

DECISION-MAKER:	CABINET		
SUBJECT:	SALE OF LAND FOR DEVELOPMENT AT THE FRUIT AND VEGETABLE MARKET, OFF BERNARD STREET AND QUEENSWAY SOUTHAMPTON		
DATE OF DECISION:	16 JUNE 2015		
REPORT OF:	LEADER OF COUNCIL		
<u>CONTACT DETAILS</u>			
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STATEMENT OF CONFIDENTIALITY	
Appendix 1 of this report is not for publication by virtue of Category 3 (Information relating to the financial or business affairs of any particular person including the Council) of paragraph 10.4 of the Council's Access to Information Procedure Rules as contained in the Council's Constitution. It is not considered to be in the public interest to disclose this information because this Appendix contains confidential and commercially sensitive information relating to the property interests potentially involved in this matter.	
BRIEF SUMMARY	
This report seeks approval to the sale of the Council's land at the Fruit and Vegetable Market site, off Bernard Street and Queensway, to enable the redevelopment of the site for new homes and business premises.	
RECOMMENDATIONS:	
(i)	To approve the sale of the Council's freehold interest in the land shown on the plan at Appendix 2 to Hampshire and Regional (F&V) Limited; and
(ii)	To delegate authority to the Head of Development Economy and Housing Renewal after consultation with the Leader of the Council or relevant Cabinet Member to agree detailed terms and conditions and to take any other actions required to give effect to this decision.
REASONS FOR REPORT RECOMMENDATIONS	
1.	To facilitate the development of new homes and business premises on a VIP regeneration site in the City Centre.
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
2.	Do nothing, do not sell the Council's freehold interest: The site will remain in decline with only sporadic and disconnected development in the future.
3.	Market the Council's freehold interest: As the purchasing company's parent company, Hampshire and Regional Limited (HRL) has control of the leases on the site, selling the freehold to any party other than HRL or group

	company would create a ransom position that could stall the development of the site indefinitely.
DETAIL (Including consultation carried out)	
4.	The Fruit and Vegetable Market (see Plan) has been targeted for regeneration for many years. It is one of the Council's 7 Very Important Projects identified in the City Centre Masterplan designed to create homes and businesses that inject new energy and interest into this part of the city centre. The Council owns the freehold which is subject to a variety of long leases to the market tenants. A number of the tenants have already left the site.
5.	In October 2013, the Council entered into an Exclusivity Agreement with HRL to help bring the site forward for development. Since this time, HRL has entered into conditional contracts to acquire the long leases from the tenants. The company has also secured planning permission, subject to legal agreements, for 279 new homes and 899 square metres of business premises. HRL, with its partner contractor, is now making plans to deliver the development in 3 phases.
6.	Transferring the Council's freehold to HRL is a key factor in enabling the development of the site. Together with the leases, all legal interest in the land can be passed on to the developer and end users. The contract for the sale of the freehold will be conditional on HRL committing to all 3 phases and will be subject to a purchase price that meets best consideration rules.
7.	It is anticipated that the scheme will include different housing tenure types, both private and affordable. The commercial elements will be at ground floor level facing Bernard Street and could include a new convenience store. The scheme benefits from some underground parking, private amenity space and balconies. It should much improve Back of the Walls with high quality, pedestrianised public realm as well as the street scene along Queensway and the link between the High Street and Oxford Street. A start on site is anticipated by the end of 2015.
8.	Consultation has taken place with Ward Members and local residents both prior to and during the planning application process in March 2014. Generally the proposals were received positively with only one objection raised to the proposed scheme at the Planning and Rights of Way Panel.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
9.	The sale of the freehold is expected to deliver a capital receipt to the Council as well as revenue from Council tax and Business rates once developed. See Appendix 1.
10.	There will be a revenue loss of £8,391 p.a. from ground rents that will cease to exist when the land is sold.
<u>Property/Other</u>	
11.	The sale of the Council's freehold is consistent with the Council's Corporate Property Strategy.
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	

12.	The relevant powers for this disposal are Ss.123 of the Local Government Act 1972 and S233 of the Town and Country Planning Act 1990.
<u>Other Legal Implications:</u>	
13.	The contract for the sale of the Council's freehold is conditional on; <ul style="list-style-type: none"> • HRL providing evidence of funding and a build contract. • Acquisition of all leasehold interests by HRL • Detailed planning consent being obtained • Stopping up/traffic regulation orders being made <p style="text-align: center;">A commitment to the delivery of all three phases of development.</p>
POLICY FRAMEWORK IMPLICATIONS	
14.	The proposed development complies with Policy AP 28 in the adopted City Centre Action Plan; "This key site provides the opportunity to regenerate the area, reconnecting it with the shopping area and the waterfront, and enhancing the setting of the surrounding heritage assets".

KEY DECISION?	Yes
WARDS/COMMUNITIES AFFECTED:	Bargate
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	Financial Consideration (CONFIDENTIAL)
2.	Site Map
3.	Equality and Safety Impact Assessment

Documents In Members' Rooms

1.	None
Equality and Safety Impact Assessment	
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	Yes
Other Background Documents	
Other Background documents available for inspection at:	
Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.	None