

30 January 2018

Report of	Exec Director for Commercial and Place	Author	MarkLeonard
Title	Property Purchase In Vineyard Street		☎ 0330 053 8009
Wards affected	Castle		

This report concerns the strategic acquisition of properties in Vineyard St, Colchester to facilitate future development.

1. Decision(s) Required

- 1.1 To approve the proposed purchase of a property in Vineyard St, Colchester to facilitate future delivery of a redevelopment scheme in the area.
- 1.2 To delegate authority to the Strategic Director for Commercial and Place in consultation with the Portfolio Holder for Commercial Services to agree formal terms and conclude the purchases in line with the Heads of Terms contained in the confidential appendix

2. Reasons for Decision(s)

- 2.1 In a report to Cabinet on 17 March 2014 Cabinet agreed to set aside in the RIF up to £6.1 million to acquire land required for the development of the Vineyard Gate scheme. Following the purchase of strategic sites in the area £4.8mln remains available.
- 2.2 Whilst negotiations with a developer have still to be concluded, the Council is continuing to engage with property owners within the proposed land acquisition boundary. The Council has been very clear that it supports a redevelopment of this area and opportunity has arisen to acquire this property.
- 2.2 The ability to secure a greater landholding in this area will assist with the facilitation of this development.

3. Alternative Options

- 3.1 The Council could decide not acquire this property, however, if it was purchased by a third party, who improved them, then this could result in a higher purchase price for the Council when redevelopment and site assembly comes forward

4. Supporting Information

- 4.1 Redevelopment in this part of the town centre has been a Council priority and together with sites on Queen Street formed part of the St. Botolph's Quarter masterplan of 2005.
- 4.2 Discussions are ongoing to bring forward a development in this part of the town centre.

4.3 Development of a comprehensive scheme requires a number of strategic acquisitions and the opportunity has arisen recently to buy a number of properties being placed on the market.

4.4 Council officers have been engaging with owners in the area and identifying available properties.

5. Proposals

5.1 The property under consideration will form part of any redevelopment in the Osborne St area.

5.2 It is proposed to purchase the property as per the terms of the Heads of Terms which are included in the appendix to this report

5.3 The property comprises a ground floor commercial unit and two one bedroom flats on the upper level.

6. Strategic Plan References

6.1 The scheme will “Promote Colchester to attract further inward investment and additional businesses, providing greater and more diverse employment” by investing in an area of the town centre which is currently not benefiting from private sector investment. Purchases by the Council at this stage is key to the commercial practices encouraged within Local authorities

6.2 The preferred development is expected to “Promote Colchester’s heritage and wide ranging tourism attractions to enhance our reputation as a destination” by giving a new extension to the town centre retail offer and in close proximity of the town historic Town Wall.

7. Consultation

7.1 At this point in negotiations no statutory consultation is required however, when development proposals come forward, in the form of a planning application, then full consultation will be carried out in the usual way.

8. Publicity Considerations

8.1 Development proposals in this area have historically attracted much local interest and as such the Council will work with the developer as a scheme progresses to ensure good communications are maintained.

9. Financial implications

9.1 The Property benefits from a commercial tenancy and two residential units, with an annual income stream. Details in the Confidential Background Paper.

9.2 The RIF Committee of 11 November 2015 allocated £6.1m of projected capital receipts for land acquisition in the Vineyard Gate scheme area. However, as the capital receipts identified to fund this expenditure are currently profiled for 2019/20 and 20/21, the

purchase of the properties detailed in this report will create a short-term funding shortfall within the RIF medium-term forecast that may require external borrowing during the intervening period. It is hoped that this additional revenue cost can be mitigated by the short term lease income detailed above.

- 9.3 Of the £6.1m allocated funding, £4.9m was still available at the end of 16/17. If the proposed purchase is approved then it is envisaged that the remainder of the funding will be used to purchase additional properties that might become available in due course. Any purchases will be reported when details are available.
- 9.4 The Council's capital receipts forecast will be kept under review to ensure the level and timing of projected receipts remains up to date. An update on the current funding position will be brought to the next meeting of the RIF Committee and Cabinet.

10. Equality, Diversity and Human Rights implications

- 10.1 <http://www.colchester.gov.uk/CHttpHandler.ashx?id=23331&p=0>

11. Community Safety Implications

- 11.1 N/A

12. Health and Safety Implications

- 12.1 N/A

13. Risk Management Implications

- 13.1

Risk Description	Impact and/or Consequence	Risk Mitigation/Controls
Tenant ends their lease, resulting in empty property	No income from property	Ensure understanding of any break clauses in lease. Market property as soon as possible for new tenant. The properties here have rarely been empty
Value of property decreases prior to redevelopment	Lower property value could affect the value of the Council's contribution to any new development proposal	Ensure a fair and reasonable price is paid at the outset, but the Council will have no control over the property price market. Purchases are undertaken to ensure Council has a stake in any development coming forward

14 Appendix

- 14.1 Confidential Heads of Terms
14.2 Confidential Background Paper