

Report to

Cabinet Member (Urban Regeneration & Regional Planning)

7 December 2006

Report of

Directors of City Development, Legal & Democratic Services and Community Services

Title

Belgrade Plaza: Proposed variations to the Development Agreement and site assembly

1. Purpose of the Report

- 1.1 At the meeting on 30th September 2004, Cabinet Member (Regeneration & Neighbourhood Renewal) agreed to the demolition of 119 – 155 Belgrade Square by the project developers Oakmoor Deeley. This approval was subject to the residential tenants being provided with satisfactory alternative accommodation within the project (or elsewhere if they prefer) in such a manner that they would only have to undertake a single move.
- 1.2 The developer's scheme has changed, consequently the programme for providing the alternative accommodation has slipped. The purpose of this report is to seek approval to the principle of a 'double move' for the tenants, with an enhanced compensation package.

2. Recommendations

The Cabinet Member is asked to:

- 2.1 Agree to the principle of a double move for the tenants of 119-155 Belgrade Square, subject to terms outlined in Appendix 1.
- 2.2 Agree to the Council entering into a legal agreement with Oakmoor Deeley and Whitefriars Housing Group to facilitate the relocation of these tenants (sec 4.2).
- 2.3 Note the decision made by Cabinet on 8th February, 2005, that the Council will, if requested, by Oakmoor Deeley, pursue the compulsory acquisition of the legal interests in the building (sec. 4.3).
- 2.4 Agree to the necessary variations to the Development Agreement between the Council and Oakmoor Deeley regarding phasing of the development and the relocation of the tenants.

3. Information/Background

- 3.1 Oakmoor Deeley are the developers of the Plaza Project and hold a 150 year Development Agreement from the Council to deliver an £80m mixed-use scheme including an extended multi-storey car park which opened to the public on 28 October (Phase 1). Phase II (the 2 hotels, casino and restaurants) is scheduled to commence in January, 2007, subject to planning and licensing matters being resolved. Phase III which is the main apartment block

plus a several more restaurants and offices is currently being redesigned and reprogrammed.

3.2 119-155 Belgrade Square is owned by the City Council and comprises 18 apartments on the upper floors and a ground floor commercial unit currently let on a short-term basis to the Developer as a marketing suite. The Developer has purchased 6 of the apartments and the remaining 12 are managed by Whitefriars Housing, of which 1 is vacant.

3.3 The Developers are currently under an obligation as part of the Development Agreement to provide 12 units for rent to re-house the tenants in their scheme, prior to demolition of the block ie a single move. A compensation package for the tenants is also agreed which includes Home Loss and Disturbance payments; and a one-off payment of £1,000 per unit.

4. Proposal and Other Option(s) to be Considered

4.1 The Developers have indicated that the agreed single move is not now possible due to changes in their scheme design and programme. The requirements of the hotel and casino operators have meant that the Developers have had to concentrate on delivering the commercial block fronting Upper Well Street and Belgrade Square, as Phase II (formerly III) and thus the development of the main residential element is now Phase III (formerly Phase II). The timing of Phase II is such that vacant possession of the block is required by May, 2007 so it can be demolished during the Summer. This programme will also tie in nicely with the Belgrade Theatre's revised date for restarting performances in September, 2007.

4.2 Your Officers together with the Developers and Whitefriars' representatives and Ward Councillors have met the tenants on two recent occasions to discuss this situation. The Developers have made an improved 'compensation offer' and most of the tenants have indicated a willingness to co-operate, albeit reluctantly, subject to that improved offer being sustained and appropriate temporary accommodation being provided. The main terms to be incorporated in a tripartite agreement between the Council, Whitefriars and the Developers are set out in Appendix 1.

4.3 Notwithstanding this agreement the Developers, in order to give further certainty to achieving vacant possession of the block, still want the Council to make a Compulsory Purchase Order (CPO), if by May, 2007, all the tenants are not relocated. At its meeting of 8 February 2005, Cabinet agreed to promote a CPO of the building, subject to the Developers underwriting the Council's costs.

4.4 It is understood that Whitefriars could serve notice to quit on their tenants. However if any of the tenants did not vacate then it would be necessary for Whitefriars to seek a Court Order for possession.

5. Other specific implications

5.1

	Implications (See below)	No Implications
Best Value		✓
Children and Young People		✓
Comparable Benchmark Data		✓
Corporate Parenting		✓

	Implications (See below)	No Implications
Coventry Community Plan		✓
Crime and Disorder		✓
Equal Opportunities		✓
Finance	✓	
Health and Safety		✓
Human Resources		✓
Human Rights Act		✓
Impact on Partner Organisations	✓	
Information and Communications Technology		✓
Legal Implications	✓	
Neighbourhood Management		✓
Property Implications	✓	
Race Equality Scheme		✓
Risk Management	✓	
Sustainable Development		✓
Trade Union Consultation		✓
Voluntary Sector – The Coventry Compact		✓

5.2 Financial Implications

The Council's agreed premium and rental receipts from the scheme is not affected by these proposals. The tenant's compensation package costs are to be met by the Developer.

5.3 Impact on partner organisations

The proposals have implications for the Whitefriars Housing Group and these are detailed in Appendix 1.

Whitefriars have advised they do not need Central Government consent to the surrender of the lease of 119-155 Belgrade Square.

5.4 Legal Implications

As previously discussed variations to the existing Development Agreement will be necessary and the terms for ensuring that the tenants are provided with accommodation and compensation will be incorporated in a tripartite agreement between the Council, Whitefriars and the Developer.

5.5 Property and Risk Assessments

Whitefriars hold a 150 year lease of the upper floors of the block, at a peppercorn rental. This lease will be surrendered to the Council once all the tenants are relocated.

6. Monitoring

6.1 The project is being managed by officers in City Development.

7. Timescale and expected outcomes

7.1 The anticipated timescales are as follows:-

Nov, Dec 06	Whitefriars ascertain tenants preferences for relocation
Jan 07	Completion of the tripartite agreement
Jan – April 07	Relocation of tenants to temporary (or permanent accommodation off-site)
May 07	Vacant possession
June – Aug 07	Demolition of block by developer
by end Aug 09	Completion of alternative permanent accommodation in Phase III and those tenants who wish to move in.

	Yes	No
Key Decision		✓
Scrutiny Consideration (if yes, which Scrutiny meeting and date)		✓
Council Consideration (if yes, date of Council meeting)		✓

List of background papers

Proper officer: John McGuigan, Director of City Development

Author: Tony Auty Telephone 76 832770
 Manager (Development Projects)

(Any enquiries should be directed to the above)

Other contributors:

Insert Name, Post Title, Department and Telephone Extension of

<i>Solicitor</i>	Mark Smith & Clarissa Evans, Legal & Democratic Services	3037/3098
<i>Finance Officer</i>	Phil Helm, CDD	1301
<i>Personnel Officer</i>	Juliet Moreton, Human Resources	1378
<i>Committee Officer</i>	Jane Elrick, Legal & Democratic Services	3016
<i>Housing Officer</i>	Steve Rudge, Social Services & Housing	1923
<i>Property</i>	Nigel Clews, City Development	2708

Papers open to Public Inspection

Description of paper

Case file

Location CC4/5

aa03205reperm/ale/pf

BELGRADE PLAZA: TERMS FOR RELOCATION OF WHITEFRIARS' TENANTS

1. Whitefriars will make contact with the tenants no later than 31 December 2006 to agree with them what alternative accommodation they require. Whitefriars will establish whether tenants seek a temporary move (anticipating that they will return to a completed Whitefriars flat on the Belgrade Plaza scheme) or a permanent move.
2. Whitefriars will monitor its dwellings becoming vacant so as to offer property matching the agreed requirements, on either a temporary or permanent basis, depending on the agreed requirements of the tenant.
3. If the initial contact with the tenants shows that property owned by another Housing Association operating in the city could meet the agreed alternative accommodation requirement, Whitefriars will seek to reach agreement with the other Association so that such a property will be offered to the tenant.
4. The City Council will attempt to facilitate any such property being offered to the tenant through its 'nomination arrangements' with those associations, giving such priority to the application as it is able within the scope of the nomination scheme.
5. Those tenants wishing to return to a Whitefriars flat in Phase III of the Plaza project will be guaranteed a one-bed unit, once the new apartments are complete. These apartments to be to a specification prior agreed between Whitefriars and the Developer, and be managed by a Whitefriars or other Registered Social Landlord. These units to be available no later than August, 2009.
6. The tenants will receive the Statutory Home Loss (£4,000) and Disturbance payments (up to £850) for their first move plus an additional payment of £5,500, regardless of whether they move once or twice. [The previously agreed £1,000 one-off payment is included within the £5,500]. For those tenants moving into the Plaza scheme a second Disturbance payment will be available.
7. Whitefriars will surrender the lease of 119-55 Belgrade Sq to the Council once vacant possession is achieved and the site thereof will then be incorporated into the Plaza Development Agreement. The Developer contracts with Whitefriars to construct and hand over 12 new units in the Plaza scheme.
8. The Developer will demolish the building forthwith once vacant possession is achieved.

[Note: The Developers are obliged under the Development Agreement to provide 51 apartments for shared ownership and 12 apartments for rent (to replace those in the block).