

<b>Item No.</b>	<b>Classification:</b> Open	<b>Date:</b> 25/02/03	<b>MEETING NAME</b> Executive
<b>Report title:</b>		19-23 Sternhall Lane SE15 - Disposal	
<b>Ward(s) or groups affected:</b>		The Lane Ward	
<b>From:</b>		Strategic Director Regeneration	

### **RECOMMENDATION(S)**

1. That the Council takes a surrender of the existing lease from the tenant and simultaneously grants a new 125 year lease on revised terms to enable a residential redevelopment, subject to planning.
2. That the Development & Regeneration Manager be authorised to agree the terms of the lease apart from the consideration.

### **BACKGROUND INFORMATION**

3. The subject property is shown edged black on the attached report. It is a broadly rectangular enclosed site surfaced with tarmac which is in relatively poor condition.
4. The Council owns the freehold interest in the property from which it granted a lease for a term of 125 years from 29/9/1986 at a peppercorn rental in consideration of a premium. Expiry of the lease is on 28/9/2111. The permitted use in the lease is restricted to parking and access in conjunction with the tenant's adjoining site. The tenant may, with the Council's consent also use the site for light industrial use.
5. The tenant recently approached the Council with a proposal to develop the site for residential use. This use is not presently allowed by the terms of the lease and therefore the tenant is requesting the Council's agreement to such proposal.

### **KEY ISSUES FOR CONSIDERATION**

6. Currently the property is in poor condition and is under-utilised. The proposed deal will enable the site to be developed for residential use (subject to planning).
7. The existing lease is subject to a peppercorn rental with no provision to review the rent until expiry of the lease in 2111. Therefore, in the absence of an agreement between the parties as proposed, it will not be possible to increase the financial return from the land until the expiry of the lease.
8. Neither party can benefit financially from the proposed residential scheme without the agreement of the other and therefore it is proposed to share the value derived from it equally.

9. The tenant is to pay the Council's costs in agreeing the deal and the costs of the planning application. On receipt of a planning consent the tenant will pay to the Council the consideration on the basis set-out in the report on this matter within the closed agenda to this meeting of the Executive. All risks during the development process will be borne by the tenant.

### **Consultation**

10. The property is subject to a long lease. The relaxation of the user clause to allow residential development will require planning consent which will include the usual consultation requirements. It is not considered that any further consultation is necessary.

### **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

#### **Concurrent Report of the Borough Solicitor & Secretary to the Council – Legal Issues**

11. The Borough Solicitor and Secretary's concurrent report is contained within the report on the closed agenda to this meeting of the Executive.

#### **Concurrent Report of the Chief Finance Officer**

12. The Chief Finance Officer's report is contained within the report on the closed agenda to this meeting.

<b>Background Papers</b>	<b>Held At</b>	<b>Contact</b>
Property Division File	Southwark Property Chiltern House Portland Street London SE17 2ES	Peter Barter 020 7525 5373

**APPENDIX A**

**Audit Trail**

<b>Lead Officer</b>	Paul Evans	
<b>Report Author</b>	Peter Barter	
<b>Version</b>	Final Draft	
<b>Dated</b>	4/02/03	
<b>Key Decision?</b>	No	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / EXECUTIVE MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Borough Solicitor & Secretary	Yes	Yes
Chief Finance Officer	Yes	Yes
<b>Executive Member</b>	Yes	No
<b>Date final report sent to Constitutional Support Services</b>		

**APPENDIX B**

**LOCATION PLAN**