

Finance and Resources Committee

10.00am, Tuesday, 5 September 2017

Rose Street Lane South – Proposed Lease of Airspace

Item number	8.20
Report number	
Executive/routine	Routine
Wards	11- City Centre

Executive Summary

The property at 64 Princes Street, which extends over two buildings either side of Rose Street Lane South, is owned by Coal Pension Properties Limited.

On 28 February 2017, the Development Management Sub-Committee issued a minded to grant decision for the refurbishment and redevelopment of the premises.

Coal Pension Properties Limited are seeking a 50 year lease of airspace over Rose Street Lane South to allow a bridge link between both buildings to be developed, in accordance with the planning application.

This report seeks approval to the grant of a new 50 year lease of the airspace to Coal Pension Properties Limited on the terms and conditions outlined in the report.

Rose Street Lane South – Proposed Lease of Airspace

1. Recommendations

That Committee:

- 1.1 Approves the lease of the airspace at Rose Street Lane South to Coal Pension Properties Limited on the terms and conditions as outlined in this report and on other terms and conditions to be agreed by Executive Director of Resources.

2. Background

- 2.1 The former British Homes Stores property at 64 Princes Street is owned by Coal Pension Properties Limited. The property extends over two buildings, providing frontage to Princes Street and Rose Street, bisected by Rose Street South Lane.
- 2.2 On 28 February 2017, the Development Management Sub-Committee issued a minded to grant decision to Coal Pension Properties Limited in respect of a planning application for the refurbishment and redevelopment of the premises to form retail (Class 1) and restaurants (Class 3) at Princes Street and Rose Street levels and at basement levels below, with hotel (Class 7) / restaurants (Class 3) above (within underused upper floors of premises and at new rooftop levels) together with associated works.
- 2.3 The proposed development links the two separate buildings situated either side of Rose Street Lane South by way of a bridge to be developed at the upper levels.

3. Main report

- 3.1 Coal Pension Properties has approached the Council to grant a long lease at a peppercorn rent, in return for an initial premium, of the airspace over Rose Street Lane South to allow the bridge link to be constructed. The Council has previously entered into a similar lease of airspace to the rear of 91 Princes Street (Primark) as part of the refurbishment of that property.
- 3.2 The proposed terms that have been agreed are as follows:

Subjects:	Airspace above Rose Street Lane South;
Tenant:	Coal Pension Properties Ltd;
Initial Premium:	£290,000;

Rent:	£1.00 per annum;
Term:	50 years from the date of entry; and
Costs:	The tenant will pay the Council's reasonably incurred legal and surveyor fees

4. Measures of success

- 4.1 Agreeing to the lease will allow Coal Pension Properties to undertake the proposed redevelopment of a largely redundant property on Princes Street.

5. Financial impact

- 5.1 A capital receipt of £290,000 as the initial premium to the lease will be received in financial year 2017/18.

6. Risk, policy, compliance and governance impact

- 6.1 The bridge link is required for the development to proceed. It is considered there is little or no impact on Risk, Policy, Compliance or Governance issues.

7. Equalities impact

- 7.1 An Equality and Rights Impact Assessment has been carried out.
- 7.2 An enhancement of rights has been identified as through a lease of the airspace, Coal Pension Properties Limited will be able to complete the proposed development. This will create economic benefits to Edinburgh and employment which will enhance the right of residents to productive and valued activities.
- 7.3 The disposal will lead to the redevelopment of a prominent vacant city centre site which could attract anti social behaviour. This will enhance the feeling of security for neighbouring residents and promote health and well being.
- 7.4 The redevelopment of the site will have a temporary adverse effect on the surrounding area; however this will be mitigated as much as possible by any contractor. The potential level of investment in the site and the end result will justify any short term adverse impacts.

8. Sustainability impact

- 8.1 There are no sustainability issues arising from the recommendations of this report.

9. Consultation and engagement

- 9.1 A full consultation process has been undertaken as part of the planning application for the proposed development.

10. Background reading/external references

- 10.1 Not applicable.

Stephen S. Moir

Executive Director of Resources

Contact: Graeme McGartland, Investments Senior Manager

E-mail: graeme.mcgartland@edinburgh.gov.uk | Tel: 0131 529 5956

11. Appendices

Appendix 1 - Location Plan



THIS MAP IS REPRODUCED FROM ORDNANCE SURVEY MATERIAL WITH PERMISSION OF ORDNANCE SURVEY ON BEHALF OF THE CONTROLLER OF HER MAJESTY'S STATIONARY OFFICE CROWN COPYRIGHT. UNAUTHORISED REPRODUCTION INFRINGES CROWN COPYRIGHT LICENCE NUMBER 100023420. CITY OF EDINBURGH 2013 AND MAY LEAD TO PROSECUTION OR CIVIL PROCEEDINGS.