

EXECUTIVE

DATE: 30TH MARCH 2009

SUBJECT: GRANT OF LONG LEASE ON LAND AT LEA ROAD

REPORT BY: HEAD OF CAPITAL & ASSET MANAGEMENT

CONTACT OFFICER: RICHARD MORGAN 547074

IMPLICATIONS:

LEGAL	✓	STAFFING	
EQUALITIES	✓	COMMUNITY SAFETY	
FINANCIAL	✓	RISKS	✓

OTHER

CONSULTATIONS:

COUNCILLORS CONSULTED: COUNCILLORS HARRIS AND SIMMONS

STAKEHOLDERS CONSULTED

WARDS AFFECTED: SOUTH

LEAD EXECUTIVE MEMBER(S): COUNCILLOR HARRIS

RECOMMENDATION

1. Executive is recommended to:
 - i) agree in principle to the grant of a new 99 year ground lease of the land currently forming part of the adopted highway of Lea Road, as land to be added to the ground lease of adjoining land held by the University of Bedfordshire, (for a market rent) in accordance with this report.
 - ii) authorise the Head of Capital and Asset Management to agree the terms for the lease.

BACKGROUND

2. The University of Bedfordshire has obtained planning permission in October 2008 for two major student hall development schemes, at Vicarage Road/Lea Road and Manor Road, to provide a total of 850 new rooms for students. A specialist developer, Liberty Living, is providing the buildings and will also have a long term contract to manage the completed developments for the University, retaining ownership of the two properties. The Vicarage Road/Lea Road new buildings will provide 577 new student rooms.
3. As part of the new development a length of Lea Road from its junction with Vicarage Road is to be “stopped up”, and alternative public highway access to the south end of Lea Road and to the Vicarage Street car park is being constructed and adopted over the land on which the former ambulance station stood.
4. Although the commencement of the development is to be deferred until the end of 2009, owing to financial problems recently encountered by the developer Liberty Living, the new ground lease to the University is to be granted as soon as possible so that the land-holding is in place to proceed with the development in due course.

REPORT

5. It is proposed to grant to the University a fresh 99 year ground lease of (1) the site that they currently hold under a 99 year ground lease (shown shaded red on the plan attached in Appendix A) and (2) those parts of Lea Road currently owned freehold by the Council that form part of the consented development scheme (such parts shown shaded blue on the plan in Appendix A) which are to be “stopped up” as public highway.
6. Part of the proposed transaction will be the transfer of the freehold interest in the former ambulance station to the Council. This is land that will be adopted as public highway to replace the northern section of Lea Road, and is shown shaded green on the plan at Appendix A.
7. The timetable for the University’s student hall developments is now for the new student rooms to be available for occupation at the start of the autumn term in 2011. If a new ground lease is not granted to include the aforesaid land now part of Lea Road, the opportunity to enhance the Council’s rental income significantly, and to acquire the underlying freehold interest of the ambulance station land, will be lost.

LEGAL IMPLICATIONS

8. The Council has power under s.123 of the Local Government Act 1972 to dispose of land at the best consideration available. The Council will however first need to make and have confirmed, an order stopping up the relevant part of the highway.
This was agreed with Brenda Vale in Legal Services on 16th March 2009

EQUALITIES COHESION & INCLUSION IMPLICATIONS

9. The development of the University student halls will enable the University to meet its aspirations for growth in its student numbers.

There are no further implications. This was agreed with the Performance Review Manager, Customer & Corporate Services, on 12th March 2009.

FINANCIAL IMPLICATIONS

10. The disposal will result in increased rental receipts to the Council. This summary of financial implications was agreed with the Finance and Airport Client Manager on 12th March 2009.

RISK IMPLICATIONS

11. The risk to the Council is that by not approving this disposal now the development of the new student halls at Vicarage Street may be delayed, thus potentially putting at risk the University's student enrolment prospects and financial budgets, and the Council's rent receipts will not be enhanced.

OPTIONS

12. (i) Proceed with the disposal on a 99 year ground lease to the University to enable timely development of the student halls by the University and the developer. **This is the recommended option.**
(ii) Do nothing. This is not recommended as the University development may be delayed with, potentially, adverse impacts on the University's operations. Furthermore the increased rent would not be obtained.

APPENDIX

13. Appendix A – Plan showing the boundary of the Lea Road land that is to be let additionally to the University, shaded blue, the land currently let to the University, shaded red, and the new highway land where the freehold is to be transferred to the Council, shaded green.

BACKGROUND PAPERS

14. There are no background papers relating to this report