

**Name of meeting:** Cabinet  
**Date:** 21<sup>st</sup> August 2018  
**Title of report:** Request for funding from the Property Investment Fund in respect of 103 New Street Huddersfield

**Purpose of report** To consider a request for loan support from the Property Investment Fund towards the refurbishment of 103 New Street Huddersfield

Key Decision - Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?	Yes Expenditure in excess of £250k
Key Decision - Is it in the <a href="#">Council's Forward Plan (key decisions and private reports?)</a>	Yes
The Decision - Is it eligible for call in by Scrutiny?	Yes
Date signed off by Strategic Director and name	Karl Battersby - 13.08.2018
Is it also signed off by the Acting Service Director - Finance, IT and Transactional Services?	Eamonn Croston - 10.08.2018
Is it also signed off by the Service Director - Legal Governance and Commissioning?	Julie Muscroft - 10.08.2018
Cabinet member <a href="#">portfolio</a>	Cllr Graham Turner Corporate Cllr Peter McBride Economy

**Electoral wards affected:** Newsome

**Ward councillors consulted:** Cllr Karen Allison, Cllr Andrew Cooper, Cllr Julie Stewart-Turner

**Public or private:** Public Report with Private Appendix

## 1. Summary

Cabinet are asked to consider a request for support, via a loan from the Property Investment Fund towards a scheme to bring 103 New Street Huddersfield, the 1930's annexe to the former Co-op building, back into use as residential accommodation.

## 2. Information required to take a decision

103 New Street is the 1930's extension to the former Co-op building which occupies a very prominent position at the south end of New St adjacent to the Ring Road. The property was acquired by the Council in December 2007, as part of a programme of assembling a strategic development site, to facilitate a potential retail based scheme at the southern end of the town centre. The capital costs of the acquisition were funded by Yorkshire Forward, the former Regional Development Agency.

- 2.1 Due to the economic recession of 2007 and the subsequent huge changes to the town centre retail environment, the retail scheme has never progressed and in current market conditions, there is no realistic prospect of it doing so. No requirement for ongoing Council use has been identified for the building.
- 2.2 In late 2015 the building was offered to the market as an opportunity for comprehensive redevelopment. Some interest was received and one in particular was the subject of a level of negotiation with a potential developer for a mixed use scheme. The developer identified a need for a very substantial level of public sector grant funding to create a commercially viable scheme. After analysis of the offer, officers were unable to recommend this as representing value for money for the Council.
- 2.3 In 2016 the Council was approached by SKA Property a Huddersfield based developer which has specialised in bringing challenging redundant commercial and retail property within the town centre, back into use as residential accommodation. This has been successfully achieved at Standard House and the former Thatchers Buildings close to the Bus Station and they are currently developing a site on Dundas St adjacent to the Bus Station which will be occupied from September 2018.
- 2.4 SKA expressed an interest in looking at a redevelopment of 103 New Street on a similar basis and were granted a period of Exclusivity by the Council to investigate the possibilities. This culminated in SKA receiving, Planning Permission for a scheme to provide 75 units of accommodation at the property at Strategic Planning Committee on April 5<sup>th</sup> 2018. The development will initially be aimed at the student market but the works will create flexible floorplans which are capable of amalgamation at a future date, into larger units if market conditions encourage this.
- 2.5 Full Council at its meeting held on 15 November 2017, agreed to support the creation of a Property Investment Fund (PIF) of £25m, the intention of which, was to allow the Council to support redevelopment schemes with loan funding. The scheme would be focussed on supporting proposals which provided wider benefits to support the Council's wider regeneration objectives. Whilst the loan funding would be provided on, as close to commercial terms as possible and at an interest rate which allowed the Council to cover its own cost of borrowing and generate a surplus as a risk contingency, the Council could also take a view on the wider benefits of any proposals in a way which a purely commercial lender would not be prepared to do as part of their risk assessment of proposals.
- 2.6 Officers have been in discussions with SKA about the potential use of the PIF to facilitate their planned redevelopment of 103 New Street, given the positive impact that the proposed development would bring to a key prominent building located on an important gateway into the town centre. The details of the requested funding are set out in the Private Appendix to this report.
- 2.7 Given the negative impact that the current condition of the property has on the town centre. The fact that no suitable alternative use has been identified for the building over the last decade, without the need for very significant public sector gap funding and the positive impact the completed scheme would bring in terms of contributing to the policy of encouraging more residential property in the town centre, particularly where this brings back into use redundant former commercial and retail property, officers would recommend that Cabinet support the scheme.

### **3 Implications for the Council**

#### **3.1 Early Intervention and Prevention (EIP)**

No direct impact.

#### **3.2 Economic Resilience (ER)**

Finding a new purpose for former commercial and retail property is a key strand of the Council's approach to supporting our town centres. In this case the prominent position of the building and the negative impact that its current conditions have on its surroundings give this proposal additional significance.

#### **3.3 Improving Outcomes for Children**

N/A

#### **3.4 Reducing demand of services**

Disposing of 103 New Street will remove any future maintenance liabilities for the Council.

#### **3.5 Legal/Financial or Human Resources**

Appropriate legal and finance resources will be required to carry out detailed due diligence and enter into the necessary legal documentation for the loan.

### **4 Consultees and their opinions**

#### **Ward members**

Ward members have received the report and no comments were received.

#### **Cabinet members**

Councillor Turner was briefed on 30 July 2018 and was supportive of the proposal.

### **5 Next steps**

If Cabinet is minded to support the proposal, officers will then carry out appropriate due diligence and prepare the necessary legal documentation to facilitate the loan.

### **6 Officer recommendations and reasons**

6.1 That Cabinet agrees to the disposal of 103 New Street on the terms set out in the Private Appendix to this report to SKA Properties, or a Special Purpose Vehicle created by SKA Properties, to facilitate the redevelopment of the property. Further, that Cabinet agrees to offer a loan from the Property Investment Fund up to the amount set out in the Private Appendix to this report, to support the redevelopment of 103 New Street, subject to due diligence being carried out.

6.2 That the Strategic Director, Economy and Infrastructure in consultation with the Portfolio Holder for Corporate, having sought appropriate advice from the Service Director Legal, Governance and Commissioning, and the Acting Service Director Finance be authorised to carry out appropriate due diligence on the proposal to offer a loan from the PIF.

6.3 That the Service Director Legal, Governance and Commissioning be authorised to enter into any documentation required to agree the Property Investment Fund loan and to protect the Council's position as lender.

## **7 Cabinet portfolio holder's recommendations**

Councillor Graham Turner said "I fully support the officer recommendations. This has been a difficult site for a number of years and we welcome a local company developing it. The redevelopment will have a positive impact on this area of Huddersfield Town Centre".

### **The Cabinet portfolio holder recommends:**

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7.3 That the Strategic Director, Economy and Infrastructure in consultation with the Portfolio Holder for Corporate, having sought appropriate advice from the Service Director Legal, Governance and Commissioning, and the Acting Service Director Finance be authorised to carry out appropriate due diligence on the proposal to offer a loan from the PIF.

7.4 That the Service Director Legal, Governance and Commissioning be authorised to enter into any documentation required to agree the Property Investment Fund loan and to protect the Council's position as lender.

## **8 Contact officer**

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## **9 Background Papers and History of Decisions**

Cabinet Report - Property Investment Fund - 31 July 2017  
(<https://tinyurl.com/ychy56qq>)

Council Report - 15 November 2017  
<https://tinyurl.com/yd4q384h>

**10. Strategic Director responsible**

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