
A separate report is submitted in the private part of the agenda in respect of this item, as it contains details of financial information required to be kept private in accordance with Schedule 12A of the Local Government Act 1972. The grounds for privacy are that it refers to the identity, financial and business affairs of an organisation and the amount of expenditure proposed to be incurred by the Council under a particular contract for the supply of goods or services.

Cabinet
Council

9th February 2016
23rd February 2016

Name of Cabinet Member:

Cabinet Member for Business, Enterprise and Employment – Councillor K Maton

Director Approving Submission of the report:

Executive Director of Place

Ward(s) affected:

St Michael's

Title:

Leasehold Disposal of Land Cox Street

Is this a key decision?

Yes, due to the level of potential receipt

Executive Summary:

This report outlines an opportunity for the Council to secure a capital receipt for the leasehold disposal of part of Cox Street surface car park to CODE Student Housing. This will lead to a significant investment in the city centre, delivering a purpose built, self-managed, high quality, 1000 bed, student residential scheme and bringing new life to this part of the city centre. CODE deliver high quality developments and in 2013 were voted 'Best student private halls provider in the UK' by The National Student Housing Survey.

In the past 12 months, Coventry has made massive strides towards its goal of being a top 10 city as it continues its fast-track transformation. The city has continued to change and attract investment as it works towards a brighter future, creating jobs and a better city.

The University of Warwick and Coventry University have continued to thrive and bring in talented students from across the world. Both are ranked in the Guardian's top 20 of UK universities. Coventry was named Modern University of the Year 2015 and has invested hundreds of millions of pounds in the city centre, announcing plans for a new headquarters, an international student centre and a business incubation unit.

The university, which has already breathed new life into empty city centre buildings by creating student accommodation, will develop the site left vacant by the Council when it moves to Friargate.

The focus, both of the university and developers, is to create new accommodation in the city centre. Purpose built student accommodation in the city centre has a number of advantages. It helps to support regeneration in the city centre – bringing vitality during the day and at night and it means fewer houses in multiple-occupation are needed in local communities. If more students are based in the city centre then houses currently used by students will be available for families again – to rent or buy.

A car park strategy is being written which will help to guide how many car spaces are needed in the city centre and where. It is already clear that across the city some car parks are under used. The proposed changes to Cox Street are consistent with future demand projections in the emerging strategy.

Cox Street car park isn't used to capacity – during the week or at weekends. In addition to the retained spaces in Cox Street there are also three other car parks close by, Lower Ford Street, Grove Street and White Street which can provide parking provision. The proposed development will include approximately 170 car parking spaces, under the building, which the developer will make available to the public.

Recommendations:

Cabinet is asked to recommend to Council:

- 1) Approval of the leasehold disposal in the Council's land in accordance with the terms contained in the private report on your agenda.
- 2) Delegation of authority to the Assistant Director for City Centre and Development Services, Executive Director of Resources and Assistant Director of Legal and Democratic Services as appropriate following consultation with Cabinet Member for Business, Enterprise and Employment to conclude the documentation required to complete the lease.
- 3) Delegation of authority to the Executive Director of Resources and Assistant Director of Legal and Democratic Services to complete the necessary legal documentation in this matter and collect the agreed consideration.
- 4) Approval to commence the process to remove part of the land in Cox Street from the off-street parking order.

Council is asked to:

- 1) Approve the leasehold disposal in the Council's land in accordance with the terms contained in the private report on your agenda.
- 2) Delegate authority to the Assistant Director for City Centre and Development Services, Executive Director of Resources and Assistant Director of Legal and Democratic Services as appropriate following consultation with Cabinet Member for Business, Enterprise and Employment to conclude the documentation required to complete the lease.
- 3) Delegate authority to the Executive Director of Resources and Assistant Director of Legal and Democratic Services to complete the necessary legal documentation in this matter and collect the agreed consideration.
- 4) Approve the commencement of the process to remove part of the land in Cox Street from the off street parking order.

List of Appendices included:

None

Other useful background papers:

None

Has it been or will it be considered by Scrutiny?

No

Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?

No

Will this report go to Council?

Yes – 23rd February 2016

Report title:

1. Context (or background)

- 1.1 Cox Street Car park is a 319 space, short stay, pay on foot, surface car park opposite Fairfax Street Swimming Pool and Leisure centre.
- 1.2 Within the car park there are 8 designated disabled parking bays and 3 Electric Vehicle Charging bays.
- 1.3 The whole car park extends to approximately 2.115 acres (0.8560 hectares).
- 1.4 Car park occupancy data taken across a typical 7 day a week, 3 month period shows the usage of the car park as:
- Approximately 600 vehicles a day use the car park.
 - The average peak occupancy rate recorded across the period was 86% between 12 noon and 1pm.
 - 81% of the car park users stayed between 1 and 3 hrs, with the most popular duration of stay being up to 2 hrs at 40%.
 - The maximum peak occupancy rate recorded on any single day (Tuesday) was 96% between 12pm and 1pm.
 - The lowest peak occupancy rate recorded on any single day (Friday) was 74% between 12 noon and 1pm
 - The intended destinations for those using the car park and prepared to confirm were:-
 - 36% - Swimming Pool and Leisure Centre
 - 25% - Shopping
 - 6% - Coventry University
 - 4% - Coventry Cathedral
 - 3% - Britannia Hotel
 - 26% - other business including drop off / pick up bus station, Sightseeing including Transport Museum, Herbert Art Gallery and Museum and Bingo.

This identifies the level of car parking which is currently required and help to assess need during and post development which is dealt with in section 2 of your report.

- 1.5 Coventry University currently has 23,000 students studying with them annually and anticipate that within 5-6 years they anticipate growing to circa 30,000 students, a 30% increase in student numbers.
- 1.6 Coventry University welcomes approximately 6000 first year students to the city, which will increase. To support this growth and compete with other Universities, Coventry is aspiring to be able to provide each 'fresher' with the ability to live within purpose built halls for a year, should they wish. They would also like to have capacity to enable returning students to also live in halls if they so choose. This is particularly of interest to their international students.
- 1.7 Coventry has approximately 5000 student bed spaces in the city centre made up of both purpose built and converted accommodation. 1300 bed spaces are currently owned and managed by Coventry University.
- 1.8 Coventry University is in the process of delivering directly and in partnership an additional 2200 bed spaces the city centre over the next 3 years through at three locations.

- 1.9 Warwick University currently accommodate circa 560 post graduate students in Coventry City Centre as well as a growing number of undergraduates. Due to Warwick's projected growth and ongoing development constraints at their campus, it is anticipated that they could be looking to secure circa 2000 additional bed spaces in Coventry over the next few years.
- 1.10 It is therefore considered that there is still a need and capacity for additional purpose built student accommodation in Coventry City Centre, which is borne out by the interest shown by the current development discussions.
- 1.11 CODE has been recognised as a quality student housing provider, currently based and operating in Leicester. The National Student Housing Survey 2013, CODE was voted "Best Private Hall Provider" from more than 120 Universities in the UK. In addition at the Landlord and Letting Awards they have been voted the national winner "Student Landlord of the Year" 2013 and 2014 as well as the national winner for "Best Customer Service" 2013 and 2014. Coventry University have visited their operation in Leicester and are supportive of their approach to student living.

2. Options considered and recommended proposal

- 2.1 The proposal is to grant a new 150 year lease to facilitate the development of up to a 1000 bed student housing scheme on the site, providing accommodation for students of both Coventry and Warwick University, supporting their continued growth.
- 2.2 An unconditional, market level, offer has been made by CODE, for part of the Cox Street surface car park. This form of offer reduces risk to the Council as it is not reliant on the developer securing planning permission. The financial details of which are incorporated in the private part of your report.

The Council would restrict the use of the site to that of predominantly student housing. If the developer was unable to secure a suitable planning permission the Council would have the option to buy back the site.

- 2.3 The part of Cox Street car park being considered for development is approximately 1.234 acres (0.4994 hectares) representing about 57% of the total car park. This equates to 192 designated car parking spaces, outlined in red on the reports attached plan.
- 2.4 144 car parking spaces, predominantly located under the ring road, would remain available at Cox Street to serve this part of the city centre during and after the development.
- 2.5 The level of income these spaces generate and how these proposals affect it are considered in your private report.
- 2.6 Based on car parks average occupancy rates, this would create a need to identify approximately 130 alternative car parking spaces in the locality during the construction period.
- 2.7 White Street coach park could be re-designated as a car park providing a maximum of 156 spaces. This would help to absorb the weekday displacement from the part closure of Cox Street car park spaces during the week and in turn retain the car park income.
- 2.8 Grove Street's car park, having 188 spaces and Lower Ford Street's car park having 152 spaces are both long stay car parks which are well used during the week. However they operate at between 62% and 72% capacity at their peak times during the weekends,

which means they have capacity to provide alternative weekend parking. Both car parks are a short walk from the sports centre and swimming baths.

- 2.9 In addition the developer is presenting the Council with the option that they could construct the proposed scheme in such a way that they would create approximately 170 parking spaces under the building, at ground floor level. These spaces would be available to the public and complement the retained Cox Street spaces remaining available until and if a decision to close the Fairfax Street swimming pool and leisure centre is made and implemented.
- 2.10 The 8 disabled spaces in Cox Street which front Fairfax Street could be relocated into the retained 144 spaces in the reduced Cox Street car park under the ring road or incorporated into the Lower Ford Street Car Park. Consideration is also being given as to whether on street disable bays could be created on Fairfax Street along the frontage of the car park. Currently this space is used for coach drop off and pick up's.
- 2.11 To ensure that the alternative car parks are used effectively and provision is made in the correct locations, a car park strategy is in the early stage of development.
- 2.12 The potential development site in Cox Street has not been formally marketed however the unconditional offer for the leasehold interest in the site has been independently valued and is verified as representing 'best consideration' under section.123 of the Local Government Act 1972.

Options

- 2.13 The Council could reject the offer from the developer and retain the car park serving the city centre and particularly the swimming pool and leisure centre leaving the market to choose alternative sites to deliver these future schemes but could result in the Council not directly benefiting financially from this current buoyant market.
- 2.14 Discussions are currently continuing around the future of the swimming pool and leisure centre on Fairfax Street. If it is decided to relocate this facility, parking levels would reduce in this area. Development of part of Cox Street would bring additional investment in this area and help to bring additional activity to this part of the city centre.
- 2.15 An option could be to wait until after any decision is made regarding the future of the swimming pool and leisure centre before deciding on this development proposal. However there is a need for new accommodation being available from 2017 and due to the length of construction periods would mean that development needs to commence this year.

Recommendation

- 2.16 Progress with the leasehold disposal of part of Cox Street to facilitate the provision of purpose built student residential accommodation next to Coventry University.

3. Results of consultation undertaken

- 3.1 No public consultation has taken place around the proposed disposal of land however there will be an opportunity for the public to comment on the future planning applications submitted around the development proposals.

4. Timetable for implementing this decision

- 4.1 If the recommendation to proceed to dispose of the land is adopted then the intention would be to instruct legal services to produce the sale documentation and seek to agree and complete the leasehold disposal within three months from the date of the report.
- 4.2 As the offer is unconditional the documents could be completed without requiring to wait for planning consent to be granted.
- 4.3 The developer is indicating that the development would take approximately 16 months to build from the grant of planning.

5. Comments from Executive Director of Resources

5.1 Financial implications

Removal of 192 car park spaces in Cox Street would result in a reduction of revenue at this car park.

The level of premium received by the Council for the land disposal would enable a 'buy out' the majority of this income reduction. However at this time it can reasonably be assumed that the shortfall would be bridged by ensuring displaced users are effectively signposted to alternative car park spaces elsewhere in the city centre.

A car parking strategy, which is to be reported to members in the next few months', will outline current car park usage data as well as modelling future supply and location demand expectations for car parking in the city over the next 10+ years. This is likely to require additional investment to deliver the right parking solutions in the optimum locations. As such and subject to the presentation of future business cases, it may be more beneficial to use this receipt for this purpose rather than facilitating the 'buyout' of existing income targets.

5.2 Legal implications

In accordance with Section 56 of the City of Coventry (Off-Street Parking Places) Order 2005 the Council may by notice sign or barrier displayed in the parking place close the parking places or any part thereof for any period.

Notwithstanding the provisions of Section 56 above in consideration of the significant impact that the removal of 192 car parking spaces may have it is considered, for the sake of transparency, that the Council places a notice in the local newspaper for two consecutive weeks detailing the proposal to remove the 192 car parking spaces. Any objections received will be considered by Cabinet Member for Public Services.

The consideration received by the Council for the long leasehold disposal of the Property, represents the best value reasonably obtainable by the Council as verified by an independent valuers and is verified by the Council's Valuation Panel. This will satisfy the Council's requirement to obtain best value under Section 123 of the Local Government Act 1972.

The Executive Director, Resources (officers within Legal Services) will complete the legal documentation in connection with the long leasehold disposal in accordance with appropriate procedures and will collect the agreed consideration upon completion of the disposal.

6. Other implications

6.1 How will this contribute to achievement of the Council's key objectives / corporate priorities (corporate plan/scorecard) / organisational blueprint / Local Area Agreement (or Coventry Sustainable Community Strategy)?

The long lease of the land to facilitate development would support the growth and development of Coventry's Universities would assist them with encouraging a creative, active and vibrant city which will also indirectly assist with producing a more prosperous Coventry by providing the skills and knowledge for businesses in the area. The construction of new facilities can also be seen as making Coventry an attractive and enjoyable place to be as well as providing construction jobs and jobs providing the services required to deliver the student housing.

6.2 How is risk being managed?

As the offer is unconditional, the key risk is that the Council can deduce a good title to the land. If issues arise then legal colleagues would seek to resolve these. If still unable to satisfy, the purchaser would 'take a view' if they wished to proceed with the purchase.

We are advised that funds are in place to acquire the interest and deliver the development however due to the level of capital required financial checks are being carried out. No transfer would take place until the appropriate levels of funds are held by the solicitors.

6.3 What is the impact on the organisation?

The impact to the organisation is set out in the financial section of this report but the conclusion being that the land transfers improves the Council's overall financial position.

6.4 Equalities / EIA

Under the public sector equality duty (s149 Equality Act 2010) the Council must eliminate discrimination, advance equality of opportunity between persons who share a relevant protected characteristic, and foster good relations. It applies when the Council is "exercising a function" so it does not matter whether the function is statutory or not. This process will form part of the off street parking order consideration.

6.5 Implications for (or impact on) the environment

The transfer of the land will facilitate the potential development of new structures on the land. The details of the buildings will be considered by planning committee as part of a detailed planning application.

6.6 Implications for partner organisations?

The land transfers will indirectly assist Coventry University in delivering purpose built student accommodation to aid the attraction and growth of students.

Coventry Sports Trust is fully engaged regarding the existing leisure facilities and their relocation. Clearly they are concerned around the potential loss of car spaces outside their facility but the alternative option should be workable for them.

Report author(s):

Name and job title:

Paul Beesley
Team Leader – Property Development

Directorate:

Place

Tel and email contact:

Tel: 024 7683 1377
E-mail: Paul.beesley@coventry.gov.uk

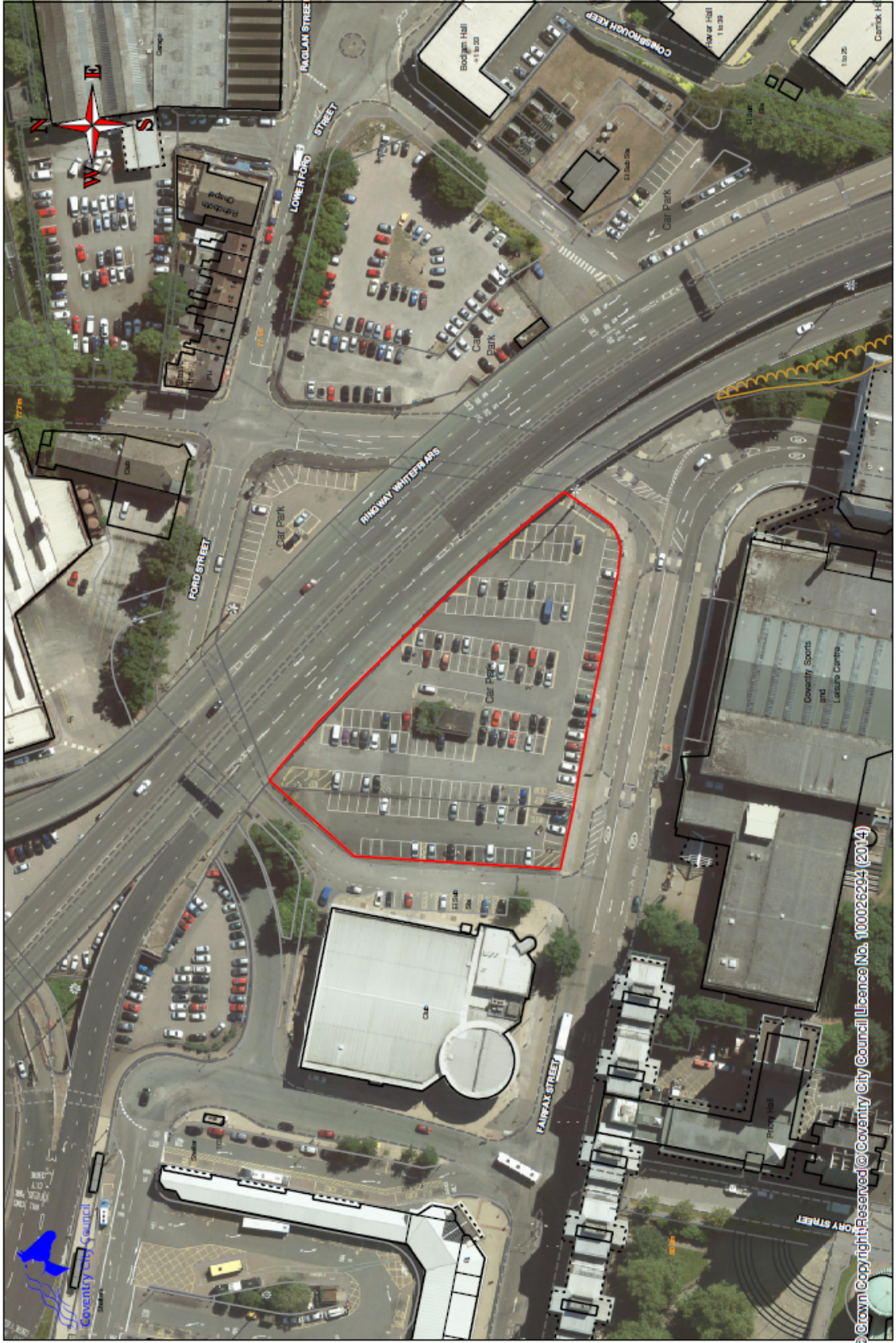
Enquiries should be directed to the above person.

Contributor/approver name	Title	Directorate or organisation	Date doc sent out	Date response received or approved
Contributors:				
Michelle Salmon	Governance Services Officer	Resources	06/01/16	18/01/16
Paul Bowman	Parking Services Manger	Place	04/01/16	06/01/16
David Cockroft	Assistant Director	Place	06/01/16	08/01/16
Names of approvers for submission: (officers and Members)				
Phil Helm	Finance Manager	Resources	04/01/16	06/01/16
Julie Sprayson	Property Lawyer	Resources	04/01/16	06/01/16
Martin Yardley	Executive Director	Place	11/01/16	13/01/16
Councillor K Maton	Cabinet Member for Business, Enterprise and Employment	-	14/01/16	15/01/16

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Cox Street Car Park, Coventry.

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