

STOCKPORT COUNCIL
REPORT TO EXECUTIVE MEETING – SUMMARY SHEET

Subject: Dialstone Centre and Blackstone Fields Redevelopment

Report to Executive Meeting

Date: 19 June 2012

Report of: (a) Leader of the Council and the Executive Councillor (Governance & Corporate Services)

Key Decision: (b) **No**

Forward Plan General Exception Special Urgency (Tick box)

Summary:

The purpose of this report is to update the Executive on the progress of this scheme and to seek the Executive's approval to vary the current Development Agreement made between the Council and THI Riverside Limited (with GB Buildings as the guarantor) for the comprehensive redevelopment of 3 parcels of land in Offerton.

Comments/Views of the Executive Councillor (s):

The Executive is recommended to endorse the approach proposed in the report.

Recommendation of Executive Councillor(s):

The Executive is recommended to agree the way forward as set out at in the Preferred Option referred to above with authority to negotiate the required amendments to the Development Agreement delegated to the Service Director, Place Development and Corporate Director for Corporate and Support Services in consultation with the Executive Councillors (Governance & Corporate Services) and (Economic Development & Regeneration)

Relevant Scrutiny Committee (if decision called in):

Corporate, Resource Management & Governance Scrutiny Committee

Background Papers (if report for publication):

Previous reports to the Executive.

Contact person for accessing background papers and discussing the report

Officer: Paul Lawrence
Tel: 0161 474 4515

'Urgent Business': **NO**

Certification (if applicable)

This report should be considered as 'urgent business' and the decision exempted from 'call-in' for the following reason(s):

The written consent of Councillor _____ and the Chief Executive/Monitoring Officer/Corporate Director for Corporate and Support Services for the decision to be treated as 'urgent business' was obtained on _____ /will be obtained before the decision is implemented.

DIALSTONE CENTRE AND BLACKSTONE FIELDS REDEVELOPMENT**Report of the Service Director (Place Development) and the
Corporate Director of Corporate and Support Services****1 PURPOSE OF THE REPORT**

- 1.1 The purpose of this report is to update the Executive on the progress of this scheme and to seek the Executive's approval to vary the current Development Agreement made between the Council and THI Riverside Limited (with GB Buildings as the guarantor) for the comprehensive redevelopment of 3 parcels of land in Offerton.

2 BACKGROUND

- 2.1 The Executive at its meeting on 18 May 2011 approved the principles behind the redevelopment of the sites and delegated the finalisation of the terms of the Development Agreement to the then two Corporate Directors of Place and Corporate & Support Services in consultation with the relevant Executive Portfolio holders. The Development Agreement was settled and was signed formally on 14 July 2011.
- 2.2 The Council was committed to ensure that the sites were developed as a comprehensive programme rather than piecemeal and as such provided specific conditions precedent for the transfers of the parcels of land required. The specific conditions were that the transfers would take place in February 2012 (which was then moved to 31st May) and only on condition that the Developer had three out of four end users available for the Blackstone Fields site.

3 PROGRESS TO-DATE

- 3.1 For the Blackstone Fields site, the Planning and Highways Regulation Committee on 5th January 2012 resolved to grant, subject to conditions, planning permission for a new community hub including a four court sports hall, gym, changing rooms, viewing area, one floodlit all weather five-a-side football pitch, one seven-a-side grassed football pitch, multi-function community room and library, medical centre, pharmacy, small retail unit, extra care accommodation comprising 56 apartments, 60 bed care home, incorporating EMI (Elderly Mentally Infirm) nursing for a primary care facility, car parking and landscape enhancements.
- 3.2 In addition the Planning and Highways Regulation Committee granted planning permission for the removal of the residual structures at the former Dial Park School Site, Blackstone Road and to landscape and seed the site to provide local open space.
- 3.3 On the 26 January 2012, the Planning and Highways Regulation Committee resolved that the Service Director (Place Development) be authorised to grant the planning application for the housing development on the Dialstone Centre site for 94 new houses, including 33 affordable homes
- 3.4. The Developer has now concluded an agreement with Bellway to deliver the new homes on the Dialstone site. Bellway is contracted to buy the site at a specified time

and are contracted to start on site as soon as all the conditions in the wider Development Agreement with THi are met. In addition THi has contracted with Boroughcare to provide an 80 bed care home, incorporating EMI nursing, on the Blackstone Fields site. This new high quality modern facility will replace Boroughcare's outdated schemes at Lisburne and Belmont Courts, and release these two sites for potential future sale by the Council. The Council is committed to the delivery of the Community facilities on the Blackstone Fields site which will be funded by the Capital receipt for the land under the Development agreement. This represents substantial progress towards delivering the regeneration scheme.

- 3.5 The Developer has also been in detailed discussions with a Registered Housing Provider, regarding the potential for the development of an extra care retirement scheme (approximately 55 apartments). This scheme would help address an identified housing need (Housing Needs Assessment 2011) and offer shared ownership options for older people wishing to downsize. The Registered Housing Provider has reported that whilst there is still feasibility work underway, they are reasonably confident that a viable scheme can be developed for final approval by their board this summer. The Developer is therefore requesting an extension of time in order to secure this operator to a position whereby the development can proceed in the agreed manner.

3.6 PROPOSED OPTIONS FOR CONSIDERATION

Option 1 – Enforcement of the Current Development Agreement

The Council can hold the Developer to the existing Development Agreement with no changes. As the "purchaser condition precedent" has not been met in that the third end user has not entered a legal agreement to occupy the site by the end of May, the Council can choose to terminate the existing Development Agreement. This will mean that the development will not go ahead with THi. The commitment by Bellway through the Development Agreement would be extinguished.

The Council could choose to undertake a new marketing process to look for alternative developers to develop the sites. The Executive did consider a number of options for the sale of the site after a full marketing exercise on 6 December 2010. Therefore to undertake a further marketing exercise may not provide any different options that were previously considered and could also mean considerable delay in achieving any form of development at the Dialstone and Blackstone sites.

In addition it should be noted that considerable resources have been put in place by the existing developer to obtain planning approval and end users.

Option 2 – Extension of time

The Council can agree to extend the purchaser condition precedent date from 31 May to the 21 November, the date requested by the Developer. This will enable the Registered Housing Provider time to negotiate a contract for the purchase of land and a build contract.

Clearly this option will result in a delay in the commencement of any development on site but it will allow development to commence earlier than option 1, if the Development Conditions are then met during the extension period. The Developer has requested an extension on the basis that they continue to be committed to delivering the whole scheme and feel confident that they will be able to fulfil the

conditions of the Development Agreement within that time. They are still willing to be bound by the totality of the Development Agreement and the terms contained therein, which would generate a substantial capital receipt which will fund the new community facilities at Blackstone Fields.

There is a risk that the final end user will not be found and that a further marketing exercise will need to be undertaken after the end of the extension period.

It should be noted that under either option 1 or 2 the existing Dialstone Centre will remain unoccupied. The site has been secured but there is an unoccupied property with the inherent problems that this brings.

Option 3 – waiving of the condition for a third end user.

The Council could try and negotiate the waiving of the condition stipulated in the Development agreement of insisting that there are three end users for the Blackstone Fields site. If this condition is waived, THi could potentially allow Bellway Homes to proceed with construction of the new houses on the Dialstone Site. However currently this option would not generate the agreed level of capital receipt for the site. Therefore it would be questionable whether the Council would receive sufficient funds to carry out the development to construct the new community hub and associated costs.

In addition there will then be no control over whether or not the remaining parts of the site are actually constructed. The Council was always aware that the Primary Care Centre could take time to deliver and was therefore not insisting upon that part of the development. The Council was insistent however that the extra care facility was essential in order to ensure an effective and comprehensive redevelopment of the Blackstone Fields site and without the further end user in place that cannot be guaranteed.

4. PREFERRED OPTION

In considering the current position, the preferred way forward is to allow the extension under option 2 but to negotiate with the Developer and Bellway to instruct the demolition of the existing Dialstone Site, with the costs potentially being underwritten by the Council from the future disposal of this site.

This will allow the Developer the time requested to try and attract an additional end user, sustaining the integrated approach to regeneration, whilst ensuring that the existing Dialstone Building is safely demolished.

It is proposed that the following conditions of extension be negotiated into the new extension:

- Agreement to extend the Development Agreement condition by which three end users are secured to 21 November 2012
- Demolition of the Dialstone Centre to be undertaken as soon as reasonably practicable, funded by the Developer/Housebuilder but underwritten by the Council on the terms contained in the Development Agreement.
- Termination of the development agreement if the contract exchange is not affected by 21 November 2012;
- No further extensions of time;
- Council contribution to infrastructure costs to remain at the agreed level;

- The Council will not contribute to the costs of any further planning applications or variations that are not instigated by the Council;
- Council to approve service charge apportionments, approval not to be unreasonably withheld;

5 RECOMMENDATION

The Executive is recommended to agree the way forward as set out at in the Preferred Option referred to above with authority to negotiate the required amendments to the Development Agreement delegated to the Service Director, Place Development and Corporate Director for Corporate and Support Services in consultation with the Executive Councillors (Governance & Corporate Services) and (Economic Development & Regeneration).

BACKGROUND PAPERS

Previous reports to the Executive.

Anyone wishing to inspect the above background papers or requiring further information should contact Paul Lawrence on telephone number 0161 474 1940 or alternatively email paul.lawrence@stockport.gov.uk