

Report to: Executive Board : 2nd December 2002

10A - 16 ST MICHAEL'S STREET

<p>Report of: <i>Property Manager</i></p> <p>Report Author: <i>Martin Lyons</i></p> <p><i>Tel No: 01865 252138</i> <i>E-mail: mlyons@oxford.gov.uk</i></p> <p>Lead Member Responsible: <i>Councillor Price</i></p> <p>Overview and Scrutiny Committee Responsibility: <i>Finance and Performance Management</i></p> <p>Key Decision: <i>No</i></p>	<p>WARDS AFFECTED</p>
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SUMMARY AND RECOMMENDATIONS

1. **10A - 16 St Michael's Street is currently let on a long lease at a low rent. The lessee wishes to refurbish the property and has requested that the Council takes a surrender of the current lease and grants a new lease for 125 years.**
2. **The Board is recommended to:-**
 - (a) **enter into negotiations for a surrender and new long lease of the above premises, at a revised and reviewable ground rent, (and if appropriate, a premium payment to the Council at the start of the lease);**
 - (b) **the Council's reasonable surveyors and legal costs to be met by the tenant, and**
 - (c) **to await a further report on terms finally agreed.**

1. This property (shown on the plan attached), comprises a 1960's office building (formerly the St Michael's Street Post Office). The lease is for 99 years from 13 December 1955, at a fixed ground rent of £500 per year for the whole term.
2. The tenants now wish to carry out a refurbishment and have asked that the Council takes a surrender of the current lease and grants a new lease of 125 years. The refurbishment will release value from the property but until details of the scheme are known, it is not possible to quantify these. The financial packages which could be negotiated are:
 - (i) Payment of a one-off premium, followed by a low or fixed ground rent, or
 - (ii) No premium, but a higher ground rent, tied to rental value, reviewable on a regular basis.
3. In view of the Council's current requirement to improve its revenue position, the Board may prefer option (ii).
4. It is normal in cases such as this for the applicant to pay the Council's surveyors and legal costs and the Board is being recommended accordingly.
5. It is also recommended that the surrender and renewal is made conditional upon the carrying out of an agreed scheme for the refurbishment of the property.

**THIS REPORT HAS BEEN SEEN AND APPROVED BY THE STRATEGIC
DIRECTOR , FINANCE & CORPORATE SERVICES AND THE PORTFOLIO
HOLDER FOR PROPERTY**

Background papers: None.