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Date: *24 February 2012*

NOTIFICATION OF PORTFOLIO HOLDER DECISION

On 24 February 2012, Cllr Wise, the Finance and Efficiency Portfolio Holder, made the following decision. Any member of the Council, who is not a Portfolio Holder, who considers that this decision should be reviewed should give notice to the Monitoring Officer (Grainne O'Rourke) (in writing or by e-mail) to be received **ON OR BY 4.45 P.M. ON FRIDAY, 2 MARCH 2012.**

Details of the documents the Portfolio Holder considered are attached.

DECISION:

That the Council dispose of its reversionary leasehold interest in the land at Bridge Road Lymington to Redrow Homes for the sum of £32,500.

REASONS:

As detailed in the report.

ANY ALTERNATIVE OPTIONS CONSIDERED AND REJECTED:

None.

CONFLICTS OF INTEREST DECLARED:

None.

For Further Information Please Contact:

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Estates and Valuation
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LAND AT BRIDGE ROAD, LYMINGTON**1. INTRODUCTION**

- 1.1 Redrow Homes have asked to acquire the Council's reversionary leasehold interest in land at Bridge Road Lymington and have offered £32,500 for that land plus payment of the Council's legal costs. The land Redrow wish to acquire is set out in detail in 2.1 below.
- 1.2 The land lies east of the railway line and forms part of the site of the former Webbs' factory on which Redrow have applied for planning permission to build 168 dwellings, restaurant, retail / commercial units, boat club and gallery. PDC at its meeting on 11 January 2012 authorised the Head of Planning to grant permission subject to the prior completion of a s106 agreement. Work on the S106 agreement is progressing.

2. BACKGROUND

- 2.1 The District Council of New Forest is the current tenant under a 2000 year long lease of land at Bridge Road. This lease was granted on 24 June 1661 and there are approximately 1650 years left unexpired in this lease. The Council has assigned parts of the leasehold land to third parties at various points and the extent of the long leasehold land which the Council owns now is shown edged red on the plan attached and labeled "Redrow Land".

This land has been demised in an underlease for a term of 99 years from 6 September 1976. This underlease is registered at the Land Registry and the current tenant is Redrow Homes Limited. Redrow's underlease is quite restrictive and they are not able to build on the land.

- 2.2 In order to facilitate their planned development Redrow would like to take an assignment of the part of the Council's lease of the land shown edged red on the "Redrow Land" plan.

3. REDROW'S REQUEST

- 3.1 There are three elements of Redrow's scheme that impacts upon the Council's leasehold land; These are:
 - The construction of a foul sewer
 - The construction of a restaurant and residential units and
 - The construction of a pedestrian footbridge facilitating easier access to Lymington Town Station.
- 3.2 In the event that the Council was not prepared to accede to Redrow's offer, Redrow have the ability to use statutory powers (through the drainage authority) to construct the sewer. The Head of Planning and Transportation considers that the construction of the restaurant and residential units could also be accomplished, without utilising any of the Council's land by a slight realignment of the footprint of the development and this would not cause any difficulty in planning terms. The landing point for the bridge (staircase and lift) are not on land controlled by the Council although Redrow would require permission to oversail the Council's land.

- 3.3 Securing the footbridge link has been a fundamental objective in considering the scheme and whilst it is an important component of the current consent, it is considered that this facility could be at risk if a revised application were to be submitted in the event that the Council refused Redrow's request to acquire the reversionary leasehold interest in its land.

4. VALUATION

- 4.1 It is a recognised valuation principle that where a landowner is able to frustrate a development, a "ransom" is created. The case of [Stokes v Cambridge] valued the "ransom" in such cases as $\frac{1}{3}$ of the value of the land with the benefit of the "ransom".
- 4.2 If the developer would be able to secure the same amount of development without the Council's land, and so its land value would be unchanged, then the Council as landowner has the benefit of a "hassle value" rather than a "ransom value". The value of the hassle is the proportion of the extra cost to the developer of changing the scheme which it would be worth the developer paying.

The "value" to Redrow in acquiring the Council's interest can therefore be related to the costs they may otherwise have to incur if the development were to be delayed by the need to submit a revised application repositioning the development and without the footbridge. These costs may include planning fees, professional fees and, depending upon how it is treated, interest charges on capital. It is this additional cost or hassle factor that would determine the appropriate value of the land in question in this particular case.

- 4.3 It is estimated that the cost to Redrow of having to submit a revised application would be in the region of £40,000. Depending upon how the interest on capital is treated this could increase to around £165,000. The value of the "hassle" the Council might be able to realise could be fairly assessed to be in the region of between £13,000 to £55,000.
- 4.4 Alternatively, the value can be assessed on a pure land value basis.

The Council's entire land holding extends to approximately 0.23 ha, however the rights granted to Southern Water for access and sewer construction adversely affect half this area. This has the effect of rendering this part unusable for any other purpose and therefore is of very little value. The remaining unencumbered land extends to approximately 0.11 ha.

The freehold value of this land in today's market would be in the region of £300,000 however any expectation of a capital receipt would be delayed until the Council is able to recover possession as the 1976 sublease, now vested in Redrow, has a further 63 years to run. The present value of this future receipt is in the region of £23,000.

5. REDROW'S OFFER

- 5.1 Redrow has offered the Council the sum of £32,500 plus payment of the Council's legal costs associated with the transfer of the land to it. Asset Management Group considered this report on 24th February and agreed that this is a reasonable offer and should be accepted.

RECOMMENDATIONS

It is recommended that:

1. The Council's dispose of its reversionary leasehold interest in the land to Redrow for the sum of £32,500.

I agree with the recommendation

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Councillor Colin Wise
Portfolio Holder for Finance and Efficiency

Date:

24/2/12

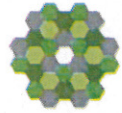
Date notice of Decision Give:

Last Date for Call In:

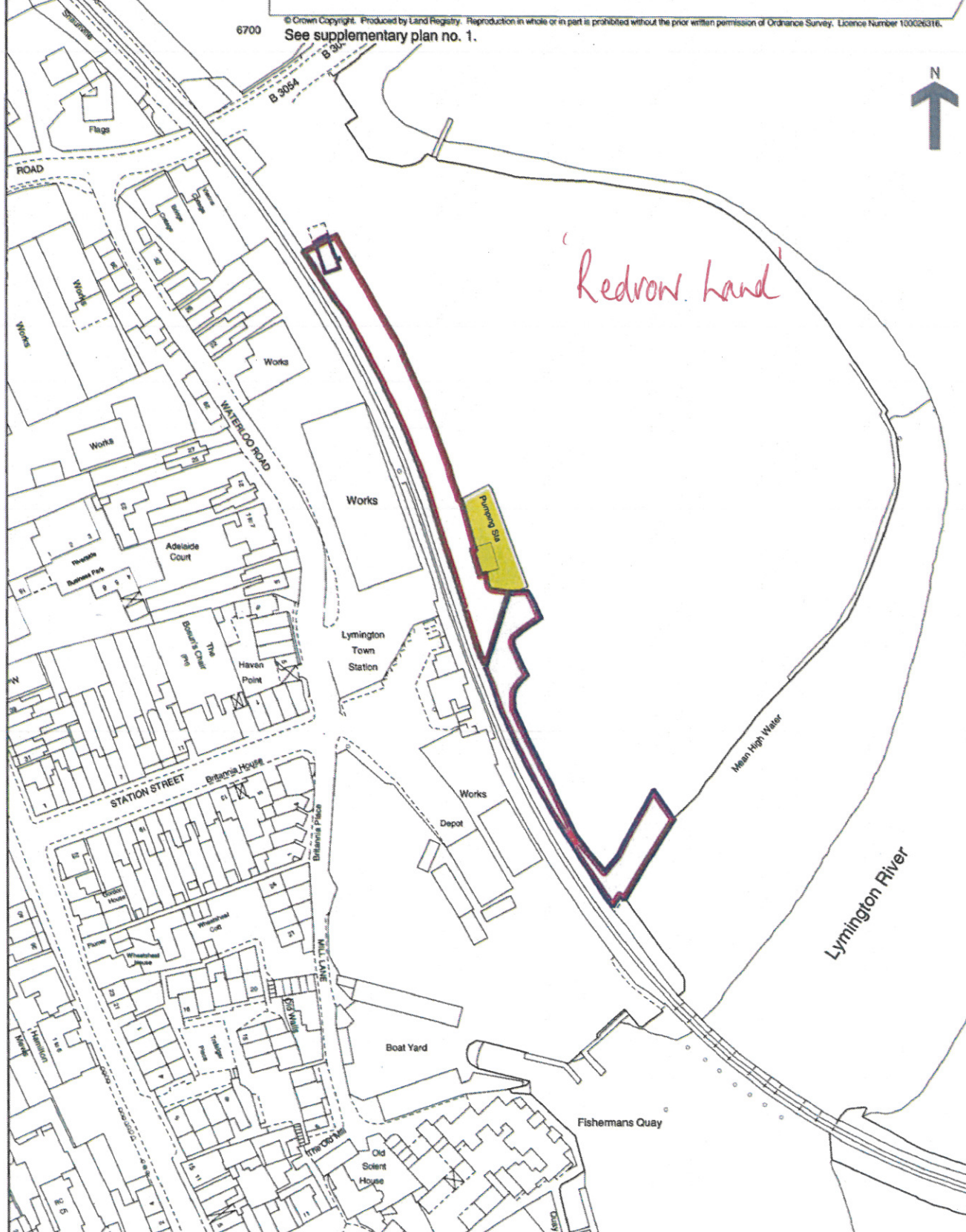
2 March 2012

Land Registry
Official copy of
title plan

Title number HP605877
Ordnance Survey map reference SZ3295NE
Scale 1:1250 enlarged from 1:2500
Administrative area Hampshire: New Forest



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6700 See supplementary plan no. 1.



This official copy issued on 16 January 2012 shows the state of this title plan on 16 January 2012 at 09:25:23. It is admissible in evidence to the same extent as the original (s.67 Land Registration Act 2002).
This title plan shows the general position, not the exact line, of the boundaries. It may be subject to distortions in scale. Measurements scaled from this plan may not match measurements between the same points on the ground. See Land Registry Public Guide 19 - Title Plans and Boundaries.
This title is dealt with by Land Registry, Weymouth Office.