

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

9 October 2012
23 October 2012

Name of Cabinet Member:

Cabinet Member (City Development) – Councillor Kelly

Director Approving Submission of the report:

Director of City Services and Development

Ward(s) affected:

Westwood

Title:

Canley Regeneration Programme – Land Disposal and Regeneration Proposals

Is this a key decision?

Yes. The proposals within the report result in income exceeding £500,000.

Executive Summary:

In March 2007, Cabinet approved in principle a programme of physical, social and economic regeneration in Canley, to be funded from the reinvestment of capital received from the sale of Council owned land within the Canley programme area. In addition, Cabinet agreed a procurement strategy for delivering the necessary receipts, based on a developer partner model, together with other measures that would ultimately deliver the regeneration scheme.

Following extensive survey and design work, a master plan for the holistic regeneration of Canley was agreed in consultation with the community, which was subsequently developed into an outline planning application. Outline planning permission was formally granted, in March 2010.

Market conditions and consequent changes in the way property companies fund developments, have favoured an incremental approach to land disposals and following comprehensive marketing of Site D (shown hatched on Plan 1), a freehold disposal has been provisionally agreed, for housing development.

Authority is sought to the proposed freehold sale, a revised disposals strategy and the package of investment proposals required to deliver the first phase of the regeneration scheme agreed with the community.

Recommendations:

Cabinet is requested to recommend to Council that they approve the following:-

1. Delegate authority to the Director of City Services & Development and the Director of Finance and Legal services in conjunction with the Cabinet Member (City Development), to conclude the freehold disposal of Site D, as detailed on the plan appended to the report.
2. Delegate authority to the Director of City Services & Development and the Director of Finance and Legal Services in conjunction with the Cabinet Member (City Development) to procure and deliver the community benefits set out in paragraph 2.7.

Council is requested to approve the above recommendations.

List of Appendices included:

Appendix 1 – contains the Plan 1, referred to.

Other useful background papers:

Canley Regeneration – Masterplanning - Cabinet Member (Urban Regeneration and Regional Planning) - 3 March 2005

Canley Regeneration Scheme – Update on Financial Implications - Cabinet Member (Urban Regeneration and Regional Planning) - 3 March 2005

Canley Regeneration Programme – Scheme Proposals – Cabinet - 20 March 2007

Canley Regeneration Programme Funding - Report to Cabinet Member (City Development) - 9 August 2007

Outline Planning Permission dated 31 March 2010

Design and Access Statement relating to Outline Planning Application

Environmental Assessment relating to Outline Planning Application

Site D lies within the area covered by the outline planning permission (application no. 55000 reference no. R/2009/0010) for housing. All documentation associated with the existing planning permission is available on the Council's Planning Portal, link below:

<http://planning.coventry.gov.uk/portal/servlets/ApplicationSearchServlet?PKID=692518>

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 October 2012.

Report title:

Canley Regeneration Programme – Land Disposal and Regeneration Proposals

1. Context (or background)

- 1.1 The Canley Regeneration Programme area, which is shown by a heavy black verge on the attached Plan 1, contains approximately 3,000 existing dwellings (approximately 50% owner occupied); shops; community, educational and health facilities, together with urban green space, covering an area of 115 ha (284 acres) or thereabouts. The outline planning permission granted in 2010 comprised development of about 730 new residential units, new community facilities, new park and play facilities, public realm improvements and other associated works. The residential units are to be built on approximately 16 ha (40 acres) of Council owned land. Extensive consultation has been undertaken with the community, to agree the principle of selling Council owned land for housing development, in order to fund a package of benefits, which include a new park, better car parking, improvements to local shops, public realm improvements, amongst other things.
- 1.2 The Council has already made substantial investment in the development of the Xcel Sports Centre and Charter Primary School and has directly funded some new play facilities, public realm improvements and the extensive survey, consultancy and design work needed to secure the outline planning permission, in 2010.
- 1.3 The Cabinet report considered at the meeting in March 2007, followed a sustained period of growth and activity in the housing market and recommended a developer partner model, as being the best way of delivering the whole regeneration programme over within 5 -10 years. Current market conditions and development funding arrangements now favour a different approach, whereby the Council controls the release of development land to reflect market conditions, competitively tendering sites as and when appropriate. This approach has been recently used successfully in respect of Site D (shown hatched on Plan 1) where terms have been provisionally agreed with a major developer, to sell the site for housing development. It is considered that this disposal model will be utilised on the remaining sites in Canley, for the present time.

2. Options considered and recommended proposal**2.1 Accept the Offer**

Following a preliminary marketing exercise in relation to the freehold sale of Site D, which indicated that there was potential interest from developers for both commercial and housing uses, a two stage tender was undertaken.

- 2.2 The site, which comprises 5.4 ha (13.34 acres) or thereabouts and has a frontage to the A45, was perceived to be of interest to both residential developers and developers interested in "roadside uses" (car showrooms etc.) and as such, was marketed for commercial uses, residential uses (in compliance with the outline planning permission) and a combination of the two. The site included an additional strip of land that did not form part of the outline planning permission but extended the site nearer to the railway and to the boundary of the A45, the reason for this is that roadside uses require close proximity to a main road. Planning colleagues have informally indicated support for development on this additional land.
- 2.3 The tenders received clearly demonstrated that residential development generates higher land values than roadside uses, in this location. The preferred developer offered the highest figure, the greatest security and the most compliant scheme. The draft layout

included with the bid, comprises just over 200 properties, 20% of which are affordable (equally split between social rented and intermediate tenure). The level of affordable housing at 20% of the total rather than the Council standard of 25%, has been approved by planning committee to reflect the high level of affordable housing already present within the Canley Regeneration Area.

- 2.4 The offer has been verified as representing Best Consideration under S123 of The Local Government Act 1972 by the Council's Valuation Panel.

2.5 Decline the Offer

The offer received could be declined and the site further marketed again in the future when general economic conditions have improved. However this would result in further delays to the Canley Regeneration Project and the loss of a capital receipt, with no guarantees of achieving a higher receipt in the immediate future.

- 2.6 Accordingly it is recommended that the offer is accepted.

2.7 Community Benefits

- 2.7.1 The report to Cabinet in March 2007, set out anticipated receipts and expenditure in relation to the Canley Regeneration Project. It is clear that current market conditions will deliver a lower capital receipt for Canley overall, than estimated in 2007 and consequently, there will be a corresponding reduction in the size of the benefits package and its make up.

- 2.7.2 The proposal is to deliver the benefits package approved on an incremental basis, with the content of each package to be determined once the net receipt from each disposal is known.

- 2.7.3 Subject to detailed costings, it is proposed to utilise receipts from Site D to remodel Prior Deram Park and deliver public realm and other improvements, around the Prior Deram shopping parade.

- 2.7.4 An improvement in the appearance of the Prior Deram area, will not only benefit the community but should be directly reflected in a proportionately higher receipt from the next land disposal (Site E shown cross hatched on Plan 1), providing these works are done before marketing commences (approximate programme 2015). It should be noted that there is a condition in the existing outline planning permission that the new park must be delivered before Site E can be developed. Whilst the community will expect further benefits and improvements in other parts of the regeneration area, it is recommended that community benefits be approved on an incremental basis following confirmation of each net receipt, subject to a further report to Cabinet Member (City Development), once individual projects are worked up in more detail.

3. Results of consultation undertaken

- 3.1 During the spring and summer of 2006 the master planners, in conjunction with the City Council and other stakeholders (Warwick University and Whitefriars Housing Association), undertook a series of consultation events with local residents.

- 3.2 Four key themes emerged from those events; Creating a Heart to Canley, Development Sites, Improvements to the Environment and Green Spaces in Canley and Transport and Movement.

- 3.3 As part of the consultation process, all residents and local businesses were provided with questionnaires. The feedback amongst other things, was that development was accepted as a means to achieve reinvestment in benefits that would improve the existing Canley neighbourhood and remedy existing problems on the estate, improving local services and community facilities was the main priority and refurbishment of the Prior Deram shops area, was seen as important.
- 3.4 Consultation has been on-going with the community and the broad themes have remained.
- 3.5 Further consultation will be required prior to a planning application and will form part of any submission documents.

4. Timetable for implementing this decision

Expected timetable of events

Exchange contracts – October 2012

Planning application submitted – November 2012

Planning Permission received – March 2013

Complete disposal and first payment made – March 2013

Construction commences – July 2013

Remainder of payment released – March 2014

Construction completes – 2019

5. Comments from Director of Finance and Legal Services

5.1 Financial implications

5.1.1 Capital Receipt

Following the invitation of tenders earlier this year, the preferred developer submitted a phased gross bid, subject to receipt of a satisfactory planning permission. This bid was also subject to a deduction to reflect abnormal ground conditions and costs arising from any conditions which form part of the planning permission, when it is granted.

5.2 Legal implications

5.2.1 The land has been disposed of under open competition and satisfies the requirements for S.123 of the Local Government Act 1972. The purchase price will be paid in 2 tranches and to reduce risk, the second tranche of payment will be secured by way of a first charge over part of the site.

5.2.2 The proposed disposal of Site D has been advertised in the Coventry Telegraph, in accordance with the provisions of S123 (2) (A) of the Local Government Act 1972 and no objections have been received.

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)?

6.1.1 The capital receipt will contribute towards corporate resources and the delivery of objectives laid out in the masterplan document formulated in 2007 and forming the basis for the outline planning application granted in March 2010.

- 6.1.2 The likely benefits delivered with the release of receipts from this sale, will be the remodelling of Prior Deram Park, Public Realm improvement works to Prior Deram Walk and other smaller minor interventions impacting on many areas of the estate.
- 6.1.3 Full community consultation over the delivery of benefits is to be undertaken as part of the planning process.
- 6.1.4 During construction, the development will provide jobs and business opportunities for the city's residents.

6.2 How is risk being managed?

- 6.2.1 Risk will be managed by a dedicated Project Manager throughout the process.
- 6.2.2 The risks to this project are referred to in each approach considered and the recommended option gives the Council the greatest certainty over the capital receipt, outline planning has already been granted and establishes the principles of residential development.
- 6.2.3 Risks associated with the delivery of wider benefits to Canley will be managed separately and included in future reports.

6.3 What is the impact on the organisation?

- 6.3.1 The positive impact on the organisation is considerable as it will allow promises made at the master planning stage, to be delivered.
- 6.3.2 Work will be required by both the Property Development Team in negotiating the detail of the disposal with Taylor Wimpey and Finance and Legal Services, in preparing documentation.

6.4 Equalities / EIA

- 6.4.1 No Equality Impact Assessment has been undertaken as the recommendations do not constitute a change in service policy.

6.5 Implications for (or impact on) the environment

- 6.5.1 The principal of development has been established through the outline planning consent and a thorough Design and Access Statement has outlined the principles of the scheme design along with an Environmental Assessment for all development sites in the Canley Programme area.

6.6 Implications for partner organisations?

- 6.6.1 There is a requirement for any development of the site to provide 20% affordable housing and there will be an opportunity for registered providers in the area to partner with the developer to own and manage these. Half of these will be general needs rent and the other half will be another form of intermediate tenure. The rented units are to be constructed to an increased energy performance standard (Code for Sustainable Homes Level 4), thereby helping to ease fuel poverty to the most affected.

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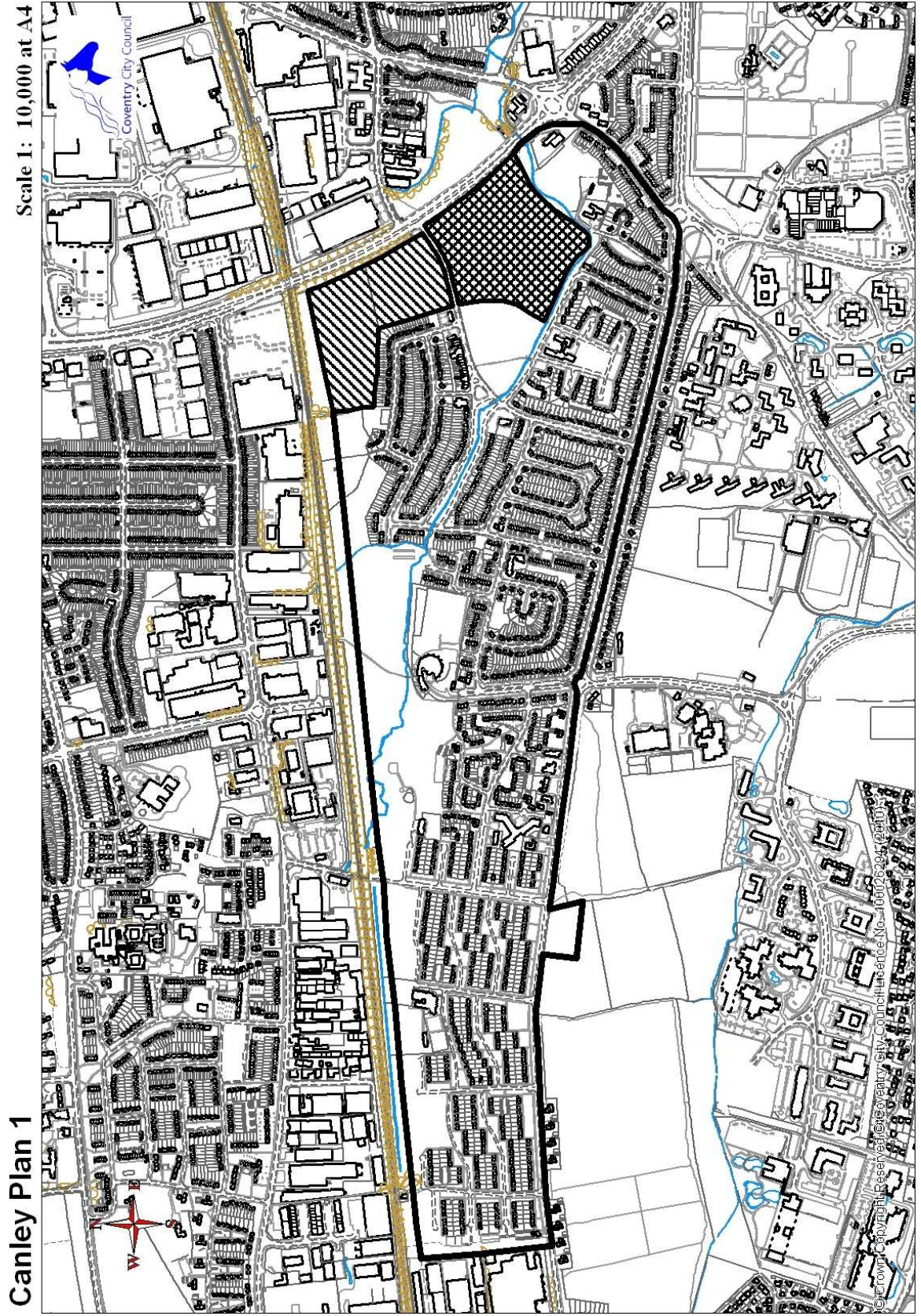
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This report is published on the council's website:

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Site D cabinet report public 100912.G.doc

Appendix 1



Canley Plan 1

Scale 1: 10,000 at A4

Plan Production Date: 22/08/2012 CEM