

CABINET

17 AUGUST 2010

ROCHESTER RIVERSIDE PHASE 1 DEVELOPMENT

Portfolio Holder: Councillor Rodney Chambers, Leader
Report from: Deborah Upton, Monitoring Officer
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Summary

This report informs Members of a decision made by the Leader, using his urgency powers, to enable the Council to extend the Exclusivity Agreement with Crest Nicholson until 24 September 2010 for the entirety of Phase 1 of Rochester Riverside, and seeks a further delegation to 17 December 2010.

1. Budget and Policy Framework

1.1 Paragraph 3.2 of part 3 (Responsibility for Cabinet Functions) of Chapter 3 (Responsibility for Functions) of the constitution permits the Leader of the Council to make decisions that are urgently required.

2. Background

2.1 Council appointed Crest Nicholson (CN) as its preferred developer for Phase 1 of Rochester Riverside on 17 January 2008 (minute no. 484 (F)) and delegated authority to the Chief Executive, in consultation with the Leader, to grant a development agreement and lease of Phase 1. The area referred to as Phase 1 stretches from Doust Way to Blue Boar Creek and extends to approximately 7 hectares. It will include approximately 600 new homes together with new landscaped areas and river walk as well as some other mixed use buildings.

2.2 Due to the economic downturn progress on the scheme has slowed considerably since late 2008. However, in mid September 2009, CN sought urgent agreement from the Council to enter into an Exclusivity Agreement (EA) by 31 October 2009 and this was agreed by the Leader using his urgency power and reported to Cabinet on 24 November 2009.

2.3 Considerable progress has been achieved on the emerging scheme design and CN have continued to be committed to the project. The

Rochester Riverside Project Board has agreed to an extension of the milestone dates to accommodate revisions to the designs. As the EA was due to expire on 31 July 2010 a formal extension of two months, to 24 September 2010, has been agreed by the Leader.

- 2.4 The specific terms of the EA are subject to a confidentiality clause but in summary the key principles of the Agreement are:
- An EA for a 9-month period, now extended until 24 September 2010.
 - An EA covering the whole of Phase 1 (approx 600 units) from Doust Way to Blue Boar Lane which is an identical area to that included in the Invitation to Bid documents
 - During the EA period CN, will progress the design development and related financial and business planning with the intention (subject to the Council and SEEDA's approval) of submitting the first planning application in Summer 2010
 - Specific milestones and dates are set out in the EA in order to ensure momentum is maintained on the project
- 2.5 Owing to the timescales involved, the Leader, using his urgency powers, agreed that the Council, with SEEDA, would grant an extension until 24 September 2010 of the Exclusivity Agreement with Crest Nicholson for the entirety of Phase 1 of Rochester Riverside.

3. Risk Management

- 3.1 Rochester Riverside is Medway Council's flagship regeneration project and of key importance in the Thames Gateway and has been the beneficiary of considerable investment by the public sector. The intention is to see the site redeveloped as a high quality sustainable neighbourhood. Without a developer or a partnership with the private sector this is not achievable.
- 3.2 The original EA was due to expire on 31 July 2010 and without an extension would have automatically terminated. This could have led to a loss of CN's involvement in the project thereby leaving the Council without a developer partner. The selection of CN in 2008 as preferred developer for Phase 1 of Rochester Riverside was a lengthy and rigorous process and would take considerable time to repeat at a time when the housing market is still uncertain.
- 3.3 The Exclusivity Agreement is a 'live' document and in order to achieve the deadlines within it a great deal of complex work is being undertaken by all the partners within a short period of time. It is possible that the Council may wish to further extend the EA period in order to secure a final agreement with CN. To facilitate this it is proposed that approval to any further variations to the EA, including extensions to the timescale, is delegated by Cabinet to the Chief Executive in consultation with the Leader. This delegation will only apply to alterations for up to 12 weeks i.e. 17 December 2010.

4. Financial and legal implications

- 4.1 There are very limited direct costs to the Council as a consequence of entering into the EA and these are being met from the Homes & Communities Agency's grant to Medway Council for Rochester Riverside.
- 4.2 The Exclusivity Agreement commits CN to meeting certain milestones over the next two months, with the ability of the Council and SEEDA to terminate the Agreement should the milestones not be met. It also obliges the Council not to negotiate with any third parties with regard to the sale, etc of Phase 1 during the two-month extension period.

5. Recommendation

- 5.1 The Cabinet is asked to note the use of the Leader's urgency powers to extend the nine month Exclusivity Agreement to 24 September 2010 with Crest Nicholson for the entirety of Phase 1 of Rochester Riverside.
- 5.2 The Cabinet is asked to delegate authority to the Chief Executive, in consultation with the Leader, to make any further changes to the Exclusivity Agreement with Crest Nicholson, as set out in paragraph 3.3 of the report, until 17 December 2010.

6. Suggested reasons for decision(s)

- 6.1 The use of the Leader's urgency powers and the delegation to the Chief Executive means that the opportunity to see development activity at Rochester Riverside with the Council's preferred developer is retained and that momentum is maintained on this flagship regeneration project.

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Background papers

Rochester Riverside Phase 1 – report and minutes to Council 17 January 2008
Cabinet Report of 24 November 2009