

<b>Board/Committee:</b>	Policy and Organisation Board
<b>Date of meeting:</b>	Mon 30 <sup>th</sup> September 2024
<b>Title:</b>	Sale of freehold land & buildings at Ham Lane, Gosport, (known as Blakes Maternity Home) to Vivid Homes
<b>Author:</b>	Head of Commercial Property, Gosport
<b>Status:</b>	For Approval

## **Purpose**

This report sets out the background and proposals following discussions with Vivid Homes, for their purchase of the freehold interest of the above site which is currently leased to them by the Council.

## **Recommendation**

**That the Board approve:**

- i) The surrender of the current Lease to Vivid (with 72 years remaining)**
- ii) The disposal of the freehold interest of the demised land and buildings to Vivid Homes on the terms set out below.**
- iii) Grant delegated authority to the Borough Solicitor & Monitoring Officer and in conjunction with the Head of Commercial Property, Gosport to conclude negotiations and complete the disposal.**

## **1.0 Background**

**1.1** In 1996 the Council entered into a 99 yr lease of land and buildings at Ham Lane, Gosport with Portsmouth Housing Association. The land is outlined red on the plan dated 3<sup>rd</sup> September 2024 at Appendix A of this Report. The only building present at the time was the old maternity home building (outlined blue on the plan).

**1.2** Subsequent to the grant of the lease, PHA changed their company name to Vivid Homes.

**1.3** The lease was granted to permit PHA/Vivid to construct 6 new houses on the land and convert the ex-maternity building into 10 bed-sit units. The annual rent payable to the Council under the lease is a peppercorn (£1 pa). There are no rent review or break provisions in the lease.

**1.4** Following completion of the lease, Vivid constructed the 6 new houses opposite the ex-maternity home building (Nos 21-31 on the plan) and converted the ex-maternity building into the 10 bed-sit units. The houses have been occupied since construction however the bed-sits have been vacant for several years now as there is no longer a demand for this type of accommodation.

**1.5** Several months ago Vivid approached the Council asking to purchase the freehold interest advising that if this was possible, subject to planning, they would likely be able to secure external funding for the conversion of the ex-maternity building into approx 7 new affordable homes.

**1.6** Senior Members of the Council have expressed concern for some time that the old maternity building should not continue to be left vacant and wished to see this redeveloped to provide additional affordable accommodation in the Borough and that any redevelopment should result in the Council having nomination rights in perpetuity for any new units resulting from the conversion of the building.

## **2.0 Report**

**2.1** As a result of the above and following formal valuation of the site by our external valuers, negotiations have taken place and subject to contract and Board approval, terms have been agreed to dispose of the freehold interest to Vivid on an unconditional basis in the sum of £325,000. This figure is at the upper end of the range of value advised.

**2.2** In addition, it is agreed that Vivid will use best endeavours to undertake the conversion/subdivision of the ex-maternity building within 18 months of the grant of planning permission and that the Council will have nomination rights in perpetuity for all of the new units together with the existing six properties. In addition, the new houses will be rented at social rents, capped at local housing allowance rates.

**2.3** Both parties will pay their own legal costs in this matter.

**2.4** Vivid have confirmed their Board approval to these terms.

## **3.0 Risk Assessment**

**3.1** The only risk to the Council is if Vivid were to default on the development obligation and not convert the maternity building into new homes. This risk is considered to be small as the Council have worked with Vivid as development partners for many years including throughout the entirety (approx. 10yrs) of the Rowner Regeneration Scheme.

**3.2** To minimise this risk, the Council will receive the sale price of £325,000 on completion of the sale and rely on Vivid's 'best endeavours' undertaking to complete the conversion works.

## **4.0 Conclusion**

That the Board approve the recommendations set out in i), ii) and iii) at the beginning of this report in order to generate further affordable homes in the borough with nomination rights for the Council.

<b>Financial Services comments:</b>	
<b>Legal Services comments:</b>	
<b>Equality and Diversity:</b>	This proposal supports the Council's policies relating to Equality & Diversity including by further enhancing affordable homes provision in the Borough and continuing to make these available to all.
<b>Climate Change implications:</b>	This action will further minimise emissions due to increased travel by provision of further enhanced local community facilities.
<b>Crime and Disorder:</b>	Returning the building to residential use should reduce the likely incidence of ASB in the area.
<b>Service Improvement Plan implications:</b>	Provides greater security and improved services offered to the community by this important community facility.
<b>Corporate Plan:</b>	N/A
<b>Risk Assessment:</b>	See 3.0
<b>Background Papers:</b>	None.
<b>Appendices:</b>	None.
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