

Part 1: Open to the Public – Item No. This report is produced for public information. The formal decision will be taken as a Part 2 item due to the confidentiality of elements of the report which have been removed from this report.

REPORT OF THE STRATEGIC DIRECTOR PLACE

**TO THE PROPERTY AND REGENERATION BRIEFING
FOR APPROVAL ON 22nd JUNE 2020**

TITLE: - Land at Queen Street, Greengate, Salford

RECOMMENDATIONS:

The City Mayor is recommended to;

1. Approve the disposal of the Council’s property interests to facilitate a comprehensive residential development on the basis detailed in the report
 2. Authorise the Shared Legal Service to complete all necessary documentation and to take all steps which are required to give effect to the above recommendations.
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EXECUTIVE SUMMARY:

Salboy, (via an SPV holding company) is in the process of acquiring land interests to assemble a comprehensive development opportunity at Queen Street, Greengate. To enable delivery of the proposed 115 unit residential apartment scheme, the developer needs to secure a developable 250 years leasehold interest across parcels of land in which the Council has an interest.

The Council has agreed to facilitate this through a sequence of land transactions delivering a capital receipt and subject to the developer covering all the Council’s professional fees, SDLT and all other outgoings.

Approval is sought to proceed with the proposed transactions detailed in this report and for the Shared Legal Service to complete the necessary legal formalities.

BACKGROUND DOCUMENTS:

Greengate Regeneration Strategy

KEY DECISION: YES

DETAILS:

Salboy, (via an SPV holding company) is in the process of acquiring land interests to assemble a comprehensive development opportunity at Queen Street, Greengate. The developer is looking to implement construction of a high-density residential apartment block providing 115 new homes and has recently applied for planning permission. A scheme proposal image is provided in Appendix 1.

- 1.2 The development will deliver a comprehensive development as set out in the Greengate Regeneration Strategy, which was adopted by the City Council in May 2018.
- 1.3 In order for the Salboy, to complete the site assembly of the subject site, several parcels of land in which the Council has an interest are required.
- 1.4 The attached plan (Appendix 2) identifies the parcels of land which are the subject of this report.
 - The developer has agreed terms to acquire the freehold of site A, (currently used as an office.)
 - The developer has agreed terms to acquire the leasehold of site B, (currently used as a surface car park associated with the above office)
 - The Council owns the freehold reversion of site B
 - The Council owns the freehold of site C (currently used as a surface car park)
- 1.5 To enable the proposed scheme to move forward, the developer needs to secure a developable 250-year lease hold interest across all three parcels of land (Sites A, B and C). Terms have been provisionally agreed to the grant of the required lease at a premium and this will be facilitated by the following series of land transactions:
 1. The developer will complete the acquisition of the third-party interests in sites A and B (and obtaining planning consent for the proposed scheme)
 2. The developer will transfer its interest in sites A and B to the City Council for a nominal sum, thereby consolidating the title of all the interests

3. Simultaneously, the Council will grant a new 250-year lease back to the developer of the consolidate site in return for a premium.
- 1.6 The full commercial Heads of Terms are detailed in the accompanying Part II report.
- 1.7 The above proposal is subject to the developer paying all VAT, SDLT that may arise from the various transactions together with the Councils legal costs and surveyor's fees. Whilst this is currently the developer's preferred way forward, in the event this proves not to be a tax efficient approach for them, the fallback position would be to grant a 250 year lease of only the City Council interests in Sites B and C (subject to the developer acquiring the third party interests and planning permission being granted).
- 1.8 As part of the agreed terms for the disposal the developer is required to commence construction of the proposed development within 6 months of completing the lease and have 36 months to complete construction.
- 1.9 Full S.106 contributions associated with the proposed development are to be paid in accordance with the Council's SPD (adopted December 2019). This includes a contribution towards public realm works in the sum of £517,500 and 10% of the units being affordable homes. The developer has also agreed to sign up to the Mayors Charter for Employment standards.
- 1.10 It is recommended that the Council proceeds with the land disposal on the basis detailed in the report. Officers are of the opinion that commercially the terms agreed satisfy best value obligations. Furthermore, the development will assist in progressing the regeneration vision for Greengate whilst meeting all planning policy obligations, including full affordable housing provision.

Ward Councillor Consultation:

The Ward Councillors have been informed about the Greengate Regeneration Strategy and consultations were recently undertaken in respect of the Council's aspirations for the subject site with no comments received.

KEY COUNCIL POLICIES:

- Great 8 Priorities – Economic Development, Housing, Social Impact.
 - Regeneration – Greengate Regeneration Strategy (adopted 2018).
 - 2025 Salford = A Modern Global City
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EQUALITY IMPACT ASSESSMENT AND IMPLICATIONS:

There are no equality impact issues arising and directly as a consequence of this report.

ASSESSMENT OF RISK: Low

LEGAL IMPLICATIONS Supplied by:

Gaynor Corfe – Head of Property – Shared Legal Services: 0161 234 3118.

There are no legal comments (Property) arising from the proposals in the Report on the basis that the heads of terms and proposals as detailed in the Report are incorporated into the requisite legal documents and processes.

FINANCIAL IMPLICATIONS Supplied by:

Alex Archer – Finance Manager: 0161 778 0498

The sequence of land transactions outlined in this report result in a capital receipt with the developer covering all the Council's professional fees, SDLT and other outgoings.

PROCUREMENT IMPLICATIONS Supplied by:

There are no procurement implications arising from the proposal.

HR IMPLICATIONS Supplied by:

There are no HR implications arising from this proposal.

CLIMATE CHANGE IMPLICATIONS Supplied by:

Michael Hemingway - Principal Officer - Climate Change: 0161 793 3209.

An Air Quality assessment has been completed as part of the planning application.

OTHER DIRECTORATES CONSULTED:

Place - Regeneration, Planning.

CONTACT OFFICER: Sarah Malone TEL NO: 0161 779 6073

WARDS TO WHICH REPORT RELATES: Ordsall