

Meeting:	Cabinet	Date:	8 February 2017
Subject:	Blackfriars Site now occupied by Barbican Car Parks		
Report Of:	Cabinet Member for Regeneration and Economy		
Wards Affected:	Westgate		
Key Decision:	Yes	Budget/Policy Framework:	No
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Appendices:	1. Plan showing extent of the freehold land to be disposed of and the land to be the subject of an option agreement.		

FOR GENERAL RELEASE

1.0 Purpose of Report

- 1.1 The purpose of the report is to recommend approval of the disposal of the Councils freehold interest in the subject land. This disposal is to take place in 2 tranches; the first phase is for the immediate development of the land fronting onto Ladybellegate Street to create student accommodation. The Council is also in negotiation to enter into an option agreement (in favour of the purchaser of the first tranche for a second phase of development of the land fronting onto Barbican Road. Cabinet approval is sought for both the sale and consent to enter into the option with the developer, in order to comply with the requirements of the City Councils constitution.

2.0 Recommendations

- 2.1 Cabinet is asked to **RESOLVE** that:

- (1) Authority be delegated to the Head of Regeneration and Economic Development (in consultation with the Cabinet Member for Regeneration & Economy) to dispose of the freehold interest in that part of the Blackfriars site shown edged red on the plan (but excluding the area hatched) for the best consideration reasonably obtainable (as confirmed by an external specialist valuer) to allow the construction of phase one of the student accommodation.
- (2) Authority be delegated to the Head of Regeneration and Economic Development in consultation with the Cabinet Member for Regeneration & Economy to decide on the best use of phase two including if appropriate to agree the terms of an option agreement to allow the future disposal of the remainder of the Blackfriars site (shown on the attached plan as the hatched area).
- (3) Authority be delegated to the Property Manager to agree terms with the developer of Phases 1 and 2 over the temporary use of the entire site during phase one of the development and the return of undeveloped area so it may be used as a car park by the Council during the term of the option.

- (4) Authority be delegated to the Property Manager to agree the terms of any ancillary documents the Council Solicitor (following consultation with the Property Manager) considers necessary or desirable to enable the transaction to proceed.

3.0 Background and Key Issues

- 3.1 This land formed part of the South West Regional Development Agency (SWRDA) portfolio that transferred to the City in 2011 following the winding up of the Regional Development Agencies (RDA).
- 3.2 Pending redevelopment the site has been largely unused for a number of years but recently it has been used as a surface car park.
- 3.3 The City holds a freehold interest in the land and as a key central site lying between the docks areas and the traditional city centre the council is keen to promote the redevelopment of the site as a link between the 2 areas.
- 3.4 Working in partnership with the County Council who own the adjoining site gfirst Local Enterprise Partnership funding (£4.13m) has been obtained to promote the development of the Blackfriars and Quayside sites. The funding has allowed the Councils to instruct consultants to carry out investigation and planning work to de-risk both sites and bring them forward to the market. The councils have now submitted a Local Development Order (LDO) for consideration by the City's planning committee.
- 3.5 Due to the investigation work at the site carried out by the authorities and work done in preparation of the LDO the Blackfriars site can be developed quickly.
- 3.6 Arising out of the planned increase in student numbers at Gloucestershire University's Oxstalls Campus for the academic year commencing September 2018, there will be an established demand for additional student accommodation both on Campus and in the City Centre. The development proposed on the Barbican car park will in Phase One provide accommodation for 295 students. The impact this will have on the city centre economy is largely deemed to be positive.
- 3.7 Student accommodation requires very little parking and can produce high returns for the developer; it will produce a better return for the site than could normally be anticipated for this city centre site. This use is not inconsistent with the LDO.
- 3.8 This Brown field site has a long history of uses and contains archaeology dating back to Roman times. It is also adjacent to a substation and there are areas which cannot be developed due to underground cabling and archaeology. It is situated adjacent to the Blackfriars priory and any development will have to be sympathetic with surrounding properties. These site constraints will limit the nature of the development and reduce the value of the site.
- 3.9 The City Council is now in detailed negotiations with City Heart a developer who has now submitted a planning application for the scheme, and who is likely to be the purchaser. The programme to deliver accommodation ready for occupation in

September 2018 is extremely tight. In order to effect a speedy conclusion to the negotiations, in confidence, they have supplied a copy of their appraisal of the site with full details of the value of the completed scheme, the development costs showing the residual left to purchase the land. We are studying the appraisal to ensure that the figures are robust and will take external specialist advice to ensure that we get best value for the site.

4.0 Asset Based Community Development (ABCD) Considerations

4.1 It is not possible to involve the community in this transaction.

5.0 Alternative Options Considered

5.1 The site has been under used for years. A considerable sum from the LEP has now been invested in the site to make it developable. The LDO will hopefully be in place shortly and we could take it to the open market. However, the opportunity that has arisen is to satisfy the immediate demand for student accommodation. The developer is working with the University and unless we take advantage of the opportunity it may be lost. Student accommodation is recognised as producing the highest land values in this type of location.

6.0 Reasons for Recommendations

6.1 The proposals represent a good opportunity to maximise the return from the disposal of this land. It will bring the land into beneficial use, and consolidate the links with the City Centre and the Docks; the first phase would house nearly 300 students which would help to strengthen the local economy with the potential for bringing more students in phase 2. In the meantime it will continue to provide the City with a car park with temporary parking for 80-90 vehicles.

7.0 Future Work and Conclusions

7.1 Following approval officers will carry out the following work:

- a) Test the robustness of the appraisal and agree the disposal price,
- b) Agree the option agreement,
- c) Agree the terms of the use of the site during the construction phase and the works to necessary to reinstate the remaining site back as a working car park.
- d) Instruct the Lawyers and agree the documentation for the disposal and option agreement.

8.0 Financial Implications

8.1 The properties were transferred to the Council from SWRDA and as a result the capital receipts must be utilised for regeneration purposes. The decision on how to utilise the capital receipts would be the subject of a future cabinet report.

- 8.3 The property generates a net surplus at each year from their current use as a car park which is currently running at circa £100k. As SWRDA assets this income would not be lost to the General Fund but would reduce the amount that the Council is able to put into the regeneration reserve at the end of each financial year by that amount.

(Financial Services have been consulted in the preparation this report.)

9.0 Legal Implications

- 9.1 The land is currently used as a car park under the amended City of Gloucester (off Street Parking places) Order 2008. The closure of the car park and the amendment of the Order would need to be managed.
- 9.4 The Agreement with the South West Regional Development Agency (SWRDA) imposes various obligations on the Council in respect of properties forming part of the former SWRDA portfolio which were transferred to the Council in 2011. In general, the proposal appears to be consistent with the obligations imposed on the Council by the Agreement.
- 9.5 The Council has a statutory obligation to secure the best consideration reasonably obtainable when disposing of a freehold interest in land, unless the (general or specific) consent of the Secretary of State is obtained to the disposal at an undervalue.

(One Legal have been consulted in the preparation this report.)

10.0 Risk & Opportunity Management Implications

- 10.1 The contract with the developer will be conditional on planning consent for the proposed student developer.
- 10.2 We are not party to the nature of the agreement between the University and the developer but the demand for the accommodation arises from the expansion of the Oxstalls campus planning consent is in place for this development but it there is a hitch in the university development it will endanger this scheme.
- 10.3 The option agreement will potentially tie up the future use of the site to more student accommodation. Although time limited it does somewhat fetter the site.

11.0 People Impact Assessment (PIA):

- 11.1 At present, there are no adverse impacts identified for any of the Protected Characteristic groups; The applications for planning consent will ensure that due consideration is given to these groups as part of any redevelopment scheme.

12.0 Other Corporate Implications

Community Safety

- 12.1 No real impacts. If sold and building works commence with regards the public realm works, contracts will be let and managed in accordance with the required safety requirements.

Sustainability

- 12.2 No adverse implications, the proposals bring a vacant Land back into beneficial use.

Staffing & Trade Union

- 12.3 There are no implications.

Press Release drafted/approved

- 12.4 It is premature to consider this aspect.

Background Documents: Site plans