



To: Executive Councillor for Finance and Resources
Report by: Alan Carter – Head of Strategic Housing
Relevant scrutiny committee: Strategy 13/07/15
and
Resources
Committee
Wards affected: Petersfield

Title – Redevelopment of Mill Road Depot Key Decision

1. Executive summary

This is an enabling report requesting approval to begin the process to redevelop the Mill Road Depot site.

The site has been included in the draft Local Plan but, of course, can only be redeveloped if its inclusion is confirmed in the final Local Plan.

A final scheme, fully costed, will be brought to the Committee for scrutiny and approval of the Executive Councillor before a contract is signed with a developer partner to redevelop the site.

2. Recommendations

The Executive Councillor is recommended to;

- a. Approve the procurement of a planning and development brief for the site,
- b. Delegate authority to the Director of Environment to agree a procurement process to select a preferred partner to develop the site following consultation with the Director of Business Transformation, Director of Customer and Community Services; Leader; relevant Executive Councillors; and Opposition Spokespersons,

3. Background

This project flows from the Business Transformation project to review Council services that currently occupy the Mill Road Depot and forms part of the overall office accommodation strategy which seeks to rationalise the

space used for administrative office purposes within the city centre and to release capital and revenue. The redevelopment of the site cannot proceed until viable alternatives are found for these services. There are also a number of businesses that are currently located on the Depot site which will need to relocate to allow redevelopment of the land.

The Annual Statement 2015/16 includes as a priority for the Council “to work to bring forward proposals to redevelop the Mill Road depot site for housing, including social, intermediate and co-operative housing”.

The Mill Road Depot site has been identified in the Local Plan (2015) for potential development (Site reference R10, Site Area 2.7 ha, Allocated Use: Residential; Capacity 245 dwellings, 75 dwellings per hectare). The plan attached as Appendix 1 shows the extent of the site with the land owned by the City Council hatched in red.

The site consists of the Council’s depot and offices, two community facilities (on the southern boundary) and garages (to the north). There is a small area at the southwest corner of the site that is not in the Council’s ownership.

A report was considered by East Area Committee on 23 October 2014 when it was noted that the Council will engage widely with local communities about the future plans for the site. The site has the potential to make a significant contribution to addressing local housing need in this part of the city. In making any future change to the use of the site the following considerations will be taken fully into account:

- requirements of and recommendations arising from the Local Plan process;
- principles set out in the Local Plan Mill Road Opportunity Area, if adopted;
- need to address issues such as social housing and open space provision in the area;
- challenging highway and access issues;
- opportunity to complete the Chisholm Trail cycle route linking to both stations;
- distinctive character of Mill Road and the surrounding area (including the listed former library building close to the entrance);
- conservation area status.

Savills has carried out initial valuation work on the site. It was tasked with valuing the site for the number of units identified in the draft Local Plan and on varying assumptions on social housing from 40% to 60%. This gave a value range of £9.5m to £13.5m, subject to deduction of contamination costs. They also considered increasing the density on the site and this gave

a value range of £13.3m to £18.5m, again to be adjusted for contamination. This was a high level desk based exercise.

A final scheme, fully costed, will be brought to the Committee for scrutiny and approval of the Executive Councillor before a contract is signed with a developer partner to redevelop the site. Whichever, procurement or development route is chosen, the Council will seek that 40% of the new housing will be for affordable rent.

Approval to proceed with the procurement of a development brief for the site

The Council, as land owner, has committed to prepare a development brief for the site as part of the planning process that, amongst other things, will demonstrate how development will successfully integrate with the existing residential area as well as addressing the constraints and opportunities of the site. The scale, massing and density considerations in the design of new development will be expected to have regard to the character of the existing area.

Approval is requested to procure the services of a suitably qualified and experienced planning and design practice to produce the development brief.

The development brief will include;

- A review and confirmation of the main development constraints and opportunities.
- Options and assessment around; the viability of uses or combination of uses selected, including consideration of market demand and development costs; additional infrastructure and facilities to be provided and by whom; layout of the development including access, parking and circulation; scale, massing and height of buildings; and formal and informal open space and landscaping; buildings to be retained; and design criteria.

The development brief will be the subject of formal consultation with the local community and internal and external stakeholders. The community consultation will include an exhibition of development and design options and will be interactive to collect views in a structured way. Assuming that a planning and design practice is commissioned by the end of August 2015, community consultation will take place in October and November 2015. The development brief will be the subject of an EQIA and will be brought back to Committee for scrutiny prior to sign off by the Executive Councillor along with a full and detailed account of how local community representations have helped shape the brief.

Local practice suggests that the development brief may be best undertaken by an architectural practice as urban design and configuration of the built form and the public realm will form a substantial part of the brief. The development brief will also require technical transport access input. This could be commissioned direct by the Council but may be best commissioned through the lead consultant.

The development brief is targeted to be complete by the end of March 2016.

Delegated approval to commence the procurement of a partner developer to develop the site subject to the inclusion of the site in the Local Plan.

There is a relationship between the degree of control that the Council wishes to exercise in the redevelopment of the site; how much of the development risk the Council is prepared to take; and a view on the 'reward' that will materialise. This is important to understand as it will drive the way that the procurement of a development partner to redevelop the site. For example, if the Council preferred to take a quick capital receipt and de-risk the redevelopment for the Council from a financial perspective it would simply sell the site as soon as vacant possession can be offered. If the Council preferred to share some of the development risk and potential reward it could opt for a joint venture arrangement with a partner developer that matches respective investment and financial risk and reward. Another approach is to use the development agreement model used for the Council's Clay Farm development which allowed the Council to fix its requirements for the development in terms of build standard and cost to the Council (i.e. de-risk) leaving the partner to take the development risk (and therefore any reward – although this can also be capped using an overage mechanism).

Subject to the scheme being included in the Local Plan the target is to start any redevelopment in April 2017. If this is to be achieved it will be necessary to begin the discussions now around the development options and the appropriate procurement route to deliver the preferred option.

Enabling funding is required to produce the development brief and progress other works shown below prior to approval of the final scheme. These works will be funded from the current Business Transformation budget.

- Development Consultant to advise on commission of Design and Development Brief. The Development Consultant may be retained to offer advice and critical analysis on the development options; procurement implications and the Council's requirements to input into the form of legal agreement for the development.

- Cost of production of development brief.
- Other advice to be determined . For example, it is preferable for any developer/house-builder partner to commission a full contamination survey rather than they rely on a survey commissioned by the Council. However, the Council will need to pay for advice on a budget figure to include in procurement documents. Other early specialist external legal or tax advice may be required subject to the disposal route chosen.

4. Implications

(a) Financial Implications

See text regarding enabling funding above.

The delivery of the 40% new Affordable Housing required on the site under Planning Policy has been built in to the Housing Revenue Account Business Plan.

Loss of income from current commercial and garage tenants will be factored in to the financial appraisal for the redevelopment of the site.

(b) Staffing Implications

The Project sponsor is Simon Payne.

The project is currently being progressed and directed by an officer group.

The core members of the group are;

Simon Payne - Sponsor

Alan Carter – Project Manager

Fran Barrett – Project Co-ordinator and link to the Office Accommodation and Services Review projects

Nicola Hillier – Assistant to Project Manager

Dave Prinsep – Property

Other Project Board Members (personnel yet to be determined)

Legal rep

Procurement rep

Finance lead

External 'critical friend'

It is the intention set up a cross Party Member Reference Group to guide the project and as a key element of the project's communication strategy.

This will act as a conduit for information exchange as the project progresses and can be a 'sounding board' for solutions to address any issues that may emerge.

(c) Equality and Poverty Implications

An EQIA will be undertaken as part of the production of the development brief for the project and will be reviewed as the project progresses.

(d) Environmental Implications

These will be delivered within the planning framework

(e) Procurement

See above

(f) Consultation and communication

The development brief will be the subject of formal consultation with the local community and internal and external stakeholders.

(g) Community Safety

None

5. Background papers

The Mill Road Depot was identified following a Strategic Housing Land Availability Assessment (SHLAA) in preparation of the Local Plan. A summary of this assessment is available via the following link and is referred to as Site 102:

<https://www.cambridge.gov.uk/sites/www.cambridge.gov.uk/files/documents/ANNEX%2013%20SHLAA%20May%202013%20City%20Sites.pdf>

(See page numbered 295 onwards)

6. Appendices

Appendix 1 – Site Plan – City Council owned land hatched red.

7. Inspection of papers

To inspect the background papers or if you have a query on the report please contact:

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