

REPORT TO: Cabinet Member - Regeneration
Cabinet

DATE: 16th December 2009
17th December 2009

SUBJECT: 50 – 64 Stanley Road, Bootle

WARDS AFFECTED: Linacre

REPORT OF: Alan Lunt, Housing Market Renewal Director, 0151 934 4580

CONTACT OFFICER: Lee Payne, Programme Co-ordinator, 0151 934 4842

**EXEMPT/
CONFIDENTIAL:** No

PURPOSE/SUMMARY:

To seek authority to grant a 250-year lease to the Keepmoat Property Ltd, part of the Keepmoat Group for the 50-64 Stanley Road site, and to jointly fund the construction of twelve apartments for social rent and the 5694 sq ft of retail space.

REASON WHY DECISION REQUIRED:

Cabinet has delegated authority with regard to this matter.

RECOMMENDATION(S):

It is recommended that:

- i) Cabinet approves the granting of a Development Licence to the Keepmoat Property Ltd. for the 50-64 Stanley Road site in order to carry out the development of twelve apartments for social rent, and 5694 sq ft of retail space.
- ii) Cabinet approves the granting of a 250-year 'ground lease' for the 50-64 Stanley Road site to Keepmoat Property Ltd. upon the successful completion of the scheme.
- iii) Subject to i) and ii) above, Cabinet approves the use of £885,152 of HMR grant funding in order to jointly fund the construction of the scheme.

KEY DECISION: No

FORWARD PLAN: No

IMPLEMENTATION DATE: Upon expiry of the 'call in period' for the minutes of this meeting

ALTERNATIVE OPTIONS:

The site was Compulsory Purchased by the Council in order to redevelop the site with a new retail and residential development. There are no viable alternative options other than to leave the site undeveloped which would be contrary to the express purpose of the CPO and the aims of the NewHeartlands Housing Market Renewal Pathfinder Programme.

The Keepmoat Group is the Council's appointed 'lead developer' partner for the HMR programme in the Bedford/Queens area of Bootle. As such the Council has previously entered into an Overarching Development Agreement with the Keepmoat Group until 2017.

This agreement give the Keepmoat Group 'first call' on HMR development opportunities in the Bedford/Queens area, subject to performance and viability.

As an area currently undergoing significant regeneration the low value of retail and residential property in the area currently limits the value of land to the point where a market led mixed-use scheme such is unviable without public sector investment.

IMPLICATIONS:**Budget/Policy Framework:**

Specific funding exists within the Housing Market Renewal Capital programme for the scheme. The resources for this initiative were identified within the approved HMR Capital Programme for 2009-10, considered by Cabinet on the 14th May 2009.

Financial:

<u>CAPITAL EXPENDITURE</u>	2006/ 2007 £	2007/ 2008 £	2008/ 2009 £	2009/ 2010 £
Gross Increase in Capital Expenditure				
Funded by:				
Sefton Capital Resources				
Specific Capital Resources				
<u>REVENUE IMPLICATIONS</u>				
Gross Increase in Revenue Expenditure				
Funded by:				
Sefton funded Resources				
Funded from External Resources				
Does the External Funding have an expiry date? Y/N	When?			
How will the service be funded post expiry?				

Legal: An appropriate legal agreement will be required in order to secure the Council's position in this arrangement.

Risk Assessment: The Project Risk Assessment has been updated and remains acceptable.

Asset Management: N/a

CONSULTATION UNDERTAKEN/VIEWS

The Finance Director (FD 258) and Legal Services Director were consulted in the preparation of this report.

CORPORATE OBJECTIVE MONITORING:

<u>Corporate Objective</u>		<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		√	
2	Creating Safe Communities	√		
3	Jobs and Prosperity	√		
4	Improving Health and Well-Being	√		
5	Environmental Sustainability	√		
6	Creating Inclusive Communities		√	
7	Improving the Quality of Council Services and Strengthening local Democracy		√	
8	Children and Young People		√	

LIST OF BACKGROUND PAPERS RELIED UPON IN THE PREPARATION OF THIS REPORT

BACKGROUND:

- 1.1 The Stanley Road corridor forms part of the Housing Market Renewal priority area in the Bedford/Queens area of Bootle.
- 1.2 The poor quality retail, and residential offer provided by the pre-1900 buildings in this area are one of the reasons for the area's decline.
- 1.3 The properties at 50 – 64 Stanley Road were acquired by the Council as part of a Compulsory Purchase Order confirmed by the Secretary of State during 2007, along with the adjoining land at Wadham Park. The businesses that were operating in the properties were relocated to alternative premises in the local area and the properties were subsequently demolished.

DEVELOPMENT PROPOSALS:

- 2.1 The Keepmoat Group, as the Council's appointed 'lead developer' for the area, has put forward a three storey development which comprises 5694 sq ft of retail space on the ground floor and twelve apartments on the upper two floors.
- 2.2 The proposed scheme complies fully with the Council's masterplan and Supplementary Planning Guidance for the area, and the proposal was granted planning consent in November 2006.
- 2.3 Keepmoat has agreed a 'block disposal' of all twelve of the apartments to Cosmopolitan Housing Association for social rented accommodation. Cosmopolitan Housing Association is part of the Evolve partnership, the Council's appointed 'lead RSL' in the area. The Council will have 100% nomination rights to these properties for a period of 15 years, with priority being given to those residents whose homes are included as part of the HMR redevelopment proposals. The Homes and Communities Agency has allocated a grant to Cosmopolitan Housing Association towards this cost.
- 2.4 The 5694 sq ft of retail space will meet all the requirements demanded by modern retailers and as such it is anticipated that the scheme will attract interest from both new businesses looking for accommodation in the area, as well as existing retailers looking to upgrade to more modern premises, and who might otherwise be forced to relocate out of the Bedford/Queens neighbourhood.

DEVELOPMENT APPRAISAL:

- 3.1 A detailed and robust financial appraisal process has identified that there is a funding deficit of £885,152 which, if not addressed, would make the scheme unviable.
- 3.2 The scheme valuations have been verified by the Council's appointed Surveyor, Capita Symonds, and evidence has been provided by Keepmoat on the preferred tender in order to verify the scheme construction costs.
- 3.3 It is therefore proposed that HMR grant funding is used to jointly fund construction of the scheme.

4.0 TERMS OF DISPOSAL

- 4.1 The Council will grant Keepmoat a 'Development Licence' in order to allow them to go on site and develop the proposed scheme.
- 4.2 Upon successful completion of the scheme the Council proposes to grant a 250 year 'ground lease' to Keepmoat in exchange for a nominal annual ground rent.

5.0 STATE AID AND LEGAL POWERS

- 5.1 The appointment of Keepmoat was undertaken through OJEU procedures and the scheme construction competitively tendered. State Aid issues therefore do not arise.
- 5.2 The Council has legal powers to enter into this agreement by virtue of section 123 of the Local Government Act 1972.