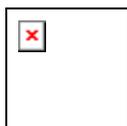


**SUMMERLAND FACTORY, THORP HOUSE AND BROADCASTING HOUSE, ROUGE BOUILLON,
ST. HELIER: ACQUISITION**

**Lodged au Greffe on 11th May 1999
by the Planning and Environment Committee**



STATES OF JERSEY

STATES GREFFE

175

1999

P.62

Price code: B

PROPOSITION

THE STATES are asked to decide whether they are of opinion -

- (a) to authorise the purchase on behalf of the public from Sangan Properties Limited of the property known as Summerland Factory site, Rouge Bouillon, St. Helier (shown marked A on Drawing No. 609/2) in the sum of £2,250,000 (two million two hundred and fifty thousand pounds) with each party being responsible for their own legal costs in respect of the transaction;
- (b) to authorise the granting of a licence on behalf of the public to Sangan Properties Limited to occupy the Summerland Factory, Rouge Bouillon, St. Helier, (shown marked A on Drawing No. 609/2) for a total fee of £10 from the date of passing contract for a period not extending beyond 25th October 1999 for the purposes of operating the company's business prior to relocation;
- (c) to authorise the purchase on behalf of the public from St. Saviour's Realty Limited of Thorp House, Rouge Bouillon, St. Helier (shown marked B on Drawing No. 609/2) in the sum of £1,100,000 (one million one hundred thousand pounds) with each party being responsible for their own legal costs in respect of the transaction;
- (d) to authorise the purchase on behalf of the public from St. Saviour's Realty Limited of Broadcasting House, Rouge Bouillon, St. Helier (shown marked C on Drawing No. 609/2) in the sum of £1,100,000 (one million one hundred thousand pounds) with each party being responsible for their own legal costs in respect of the transaction;
- (e) to authorise the Attorney General and the Greffier of the States to pass on behalf of the public any contracts which it may be found necessary to pass in connection with the purchase of the said properties and any interest therein;
- (f) to authorise the payment or discharge of the expenses to be incurred in connection with the acquisition of the said purchases.

PLANNING AND ENVIRONMENT COMMITTEE

- Notes:
- 1. The Housing Committee supports the acquisition on housing grounds.
 - 2. The Finance and Economics Committee supports this proposition as it favours the acquisition of the sites involved because of their strategic importance to the States and has agreed that the cost of acquisition should be met from the general reserve.

Report

The acquisition of the Summerland site shown on Drawing No. 609/2 provides a rare re-development opportunity in the urban area. The potential for re-development is much improved by its physical characteristics and extensive road frontage to Rouge Bouillon when coupled with adjacent properties.

Agreement has been reached with Sangan Properties Limited for the purchase on behalf of the public of the Summerland Factory site, Rouge Bouillon, St. Helier, for the sum of £2,250,000 (two million two hundred and fifty thousand pounds) with each party being responsible for its own legal costs. Due to the trading requirements of Summerland, and the need to find alternative premises, it has been agreed to permit the company to retain occupation of the property until 25th October 1999. It is proposed that a licence be granted to regularise this arrangement on a nominal rental basis. This is considered a fair and proper price for the property based upon its existing use.

Following negotiations, the opportunity has arisen to purchase the adjoining office buildings of Thorp House (9,967 square feet/926 square metres) and Broadcasting House (6,641 square feet/617 square metres) from St. Saviour's Realty Limited for the total sum of £2.2 million with each party being responsible for their own legal costs. This sum is considered a fair and proper price for the office buildings concerned in this location.

The purchase of these sites represents an opportunity to assemble a large, income-producing, re-development in an accessible, edge-of-town location, without the necessity of using compulsory purchase powers. In the longer term, post 2005, the adjacent sites, which includes the ambulance station, may offer further opportunities, subject to agreement over access to Sacré Coeur, for enhancement of the public use.

The Rouge Bouillon site offers many future options to serve the needs of the public. For example, the Defence Committee has expressed an interest in the site for the possible relocation of emergency services. This is at present under consideration by the Defence and Policy and Resources Committees.

In total the three sites provide a 48,815 square feet footprint (4,535 five square metres) for re-development as social housing or other purpose which might be deemed appropriate by the States. A preliminary scheme has identified the potential to bring about a major residential development. A possible yield is 47 two-bedroomed flats with a further 12 two-bedroomed flats and four one-bedroomed flats towards the northern extremity of the site.

In addition to the Summerland occupation until October 1999 there are leases in existence at both Broadcasting House and Thorp House which would not provide the opportunity of vacant possession under normal circumstances until 2003 and 2005 respectively. Under such circumstances it is unlikely that re-development could commence on the whole site until 2005.

There is a projected net yearly income of £190,000 based upon the income produced from the existing office use. There is also the opportunity of undertaking the temporary conversion of the Summerland Factory for light industrial use by local small businesses in 2000, coupled with a future scheme to relocate these businesses in 2005 in a similar manner to those provided by Chinq Holdings at La Collette. It is suggested that this aspect might be examined further by the Trade and Industry Sub-Committee and the Waterfront Enterprise Board.

After acquisition the existing lease agreements do ensure that an income is generated until such time as the site is re-developed. An indication of the anticipated income and capital values are contained in the Appendix.

APPENDIX

| <i>Revenue</i> | <i>Projected income (until 2005)</i> |
|--|--------------------------------------|
| Thorp House/Broadcasting House | £190,000 per annum |
| Summerland - possible temporary use | £100,000 per annum |
| | ----- |
| Estimated total income | £290,000 per annum |
| Present capital value (assuming re-development 2005) | |
| Residential | £3.16 million |
| Emergency Services relocation | £3.38 million |

Note:

1. The above capital values include elements to reflect income from Summerland Factory, Thorp House and Broadcasting House during the period prior to re-development. The capital values have been discounted using the principles of present value.
2. The variance between present capital value for the proposed use and purchase price reflect the existing commercial use of the premises.

