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Report to Cabinet Member (City Development)

8<sup>th</sup> January, 2009

Report of Director of City Development and Director of Finance & Legal Services

**Belgrade Plaza Phase 3: Proposed amendments to the Development Agreement  
(St Michael's Ward)**

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### **1 Purpose of the Report**

- 1.1 The purpose of this report is to seek approval to enter into a Deed of Variation with the Oakmoor Deeley Partnership to amend the Belgrade Plaza Development Agreement and Lease to facilitate the construction of Phase 3 primarily as student housing instead of residential apartments for private sale.

### **2 Recommendations**

The Cabinet Member is asked to:

- 2.1 Authorise the necessary amendments to the Belgrade Plaza Agreements with the Oakmoor Deeley Partnership to facilitate the development of Phase 3 primarily as a student housing scheme, subject to planning permission, and
- 2.2 Delegate the agreement of detailed terms to the Head of Property in discussion with the Deputy Director City Development and completion of the deed of variation to the Director of Finance and Legal Services.

### **3 Information/Background**

- 3.1 Belgrade Plaza, shown edged black on the attached plan, is a mixed use regeneration project being undertaken by the Oakmoor Deeley Partnership (ODP). Phase 1 which comprised the extension of the former Leigh Mills car park is complete. Phase 2a is under construction and is scheduled for completion in Spring, 2009. This comprises 60 apartments, a Gala casino, Premier Inn Hotel (119 beds) and 3 bars/restaurants that are all pre-let. Phase 2b comprises the Radisson Edwardian Hotel, which is scheduled to commence Spring 09.
- 3.2 Phase 3, as shown on the attached plan, was originally planned to comprise c.185 apartments for sale, 12 social rented apartments for Whitefriars Housing to replace the units demolished to make way for the project, 51 shared ownership units and 2 bars and restaurants. Whitefriars Housing is obliged to accommodate the persons displaced from

the demolished social rented apartments in the 12 new social rented units, if those tenants so desire.

- 4.1 The proposed private residential development of Phase 3 is not viable in the current economic climate, so ODP have been considering other forms of development. A scheme for offices has been drawn up, but this would require gap funding and a pre-let to be viable.
- 4.2 ODP are now proposing a student housing scheme for Coventry University comprising approximately 500 beds and communal facilities. In addition there would be 4 bars/restaurants and the 12 apartments for Whitefriars Housing to replace those demolished. The form of development is proposed to be similar to the previous layout in terms of design, massing and materials, and a planning application is, at the time of writing, expected to be submitted shortly after the scheme is considered by the Development Forum on 17<sup>th</sup> December, 2008.
- 4.3 The revised scheme would mean that the 51 shared ownership units would not be provided. The obligation to provide these units was originally agreed between the parties to achieve a mix of tenure, it was not a planning policy requirement to provide such units within the defined City Centre and indeed it is not a condition of the current planning permission. In addition student housing, regardless of location, does not trigger the usual planning requirement to provide a percentage of affordable housing. The removal of the obligation is considered acceptable on the basis that it is not relevant to the proposal, the revised scheme will proceed regardless of the prevailing economic climate, there is no market for shared ownership units at this time and we are advised by ODP that such a requirement would make a marginal scheme unviable.
- 4.4 Your Officers consider that the proposed use and form of development outlined is appropriate, subject to consideration of a detailed planning application.
- 4.5 The other option is to refuse to agree to the proposal. This would have the disadvantage of delaying the commencement of any form of development on Phase 3 until the housing market recovers sufficiently to make such a scheme economic. This would leave an undeveloped site adjacent to the new mall that connects the Theatre to the multi storey car park and the City Centre.

## 5 Other Specific Implications

5.1

	Implications (See below)	No Implications
Best Value		✓
Children and Young People		✓
Climate Change & Sustainable Development	✓	
Comparable Benchmark Data		✓
Corporate Parenting		✓
Coventry Community Plan		✓
Crime and Disorder	✓	
Equal Opportunities		✓
Finance	✓	

	Implications (See below)	No Implications
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		✓
Trade Union Consultation		✓
Voluntary Sector – The Coventry Compact		✓

## 5.2 *Climate Change and Sustainable Development*

The design process is at an early stage but ODP confirm that the development will be progressed to provide a complete sustainable package, considering all aspects of environmental sustainability, including energy emissions, water consumption, materials, surface water run-off, waste, pollution, health & wellbeing, management, and ecology in relation to the site and building design. The residential element of the scheme will comply with level 3 of the Code for Sustainable Homes and ODP are currently undertaking a BREEAM pre-assessment to ascertain their level of compliance against this measurement for the student residences.

## 5.3 *Crime and Disorder*

ODP's architects will liaise with the Council's Urban Designers and the Police Architectural Liaison Officer to ensure that the design minimises the potential for crime & disorder.

## 5.4 *Finance*

5.4.1 ODP agreed to pay a premium for the site of £7.579m, subject to the deduction of the actual costs incurred by ODP in undertaking certain specified off-site works. ODP have paid £5.829m to date and the final payment is due in January, 2009, from which the deductions will be made. The costs are currently being validated, but we expect that the payment will be reduced to a minimal sum, unless a more cost effective specification in certain areas can be agreed without compromising design quality and security e.g. beneath the Ring Road

5.4.2 Negotiations are in hand to ensure that the agreed premium for the whole Plaza site fully reflects market value, given the proposed change of use. A detailed appraisal has been requested from the developer, to compare with the original, though of course economic circumstances have caused property values to fall since the original premium was agreed.

Whatever the outcome of this assessment the Councils capital & rental income cannot fall below the agreed amounts.

#### 5.5 *Legal Implications & Property Implications*

- 5.5.1 ODP hold the site by way of a Development Agreement and lease from 20 May, 2005 for 150 years at a rental of £200k pa which is subject to an annual increase related to the Retail Price Index. This rental is in addition to the premium referred to in para 5.4.1
- 5.5.2 ODP will meet the Council's reasonable legal costs incurred in the preparation of a Deed of Variation.

### 6 **Monitoring**

- 6.1 The project is being monitored by officers in the Development Projects Section of City Development Directorate and by the City Centre Programme Board

### 7 **Timescale and expected outcomes**

- 7.1 If the student housing scheme proceeds it is programmed to commence Spring, 2009, and be completed for occupation by the Autumn term, 2010.
- 7.2 The outcomes are approximately 500 student beds and communal facilities, 4 bars and restaurants and 12 social rented apartments. The completion of Phase 3 will also be a further milestone towards full completion of the Belgrade Plaza project that is a major regeneration scheme within the City Centre. All that would remain to be constructed would be Phase2a (the quality hotel) and the environmental enhancements beneath the Ring Road.

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

List of background papers

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(Any enquiries should be directed to the above)

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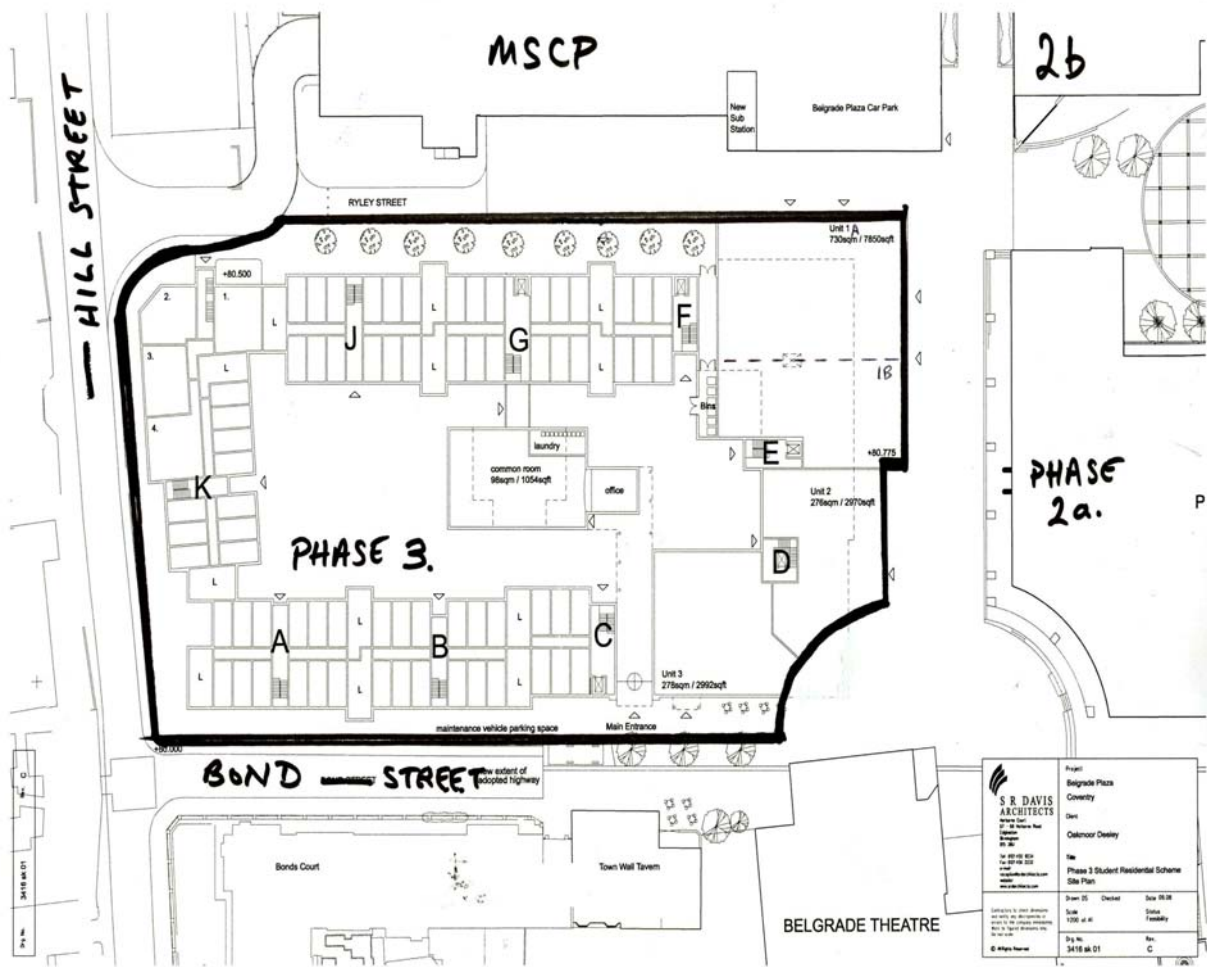
Papers open to Public Inspection

**Description of paper**

Scheme Drawings, artist's impressions etc

**Location**

CC4/5



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	Client	Coventry
	Design	Outdoor Design
	Site	Phase 3 Student Residential Scheme
	Site Plan	
<p>DATE: 10/01/11          DRAWN BY: S.R.D.          CHECKED BY: S.R.D.          SCALE: 1:1000          PROJECT NO: 11/01/001          DRAWING NO: 11/01/001-01</p>	<p>Drawn By</p> <p>Checked</p> <p>Date</p> <p>Scale</p> <p>Project No</p> <p>Drawing No</p>	<p>Date: 08.08.10</p> <p>Scale: Family</p> <p>Project: C</p>