

ALBERT DRIVE LEASE

REPORT OF: DIRECTOR OF PEOPLE AND COMMERCIAL SERVICES
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Wards Affected: Victoria – Burgess Hill
Key Decision: Yes
Report to: Cabinet
25 March 2024

Purpose of Report

The purpose of the report is to seek Cabinet approval for the disposal of the freehold interest of Site I & J Albert Drive, Victoria Industrial Estate, Burgess Hill to Hargreaves Property Holdings Limited.

Summary

Detailed in Exempt Annex.

Recommendations

Detailed in Exempt Annex.

Background

1. The Council has been the freeholder of a parcel of land on Victoria Industrial Estate, Burgess Hill since 1968. The land includes various industrial sites with 22 long ground leases.
2. Ground Leases provide for owners of land to grant long term leases to developers to allow them to construct buildings in return for a share of the income the developer received from the building. This approach was designed to allow the landowner to develop the land at no cost, receive a steady long term income flow and at the end of the lease allow for the land to be returned with a building on it.
3. As landowner the Council's interest is in a ground rent only with no interest in the buildings and little or no interest/influence over the site in terms of generating improvements or delivering greater value. It is the responsibility of a long leaseholder to refurbish and redevelop the site if they so wish, with many finding it difficult to justify investment to meet the needs of the market and new opportunities given the constraints of a lease whereby the leaseholder is paying a ground rent geared to the rental value of the premises as opposed to owning the freehold.
4. In October 2023, the Council was approached by Hargreaves Properties Limited, on behalf of the tenants, Hargreaves Properties Ltd and Vanstian Ltd to discuss the opportunity to purchase the freehold interest of the land for Sites I & J Albert Drive. These two tenants are under the same group company, Hargreaves Group.
5. Hargreaves is a property management company that owns and develops high-quality commercial and residential properties across South East England.

6. The Sites are split into 13 units which the tenants sub lease to various companies.
7. Details of the current units and the rent paid; and details of the rental arrangements, are provided in the Exempt Annex.

The Proposal

8. Details of the proposal are provided in the Exempt Annex.

Financial Implications

9. Financial Implications are detailed in the Exempt Annex.

Risk Management Implications

10. None.

Equality and Customer Service Implications

11. None.

Other Material Implications

12. The District Plan Policy DP1 - Sustainable Economic Development- sets out the policy provision relating to the effective use of employment land and premises. The policy provides broad support for intensification, conversion, redevelopment and/or extension whilst also seeking to protect allocated and existing employment land. Any proposals that would involve the loss of employment land or premises would be resisted from a planning perspective and would only be supported where it can be clearly demonstrated that the site/premises is no longer needed and/or viable for employment use.
13. The Council's District Plan identifies sufficient housing sites to meet housing land supply and therefore any redevelopment of these sites for purposes other than employment use is considered unlikely.

Sustainability Implications

14. None.

Appendices

- Appendix A - Location Plan
- Appendix B - Detailed in Exempt Annex.
- Appendix C – Detailed in Exempt Annex.

Background Papers

None.

Appendix A – Location Plan:

The disposal area: **red**
The current leased areas: **blue**

