

CABINET

8 APRIL 2014

STANLEY WHARF, ROCHESTER RIVERSIDE

Portfolio Holder: Councillor Rodney Chambers, Leader

Report from: Robin Cooper, Director of Regeneration Community and Culture

Author: Kate Greenaway, Rochester Riverside Project Manager

Summary

This report requests that Cabinet recommends to Full Council that it:

Delegates authority to the Director of Regeneration Community and Culture, in consultation with the Leader of the Council, to dispose of the Stanley Wharf site on Rochester Riverside for redevelopment.

1. Budget and Policy Framework

- 1.1 As the disposal value of the site will be over £1,000,000 the Council's Constitution provides that delegation of authority to dispose of it is a matter for Full Council.

2. Background

- 2.1 Rochester Riverside is a flagship project in the Council's regeneration programme. The site comprises 32 hectares (74 acres) of brownfield development land, stretching from Rochester Bridge to the north and Doust Way to the south. Whilst meeting the Council's objective of providing new homes and jobs for Medway, the development at Rochester Riverside will bring other benefits including a range of publicly accessible open spaces, retail and leisure facilities as well as improvements to the 'Gateways' between the River and Rochester High St. The Rochester Riverside development is managed in partnership by the Council and the Homes and Communities Agency.
- 2.2 The site was designated as an Action Area for redevelopment in the Medway Local Plan (2003). Policy S7 of the Local Plan states that the comprehensive regeneration of the area will be sought in accordance with a development brief approved by the Council.

- 2.3 Following on from the designation of Rochester Riverside as an Action Area for development, the vision for the site was established by the 2004 Rochester Riverside Development Brief and the subsequent approval in 2006 of the Rochester Riverside Masterplan. The Masterplan, supported by a Transport Assessment and Environmental Impact Assessment, was granted Outline Planning Permission in June 2006.
- 2.4 The Development Brief supported a phased approach to development on Rochester Riverside, with the site split into five phases. The first phase, Phase A, located at the southern end of the site, runs from Doust Way to Blue Boar Creek.
- 2.5 In June 2006 Cabinet agreed to the phased approach to development, and to a development partner being sought for phase A. The Cabinet agreed the form of tenure for the development in the form of 999-year leases.
- 2.6 Phase A was marketed in 2006 and a development partner selected. The developer submitted a detailed planning application for part of Phase A, comprising 161 residential units. However, following the submission of the planning application, the Council/HCA and the developer were unable to agree satisfactory commercial terms and the development did not proceed.
- 2.7 Following this, a Reserved Matters permission was granted to Hyde Housing Ltd to develop 73 Affordable Housing/Extra Care units on a section of Phase A. These housing units were completed in early 2013, alongside the 'Southern Gateway' public square and the opening of the riverside walk.
- 2.8 Following completion of the first phase of Phase A, the Rochester Riverside Board considered the disposal options for the next phase of development. Officers undertook an extensive options analysis, with a recommendation that the partners continue the phased approach to development and that the next phase should be Stanley Wharf, a parcel of land located adjacent to the Hyde Housing scheme (see attached plan edged in black).
- 2.9 Following consideration of the officers report and recommendation, in August 2013 the Board approved the release to the market of 'Stanley Wharf' on the basis that the development would build on the momentum of delivery on site and would complete the Southern Gateway as originally envisaged.
- 2.10 The Board approved the disposal of Stanley Wharf via the Informal Tender disposal route, allowing for an open market sale on the basis of a 999-year lease.

3. Stanley Wharf

- 3.1 The Council owns the freehold of the site as shown edged black on the attached plan. The site has an area of 0.9 Hectare (2.2 acres.)
- 3.2 Following approval of the disposal process by the Board, officers and GL Hearn (the agent) commenced preparation of the Marketing Particulars for

the site. The Particulars were made publicly available on 26 October 2013 following the placing of an advert in the Estates Gazette.

- 3.3 The Particulars provided an introduction to the site, the planning context and outline sale structure/requirements. Developers who registered their interest were issued with a copy of the full tender documents and a bidder briefing session was held on 26 November.
- 3.4 Developer bids were received on 27 January 2014. Each submission included a financial offer, with overage and s106 contributions and a Development Proposal, illustrating how the developer's proposed scheme responded to the client brief.
- 3.5 The submissions were assessed by a team of officers, the Homes and Communities Agency, plus GL Hearn (agent and commercial consultants) and Allies and Morrison (design consultants) on 3 February 2014. The bids were assessed against agreed selection criteria issued as part of the tender submission documents. Developer interviews also took place on 18 March 2014, with a member of the Rochester Riverside Board present.
- 3.6 On the basis of the results of the scoring matrix, the tender assessment and interview process, officers identified a preferred developer for Stanley Wharf. A recommendation on the preferred developer was taken to the Rochester Riverside Board of 25 March, and the recommendation was endorsed by the Board.
- 3.7 Following the Board's endorsement, Cabinet is asked to recommend to Full Council that the Director of Regeneration Community and Culture, in consultation with the Leader, be granted delegated authority to dispose of the land at Stanley Wharf, Rochester Riverside for development and enter into any necessary deeds and legal documents with the preferred developer.

4. Rochester Riverside Development Brief and Masterplan

- 4.1 In August 2013, Medway Council and Homes and Communities Agency (the project partners) appointed Allies and Morrison, a specialist urban design practice, to lead a review of the Rochester Riverside Development Brief and Masterplan, with GL Hearn Ltd providing commercial and property advice.
- 4.2 Allies and Morrison, working with officers and GL Hearn have produced a draft revised Rochester Riverside Development Brief and Masterplan. Stanley Wharf is identified as the next key phase of development on the site.
- 4.3 The draft revised Development Brief and Masterplan for Rochester Riverside is presented as a separate item on this Cabinet agenda and it is intended that, subject to Cabinet approval, there will be a period of public consultation on the revised Brief and Masterplan from 28 April to 6 June. The Development Brief will then be taken forward for adoption as a Supplementary Planning Document to the 2003 Local Plan.

4.2 It is anticipated that the preferred developer for Stanley Wharf will submit a detailed planning application against the revised Development Brief and Masterplan in summer 2014.

5. Options, advice and analysis

5.1 Alternative options for progressing development at Stanley Wharf include:

- Retention of the site and disposal at a later date in the hope that residential land values increase further.
- Disposal of a much larger phase, or the whole of Rochester Riverside as a single entity.

5.2 Following the completion of the first phase of housing on Rochester Riverside (the Hyde Housing scheme) officers undertook an extensive review of the disposal strategy for the rest of the site. After discussion with the Board, it was agreed that the phased approach remained the preferred option as it provided the project partners with adequate control over quality and programme and would extend the number of developers of varying sizes able to bid for phases.

5.3 Given the delivery of the Hyde Housing scheme and the level of infrastructure investment undertaken and planned, the Board also agreed that the next phase of development should be Stanley Wharf, adjacent to the Hyde scheme and within the strategically important 'Southern Gateway'. The infrastructure is in place to deliver a small number of units on this part of the site and it is considered that there is sufficient demand within the local housing market for them.

5.4 Taking forward a small scheme on Stanley Wharf will build on the momentum of delivery and will complete the Southern Gateway scheme as originally envisaged. Progression of the site will deliver approximately 70 new homes.

5.5 The Council could retain the site and dispose of it at a later date. However, this would stall the momentum of delivery on site and the continued regeneration of the Council's key development site. Any further delay to development will impact on the ability to build on the momentum of delivery already achieved.

5.6 Officers have undertaken an extensive tender process to select a preferred developer for the site. The preferred developer has been endorsed and approved by the Rochester Riverside Board.

5.7 It is therefore recommended that Council resolve to dispose of the Stanley Wharf site on Rochester Riverside for regeneration purposes.

6. Risk Management

| Risk | Description | Action to avoid or mitigate risk | Risk rating |
|---|---|--|-------------|
| Preferred developer withdraws bid. | Preferred developer withdraws their offer for Stanley Wharf, or does not sign up to terms and conditions within the Development Agreement. | Exchange of contracts will take place early in the negotiation period, prior to the submission of the planning application. The Development Agreement will be drafted in consultation with the developer. External solicitors with current knowledge of the market will be instructed to draft and negotiate the development agreement to ensure a speedy exchange of contracts. | D2 |
| Revised Development Brief not adopted, delaying the planning application process. | The planning application will be submitted against the revised Development Brief and Masterplan. If, following the public consultation stage, the documents are not adopted as Supplementary Planning Documents, then this will lead to a delay to the planning approval process. | The revised Development Brief and Masterplan has been approved by the Rochester Riverside Board and has been presented to All Members. A series of public consultation events is planned. | C2 |
| Poor quality development | Development on scheme is of poor quality and does not meet expectations for high quality mixed used development. | Revised Master plan will set out expectations for high quality development. | D2 |

| | | | |
|--|---|--|----|
| Poor market conditions slow progress of development. | Difficult market conditions discourage purchase of units. | The scheme has been designed to be flexible and adaptable to changing market conditions. | C2 |
|--|---|--|----|

7. Consultation

- 7.1 Consultation has taken place with the Rochester Riverside Board, the Homes and Communities Agency, the council's development management team and service directorates and no objections to this proposal have been received.
- 7.2 A period of public consultation will form part of the planning application process for Stanley Wharf, once an application has been submitted.

8. Financial and legal implications

- 8.1 Under Part 5 of Part 3 of the Council's Constitution, the decision to dispose of the site is one for Full Council, as the disposal value of the site will be over £1,000,000.
- 8.2 As the site was acquired by Compulsory Purchase powers for planning purposes, the Council has power under section 233 of the Town and Country Planning Act 1990 to dispose of the site by a method that will secure either (a) the best use of the site or other land and any buildings or works which have been, or are to be, erected, constructed or carried out on it, or (b) the erection, construction or carrying out on the land of any buildings or works that the Council considers are needed for the proper planning of the area.
- 8.3 When it disposes of land under the power in section 233, the Council has a duty to obtain best consideration for the disposal, unless the letting is by way of a lease for 7 years or less, or a specific consent is obtained from the Secretary of State.
- 8.4 The obligations imposed on the Council when seeking to dispose of land under the powers in section 233 are therefore twofold. Firstly, the Council must satisfy itself that the disposal satisfies the planning and regeneration objectives it has set for the site. Secondly, where there are two or more alternatives routes of disposal that would satisfy these objectives, it must select the route that would provide the best financial consideration.
- 8.5 A formal report on title has been prepared and there are no onerous restrictions on the title that would prevent development.
- 8.6 The Rochester Riverside site is jointly owned and managed by Medway Council and Homes and Communities Agency. There is a formal Collaboration Agreement between the two organisations, which sets out the

project's decision-making process; this is managed by the Rochester Riverside Board. The Council has consulted the Homes and Communities Agency and obtained its agreement to dispose of Stanley Wharf. Under the Collaboration Agreement the Council receives the first £7,110,000 of any capital receipts resulting from development at Rochester Riverside as a 'priority share'.

9. Recommendations

9.1 Cabinet is asked to approve the disposal of the Stanley Wharf site and to recommend to Full Council that it delegates authority to the Director of Regeneration, Community and Culture in consultation with the Leader of the Council:

- To dispose of the Stanley Wharf site (as shown edged black on the attached plan) for redevelopment.
- To enter into any necessary agreements.

10. Suggested reasons for decision(s)

10.1 The disposal of Stanley Wharf will realise capital receipts and will maintain momentum of delivery and the continued regeneration of the Council's key development scheme.

Lead officer contact

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Plan of Stanley Wharf (Appendix 1)

Background papers

2003 Medway Local Plan

<http://www.medway.gov.uk/pdf/Medway%20Local%20Plan%202003.pdf>

2004 Rochester Riverside Development Brief

[http://www.medway.gov.uk/pdf/Rochester%20riverside%20development%20brief.p
df](http://www.medway.gov.uk/pdf/Rochester%20riverside%20development%20brief.pdf)

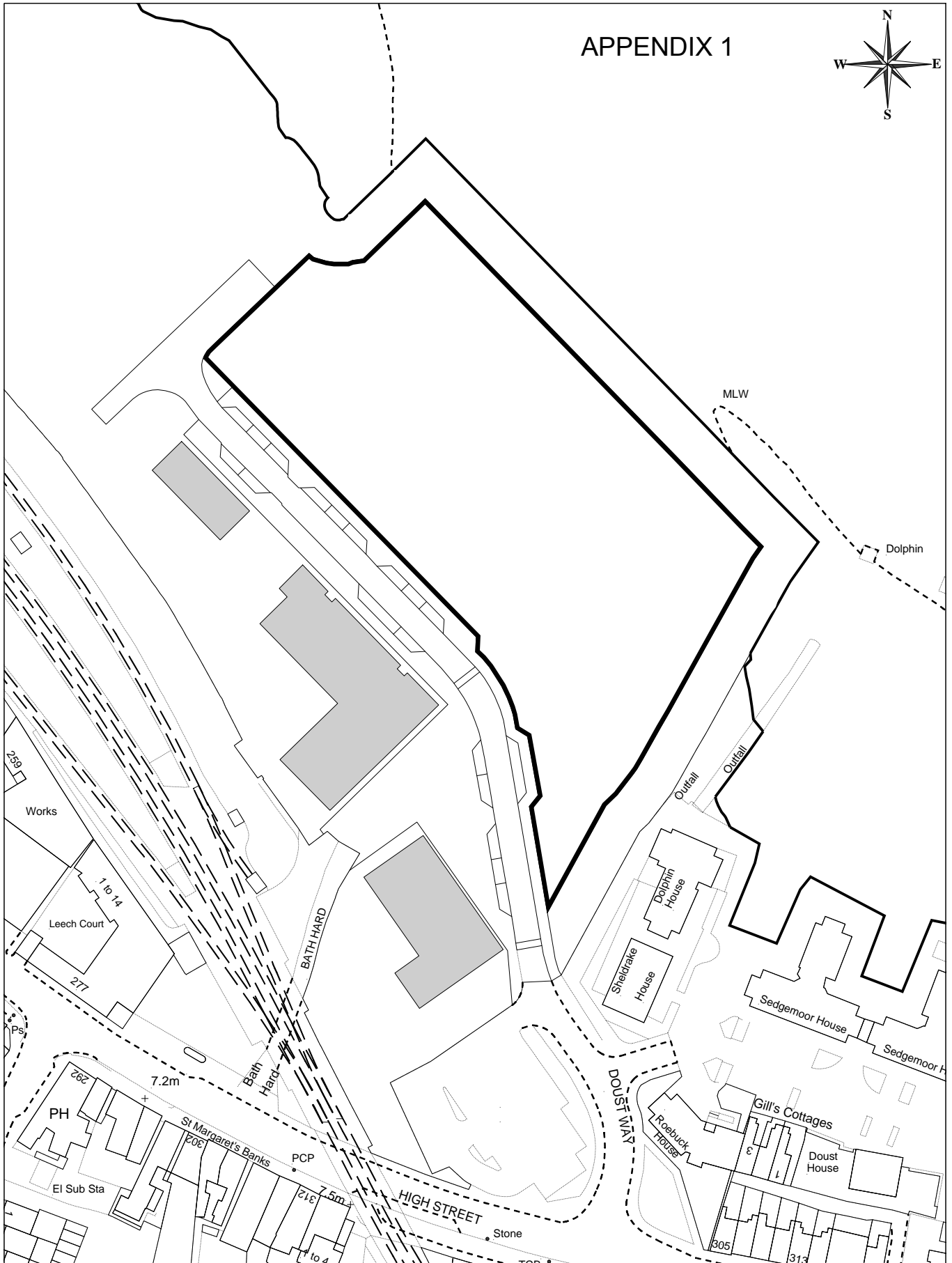
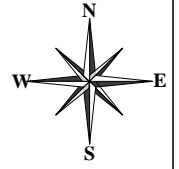
2006 Rochester Riverside Masterplan

http://www.medway.gov.uk/pdf/rochester_riverside_brochure-3.pdf

June 2006 Cabinet decision

<http://democracy.medway.gov.uk/ieDecisionDetails.aspx?AllId=846>

APPENDIX 1



**Stanley Wharf
Doust Way, Rochester**



Serving You

Scale: 1:1250 27/03/14

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