

Rother District Council

Report to	-	Cabinet
Date	-	13 January 2020
Report of the	-	Executive Director
Subject	-	Residential Development at Blackfriars, Battle

Recommendation: It be **RESOLVED:** That the Executive Director, in consultation with the Cabinet Portfolio Holder Housing, Welfare and Equalities, be granted delegated authority to:

- 1) accept the increased offer of grant funding from Homes England;
 - 2) acquire land in third party ownership to allow for a whole-site development;
 - 3) to begin the Compulsory Purchase Order process for land at Blackfriars should it be necessary, subject to a full report to follow; and
 - 4) finalise the delivery vehicle, that may include the Council's housing delivery company, through which the site will be developed.
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Head of Service: Ben Hook

Lead Cabinet Member: Councillor Clark

Introduction

1. The site known as Blackfriars has a long history, with the principal of development on this site being accepted for many years.
2. The site is approximately 16 hectares (40 acres) in size. Rother District Council (RDC) owns just over 50% of the land. Three other parcels of land are currently in separate, private ownerships (see Appendix 1).
3. As outlined in the previous report (Minute CB18/10 refers), past attempts to develop Blackfriars have been unsuccessful, principally due to many constraints including complex ground conditions, land assembly and the need for costly road infrastructure.
4. In February 2018, the Council was informed that it had provisionally been awarded grant funding by the Ministry for Housing, Communities and Local Government (MHCLG) as part of Housing Infrastructure Fund (HIF) to finance the construction of the road infrastructure necessary to develop this site.
5. The Council's initial application for grant funding was based on a high level cost estimate, informed by advice from consultants but subject to further due diligence as the project developed.
6. While working through the design process associated with the Council's Outline Planning Application, it became clear that the viability gap on this site had increased, principally due to greater understanding of the site. Officers

sought to negotiate a revised offer of grant funding, pushing to increase the allocation to bridge the viability gap, and therefore increasing the deliverability of the site.

7. Homes England's panel increased the grant funding from £3.24m to £8.7m following acceptance of the Council's demonstration of uplift in costs. It should be noted, the increase in HIF and any grant funding relates specifically to the delivery and construction of the road infrastructure and cannot be used to inflate land values across the site.

Current Position

Land Acquisition

8. The road infrastructure which is needed to allow residential development on this site takes the form of a spine road, traversing the site from north (off Harrier Lane) to the south (off The Spinney) (see Appendix 2). The Council submitted a Planning Application (RR/2019/604) seeking approval for this new road alongside the principal of delivery up to 220 residential units, receiving a resolution to grant in October 2019.
9. While the access point for the road at the north is entirely within RDC ownership, the access point at the south is currently in third party ownership. Furthermore, while the Council owns more than 50% of the developable land, two further parcels of land necessary to deliver the project are not in the Council's ownership.
10. Following Cabinet approval (Minute CB18/27 refers), the Council has entered into negotiations for the land needed for the delivery of the road. While negotiations are ongoing, agreement has not yet been reached on all parcels of land.
11. The HIF allocation is subject to conditions, including a timescale and milestones which must be met for funding to be drawn down. If agreement for the land deal cannot be reached swiftly, there is a danger that these milestones may not be met, and the HIF allocation could be lost.
12. Furthermore, under the conditions of the grant funding agreement, the Council is required to use all available powers including Compulsory Purchase Orders (CPO) to acquire the necessary land for the delivery of the road and housing should negotiations fail. Specialist legal services will be necessary to pursue a CPO and a full detailed report will follow on receipt of this advice. The rationale for procuring this advice and proceeding with this route is as follows:

Rationale for using of CPO powers

- i. As outlined earlier, the principal of residential development on Blackfriars is long established. In 1967 part of the site was allocated for housing in East Sussex County Council's Battle Draft Town Plan, and in the 1972 Battle Town Plan and Town Centre Map the site was also shown for residential development. Blackfriars was allocated in RDC's 2006 local plan to provide at least 220 dwellings.

- ii. The Council's Core Strategy (2014) identified a need for 475-500 new homes in Battle over the plan period (until 2028), assuming that a number of these homes would be delivered on the Blackfriars site.
- iii. Battle is working on a Neighbourhood Plan, which will have to identify sites capable of delivering the 475-500 homes needed under the Core Strategy. It is likely that Blackfriars will take a large proportion of the housing allocation.
- iv. The most recent calculation of residual (residential) need for areas within the District can be found within the Development and Site Allocations (DaSA) Plan which demonstrates requirement (post-permissions granted and housing completions) of 238 new homes.
- v. As shown in the Battle Town Study, Battle has significant housing need. This is borne out by the figures on the Council's Housing register which contains 109 households waiting for affordable (rented) housing in the town. This figure does not account for those waiting for Low Cost Home Ownership (LCHO) tenures such as Shared Ownership.
- vi. In addition to the significant contribution this site will make towards meeting Battle's identified housing need, the site will be served by a new road, traversing the site from north to south which may help alleviate existing congestion in the centre of this historic town in accordance with Local Plan planning policies.
- vii. The Council has secured a resolution to grant outline Planning Permission for the redevelopment of this site, alongside full Planning Approval for the construction of the road infrastructure.
- viii. Government grant funding has been allocated for the road infrastructure necessary to bring forward this site which has been stalled for many years.

Delivery Vehicle

- 13. Following Cabinet approval (Minute CB19/14 refers), it was considered that a Joint Venture (JV) with an Registered Provider (RP) partner was the preferred way forward due to there being insufficient experienced resource internally to deliver such a scheme.
- 14. Following advice, the setting up of a JV partnership would require extensive external legal and financial services to ensure that the JV's structure was appropriate and legitimate. Furthermore, aligned appraisal assumptions, including accepted profit margin and performance hurdles, will need to be agreed between the partners.
- 15. While negotiations with RP partners are ongoing, it should be noted that it may be difficult to reach agreement over assumptions. RPs are becoming increasingly commercial, adopting a private-sector mindset, while the Council must respond to drivers over and above profit margin, such as environmental standards and meeting local need. The Council must consider the societal benefits of this scheme, and therefore may be willing to accept lower margins that necessary for RP board approval.
- 16. As further research is carried out into the structure and governance of JV partnerships, implications relating to tax, cross subsidy, internal lending and development allowances must be addressed to ensure the JV vehicle is legitimate and fit for purpose. Further external advice will be necessary, and

this may add time onto the development program, potentially delaying the meeting of key milestones.

17. Since this initial authorisation a subsequent report (Minute CB19/68 refers) approved the creation of a Local Housing Company to implement a Housing Development Program which will deliver up to 1,000 homes over the next fifteen years. As part of this process, the Council will need to ensure that enough experienced resource is brought into the organisation to deliver on this ambitious programme.
18. In light of this, it is considered that the Council keeps other options open to deliver the site.

Next Steps

19. Undertaking a CPO requires a resolution from full Council. The Council will need to instruct specialist legal and valuation services to advise upon the necessary steps to proceed with using CPO powers. A further report will be submitted to Cabinet if negotiations cannot be concluded in January 2020.
20. In order to maintain momentum, and in line with Homes England milestones, the Council must procure architects to work up a Reserved Matters Planning application. Additionally, contractors must be procured to begin work on the road construction which recently received a resolution to grant Planning Permission.
21. The Council's in-house Project Management team will initially continue to lead on this scheme.

Conclusion

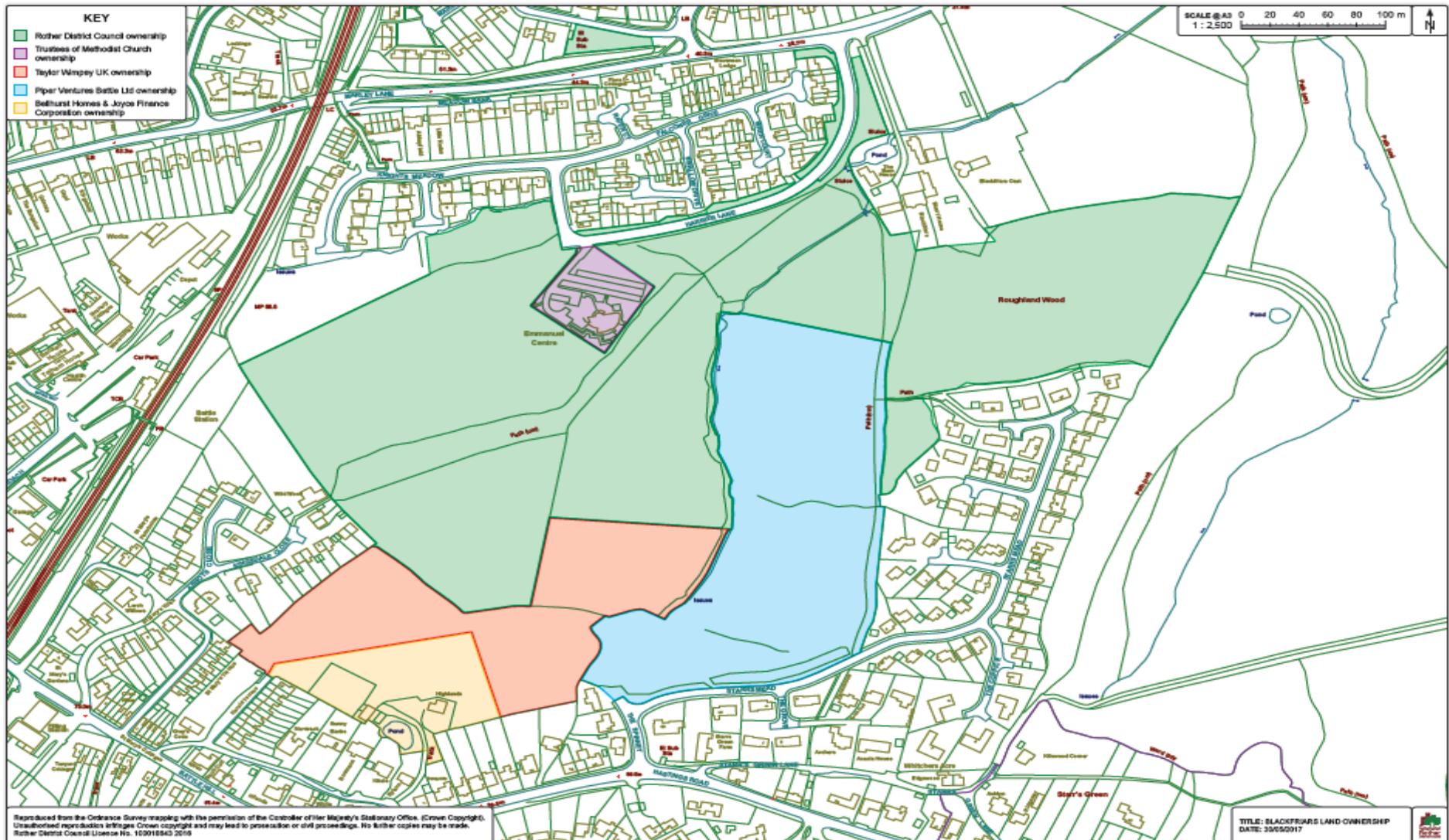
22. The development of Blackfriars is a corporate priority project which meets several key objectives. It is recommended that officers are authorised to begin carrying out the steps outlined above to give greater certainty of delivery, and to ensure the grant funding allocation is not lost.

Dr Anthony Leonard
Executive Director

Risk Assessment Statement

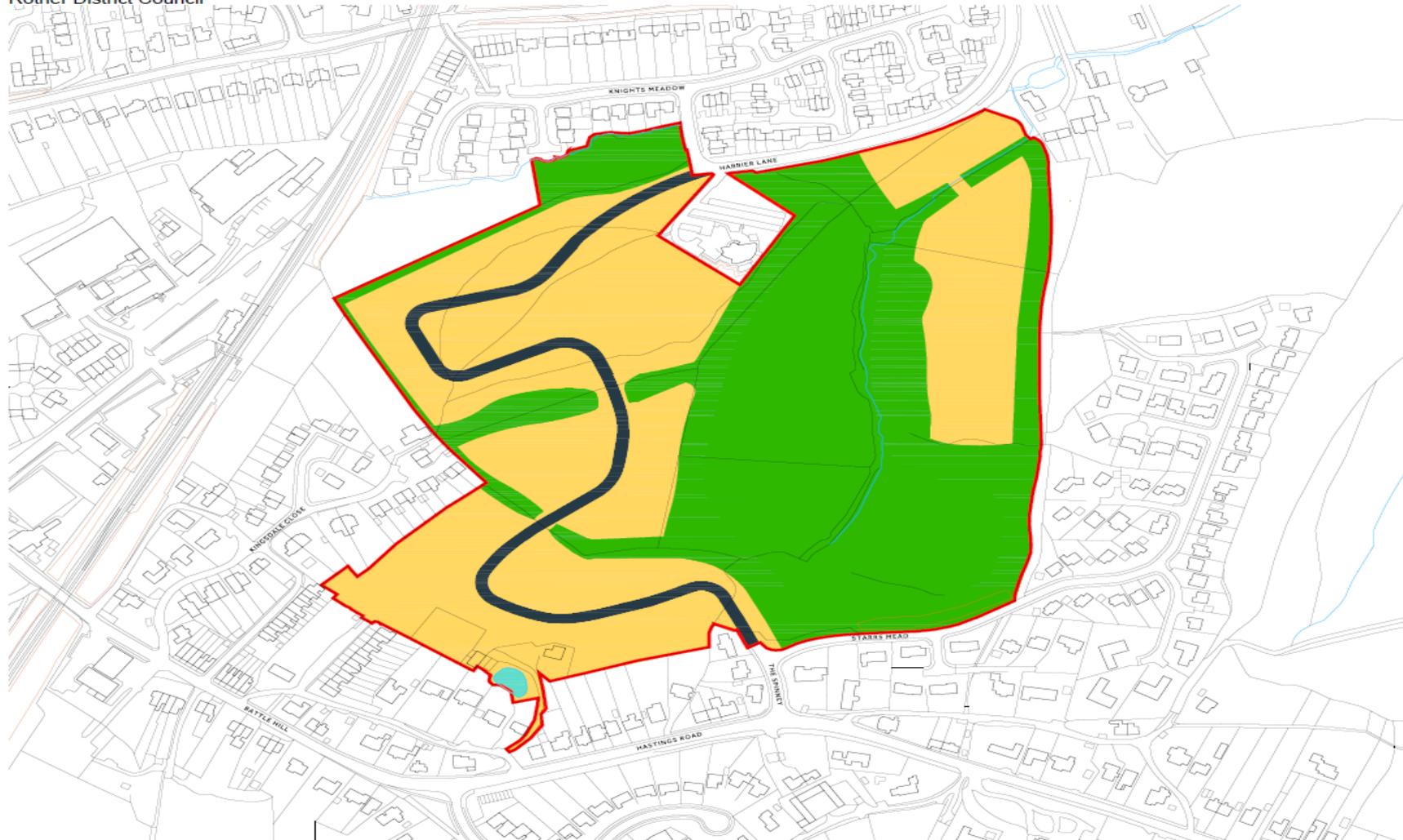
If this project does not proceed in accordance with timescales contained within the grant funding agreement, there is a real danger that the HIF allocation could be lost. The implications of losing the funding are that the site may stall for once again, and this current opportunity to deliver the necessary infrastructure to bring forward much needed residential development will be lost.

Appendix 1



Appendix 2

Rother District Council



NOTES
 Do Not Scale
 Report all measurements, errors and omissions.
 Verify all dimensions on site before commencing any work on site or proceeding with design.
 All materials, quantities and calculations are to comply with the relevant British Standards, Codes of Practice, and applicable regulations, recommendations and best practice to the standards apply.
 For all specialist work, see relevant drawings.
 The drawing and design are copyright of Clague LLP. Registration Number 012345678.

Rev	Date	Description
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- Proposed New Road
- Proposed Development areas including open space
- Existing Pond
- Existing Mature Trees To Be Retained including ecological improvement areas

Prepared for
Rother District Council
 Proposed Masterplan,
 Land at Blackfriars,
 Battle

Drawing/Description
Proposed Land Use Parameters Plan

Scale 1:1000 @ A1
 Date March 2019
 Drawn by SG
 Checked by SW

CLAGUE ARCHITECTS

62 Burghall, Canterbury
 Kent CT11 2BH
 1 St Leonards Court, Luton Road,
 Harpenden, Hertfordshire AL5 2EL
 8, Clancy Street
 London SE1 1JF

01227 762080
 01582 785100
 0203 587 8112

CANTERBURY LONDON HARPENDEN

Drawing Number 23817A/02
 Revision B

Proposed Masterplan, Land at Blackfriars, Battle