



## REPORT TO EXECUTIVE

### PORTFOLIO AREA: HEALTH & WELLBEING; FINANCE & RESOURCES

Date of Meeting: 27 January 2003

Public Yes

Key Decision: Yes

Recorded in Forward Plan: Yes

Inside Policy Framework Yes

**Title:** RAFFLES REGENERATION - PROPOSED REDEVELOPMENT AGREEMENT  
**Report of:** HEAD OF PROPERTY SERVICES  
**Report reference:** PS 01/03

#### Summary:

In the light of Stock Transfer and the Raffles Vision, this report sets out the format for the type of Development Agreement needed for the housing redevelopment of the cleared sites, and seeks approval to progress discussions with the Developer on this basis.

#### Recommendations: It is recommended that:

- (1) The position regarding the regeneration of Raffles and the Raffles Vision document is noted, and will be subject to further reports in due course.
- (2) Approval is given for the Head of Property Services to negotiate and agree terms and conditions for the Development Agreement on the basis of the format set out in the report, subject to final consent by the Executive.

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## **1. BACKGROUND INFORMATION**

- 1.1 At the Executive meeting on 18 February 2002 (report ref EN 20/02) Lovell Partnership Ltd (Lovells) were appointed as preferred developer to progress the Council's partnership initiatives for the regeneration of the Raffles Estate.
- 1.2 The partners, Riverside Group (CHA), Lovells, Carlisle City Council and the design consultants Ainsley Gomon Architects established a project team to prepare a set of proposals, the Raffles Vision, to deliver the long term regeneration of the Estate, in line with Council objectives.
- 1.3 Following extensive consultation with local residents, agencies and organisations the Raffles Vision has been produced. The draft final report was presented to the Community Overview and Scrutiny Committee on 3 December 2002 (report ref H 070/02), where the partnership approach and detailed recommendations were endorsed, and subsequently reported to the Council on 14 January 2003.
- 1.4 The Council's internal reorganisation became effective from 1 December 2002. On 9 December 2002 transfer of the Housing Stock to CHA was successfully completed. At this point the Housing staff / department who took the lead role for the Council in regeneration passed over to CHA.

## **2. THE RAFFLES VISION**

- 2.1 A copy of the draft final report, presented to Overview and Scrutiny Committee, together with all the plans, tables and appendices is attached to this report.
- 2.2 The Vision's findings, proposals and recommendations and the resulting implications, have not yet been considered in full by Officers or the Executive. Responsibilities, working arrangements and roles, both internally within the Council, and with CHA and other partnership agencies, together with issues of funding and time-tabling to move matters forward post LSVT and reorganisation require urgent consideration. A presentation on the Vision is being arranged to take place shortly for all Members of the Council and further reports will be brought before the Executive in due course, commencing with the Executive on 3 March.
- 2.3 Briefly the Vision sees the need for a comprehensive and collective approach to regeneration from the partners involving many threads over the next ten years. Whilst redevelopment of the cleared sites with housing is important, the Vision recognises the need to marry this simultaneously with:-
  - Improvements to the existing social rented stock.
  - The provision of new health and community facilities.
  - New shopping facilities serving the Estate.

- Environmental improvements, particularly to Heysham Park.
- Highway footpaths and infrastructure improvements.
- Non physical, social, health and employment related projects.
- The creation of a local management vehicle to oversee delivery.

2.4 Possible financial implications for the Council fall primarily under three headings:

- **Cleared land** - For as long as the areas of post-demolition cleared land remain with the Council prior to transfer to the developer, it will be necessary to firstly (in some areas only) bring the land to a condition where it can be then be maintained and secondly (in all areas) make provision for this subsequent maintenance.
- **Heysham Park** - The Vision foresees a rejuvenated Heysham Park quite literally at the centre of regeneration of the area. The Vision anticipates refurbishment being achieved through a partnership of funders, including the City Council.
- **Development Agreement** - As set out in section 4 below, the proposed development agreement envisages the Council receiving a share of the proceeds from the residential development. If it so chooses these could be used to contribute to the funding of the items above

### 3. REDEVELOPMENT PROPOSALS

- 3.1 Redevelopment with new housing of the clearance areas is crucial to the Vision. It will be a kick-start and catalyst for change, moreover it is one of the longstanding aims of the original Raffles Area Strategy.
- 3.2 The Vision envisages the building of new houses by Lovells, for sale at affordable prices, in a phased programme, starting at the south western end, and working across the Estate as sales allow, over about 12 hectares of cleared land.
- 3.3 Details of the proposals are set out in the Raffles Vision document and the accompanying plans. It is intended to construct a range of semi-detached and detached house, integrated into the existing rented social housing stock, using the existing roads and infrastructure. The developments will incorporate landscaping, amenity areas and highway improvements and will follow the Planning Redevelopment Brief for Raffles. Although planning consultations have taken place a formal planning application has not yet been made.
- 3.4 Lovells have indicated they will commit an initial investment of £1.75 M to Phase 1, first 30 houses likely to be in Orton Place / Dobinson Road. Although difficult to gauge, much depends on market forces, the overall development may take 6 to 10 years.

- 3.5 The timetable envisages Lovells will commence undertaking site surveys and investigations, and submit a planning application for the development, in the early part of this year.

#### **4. DEVELOPMENT AGREEMENT**

- 4.1 The Development Agreement will be between Carlisle City Council (the landowner) and Lovells (the house builder). Preliminary discussions on the format of the Agreement have taken place and Draft specimen document is in circulation between the parties.
- 4.2 Discussions are now required between the partners to move towards formalising the arrangements in preparation for a summer start on site, and also to give confidence and an increasing degree of certainty to the Developers who will be getting site investigations underway and submitting a planning application.
- 4.3 The Agreement will set out the basis for the relationship between the Council and Lovells and bring forward under licence the phased redevelopment of the Estate. The Council will retain ownership of the land and the developer will build under licence. The main provisions will provide for:-

- (i) **Term:** An initial period of five years with the ability to review and extend for a further five.
- (ii) **Land:** The scope of the scheme will be defined together with the initial sites to be brought into development and a mechanism for bringing future ones in also.
- (iii) **Building Licence Agreement:** This will provide for Lovells to occupy the land, build houses and then for the freeholds to be sold on. There will therefore be no sale of land to Lovells as such and no payment for the land. It will set out a timetable and timescales for the building programme, and the house types in accordance with planning consent and Council approval.
- (iv) **Sales:** The licence will provide for the sale and conveyance of the completed housing units and accounting for the proceeds to the Council.
- (v) **Consideration:** The financial return to the Council will be based on a division of the sale receipts based on a sharing arrangement to be agreed.
- (vi) **Assignment:** The benefits of the agreement / licence will not be transferable.
- (vii) **Termination:** Safety provisions will be incorporated to bring the arrangement to an end and for the Council to take the land back, if there is a failure to perform or the initiative does not prove successful.

- 4.4 The final terms of the development agreement and building licence will be reported to the Executive for approval at a later date.

## 5. CONCLUSIONS

- 5.1 To continue and further Council's regeneration ambitions for Raffles, maintain the momentum and achieve a start on site with the new build housing this coming summer, detailed discussions on the proposed terms of the Development Agreement need to get underway now.

## 6. CONSULTATION

- 6.1 Extensive consultation has been undertaken as set out in the Vision document, with partner organisations, the community and related agencies. It is anticipated this will continue over the life of the agreement to shape the proposals. CHA have been consulted in the preparation of this report.

## 7. STAFFING / RESOURCES COMMENTS

- 7.1 Staff resources will be required to implement the Development Agreement and manage it throughout its life. It is not expected there will be any financial call or capital contribution

required by the Council to fund the Development Agreement. As regards the wider implications of the Vision, more extensive Corporate resources and funding, after consideration, may be required to implement the wider concepts of the Vision, depending on the direction and commitment taken by the Council.

## **8. HEAD OF FINANCIAL SERVICES COMMENTS**

8.1 The Head of Finance has been involved in the preparation of this report and is in agreement with its conclusions and recommendations. As stated above, the funding of the Development Agreement should not have any direct financial implications for the City Council. Any future financial return to the Council will be embraced within the terms and conditions of the Agreement which are yet to be agreed with the developer.

8.2 Any resource implications for the wider Raffles Vision will be assessed as part of the reports on the Vision that will be brought to the Executive in due course.

## **9. LEGAL COMMENTS**

9.1 No comment.

## **10. CORPORATE COMMENTS**

10.1 Not applicable

## **11. RISK MANAGEMENT ASSESSMENT**

11.1 The success of the proposals to a large extent hinges on the comprehensive regeneration of the Estate. It will also be subject to the fickleness of market forces, the demand for housing and changes to the local and national economy. If the developer fails to perform or the initiative is unsuccessful the Council will be able to take back the land.

## **12. EQUALITY ISSUES**

12.1 None.

## **13. ENVIRONMENTAL IMPLICATIONS**

13.1 The successful redevelopment of the Raffles area with new housing should lead to an improvement in environmental conditions for the residents of Raffles and those in the locality.

## **14. CRIME & DISORDER IMPLICATIONS**

14.1 Building new houses and improving the existing houses on the Estate together with the other proposals envisaged in the Vision document should help to reduce crime and disorder in the area.

**15. RECOMMENDATIONS: - It is recommended that:-**

- 15.1 The position regarding the regeneration of Raffles and the Raffles Vision document is noted, and will be subject to further reports in due course.
- 15.2 Approval is given for the Head of Property Services to negotiate and agree terms and conditions for the Development Agreement on the basis of the format set out in the report, subject to final consent by the Executive.

**16. REASONS FOR RECOMMENDATIONS**

- 16.1 To progress as part of the Council's initiative to regenerate Raffles the redevelopment of the vacant cleared sites with new housing.