

Meeting: Cabinet

Date: 15 October 2019

Wards Affected: Roundham with Hyde

Report Title: Development or disposal of land at Garfield Road (part Victoria Centre), Paignton

Is the decision a key decision? Yes

When does the decision need to be implemented? Immediately following Council decision.

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1. Proposal and Introduction

- 1.1 The redevelopment of land on Garfield Rd (the site), currently occupied by one of the two multi-storey car parks at Victoria Centre, is supported by the Local Plan, Neighbourhood Plan, Paignton Town Centre Masterplan and the Council's Transformation Strategy for Torbay's Town Centres. Land Release Funding (LRF) (£900,000) has been secured and is being used to unlock the site for housing related development, with a target 'release' date of 31 March 2020.
- 1.2 Approval is sought for release of the site to, and delivery of a scheme by, a development partner. It is proposed that the Council will dispose of its freehold interest in the land at Garfield Road by way of entering into a development agreement with a housing delivery partner. The proposed procurement route will be an open OJEU compliant process and will include a requirement to offer the Council's Housing Company at least 20% of the resultant homes on site. This option is subject to procurement of the development partner, and signing of a development agreement, to meet the LRF timescales for release of the site. If the Council is unable to secure a delivery partner within the timescale prescribed by LRF conditions, the Council will offer the site to the market, as a freehold sale.
- 1.3 The intended outcomes are to ensure the Council complies with the conditions of the LRF grant funding, with a contract in place for development by the end of March 2020, and thereafter to deliver a fully planning policy compliant development, at pace.

1.4 The proposed development or disposal route will :

- (a) Ensure that the Council's strategic policies are fully adhered to.
- (b) Ensure that the Council's statutory requirements are fully adhered to.
- (c) Provide the Council with an opportunity to shape the development and its outputs.
- (d) Enable the Council to influence affordable housing provision.
- (e) Support the Council's aspiration for apprenticeships and other local employment benefits.
- (f) Provide the Council with a capital receipt.

2. Reason for Proposal and associated financial commitments

- 2.1 The site is identified in the Paignton Town Centre Masterplan, which was adopted by the Council as a Supplementary Planning Document (SPD) in June 2015. Development of the site is supported by the Torbay Local Plan (adopted in December 2015). The Council identified, in its Transformation Strategy for Torbay's Town Centres, dated April 2017, that various options were being considered for Victoria Centre, including re-use of the site of the older of the two car parks and demolition of the older car park, to be replaced by a residential development. The Paignton Neighbourhood Plan provides qualified support for development.
- 2.2 Torbay Council (the Council) was awarded £900,000 of Land Release Fund (LRF) grant aid by the Ministry of Housing, Communities and Local Government (MHCLG) on 8 March 2018 for the purposes of securing early release of the land at Garfield Road for residential development. The funding allocated to the Garfield Road site was part of a wider award of £3,976,000 to Torbay Council and constituted the highest award in the country to any Local Authority.
- 2.3 Upon receipt of the LRF award, the Council considered whether to accept the award and by doing so considered whether the release of the land was deliverable within required timescales. The grant award was accepted by the Chief Finance Officer I on 14 March 2018 following consultation with the Elected Mayor and Group Leaders.
- 2.4 The LRF grant requires that the sites are 'released' for development. . The definition of 'release' is as follows:
- (a) An unconditional contract, development agreement or building licence with private sector partner is signed or freehold transfer takes place (whichever is sooner);
 - (b) It has transferred the site to a development vehicle owned, or partly owned by the local authority, this could be a Local Authority wholly owned housing delivery vehicle or a public-private Joint Venture (JV);
 - (c) If (a) or (b) have not happened, the point at which development begins on site (which may include demolition).
- 2.5 Cabinet agreed, on 17 September 2019, to proceed with demolition of the car park on the site. A planning application for demolition will be submitted prior to Christmas 2019, with the intention of undertaking demolition work before the end of March 2020.

- 2.6 The Council has instructed the TDA on the following activities, using the LRF to unlock, add pace and enhance the value to the site:
- (a) Legal advice to map out and timetable what it is that needs to be done to secure vacant possession and meet LRF timescales;
 - (b) Undertake surveys, re ecology, contaminations, asbestos, ground conditions, topography and flood risk;
 - (c) Preparation of a development brief, which is proposed to form the basis of a Supplementary Planning Document, to guide development and improve value;
 - (d) Consider development options and secured valuation advice, so that the Council is better informed about whether to develop, sell or lease the land; and
 - (e) Negotiate terms with existing tenants and occupiers to obtain vacant possession, in order to meet LRF deadlines.
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3. Recommendation(s) / Proposed Decision

That the Cabinet recommend to Council:

- 3.1 That the disposal of the freehold interest of land at Garfield Road, Paignton (identified in Appendix 1 to the submitted report), be approved and the Chief Executive be given delegated authority to agree and finalise any Heads of Terms in consultation with the Cabinet and the Section 151 Officer.
- 3.2 That delegated authority be given to the Chief Executive to select and then enter into a development agreement with a development partner for the effective delivery of the Scheme.
- 3.2 Alternatively if (3.1) above is not achieved within timescales required for the Land Release Fund, the Chief Executive be given delegated authority to dispose of the site at Garfield Road on the open market, as a straightforward freehold sale.

Appendices

Appendix 1: Site location plan - Garfield Road, Victoria Centre, Paignton

Appendix 2: Summary of Identified Delivery and Development Options

Background Documents

Torbay Local Plan: <https://www.torbay.gov.uk/media/6836/lp-2012to2030.pdf>

Paignton Neighbourhood Plan: <http://www.paigtonneighbourhoodplan.org.uk/>

Paignton Town Centre Masterplan:
<https://www.torbay.gov.uk/media/6895/ptcmasterplan.pdf>

Transformation Strategy for Torbay's Town Centres:
<https://www.torbay.gov.uk/media/10450/transformation-project-town-centre-regeneration.pdf>

Section 1: Background Information

1. What is the proposal / issue?

The Council owns the freehold of the 0.39 hectares (1 acre) site, and the multi-storey car park that sits on it, at Garfield Road, Paignton. This is part of the Victoria Centre complex, also owned by the Council, which includes Victoria Square, Lidl, smaller unit shops and another multi-storey car park.

The Victoria Centre is included in the Adopted Local Plan (A Landscape for Success) 2012-30, as a housing site.

The Victoria Centre is included, for redevelopment, in the Paignton Town Centre Masterplan, which was adopted by the Council as a Supplementary Planning Document (June 2015). The production of that masterplan included significant community engagement.

The Council has identified, in its Transformation Strategy for Torbay's Town Centres, dated April 2017, that various options were being considered for Victoria Centre, including re-use of the site of the older of the two car parks and demolition of the older car park, to be replaced by residential development.

The Paignton Neighbourhood Plan supports housing and jobs growth, supports town centre regeneration and supports development of the Paignton Square Area (including the site) if it improves the area.

The Council was awarded a total of £3,976,000 of LRF grant aid by the Ministry for Housing, Communities and Local Government (MHCLG) on 8 March 2018 for the purposes of securing early release of three sites, including the site at Garfield Road, Victoria Centre. £900,000 of the grant aid was awarded to unlocking the Garfield Road site. A requirement of the funding is that sites are 'released' for development by end March 2020.

A site is considered as released when:

- a) An unconditional contract, development agreement or building licence with a private sector partner is signed or freehold transfer takes place (whichever is sooner);
- b) It has transferred to a development vehicle owned, or partly owned by the local authority, this could be a Local Authority wholly owned housing delivery vehicle or a public-private JV;
- c) If (a) or (b) have not happened, the point at which development (which may include demolition) begins on site.

Prior to the acceptance of the LRF Grant, the Elected Mayor and the Group Leaders were consulted and briefed on the outcomes expected from the LRF Grant. Following this consultation the Chief Financial Officer accepted the Grant.

	<p>There is a clear policy expectation in the Torbay Local Plan, augmented by the Town Centre Masterplan, the Council’s Transformation Strategy for Torbay’s Town Centres and the Paignton Neighbourhood Plan that the site will come forward for development.</p> <p>Good progress is being made to secure vacant possession of the site. This has been facilitated by having the LRF funding in place and the Council’s commitment to demolish the older car park. A planning application for demolition will be submitted in the near future and a demolition contractor is being procured.</p> <p>Approval is now sought for disposal of the site.</p> <ul style="list-style-type: none"> (a) To ensure that the site can be released in accordance with timescales set out by MHCLG for the LRF funding. (b) To ensure that any scheme brought forwards will be fully compliant with the Council’s housing and planning policies. (c) To facilitate the early release of the site for residential development, thereby assisting the Council in meeting its 5-year residential land supply targets and helping to protect more sensitive sites from development. (d) To provide a financial return for the Council. (e) To provide the Council’s proposed new housing company with an opportunity to develop the site or to acquire the S106 affordable housing stock at a market rate and reduce the number of households on the housing waiting list whilst providing critical mass to the housing company. <p>A tangible benefit of progressing via the development partner route is that the Council will be able to influence the scheme to be delivered to a greater extent than if the site were just sold on the open market. It is possible that any straight forward land disposal could see the developer apply to reduce their planning contributions and affordable housing obligations as part of their planning application.</p>
<p>2.</p>	<p>What is the current situation?</p> <p>The Government has repeatedly stated that increasing housing supply is a high priority.</p> <p>The National Planning Policy Framework (paragraph 73) requires the Council to maintain a supply of specific, deliverable sites sufficient to provide 5 years’ worth of housing to meet housing requirements set out in Local Plans. The Council currently has less than 3 years’ worth of supply. The Council is now required, by law, to take urgent action to deliver new homes.</p>

	<p>The Council is now in a position whereby, under the terms of the National Planning Policy Framework, it may have to accept development proposals on unallocated sites in poor / sensitive locations. The Council is no longer in a plan-led position (i.e. decisions led by the Local or Neighbourhood Plans), but in a development led position based on housing numbers and national policy. This could present a significant risk to Torbay’s natural environment,</p> <p>As such, it is important that sites with LRF funding are released for housing development.</p> <p>It is projected that the site at Garfield Road would deliver in the region of 75-100 new homes, enabling the Council to deliver housing growth in Torbay.</p> <p>The sale of the site and its development will provide capital and revenue funding to the Council, helping the Council to meet its corporate priorities.</p> <p>The site is currently occupied by 8 tenants, but work is well underway to secure vacant possession.</p> <p>All necessary site investigation and survey work (ecology, contamination, asbestos, ground conditions, tree, topographical and flood risk etc.) has been completed.</p> <p>Preparation of a development brief is well advanced, which will be given teeth as a Supplementary Planning Document, to guide development and improve value. The emerging development brief, which community leaders have already been involved in, will be the subject of public engagement event later this year and thereafter presented to Council for adoption.</p> <p>A parking capacity and needs study has been commissioned, focused on Paignton Town Centre, covering a range of regeneration sites, and the impact of development on current and future parking provision.</p> <p>Development options have been assessed and valuation advice received.</p>
<p>3.</p>	<p>What options have been considered?</p> <p>The development and disposal options available to the Council have been identified as:</p> <p><u>Disposal Options</u></p> <ul style="list-style-type: none"> • Option 1: Direct Development by Torbay Council • Option 2: Delivery by the Council’s Housing Company • Option 3: Public Private Partnership (Development Agreement) • Option 4: Straightforward Freehold Sale

	<p><u>Development Options</u></p> <ul style="list-style-type: none"> • Option A: Student accommodation • Option B: Care home, sheltered accommodation, extra care • Option C: 15 Town houses • Option D: 70 – 100 Apartments <p>An analysis of these options is provided at Appendix 2.</p> <p>Based upon the evidence available we conclude that the best delivery route for the Council, in order to fully meet its aims and objectives, is as follows:</p> <ul style="list-style-type: none"> a) Disposal of the site as per Option 3 entering into a development agreement with a private sector partner to deliver the development Option D. b) The development partner option could be or could include the Council’s Housing Company. c) If (a) is not secured - Open market freehold disposal of the site should be pursued – Option 4
<p>4.</p>	<p>How does this proposal support the ambitions, principles and delivery of the Corporate Plan?</p> <p>The proposals meet the following Corporate Plan objectives:</p> <p>Ambitions: Prosperous and Healthy Torbay</p> <p>Principles:</p> <ul style="list-style-type: none"> • Use reducing resources to best effect • Reduce demand through prevention and innovation • Integrated and joined up approach <p>Targeted actions:</p> <ul style="list-style-type: none"> • Working towards a more prosperous Torbay • Promoting healthy lifestyles across Torbay • Ensuring Torbay remains an attractive and safe place to live and visit
<p>5.</p>	<p>How does this proposal tackle deprivation?</p> <p>The site is within Paignton Town Centre and within Roundham with Hyde, one of the most deprived wards / areas in Torbay.</p> <p>Delivery by the Council’s Housing Company or a public/ private partnership will allow the use of contracts, such as has been used for the delivery of a hotel at the Terrace Car Park, Torquay, to ensure delivery of socio-economic</p>

	<p>benefits, such as skills development, apprenticeships, local employment and targeted recruitment.</p> <p>The proposal will result in bringing forward the early delivery of 70 -100 new homes, 20% of which will be affordable housing for local people. At least 5% of the affordable provision will be adapted accommodation for households with mobility difficulties.</p> <p>A greater housing supply within the local market will help limit future house price growth.</p> <p>The proposals will help ensure a mixed and balanced community, supplying housing of the right type, size and design in the right locations.</p>
<p>6.</p>	<p>Who will be affected by this proposal and who do you need to consult with?</p> <p>There has been extensive consultation, with residents and businesses, as part of production of the Local Plan, Paignton Neighbourhood Plan and Paignton Town Centre Masterplan. The Transformation Strategy for Torbay's Town Centres is based on these plans and strategies.</p> <p>The community is and will continue to be engaged in the production of a development brief for the site.</p> <p>As part of the planning process the community will be fully consulted on the detail of any development proposed. There will be a benefit to the local community in terms of additional supply of good quality housing and an improved mix of units.</p>
<p>7.</p>	<p>How will you propose to consult?</p> <p>Briefings have been held with members and senior officers. The Cabinet and Group leaders will be briefed throughout the process. As part of the planning process the community will be fully consulted on the detail of any development proposed.</p>

Section 2: Implications and Impact Assessment

8. What are the financial and legal implications?

There are 968 parking spaces at Victoria Centre, 441 spaces within the newer of the two car parks (alongside the railway line / behind Lidl) and, in theory, 527 spaces within the older car park. In reality only 183 spaces are available for the majority of the year within the old car park, expanding to 210 spaces over the summer. There are, as such, 624 available parking spaces within the two car parks, expanding to 651 in summer. Demolition of the older car park would result in the loss of 19% of total spaces and 29% of available spaces.

The car parks have a mean occupancy of 117 spaces and are over 75% full on just 2 days a year. If there was a 20% growth in demand for parking (which is very unlikely) the car parks would have a mean occupancy of 163 spaces and would be more than 90% full on just 8 days per annum. Both car parks are at capacity during good events in Paignton. This shows that, for around 44 - 46 weeks of the year, there is significant spare capacity at present and also under a 20% growth scenario.

In 2017/18 the parking income to the Council, for the old car park, was £29,305. This figure is from ticket sales only. Permit holders may also have used the car park and there may have been Paybyphone transactions. Consequently it is not considered that loss of the old car park would have a significant financial impact on the Council. Parking related income is more likely to be displaced rather than lost. A capital receipt is expected to result from the disposal and redevelopment of the site.

The costs of obtaining vacant possession of the site and in undertaking additional site release activities, such as demolition, surveys and production of a development brief, have to date been covered, and will continue to be covered, by the LRF grant monies. There has been no financial impact on the Council from these activities.

Development and / or disposal of the site is expected to result in net capital receipt for the Council and revenue income from Council Tax, etc.

9. What are the risks?

If there is not ongoing support for the actions required to dispose of the site then the following risks apply:

- (a) The Council may have to repay the LRF monies received.

	<p>(b) There will be a reputational risk for the Council which may impact upon the Council’s ability to access future funding, such as Future High Streets capital funding, etc.</p> <p>(c) Future grant income streams may be adversely affected.</p> <p>(d) In the absence of the LRF grant aid, the Council would need to fund all of the exploratory and enabling works required to bring the sites forward for development, much of which has already been spent.</p> <p>(e) If the sites are not brought forward for development they will not be able to contribute towards the Council’s 5-year housing land supply. Consequently this increases the risk to the Council of unwelcome planning applications from sites not identified in the local plan.</p> <p>All risks are reported to and discussed by the OPE/LRF Board on a monthly basis.</p> <p>In making this decision the following risks have been identified, and mitigation strategies put in place accordingly:</p> <p>(a) If the Council is not in contract with a development partner by March 2020 there is a risk that unspent monies may have to be repaid to MHCLG. However, open dialogue has been maintained with MHCLG throughout the development process whom are supportive of the Council’s aspirations and its progress achieved to date.</p>
<p>10.</p>	<p>Public Services Value (Social Value) Act 2012</p> <p>The Council’s procurement team has been involved to date, and will be further involved if the Council decides to dispose of the site, to ensure that all works undertaken are in accordance with the Council’s financial regulations and standing orders.</p> <p>Legal advice has been procured in accordance with the Council’s financial regulations and standing orders.</p>
<p>11.</p>	<p>What evidence / data / research have you gathered in relation to this proposal?</p> <p>Evidence collected during production of the Local Plan, Neighbourhood Plan and Town Centre Masterplan – showing support for development of the site.</p> <p>Evidence was gained from soft market testing, before production of the Council’s Transformation Strategy for Torbay’s Town Centres.</p> <p>Evidence was provided to MHCLG to help secure the Land Release Fund grant.</p> <p>Testing of development options as part of the emerging development brief for the site.</p> <p>Assessment of values from commissioning Jones Lang Lasalle.</p>

	<p>The proposal will facilitate the delivery of 75 to 100 new homes. The project will help protect more sensitive sites from development, make a valuable contribution to the Council's 5 year land supply and will support town centre regeneration in Paignton.</p>
<p>12.</p>	<p>What are key findings from the consultation you have carried out?</p> <p>There is extensive support for delivery of housing on this site and, longer term, for delivery of a mixed use redevelopment at Victoria Centre.</p> <p>There is demand and need for good quality, affordable new homes in the area.</p> <p>The proposed development will be compliant with Torbay's Housing Strategy 2015 – 2020 and the Planning Contributions and Affordable Housing SPD.</p>
<p>13.</p>	<p>Amendments to Proposal / Mitigating Actions</p> <p>N/A</p>

Equality Impacts

14.	Identify the potential positive and negative impacts on specific groups			
		Positive Impact	Negative Impact & Mitigating Actions	Neutral Impact
	Older or younger people	The proposal shall result in the provision of better quality housing in Paignton town centre and shall deliver housing stock for all age groups. As per Council policy 20% of the development will be affordable housing thus helping to deliver housing stock for local people and serving to reduce the numbers of those on the waiting list.	Loss of public parking provision, but there is sufficient capacity in remaining car parks.	
	People with caring Responsibilities			There is no differential impact
	People with a disability	As per Council policy a percentage of affordable housing provided will be wheelchair adapted units.		
	Women or men			There is no differential impact
	People who are black or from a minority ethnic background (BME) <i>(Please note Gypsies / Roma are within this community)</i>			There is no differential impact
	Religion or belief (including lack of belief)			There is no differential impact

People who are lesbian, gay or bisexual			There is no differential impact
People who are transgendered			There is no differential impact
People who are in a marriage or civil partnership			There is no differential impact
Women who are pregnant / on maternity leave			There is no differential impact
Socio-economic impacts (Including impact on child poverty issues and deprivation)	<p>The proposal is consistent with the Local Plan policies for planning for sustainable development in the Torbay area. This takes into account the overall level of housing and jobs growth to represent a balanced and sustainable approach to future growth.</p> <p>The local planning authority is required to maintain a 5 year land supply in order to deliver the strategy and policies contained in the Local Plan. Without a 5 year housing land supply, the local authority is subject to increased risk of development occurring in unsuitable locations, or being of a lower quality than that which might have otherwise been required through local policies.</p> <p>Significant socio-economic benefits will result from construction of the development and will be generated by the provision of a mix of dwelling types and tenures which will encourage mixed communities and provide a range of local facilities. It is envisaged that the new development will offer the opportunity to design out crime within residential layouts and will support the vibrancy of the town centre.</p>		

	Public Health impacts (How will your proposal impact on the general health of the population of Torbay)	<p>The scheme shall include provision of affordable housing which is likely to reduce poverty in the area and improve health.</p> <p>There is potential to incorporate energy efficiency and micro renewable measures. The location will encourage sustainable modes of travel.</p>		
15	Cumulative Impacts – Council wide (proposed changes elsewhere which might worsen the impacts identified above)	None		
16	Cumulative Impacts – Other public services (proposed changes elsewhere which might worsen the impacts identified above)	None		