

DISPOSAL OF FORMER RITZ CINEMA SITE

Report of the Deputy Chief Executive and Corporate Director Place Management and Regeneration

1. INTRODUCTION AND PURPOSE OF REPORT

- 1.1 The report seeks authority to market for potential future sale the former Ritz Cinema site between Piccadilly and Fletcher Street (shown edged in red on the plan at Appendix 1) for residential development in line with the Council's Town Centre Living and Brownfield First priorities.
- 1.2. The site occupies a strategic location in the town centre adjacent to proposed residential development on the Regal House and Greenhale House sites. The Council's freehold interest in the site provides an opportunity to promote residential redevelopment with a sufficient design quality to act as a catalyst for further residential schemes in the town centre.
- 1.3. The marketing and disposal is proposed as a two stage process designed to ensure the Council retains a sufficient degree of control over development of the site while minimising any risk from disposal of the asset.

1. BACKGROUND

- 1.1. The former Ritz Cinema site comprises an area of approximately 0.26 hectares (0.62 acres) and is currently used as a surface car park of eighty one spaces.
- 1.2. The site is broadly rectangular in shape running between its frontage to Piccadilly and Fletcher Street at the rear with an un-adopted highway to one side and an escarpment to the other. The site is shown edged in red on the plan at Appendix 1.
- 1.3. In August 2008, Executive approved a development strategy for the site based on consolidating the Council's property interest and negotiation of terms for disposal of a leasehold from that property interest to Somerston Hotels UK Ltd.
- 1.4. The Council completed a land swap with Elias Property Ltd in September 2009 which provided the Council with the unencumbered freehold of the former Ritz Cinema site for a nil premium. In return, Elias Property Ltd acquired the unencumbered freehold of the adjacent Fletcher Street car park site on payment of a sum of £225,000 to the Council.
- 1.5. Owing to the downturn in the property market at the time of the 2008 / 2009 recession, the proposed disposal of the site to Somerston Hotels UK Ltd. did not

take place and the site has remained a surface level car park in the intervening decade.

2. PROPOSED MARKETING AND DISPOSAL

- 2.1. The method of the proposed disposal of the site is based on the principles of maintaining a level of influence over the quality and pace of delivery of a residential scheme additional to the influence available through its Local Planning Authority powers.
- 2.2. A traditional sale through an open market process, with the land either sold unconditionally or subject to planning, is likely to be unsuitable as it limits the Council's ability to directly influence scheme design and the timescales for delivery.
- 2.3. An alternative option could be to procure a development partner via a development agreement through which risk and return could be shared. This option would be subject to a lengthy procurement process which could limit the number of interested parties.
- 2.4. The recommended disposal route, which offers a level of control over delivery timescales and the proposed development scheme, is a development lease. This mechanism allows the Council to transfer the land to a developer at completion of the scheme. The developer is thereby incentivised to build out their scheme as the financial return is realised upon completion and they avoid significant financial outlay at the outset.
- 2.5. The proposed disposal route ensures that the Council retains control over the nature of the scheme and that development is delivered. It should be noted that there is a possibility that by exerting this level of control we may achieve a lower value than through a straight freehold sale. However the value of this control in ensuring delivery and quality is felt to offset any potential reduction in value.
- 2.6. Through a development lease the Council will retain the opportunity to ensure that any forthcoming development is of a scale and quality which fits in with our wider Town Centre Living ambitions as outlined in the report to Cabinet in June 2018.
- 2.7. The proposed marketing of the site will be supported by a range of technical information to provide prospective bidders with the confidence over the feasibility and deliverability of potential schemes on the site. This in turn minimises the chances of the Council having to remarket the site. The technical information which will accompany the marketing comprises:
 - Full title information
 - Topographical survey
 - Utilities report
 - Planning Appraisal
 - Phase 2 ground investigations
 - Draft sale contract / development lease as applicable

2.8. A planning appraisal proposed for inclusion in the technical information referred to above is currently being prepared. It will include an assessment of the site and surrounding area and set out the parameters for future development based on planning policy, environmental designations, density and design considerations, and access.

3. IMPLICATIONS FOR TOWN CENTRE CAR PARKING

3.1. The Town Centre Car Parking Strategy was approved by Cabinet in December 2017 and sets out the current car parking capacity along with current and anticipated future demand. It highlighted a 'need to develop additional spaces but in key locations which take account of future growth aspirations'.

3.2. Any reduction in car parking capacity from the proposed disposal and redevelopment of the former Ritz Cinema site could be absorbed by the Redrock and Merseyway car parks in the short term until longer-term proposals to provide additional parking capacity of an appropriate quality are brought forward.

4. RECOMMENDATIONS

4.1. The Cabinet will be recommended to:

- Approve the marketing for sale of the former Ritz Cinema site for residential development;
- Approve the proposed disposal route of agreeing a development lease with a preferred bidder;
- Delegate authority to the Deputy Chief Executive, in consultation with the Cabinet Member for Reform & Governance, to take such actions as are necessary to complete the marketing and disposal of the site for residential development.

4.2 The Area Committee is recommended to comment on the report and recommendations.

BACKGROUND PAPERS

- Car Parking Strategy, Cabinet, 19th December 2017
- Fletcher Street Merger of Land Interest & Disposal of Site, Executive, 18th August, 2008

Anyone wishing to inspect the above background papers or requiring further information should contact Paul Richards on Tel: 061-474-2940 or by email on paul.richards@stockport.gov.uk

Appendix 1 – Indicative Plan of the Site

