

<b>Committee</b>	<b>Dated:</b>
Planning and Transportation – For Decision	31 <sup>st</sup> July 2015
<b>Subject:</b> Car Park at 181 Queen Victoria Street, EC4 – Declaration that site is surplus for the purpose for which it was acquired.	<b>Public</b>
<b>Report of:</b> The City Surveyor (CS 188/15)	<b>For Decision.</b>

### **Summary**

The Car Park at 181 Queen Victoria Street (the Site is shown on the attached plan) is in the ownership of the City Fund Estate. The Site was formed when the land was embanked and Blackfriars Underpass constructed by the City under powers granted to the City by the Blackfriars Bridgehead Improvements Act 1960. Since construction the Site has been used primarily as a car park in connection with 181 Queen Victoria Street (181 QVS), an office building in the ownership of Bridge House Estates (BHE). Income from car park lettings has been allocated to City Fund.

BHE now propose to substantially refurbish 181 QVS and as part of a comprehensive improvement package to both the building and the Site, the car park is to be renovated at the same time by BHE.

As the original purpose for the acquisition of the Site is now achieved and BHE cannot spend money on improving City Fund property, it is recommended that the Site (other than the City Fund Chamber utilised for the City's own power distribution purposes) is declared surplus to the purpose for which it was acquired allowing its transfer to BHE at fair value.

### **Recommendation**

Members are asked to declare that the Site (other than the City Fund Chamber) is surplus to the purpose for which it was acquired to allow for its transfer to BHE at fair value and on terms to be approved by Property Investment Board.

## **Main Report**

### **Background**

1. The Car Park at 181 Queen Victoria Street (The Site) is in the ownership of the City Fund Estate. The Site was formed when the River Thames was embanked and the Blackfriars Underpass constructed by the City under powers granted to the City by the Blackfriars Bridgehead Improvements Act 1960. Since construction the Site has been used primarily as a car park in connection with 181 QVS, an office building in the ownership of BHE. Income from car park lettings has been allocated to City Fund.
2. BHE now proposes to substantially refurbish 181 QVS and as part of a comprehensive improvement package to both the building and the Site, the car park is to be renovated at the same time. However it should be noted that BHE cannot spend money on improving a City Fund property. Planning Permission was granted for this project on 24 April 2014.
3. A feasibility study was completed in 2013 into the future of 181 QVS and the Site. It concluded that any redevelopment of the building and the Site would not be viable as "St Paul's Heights" severely limits the height to which any new building on the Site could be redeveloped. It would therefore not be possible to rebuild a sufficiently large building, acceptable in planning terms, on the combined site that would be as profitable as the renovation scheme currently permitted - which uses the Site only for surface level bike storage and disabled persons parking.

### **Current Position**

4. The Site forms three distinct portions. First at the surface level car park with space for five / six small cars. The car park is currently vacant and has not been let since 181 Queen Victoria Street was occupied by Network Rail as part of the Blackfriars Station works site. Network Rail vacated on 4 June 2014.
5. Additionally there are two purpose built subterranean chambers (shown on the plans and section annexed to this report). One ("the City Fund Chamber") measuring around 450 sq ft and referred to as the consumable switch room on the Appendix 2 plan, is used by the City in connection with lighting and power on Blackfriars Bridge, New Bridge Street and surrounding locations. Since the City Fund Chamber is in use for City Fund purposes it is excluded from the declaration and transfer to BHE. The second chamber is utilised as an electricity substation and is let to the London Electricity Board (now UKPN) on a lease for a term of 60 years from 1 March 1966 at a rent of £1.50 p.a. Both chambers are accessed from the pedestrian staircase within BHE ownership accessed from the Blackfriars Bridge bridgehead. The use of both chambers and the existing access stairs will not be affected by the proposal to renovate the car park or 181 QVS.

### **Options**

6. Renovation by City Fund as part of the 181 QVS Project. The car park requires renovation if it is to be brought back into re-use for cycle storage and

disabled persons parking in connection with the renovation of 181 Queen Victoria Street.

7. Following renovation the Site could then be let with 181 Queen Victoria Street, potentially allowing City Fund a share of the rental stream for the combined building and car park when the proposed project is completed and income producing – probably around 2019/2020 depending on the timing of construction, speed of letting(s) and length of rent free period(s).
8. This option is unattractive. The Site is a very small isolated freehold ownership with little or no likelihood of being income producing for at least four years but which will require capital investment within the next 18 months at a time when there are more important calls on City Fund's capital.
9. The alternative option, declaration that the Site (other than the City Fund Chamber) is surplus to the purpose for which it was acquired would allow for its transfer to BHE at fair value, so that BHE can invest in its renovation, and thus the release of a capital sum to City Fund for use elsewhere. The use of the transformer chamber by UKPN would not be affected by a change in ownership, and the chamber used for street lighting control and other City purposes would remain vested in City Fund. Both uses would continue for so long as required.

### **Proposals**

10. It is proposed that the Site is declared surplus to the purpose for which it was acquired which will allow the Site to be transferred to BHE for fair value – realising a capital sum and alleviating the need for City Fund to expend its own capital as part of the 181 Queen Victoria Street renovation project.

### **Corporate & Strategic Implications.**

11. The City of London (Various Powers) Act 1962 S.9 authorises the transfer of land between City Fund and BHE which must be at fair value as independently certified.

### **Implications**

12. This is an isolated City Fund ownership that has no current viable redevelopment potential in its own right. Even when combined with 181 QVS, feasibility studies show a redevelopment project would be less profitable than the proposed scheme for which planning permission has been granted. Any restrictions as to future uses of the Site or future redevelopment will be for PIB to decide when considering the terms of the transfer.
13. By unifying ownership of the Site and 181 QVS its future management is facilitated and the current renovation project simplified.

### **Conclusion**

14. The Blackfriars Underpass was completed over fifty years ago, since which time the Site has been used for car parking in connection with 181 QVS and for substation purposes and electricity supply purposes by the City.
15. Feasibility studies have been undertaken and have shown that the Site cannot viably be redeveloped on its own and that it is not sufficiently profitable to include the Site within a comprehensive redevelopment of 181 QVS.

16. The Site (other than the City Fund Chamber) is surplus for the planning purpose for which it was acquired.
17. Transferring the Site to BHE would help facilitate the regeneration of the Site and 181 QVS in accordance with the existing Planning Permission.

### **Way Forward**

18. Any transfer to BHE is to be at fair value as certified by an independent valuer and on terms approved by PIB.

### **Appendices**

1. Location /Site Plan
2. Detailed Plan taken from LEB/UKPN transformer chamber lease
3. Section Drawing

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