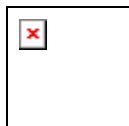


**FALLES HOLDINGS LIMITED: LEASE OF LAND
AT LA COLLETTE II, ST. HELIER**

**Lodged au Greffe on 4th July 2000
by the Planning and Environment Committee**



STATES OF JERSEY

STATES GREFFE

180

2000

P.122

Price code: B

PROPOSITION

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

to refer to their Act dated 3rd February 1999 and -

- (a) to approve the lease by the public to Falles Holdings Limited of an area of land of no less than 30,974 square feet at La Collette Phase II, for a period of 42 years at an appropriate market rental to be agreed with the Finance and Economics Committee, on satisfactory completion of in-filling and infrastructure works, on the heads of terms set out in the Appendix to the report of the Planning and Environment Committee, dated 16th March 2000, for the purpose of constructing a building for the storage of cars and the ancillary uses associated with the maintenance, cleaning and re-fuelling of its hire car fleet;
- (b) to authorise the Attorney General and the Greffier of the States to pass the necessary contracts on behalf of the public.

PLANNING AND ENVIRONMENT COMMITTEE

Notes: 1. The Public Services Committee commented as follows.

The long-term prioritisation for the allocation of land within the area designated for industrial use will be an issue for the Planning and Environment Committee to consider and approve.

The current programme indicates that an area to the east of the fuel farm that has already been filled is available for development, however, there is no infrastructure provided. Any development in this area will be subject to considerable nuisance in the form of dust from the adjacent landfill operation and long-term superfill operation that is proposed for this area. It is envisaged that a period of at least two to three years will be required before any certainty can be given to potential developers that this area will not be subject to the impact of dust from the adjacent works.

The area of land identified for industrial development to the south of the Gas Company will not be available for at least two to three years, possibly longer if the area to the east is superfilled first.

The provision of the required infrastructure for industrial development will not be provided by the Public Services Committee.

- 2. The Finance and Economics Committee approves, in principle, the lease of an area to be determined of some 1.6 vergées (30,974 square feet) at La Collette II, to Falles Holdings Limited for a period of 42 years at an appropriate market rental to be agreed with the Finance and Economics Committee. This approval is subject to the States' agreement to re-zone La Collette II site for industrial use.

Report

On 3rd February 1999, the States considered a report and proposition (P.218/98) lodged by Senator R.J. Shenton, which sought approval for the purchase of an area of land at La Rue des Prés, St. Saviour from Falles Holdings Limited.

The Planning and Environment Committee had previously granted permission for a car wash and re-fuelling point in 1997 and a building for the storage of cars in 1998.

The States decided that the Committee should negotiate with Falles Holdings Limited to purchase the Rue des Prés site and find an alternative commercial site for the company's relocation. The States did not agree that the Rue des Prés site should be acquired through the use of compulsory purchase procedures.

Subsequent to the States' decision, various options were considered for an alternative site to relocate the commercial business of Falles Holdings Limited from the Rue des Prés site, initially with the intention of identifying land for which there could be an exchange of freehold.

Two existing sites adjacent to the Airport Road at St. Peter and St. Brelade were considered. One of these, which is in public ownership, is currently leased for 21 years at £80,000 per annum, and the transfer of freehold to Falles Holdings Limited would have resulted in considerable lost revenue and the loss of a valuable asset.

A further farm site, in St. Peter, which was available for purchase, close to the Airport and currently leased by the Falles Motor Group was also considered, but there were concerns over the intensification of the use within the Sensitive Landscape Area of the Agricultural Priority Zone.

In subsequent discussions with Mr. J. Falle of Falles Holdings Limited, he proposed an alternative solution in which he would be prepared to develop the Rue des Prés site for an agreed category and design of housing to the Housing Committee's requirements, providing agreement could be reached for the development of two other small sites in the company's ownership for community and residential use, with some car parking, and for an equivalent area of commercial land to that at Rue des Prés to be made available to the company.

Further discussions with officers of the Department of Planning and Building Services and Property Services resulted in the company's architects submitting an acceptable application for the construction of 11 two-bedroomed houses at Rue des Prés. This received planning permission on 13th March 2000.

Finding an area of land for the relocation of the commercial business of Falles Motor Group has not been easy, but the Committee has identified that an area of land at La Collette (Phase II) could be made available to the company on completion of the in-filling, associated ground works and infrastructure. This would not be available, with the current progress of in-filling, until 2002/3 at the earliest. Within the next two months, the Committee will lodge a report and proposition with the States on the allocation and zoning of land at La Collette II for industrial use, with the agreement of the Public Services Committee and the Waterfront Enterprise Board Limited. To give Falles Holdings Limited some security in advance of that, the Committee is asking the States to give formal agreement that a minimum of 30,974 square feet (1.6 vergées) will be made available for the company to rent on the date of completion of the in-filling and associated infrastructure. The heads of terms are included as an Appendix to this report.

It will not be possible to agree the area of land until the actual area can be identified and measured. The proposal would be to lease an area of at least 30,974 square feet for a period of 42 years at an appropriate market rental to be agreed, with five-yearly rent reviews to open market rental value. The land will be leased to Falles Holdings Limited at a fair market rental. Falles Holdings Limited has incurred some abortive expense in terms of architectural fees and £2,500 in engineering design fees for the building it intended to build at Rue des Prés. The Committee proposes that this should be taken into account in agreeing the ground lease for the land at La Collette.

This proposition is somewhat unusual in that it does not identify the actual location of the land, but in asking the States to agree the allocation of this area of land, the Committee believes that it is both fulfilling the decision of the States and providing the security that Falles Holdings Limited require to operate its car hire and storage business. The Committee wishes to thank Falles for its help in enabling the development of the site at Rue des Prés for first-time buyer housing.

16th March 2000

Heads of terms

- | | | | |
|------------|---------------------------|---|--|
| 1. | Lessor | - | Administering Committee for La Collette II for and on behalf of the public of the Island. |
| 2. | Lessee | - | Falles Motor Holding Group or such other agreed company to act as lessee, subject to parent company acting as guarantor. |
| 3. | Lease commencement | - | Upon passing of lease contract through Royal Court. |
| 4. | Demise | - | The site area to mirror the existing Rue des Prés site, i.e. 1.6 vergées or 30,974 square feet, although a defined site to be agreed in due course between the parties. |
| 5. | Term | - | Standard 42 year ground lease with no option arrangements for either party. |
| 6. | Rental | - | Subject to an appropriate market rental to be agreed with the Finance and Economics Committee, payable quarterly in advance. |
| 7. | Rent review | - | Five-yearly upward only rent reviews to open market rental value. |
| 8. | Costs | - | Each party to bear their own professional costs. |
| 9. | Site development | - | Plans for proposed site development to be approved by the Planning and Environment Committee. |
| 10. | Planning | - | Subject to compliance with necessary planning permit and any conditions attached thereto. Site at Rue des Prés, to be developed in agreement with Planning and Environment Committee as a prerequisite. |
| 11. | Alienation | - | Retention of firm control considered a key objective and therefore assignment not permitted without the consent of the administering Committee. Sub-letting to be permitted at the absolute discretion of the administering Committee as landlord. |
| 12. | Repairs/Insurance | - | Tenants' full repairing and insuring obligation. |
| 13. | User clause | - | Lease would permit the construction of |

a 600 square metre unit (gross external area). To retain necessary control and to mirror existing planning permit (July 1997) the user clause would permit car storage warehouse, associated wash bays and fleet petrol pump facility. No retailing.

- 14. Timescale** - Agreed time parameters for the commencement/completion of the development on site, once a planning permit has been obtained.
- 15. Alterations/Improvement** - With the prior approval of the administering Committee on behalf of the public of the Island, subject to the usual consents.

- 16. Approvals** - Terms of agreement to be approved by the Administering Committee, Planning and Environment Committee and the Finance and Economics Committee.
- 17. Public indemnity** - The lessee shall be obligated to keep the necessary public liability insurance regarding the location of the site, currently stipulated at £30 million, or at such level as deemed appropriate by the administering Committee.
- 18. Contamination** - Lease to specify, upon vacation, for the site to be left without contamination and in accordance with the administering Committee's requirements.
- 19. Other terms and conditions** - As deemed necessary by the Law Officers Department and to be agreed between the parties.