

EXECUTIVE SUB-COMMITTEE FOR PROPERTY

A meeting of the Executive Sub-Committee for Property was held on Wednesday 2 April 2025.

PRESENT: Councillors P Storey (Chair) T Furness, L Henman, J Ryles, and J Thompson

OFFICERS: S Bonner, G Field, A. Glover, R Horniman, A Humble and E Scollay

APOLOGIES FOR ABSENCE: Mayor C Cooke and Councillors P Gavigan and N Walker

24/10 **DECLARATIONS OF INTEREST**

There were no declarations of interest received at this point in the meeting.

24/11 **TRANSFER OF LAND AND ASSETS AT GRESHAM TO MIDDLESBROUGH DEVELOPMENT CORPORATION - PART A**

The Executive Member for Development submitted a report for the Executive Sub-Committee's consideration.

The purpose of the report was to consider the transfer of land and assets owned by the Council at Gresham over to the Middlesbrough Development Corporation (MDC) for nil consideration. This would facilitate a significant mixed-use development proposal which would benefit the local area and town centre.

Historically, the subject land was acquired under a Compulsory Purchase Order (CPO). Although the general authorised purpose of the CPO was stated as being for "the purpose of development, redevelopment or improvement on the land to contribute to the promotion or improvement of the economic, social and environmental well-being of Newport ward, Middlesbrough", it had originally been envisaged the land would be a site for a major Student Village.

The Council was subsequently advised by Teesside University that the need for a major student village development would be reduced, due to the completion of the Cornell development. As a result, on 16 February 2021, Executive approved the disposal of the land at Gresham to Thirteen Housing Group on a 999-year lease at nil consideration.

The disposal was to facilitate Phase 2 of housing development, following initial approval by Executive in August 2019 to lease the Phase 1 housing site to Thirteen. Thirteen commenced work to bring a Phase 2 development forward but no viable scheme was ever presented as an option and the proposed 999-year lease was never entered into.

The land had remained in the Council's ownership, with the temporary car parks on Amber and Garnet Street continuing to be operational. MDC was keen to take possession of the car parks as soon as any decision was confirmed but they did not want to operate the car parks. With this in mind, it was MDC's preference to delay completion of the transfer until the Traffic Regulation Order has been executed and the car parks had been officially closed.

In terms of Linthorpe Road properties, the Council acquired numbers 147, 149 and 151 Linthorpe Road for demolition, in order to provide a breakthrough access from the Gresham site to Teesside University's campus as part of the proposals to develop a Student Village. The Linthorpe Road properties were vacant at the time of the Sub-Committee meeting.

On 24th January 2023, the previous administration approved the acquisition of The Crown by the Council, following a prolonged period of vacancy and decay. The report also gained approval for revenue holding costs to cover insurance, security, utilities and responsive maintenance costs for each year that the asset was held.

MDC commissioned a Pre-Acquisition Survey Report from Sanderson Weatherall in July 2024 to identify any defects or inherent factors prior to the transfer of the freehold interest. The

report was undertaken on the assumption that the property would be re-instated and repaired to some extent in its current format and did not include for any potential re-use options. The report concluded that the anticipated costs of remediating the defects and inherent factors would be in the region of £3.4 million, excluding VAT and professional fees.

In terms of the MDC, this was a legal entity managed by Tees Valley Combined Authority and was formally established on 27 February 2023. It had a remit to fund, manage and accelerate regeneration in Middlesbrough town centre, Middlehaven and the Historic Quarter.

Under its powers, MDC could request a Secretary of State determination that any publicly held assets be transferred to its ownership at nil consideration. Since the intention to set up the MDC was announced by the Tees Valley Mayor, discussions around the potential transfer of Council assets had taken place. The subject land and assets recommended for disposal in this report were identified in the Mayoral Development Corporation – consultation report that was endorsed by Executive on the 22 February 2023, for the delivery of a mixed-use development to regenerate Gresham.

The Executive Member for Children’s Services commented that he was pleased the decision also sought assurances from MDC about any future developments on the site.

OPTIONS

The Council had the option not to dispose of the land and assets, but the site had been subject to little or no interest due to market forces, and the potentially onerous cost of development in this town centre location made it an unattractive development opportunity. Retaining the site would not deliver the economic benefits associated set out in the business case or to generate additional council tax income. The site had been allocated for housing in the emerging Local Plan which was subject to extensive consultation. The disposal of the site would facilitate housing growth and support Middlesbrough's aspirations as a place where people want to live and ensure that high quality housing was available to all.

AGREED that Executive notes the information contained in Part A of the report.

ORDERED that:

- 1. Following consideration of the commercially confidential or exempt information contained in Part B of the report, Executive approves the transfer of land as detailed in recommendations 2, 3 and 4 below, subject to receiving written assurances from the Middlesbrough Development Corporation around the mix and quality of the development being sought;**
- 2. Subject to recommendation 1, Executive approves the transfer of 1.64ha of land bounded in red in Plan 1 to the Middlesbrough Development Corporation at nil consideration.**
- 3. Subject to recommendation 1, approves the transfer of no. 147, 149 and 151 Linthorpe Road to the Middlesbrough Development Corporation at nil consideration; and,**
- 4. Subject to recommendation 1, approves the transfer of no. 143 Linthorpe Road (The Crown) to the Middlesbrough Development Corporation at nil consideration.**

REASONS

The land and assets would be transferred at nil consideration, as there was no potential for a commercial value to be generated within the development scheme. Transferring the land and assets to MDC for future development would likely secure significant economic benefits for the town.

24/12 **ANY OTHER URGENT ITEMS WHICH IN THE OPINION OF THE CHAIR, MAY BE CONSIDERED.**

None.

24/13 **EXCLUSION OF PRESS AND PUBLIC**

ORDERED that the press and public be excluded from the meeting for the following items on the grounds that, if present, there would be disclosure to them of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 and that the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

24/14

EXEMPT - TRANSFER OF LAND AND ASSETS AT GRESHAM TO MIDDLESBROUGH DEVELOPMENT CORPORATION - PART B

The Executive Member for Development submitted a report for the Executive Sub-Committee's consideration.

ORDERED

That the recommendations of the report be approved.

REASONS

The decision was supported by the following reason:

For reasons outlined in the report.

All decisions will come into force after five working days following the day the decision(s) was published unless the decision becomes subject to the call in procedures.