

APPENDIX E

Hazelrigg House, Northampton

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5. Report Background

- 5.1 Hazelrigg House is a strategic site within Northampton town centre. The building is a Tudor town house that was one of the only buildings to survive the fire of Northampton in 1675. It sits on an important gateway for visitors and commuters accessing the town centre by train.
- 5.2 The Looking Glass Theatre (LGT) currently occupy Hazelrigg House. Their original five year lease at a rental of £15,000 pa expired on 31st July 2020. Hazelrigg House is considered a community facility with Looking Glass Theatre (now known as Looking Glass Arts and Heritage Ltd) providing services to the community.
- 5.3 LGT works with local communities to increase access to educational and provides opportunities to find out more about the history of the area. LGT will provide visits to Hazelrigg House where the local students as part of the Key Stage two syllabus, can explore its history and links to the battle of Naseby. A stage school is also run from the site, training students in acting, stage management, sound, lighting, costume, and film production.
- 5.4 An independent market valuation was carried out to establish the freehold value of the asses based on the current market rental and based on the proposed concessionary rental. The valuation established that the market rent would be in the region of £24,500 pa.
- 5.5 Given the historic value of the property and the social value of the work carried out by LGT the following terms have been provisionally agreed in relation to the lease renewal.
- 20-year lease from 1st August 2020
 - Outside the security of tenure provisions of the Landlord and Tenant Act 1954.
 - Internal Repairing Lease.
 - Five yearly RPI rent reviews.
 - Rent stepped as follows:
 - Year 1 - rent free
 - Year 2 - £2,500

- Year 3 - £5,000
- Year 4 - £7, 500
- Year 5 - £10,000
- Tenant's option to break year 1 and year 2; mutual break year 3 and year 5, and thereafter every 5th Anniversary.

5.6 This report seeks authority from Cabinet to agree the leasehold disposal of the property on the property on the terms stated within this report, and any minor modifications to them necessary or useful to progress the disposal and acknowledging that such a disposal would be at a value which is lower than the one which could be reasonably obtainable in the market.

6. Issues and Choices

6.1 We have been advised by the tenant that they can no longer afford to pay rent at the level currently due. The stepped concessionary rent is proposed to allow the tenant to continue to provide services to the community however does represent a leasehold disposal at less than best consideration.

6.2 The tenant has occupied Hazelrigg House since 2015 and is well established and would find it difficult to find suitable affordable alternative premises to continue to provide the services to the community.

6.3 WNC could decide not to renew the lease to LGT and seek a letting on a commercial basis. This would result in the tenant being unable to operate and the subsequent loss of the services they provide to the community if they were unable to find suitable affordable alternative premises.

6.4 To sell the building. This option is not recommended as the building sits on a strategic site within Northampton town centre and is viewed as a community facility.

7. Implications (including financial implications)

7.1 Resources and Financial

7.1.1 The independent valuation obtained as part of the decision-making process has established the open market rental value of the property to be £24,500. Based on this level of income, it is estimated that the value of the asset (as an investment) would be £350,000. Based on the proposed concessionary lease terms, at a less than best consideration, the value of the asset (as an investment) would be approximately £200,000.

7.1.2 Under the terms if the previous lease, WNC is responsible for the repair of the external areas and structure of the property. This provision would continue under the new lease and as such WNC will continue to have a maintenance obligation at the property.

7.1.3 It has been agreed that each part to bear their own legal costs. WNC costs are mitigated by using an in-house legal team.

7.2 Legal

7.2.1 The tenant does not have rights to renew as the current lease is excluded from security of tenure provisions under sections 24 –28 The Landlord and Tenant Act 1954. It is proposed the new lease will be on similar terms apart from the term and rent.

7.2.2 A lease at less than market rent is considered to be justified in this case on the basis of the contribution which will be made to the social wellbeing of the area as a result of the activities of the tenant.

7.3 Risk

7.3.1 If the recommendation for the proposed lease renewal is not approved there is a high risk the tenant will be unable to find alternative premises. This would result in the loss of facilities to the community.

7.3.2 As stated earlier in this report, the proposed rental of the property is deemed to be at a rental that is less than the best consideration available in the market. If it was decided not to progress with the current proposal, there is a risk that the community benefit would be lost

7.3.3 By proceeding, the Council would lose control of the building for a considerable period. This risk has in part been mitigated through the inclusion of various break options that would allow WNC to gain possession of the property should it decide to progress alternative options for the site in the future.

7.4 Consultation

7.4.1 None.

7.5 Consideration by Overview and Scrutiny

7.5.1 None.

7.6 Climate Impact

7.6.1 No material impact on climate is anticipated as a result of this decision.

7.7 Community Impact

7.7.1 Services currently provided from Hazelrigg House may be lost if the lease renewal is not approved.

8. Background Papers

8.1.1 None.