



## **ECONOMY REGENERATION & HOUSING COMMITTEE**

**Monday 13 June 2022**

<b>REPORT TITLE:</b>	<b>DOMINICK HOUSE, LISCARD</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF REGENERATION AND PLACE</b>

### **REPORT SUMMARY**

This report seeks approval for sale of the Council's freehold interest in the property, Dominick House to the lessee.

The Wirral Plan 2021-2026 has been developed and the focus covers the following five themes:

- Safe & Pleasant Communities
- Brighter Futures
- Active and Healthy Lives
- Sustainable Environment
- Inclusive Economy

This proposal delivers in some form against most of the above themes.

The proposals within this report have an implication on Liscard ward.

The matter is not a key decision.

### **RECOMMENDATION/S**

The Economy, Regeneration and Housing Committee is recommended to approve that the Council's freehold interest in Dominick House be sold to the lessee, Prospect Estates Limited, for the sum of £230,000.

## **SUPPORTING INFORMATION**

### **1.0 REASON/S FOR RECOMMENDATION/S**

- 1.1 To generate a capital receipt from the sale of the Council's interest and to enable the lessee to have sufficient legal interest in the property to justify its refurbishment.

### **2.0 OTHER OPTIONS CONSIDERED**

- 2.1 The Council could seek to acquire the lessee's interest, although earlier discussions with the lessee along these lines has not proved successful.
- 2.2 The Council could seek to compulsorily purchase the lessee's interest. This could be a protracted and costly process and is not recommended.
- 2.3 Doing nothing no longer appears to be a viable option due to the anti-social behaviour which the building attracts and its continued physical deterioration.

### **3.0 BACKGROUND INFORMATION**

- 3.1 Economy, Regeneration and Development Committee at its meeting of 29<sup>th</sup> September 2021 considered a report which set out the background and current position in terms of the negotiations with the current lessee of Dominick House to sell the Council's freehold interest.
- 3.2 Dominick House is a five-storey office building which was constructed around 1970 and is centrally located in Liscard adjacent to the Cherry Tree shopping centre. The Council owns the freehold interest of the property, but the building is held on a long lease which is now owned by Prospect Estates. The lease was granted on 1<sup>st</sup> July 1970 for a term of 99 years and currently attracts a rent of £16,727 p.a.
- 3.3 The building, which comprises approximately 22,580 sq ft of offices, was built by the original lessee. From construction until 2018 the building was occupied by way of a sub-lease by the Secretary of State for Communities and Local Government but following its vacation, has remained vacant since. The nature of the building has meant that it is now not readily lettable as offices to a single occupier and marketing efforts by the previous lessee have demonstrated that there would be no demand for this use. The current lessee advises that it has stripped out the building in anticipation of a conversion to residential use.
- 3.4 The Council's freehold interest in this property has previously been identified for a possible sale to generate a capital receipt. At that time, the lessee, Espalier Property Project 008 Ltd, expressed an interest in acquiring the Council's freehold which would enable them to combine the interests to give them an unencumbered ownership which would enable more flexibility in any future plans. Consequently, a sale price in the sum of £230,000 was agreed and Cabinet Member approval to the sale was granted in January 2019.
- 3.5 The sale did not proceed and Espalier's interests were later acquired by Prospect Estates who now currently own the long leasehold interest. Last year Prospect Estates resurrected discussions around buying the Council's interest and had initially

agreed to match the figure accepted by Espalier. Its proposal was to convert the property to residential accommodation and during these discussions they submitted three separate planning applications for prior approval on the site, for conversion to residential units. The applications being for 45, 50 and 70 units respectively.

3.6 The report considered by the Committee on 29<sup>th</sup> September 2021 advised that if the Council sold its freehold interest to the lessee it would not have any real control over the final scheme. Since that meeting the property has attracted significant anti-social behaviour and it is clear that the situation needs to progress. If the Council sells its interest, its only control over the form of the development of the site would be through the usual Planning and Building Regulation requirements, The lessee has continued dialogue with Council officers and has provided some more assurances over its proposals for the building. These are set out as follows:

- a. Prospect Estates is proposing a 75% to 25% split between one and two bed units (75% one bed and 25% two bed). This will be on the top four floors of the building leaving the ground floor as an open-ended commercial use to maximise the potential for take up. They will not exceed 50 residential units. An indicative layout plan is attached as Appendix 1 to this report.
- b. The flats will be constructed to nationally prescribed minimum space standards and also to current building regulation standards.
- c. The expectation is that the flats will be made available for sale, although this will depend on the prevailing market demand at the time. Once completed Prospect Estates will identify a management company to look after the property.

3.7 Examples of previous similar schemes that have been developed by Prospect Estates are:

- Melbourne House, Eastgate, Accrington – Change of use of former offices to 31 residential apartments;
- Douro House, Willington Road South, Stockport – Change of use of former offices to 24 residential apartments;
- Camrex House, Tatham Street, Sunderland – Change of use of vacant building to 50 residential units;
- Regent House, Regent Street, Barnsley – Change of use of offices to 54 residential units;
- Raines House, Denby Dale Road, Wakefield – Change of use of offices to 46 residential units.

3.8 Prospect Estates is still willing to purchase the property at the agreed price of £230,000 based on the potential to deliver the scheme as described above. This seems to be the only realistic way of enabling this property to be brought back into use which will also stop or significantly reduce the current level of anti-social behaviour. It will also bring economic and social benefits to the area. The proposed sale price is still considered to reflect market value for the Council's interest.

#### **4.0 FINANCIAL IMPLICATIONS**

- 4.1 The current lease generates an annual income of £16,727.
- 4.2 A sale would generate a capital receipt of £230,000, although this would be in lieu of the rent.

#### **5.0 LEGAL IMPLICATIONS**

- 5.1 Prospect Estates has the benefit of the 99 year lease as described which gives them security for the term of the lease and possibly beyond.
- 5.2 The Council is required to obtain best price reasonably obtainable under s 123 of the Local Government Act 1972. The proposed sale price of £230,000 is believed to achieve this.

#### **6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS**

- 6.1 There are no IT or staffing implications arising from this report. The asset implications are as described in the report.

#### **7.0 RELEVANT RISKS**

- 7.1 There is a risk that the quality of the finished product will be outside of the control of the Council, other than through the usual building regulations and planning process. The Council would however endeavour to include provisions in the sale as to the final number of units in the scheme.
- 7.2 As mentioned in paragraph 3.6 of this report, the property is currently the subject of anti-social behaviour which is likely to continue if an agreement is not reached and result in the property further deteriorating.

#### **8.0 ENGAGEMENT/CONSULTATION**

- 8.1 Ward Councillors have been made aware of some of the discussions with the previous lessees. The lessees were also asked to engage with the Council's consultants in the delivery of the Liscard masterplan.

#### **9.0 EQUALITY IMPLICATIONS**

- 9.1 This report has no direct equality implications.

#### **10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS**

- 10.1 At this stage there are no implications for the environment and climate.

#### **11.0 COMMUNITY WEALTH IMPLICATIONS**

- 11.1 The aim of this report is to secure the best possible outcome for the future of this building.

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## **APPENDICES**

Appendix 1 -Site plan.

## **BACKGROUND PAPERS**

Correspondence relating to previous discussions with the lessee (commercially confidential).

## **SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
Disposal of freehold reversionary interest – Dominick House, St Albans Road, Liscard. Delegated Member Decision	5/1/2019
Dominick House, Liscard – Economy, Regeneration and Development Committee.	29/09/2021