposals to purchase the long leasehold interest of a factory block

Recommendation(s)

1. To purchase the long leasehold as set out in the Part 2 report

Reasons for Recommendations

The Council would gain a unit that could be rented out and would have more control over the land to assist with any development of the adjoining plots that are in our ownership.

Background

1. The Council owns the freehold of Plot NX1 which is on the Churchfields Estate and is let on a ground lease to Nitech Ltd for a term of 121 years to expire 2 July 2112.
2. The plot has been developed as a terrace of 6 units and units 1-4 are sublet on long leases. Units 5 & 6 which are currently joined to form a single unit with a floor area of 5,166sq. ft. are vacant.
3. We also own adjoining land known as Plots NX2 and NX3. This is an undeveloped site that is allocated for employment use in the Development Management Plan with a potential gross floor space of 18,192sq. ft.

Opportunity

4. Nitech wish to dispose of their long leasehold interest and have offered us the opportunity to purchase it. This would effectively extinguish the ground lease and we would become Landlords to units 1-4 and get vacant possession of units 5 & 6.
5. A condition report has been obtained from a local firm of Building Surveyor's and this has not identified any issues that would require capital investment in the short term.
6. In principle terms have been agreed for the Council to purchase Plot NX1 as set out in the Part 2 report. These are considered to be the best available to the Council and are in accordance with the independent valuation provided by a suitably qualified firm of local surveyors.

Conclusion

7. We currently have 62 factory units and only one of these (which is office use and does not have vehicular access) is available to let. If we complete the acquisition of NX1 we would get vacant possession of units 5 & 6 which we could market for rent.
8. After many years we have some interest in developing Plots NX2 and NX3 and this would be complicated under the current ownership structure as the existing configuration of the site does not provide an efficient layout for the construction of additional buildings. Upon gaining control of Plot NX1 there is the opportunity to add value by a more efficient layout and configuration.

Wards Affected

Hollington

Policy Implications

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness No

Crime and Fear of Crime (Section 17)	No
Risk Management	Yes
Environmental Issues	No
Economic/Financial Implications	Yes
Human Rights Act	No
Organisational Consequences	No
Local People's Views	No
Anti-Poverty	No

Additional Information

None.

Officer to Contact

Amy Terry
aterry@hastings.gov.uk
01424 451640
