

TRAFFORD COUNCIL

Report to: Executive
Date: 21st March 2022
Report for: Decision
Report of: Executive Member for Housing and Regeneration

Report Title

Stamford Quarter and Stretford Mall lease reviews – Part 1

Summary

To approve a change in the current lease arrangements to provide an improved scheme to the Council and to facilitate investment in the assets.

Recommendation(s)

The Executive is recommended to:

- a) Approve the outline terms in relation to the changes to the lease arrangements, as set out in the Part 2 report
- b) Delegate authority to the Corporate Director of Place, in consultation with the Director of Finance and Systems and the Director of Governance and Community Strategy to agree final terms for the leases.
- c) Delegate authority to the Corporate Director for Governance and Community Strategy to enter into legal agreements as required to implement these recommendations.

Contact person for access to background papers and further information:

Name: Clare Huber
Extension: n/a
Background Papers: None

Implications:

Relationship to Policy Framework/Corporate Priorities	The review of the leases supports the vision for Trafford and the related outcome where 'All our businesses and town centres will be supported to recover and flourish for the benefit of everyone'. It also supports the policies in the Draft Trafford Local Plan
Relationship to GM Policy or Strategy Framework	At a Greater Manchester level, the redevelopment of the Stamford Quarter and Stretford Mall supports the GM Strategy and GM Local Industrial Strategy 2019.
Financial	As set out in the Part 2 report
Legal Implications:	As set out in the report
Equality/Diversity Implications	None
Sustainability Implications	None
Carbon Reduction	N/A
Resource Implications e.g. Staffing / ICT / Assets	Legal and financial resource is required to complete the review.
Risk Management Implications	No Direct implications
Health & Wellbeing Implications	No Direct Implications
Health and Safety Implications	No Direct Implications

1.0 Background

- 1.1 Trafford Council owns the freehold interests in Stretford Mall, King Street and Stamford Quarter. It has been a long held ambition of the Council to bring forward the redevelopment of Stretford Mall and the Stamford Quarter to support the regeneration of the town centres in Stretford and Altrincham. However, as the properties were leased on long leasehold interests to commercial operators, it was not possible to bring forward proposals in that regard.
- 1.2 In 2019, the opportunity to acquire the leasehold interests arose and in November 2019, Trafford Council entered into a Joint Venture with Bruntwood and formed Trafford Bruntwood LLP in order to acquire the 3 leasehold interests, with the joint ambition to invest in the redevelopment and regeneration of the two town centres..
- 1.3 Having now had the opportunity to masterplan both of the assets, the LLP are seeking to regear the existing leases of the 3 assets, principally by an extension of the existing lease terms, to enable further investment, redevelopment and regeneration of the Town Centres.
- 1.4 Regearing the Stretford Mall and King Street leases enables the redevelopment of Stretford Mall as developers and funders require the certainty of a long lease and the current leases are less than 100 years (see paragraph 1.6). The proposed redevelopment of the Mall will also be the catalyst for the regeneration of Stretford. The regear of the Stamford Quarter lease enables the planned conversion of Clarendon House, an office block that has been empty for several years, to progress, which will support the continued economic development of Altrincham town centre. The regear is required as developers, funders and prospective purchasers of apartments in the property once converted will require a long lease to be in place. In 2018 the Council agreed a regear of Clarendon House with the previous owners of

Stamford Quarter to enable its sale and conversion, but this was not implemented and superseded by the Trafford Bruntwood acquisition.

- 1.5 As indicated above, the Council hold the freehold interest in the Stamford Quarter, Altrincham and Stretford Mall, Stretford including King Street Shops (22-40). The properties are let under the terms of a three separate leases. Plans attached in Appendix 1A and 1B.
- 1.5 The current Stamford Quarter lease is due to expire in November 2104 with 82 years unexpired on the agreement. Outline terms have been agreed to extend the term of that lease. Approval is sought to enter into the agreements which will enable that, the terms of which are detailed in Part 2 of this report.
- 1.6 The current Stretford Mall lease is due to expire in June 2117 with 95 years unexpired on the agreement. There is also a lease of the King Street Shops (22-40) which form part of the Mall Development. This lease is also due to expire in June 2117 with 95 years unexpired. Outline terms have been agreed to extend the term of that lease. Approval is sought to enter into the agreements which will enable that, the terms of which are detailed in Part 2 of this report.

2.0 Finance

- 2.6 The review will provide the Council with a capital receipt. Further details are in Part 2 of this report.

3.0 Legal

- 3.1 The re-gear of the leases constitutes a disposal of an interest in the land covered by those leases. Section 123 of the Local Government Act 1972 requires that where the Council disposes of land, it does so for the best consideration that can be reasonably obtained. As the Council are also proposing to re gear the lease, to an entity co owned by the Council, external advice was sought and valuation advice on the premiums was given by CBRE who were able to provide specialist retail valuation advice.

4. Other options

- 4.1 Do nothing – the Council could do nothing, but this will limit the ability of the Trafford:Bruntwood JV to deliver the regeneration benefits in Stretford and Altrincham, in line with the Council's aspirations for both towns, due to the requirements for developers and funders for a long leasehold interest. In addition it will also mean the Council does not receive the associated capital receipt.

5. Consultation

- 5.1 No consultation was required for this report. However, appropriate consultation will be undertaken as and when required as part of the disposals and developments set out in this report.

6. Appendices

- 6.1 Supporting documents are:
 - (i) Plan of the Stamford Quarter lease demise
 - (ii) Plan of the Stretford Mall lease demise

7 Next Steps

- 7.1 Next Steps final negotiated Heads of Terms to be legally documented and agreed.

8. Reason for Recommendation

- 8.1 To approve the changes of the leases as set out in the report. These proposals allow the Council to secure a capital receipt, facilitate the regeneration of part of Stretford town centre, support the continued economic development of Altrincham Town Centre and provide additional new residential units and benefit from future Council Tax receipts.

Key Decision

This is a key decision currently on the Forward Plan: Yes
If key decision has 28 day notice been given? Yes

Exempt Information

By virtue of Paragraphs 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended by The Local Government (Access to Information) (Variation) Order, the following information has been excluded from Part 1 of this report and included in Part 2 of the report:

- ~~1. Information relating to any individual.~~
- ~~2. Information which is likely to reveal the identity of an individual~~
3. Information relating to the financial or business affairs of any particular person (including the authority holding that information)
- ~~4. Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the Council and employees of the Council.~~
- ~~5. Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.~~
- ~~6. Information which reveals that the authority proposes —
(a) to give under any enactment a notice under or by virtue of which requirements are imposed on a person; or
(b) to make an order or direction under any enactment~~
- ~~7. Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.~~

In all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Finance Officer Clearance: *FF*

Legal Officer Clearance: *JLF*

[CORPORATE] DIRECTOR'S SIGNATURE


(electronic).....

To confirm that the Financial and Legal Implications have been considered and the Executive Member has cleared the report.