

CABINET ITEM COVERING SHEET PROFORMA

AGENDA ITEM

REPORT TO CABINET

16 NOVEMBER 2017

**REPORT OF SENIOR
MANAGEMENT TEAM**

CABINET DECISION

Regeneration and Housing – Lead Cabinet Member – Councillor N Cooke

VICTORIA ESTATE REGENERATION: REVISED SCHEME PROPOSAL

1. Summary

Cabinet have previously agreed to explore the concept of Urban Village Living (promoting active and healthy living) on this town centre, urban regeneration site. The recent completion of a robust option appraisal has identified that a development of this nature, whilst attractive, would not at this time deliver a financially viable development proposal in this location. In light of this, immediate work has commenced to explore alternative residential proposals.

The purpose of this report is update Members on the revised residential proposal and to reassure Members that the development of a new, quality, town centre residential quarter will both transform the Victoria site and support the Council's broader vision for a vibrant and sustainable Stockton town centre.

2. Recommendations

Cabinet are asked to:

1. Note the challenges associated with the development of an Urban Village Living proposal providing accommodation for those exclusively over 55+years' on the Victoria site and subsequently endorse Officers exploring an alternative residential proposals which will provide a range of accommodation types including both family and older persons housing.
2. Delegate approval to the Director of Economic Growth and Development and Director of Finance and Business Services to explore the relationship between the Council and the Thirteen Group in terms of how best to deliver a successful regeneration scheme and to commence negotiations on a draft Heads of Terms.
3. Pending agreement of recommendations 1 and 2, agree that a further report be presented back to Cabinet in January 2018 which will detail a timeline for both the development of the site and demolition of Elm House.

3. Reasons for the Recommendations/Decision

The successful regeneration of the Victoria site, will both enhance the housing offer available in this town centre location as well as supporting the ongoing transformation of Stockton town centre.

4. Members' Interests

Members (including co-opted Members) should consider whether they have a personal interest in any item, as defined in **paragraphs 9 and 11** of the Council's code of conduct and, if so, declare the existence and nature of that interest in accordance with and/or taking account of **paragraphs 12 - 17** of the code.

Where a Member regards him/herself as having a personal interest, as described in **paragraph 16** of the code, in any business of the Council he/she must then, **in accordance with paragraph 18** of the code, consider whether that interest is one which a member of the public, with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice the Member's judgement of the public interest and the business:

- affects the members financial position or the financial position of a person or body described in **paragraph 17** of the code, or
- relates to the determining of any approval, consent, licence, permission or registration in relation to the member or any person or body described in **paragraph 17** of the code.

A Member with a personal interest, as described in **paragraph 18** of the code, may attend the meeting but must not take part in the consideration and voting upon the relevant item of business. However, a member with such an interest may make representations, answer questions or give evidence relating to that business before the business is considered or voted on, provided the public are also allowed to attend the meeting for the same purpose whether under a statutory right or otherwise (**paragraph 19** of the code).

Members may participate in any discussion and vote on a matter in which they have an interest, as described in **paragraph 18** of the code, where that interest relates to functions of the Council detailed in **paragraph 20** of the code.

Disclosable Pecuniary Interests

It is a criminal offence for a member to participate in any discussion or vote on a matter in which he/she has a disclosable pecuniary interest (and where an appropriate dispensation has not been granted) **paragraph 21** of the code.

Members are required to comply with any procedural rule adopted by the Council which requires a member to leave the meeting room whilst the meeting is discussing a matter in which that member has a disclosable pecuniary interest (**paragraph 22** of the code)

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RECOMMENDATIONS

Cabinet are asked to:

1. Note the challenges associated with the development of an Urban Village Living proposal providing accommodation for those exclusively over 55+years' on the Victoria site and subsequently endorse Officers exploring an alternative residential proposals which will provide a range of accommodation types including both family and older persons housing.
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DETAIL

Background / Option Appraisal: Urban Village Living, promoting active and healthy living for those aged 55+ years

1. As members will recall a number of previous reports have been presented to Cabinet detailing options for the redevelopment of the Victoria estate. The most recent of these (March 2017) sought member approval to develop the concept of an 'Urban Village Living' (which would promote active and healthy living for those exclusively over 55yers of age), through to a detailed business case. Since this time a cross-departmental project group (lead by the Director of Economic Growth and Development) have been working in partnership with senior

colleagues from Thirteen to further explore this concept and its viability in terms of development on the Victoria site and to report these findings back to Cabinet.

2. To provide both support and challenge during the development of the appraisal process the services of the Extra Care Charitable Trust were commissioned. The Extra Care Charitable Trust specialises exclusively in the development and management of retirement villages, currently they have 14 villages (predominately in the midlands and southern England), have a number in the pipeline and have recently concluded a partnership with Birmingham City Council which between 2010-17 delivered five new Villages (1,152 properties) as part of a £200m development programme.
3. To inform the Victoria site option appraisal, senior officers from both the Council and Thirteen undertook a number of site visits to Extra Care Charitable Trust schemes including visiting their most recent development; 'Longbridge Retirement Village' in Birmingham which opened in July 2017. The Longbridge Village is an exemplar scheme providing 260 self-contained properties providing 89 for outright sale, 119 for shared ownership and 52 homes for rent. In addition to providing new homes at the heart of the development is a "village centre" which provides an extensive range of facilities including an on-site shop, library, IT suite, café bar and bistro, well-being suite and well-being bathroom, hairdressing and beauty salon, hobby room, craft room, fitness suite, enriched opportunities suite (to support people with dementia), a laundry, greenhouse, village gardens as well as communal seating/meeting areas and a reception area. Our appraisal also considered key financial information such as potential scheme build/development costs as well as potential sale and rental values. **Following the conclusion of this exercise members are asked to note that at this time, the redevelopment of the Victoria site to provide accommodation exclusively for those over 55years (an Urban Retirement Village) is not determined to be a financially viable proposal.** The key issues which influenced this conclusion are:
 - I. The housing market for a development of this scale (minimum 260 units), in this locality, is not sufficiently developed at this time.
 - Whilst earlier survey and market engagement did evidence 'green shots' of potential demand, market demand of the scale required to build, sell and occupy a 260+ units in a retirement village setting was not at this time robustly evidenced.
 - A comprehensive marketing and promotional strategy / campaign may prove successful, however on the balance of risk the concern remained that developments of this nature particularly in the North East are as yet un-tested.
 - II. As part of the appraisal process consideration was given to the option of reducing the scale of the development in terms of both the number of new homes and/or the communal facilities to be provided. However what was evident from the Extra Care Charitable Trust visits (and through their critical friend support) was that any reductions in the scale of a development would ultimately impact on the vibrancy of a retirement village.
 - At the heart of the Councils vision of a retirement village was that it would promote both active and healthy ageing and a vibrant and sustainable community. The concern remained that 'scaling back' would compromise our ability to deliver a vibrant development.
 - III. Whilst considerable improvements have been made to the Stockton Town Centre and the development of the Globe and Hilton Hotel will inevitably further enhance this town centre residential locality, the potential sale values which could be achieved at this time were deemed not sufficient to fund the cost of a development. By using the Extra Care Longbridge Scheme as an example, this scheme attracted the following sale prices:

- 1 Bed Unit
 - 50% shared ownership £99,975
 - 75% shared ownership £149,963
 - Outright sale £199,950

- 2 Bed Unit
 - 50% shared ownership £122,475
 - 75% shared ownership £183,713
 - Outright sale £244,950 - £359,950

- Whilst we could expect to enhance/uplift current residential sales values (for central Stockton) due to the quality and uniqueness of the accommodation on offer, they are still likely to fall considerably shorter than those detailed above.

- In addition, as Members will appreciate retirement village schemes of the scale explored for Victoria are expensive to build and have scheme development/ expenditure profile which is unusually weighted towards the initial development period. This is a result of the need for the full range of communal facilities (which make the scheme attractive) to be in place for the first occupier. In essence these costs must be paid 'up front'.

The alternative residential proposal

4. As detailed above, the Council and Thirteen working collaboratively have undertaken an extensive exercise in exploring the concept of housing developments which promote active and healthy ageing exclusively for those over 55+years. Whilst the option appraisal has concluded that it is not a viable development proposal (at this time) on the Victoria site, this journey has been valuable in highlighting that such developments are viable in the right location, provide a housing choice for older people and support broader agenda's such as promoting and maintaining independent living.

5. In terms of 'what next' the uniqueness of this site in terms of its proximity to central Stockton and the need for new housing across the borough to address our housing requirements (as identified in the emerging Local Plan) still makes the Victoria site a viable development option. A number of factors have changed since 2014 when an earlier Cabinet report raised concerns regarding changing market conditions and the potential lack of appetite from private sector house builders to develop out the Victoria site for a more traditional (i.e. family) sales market sales. In essence, brownfield residential development has picked up considerably since this time and new schemes have been brought forward to meet demand. For example; VIVO has recently brought forward Phase 3 of its development at North Shore, Barratts have recently submitted a planning application for 300 houses on the Jubilee Gardens development and the Councils own developer partner Keepmoat are reporting a positive sales position at Norton Park.

6. As noted previously this area of the town centre will be enhanced from investment into the Globe and the nearby hotel, in addition members may recall a £2million Heritage Lottery Funding bid was submitted for Townscape Heritage project which (if successful) will target properties adjacent to the Victoria site, this project will be supported by £500,000 of SBC funding and is expected to attract circa £1million private sector funding (from property freeholders). The grant will see structural and amenity repairs to properties on Norton Road, by carrying out improvements to the building fabric and bringing vacant space back into use, works could start from autumn 2018 once approved. Public realm improvements will also take place from Maxwell's Corner to Queen Street and will introduce a new public park at Tennant Square.

7. Against this backdrop (and new confidence), the project development team are now considering the sites development for a more established market which maximises the

uniqueness of the location. Whilst the new proposal is likely to see a more family led housing development it will still support the Councils ambition to provide an element of older persons housing. Taking these issues into consideration Cabinet are asked to endorse this development proposal and agree that a scheme proposal be worked up in detail and presented back for future consideration.

8. The redevelopment of a new residential quarter in this central local will play an integral part of the wider regeneration ongoing in Stockton town centre. Whilst we may have moved away from the concept of a retirement village **our vision** remains consistent:

To create a vibrant new community, providing exemplar and sustainable urban living which will transform the north eastern quadrant of the Town Centre and showcase the wider transformation of the Town Centre. We aim to retain the existing green spaces and develop a cohesive landscape infrastructure which again will enhance the linkages between this site and the wider Town Centre.

9. To inform our development proposals a S.W.O.T exercise has been undertaken on the site (as summarised below). Whilst the Victoria site (as with a number of sites across the borough) does come with its challenges, we are confident that with quality architectural design these issues will be overcome:

Strengths

- The site is on the edge of the town centre and therefore close to all local services and is well served by public transport on the High Street. It will soon be fully cleared and 'development ready' with access to existing underground services and highway networks, as well as existing open space.

Weaknesses

- Lack of visibility of the site from Norton Road, the impact of Maritime Road (busy road) and poor links / interfaces with the surrounding area.

Opportunities

- Create a new model of urban living in the town centre and an increased local population which will help sustain local shops and services.

Challenges

- Poor quality environment to the western edge of the site Noise impacts from Maritime Road.

Next steps

10. An architect has been procured to work with the Council/Thirteen Project Team to develop a scheme, capable of being ready for submission for a planning approval. This work will run concurrently with the development of a new financial appraisal. As part of this exercise we will explore both the mix of housing in terms of type and tenure (to ensure we address our continued requirements for both family and older persons housing) and whether the site can also support the Councils custom and self-build obligations.
11. As noted in previous Cabinet reports, once cleared 80% of the land will transfer back into the ownership of SBC, with the remaining 20% remaining in the ownership of the Thirteen Group. This split in ownership, plus the potential investment capabilities of both partners will be further explored as part of the development of a revised business case. Cabinet are therefore asked to delegate approval to the Directors of Economic Growth of Development and Finance and Business Services to explore potential delivery options (including commencing negotiations with Thirteen on a draft Heads of Terms). Once this exercise is complete a further report will be presented back to Cabinet (January 2017), this report will also detail a timeline for the

development of the site in terms of the critical pre planning preparation stages and post planning approval (i.e. start on site and a build programme).

Other Considerations

Site Assembly Update

12. Members are advised that final leaseholder property has recently been purchased, this was secured via a voluntary purchase agreement therefore avoiding the need for CPO action/costs to be incurred. We anticipate the phase of demolition (four properties) taking place before Christmas 2017, leaving a cleared site.

Elm House

13. Throughout this exercise one of the perceived 'negatives' on any future redevelopment proposal is Elm House (in particular the original Elm House construction). As members are aware Thirteen made the decision some time ago to decant the residential floors of this building and all residential accommodation is now vacant and secure. Running in parallel to the residential decant is the ongoing appraisal which is exploring the wider considerations associated with the current ground floor uses. The plan attached at **Appendix A** details the current ground floor occupiers / users:

A - SDIAS

B - Children's Nursery

C – Children's Centre (which is an extension to the original building)

Elm House Option Appraisal:

14. Due to this mix of commercial and residential users an option appraisal has considered a variety of options which include both FULL and PARTIAL demolition (i.e. removal of the residential storeys plus all or part of the ground floor). The Children's Nursery are currently vacating the building having made the voluntary decision to close and discussions have commenced with SDIAS regarding a town centre re-location option. Members are asked to note that the Council and Thirteen are working collaborating to determine a final decision, however given the current position our preferred option (at this stage) is partial demolition i.e. the original footprint of Elm House to be demolished which would leave Area 'C' as a standalone building.
15. Thirteen are currently working closely with the Council to determine the most efficient demolition programme for Elm House (with the aim of instigating as soon as is practical). The January 2018 follow-up Cabinet report will confirm the final proposal, including an indicative demolition timeframe and an overview of necessary works to Area 'C' (i.e. boundary treatments).

FINANCIAL IMPLICATIONS

16. As noted previously the SBC/Thirteen project team have recently commissioned and appointed an Architect. The costs of this commission (and other expenditure which will be incurred during this phase of the project for example an arboriculture/tree survey, utility surveys etc.) will be met by monies secured by Thirteen from the Government's Estate Regeneration Fund (a bid to this fund was made with the support of the Council).

LEGAL IMPLICATIONS

17. As noted in paragraph 9 of this report the nature of the relationship between SBC and Thirteen Group needs to be further explored. Members are asked to delegate approval to enter into these discussions (including drafting a Heads of Terms) to the Director of Development and

Neighbourhood Services and the Director of Finance and Business Services. The detail of this proposal will be presented back to Cabinet.

RISK ASSESSMENT

18. A detailed risk assessment will be undertaken as part of scheme development business plan / financial appraisal.

COUNCIL PLAN THEMES

19. The proposed redevelopment directly supports the following Council Plan themes:

Economic Regeneration and Transport: as detailed within the body of the report the redevelopment of Victoria will support the economic regeneration of Stockton town centre.

Environment and Housing: the revised proposal will enhance the quality of the housing offer available in this town centre location.

Safer Communities: any future redevelopment would be designed to ensure a sustainable and safe community.

Health and Wellbeing: good quality, sustainable housing will have a positive impact on the health and well-being of future residential occupiers.

Adults: the proposed redevelopment would create a high quality environment for both current and future generations of the Boroughs population as they age, in a vibrant, safe and healthy environment.

Arts Leisure and Culture: the proposed scheme provides the opportunity to integrate the provision of arts, leisure and cultural activities.

EQUALITIES IMPACT ASSESSMENT

20. As Cabinet is not being asked to agree a final delivery strategy for site redevelopment an EIA has not been completed. This exercise will be undertaken before Cabinet are asked to sign off the final scheme proposal.

CONSULTATION INCLUDING WARD/COUNCILLORS

21. Consultation briefings have taken place Cabinet Members for Environment & Housing and local ward members.

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Education related?

No.

Background Papers

- Victoria Estate Regeneration – Urban Village Living. Report to Cabinet 16.3.2017
- Victoria Estate Regeneration – Urban Village Living. Report to Cabinet 14.1.2016
- Victoria Estate Regeneration Proposal. Report to Cabinet 6.11.14
- Housing Regeneration Scheme Update – Victoria Estate. Report to Cabinet June 2012.
- Housing Regeneration Scheme Update – Parkfield/Mill Lane (Phase 2) and Victoria Estate. Report to Cabinet 9.2.12
- Housing Futures: Transfer of Housing Stock to Tristar Homes. Report to Cabinet 18.11.00

Ward(s) and Ward Councillors

Councillor Kirton – Stockton Town Centre ward
Councillor Hewitt – Stockton Town Centre ward

Property

As detailed within the body of the report.