

REPORT TITLE: ACQUISITION OF LAND AT THE DEAN, ALRESFORD FOR A PUBLIC CAR PARK

17 JANUARY 2018

REPORT OF PORTFOLIO HOLDER: ESTATES – CLLR STEVE MILLER

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WARD(S): ALRESFORD & ITCHEN VALLEY

PURPOSE

The Local Plan Part 2 allocates land at The Dean, Alresford for mixed use development, including provision of a new public car park (policy NA2). A Masterplan for the allocated land was agreed by the City Council in February 2017 and identifies the optimum location for a public car park as the site of Units 1-3 The Dean, which are currently commercial units in various private ownerships. A housing developer has reached agreement to acquire this land from the owners and has offered the City Council the opportunity to acquire part of the land for a public car park.

This proposal was considered by the Strategic Asset Purchase Scheme Board in November 2017, along with a draft financial appraisal. The Board agreed the offer should be recommended to Cabinet for acceptance as it would enable provision of car parking in a location where it is in short supply, as well as helping to deliver housing.

This report therefore recommends acceptance of the offer made and authorises the acquisition and development of land at The Dean, Alresford for a public car park, using a mix of developer contributions, Community Infrastructure Levy (CIL) and funds allocated from the Strategic Asset Purchase budget.

RECOMMENDATIONS:It is recommended that:

1. Cabinet authorises the acquisition and the procurement of a contractor to develop land at The Dean, Alresford (shown on the plan at Appendix 2) for a public car park, in accordance with the offer price for the land (see exempt Appendix 3) and subject to acceptable terms and conditions, to be determined by the Corporate Head of Asset Management.
2. Cabinet, under Financial Procedure Rule 6.4, authorises capital expenditure of £1,005,000 for the acquisition of land and subsequent car park development, to be funded as detailed in the report.
3. The Corporate Head of Asset Management be authorised to submit planning and other applications requiring statutory consent for the proposed car park, if necessary
4. The Corporate Head of Asset Management be authorised to appoint such consultants as are necessary to progress the design and development of the car park in accordance with the Contract Procedure Rules.
5. The Corporate Head of Asset Management be authorised to accept tenders received for the construction of the car park in accordance with the Contract Procedure Rules following an assessment of the cost and subject to the Tenderers ability to undertake the works in the required timescale.

IMPLICATIONS:

1 COUNCIL STRATEGY OUTCOME

- 1.1 The proposed public car park would serve the town centre of Alresford and support the Council Strategy's aims of '*use a strategic asset purchase scheme to generate financial returns*', '*utilise our environment to drive business growth*' and '*work with strategic partners to deliver critical infrastructure projects across the District*', as well as helping to facilitate housing development.
- 1.2 It would also help implement Local Plan Part 2 policy NA2, the Masterplan for The Dean, and the Car Parking Strategy 2014-18. It would use CIL funding as agreed by Cabinet (CAB2962 Appendix A) and support one of the District's Market Towns.

2 FINANCIAL IMPLICATIONS

- 2.1 A detailed financial appraisal is provided at exempt Appendix 3, which sets out acquisition and stamp duty costs and estimated construction costs giving a total of £1,005,000. Estimated income of £25,000 and estimated expenditure of £5,000 per annum (car park running costs) have been based on the nearby Perins public car park. After borrowing costs, the net estimated surplus is £6,000 per annum. It should be noted that the Council is also acquiring land which will continue to be available for use after the 25 year life of the car park.
- 2.2 The project will be funded by £250,000 from the Community Infrastructure Levy (CIL), as agreed by Cabinet in September 2017 as part of a 3-year rolling programme (CAB2962 refers) and at least £349,000 of developers' contributions; the balance of £406,000 will be financed from the Strategic Asset Purchase Scheme (prudential borrowing). There is a small risk that some of the developers' contributions may not be received (see Appendix 3 for details). In the event this occurs, the shortfall will be financed by further prudential borrowing. The impact of this is outlined in Appendix 3.
- 2.3 The appraisal assumes that the land acquisition and development of the car park could take place quickly, with the car park potentially becoming operational in autumn 2018. This reflects the interest from the current landowners and prospective developer in reaching a rapid conclusion to give them certainty going forward. The developer would want the car park to be developed alongside its housing scheme, hence the need for a decision by Cabinet on whether it wishes to pursue the offer and develop the car park.

3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 The estimated construction cost of the car park is below the current EU threshold (which is £4,104,394.00 for works contracts) and therefore does not require a full EU procurement process; consequently the contractors can be

procured in accordance with the Council's Financial Procedure Rules and Contracts Procedure Rules for works contracts outside of the scope of the Public Contracts Regulations 2015.

4 WORKFORCE IMPLICATIONS

- 4.1 The project will be managed by the Corporate Head of Asset Management and will require input from Legal, Finance, Parking and Development Management. If necessary, external consultants and contractors may be appointed to progress the project. The workforce implications can be accommodated within existing resources.

5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 The project would involve the acquisition of a new land asset and its development as a public car park. This would result in a gain of approximately 47 parking spaces in the centre of Alresford, where parking provision is under pressure and where existing public car parks operate largely on land leased to the Council (there are 3 existing public car parks in Alresford with a combined capacity of 260 spaces). The proposed car park would generate an income stream that would cover its running costs, including capital repayment costs, making the development an attractive investment, with potential for the income to rise. As with all investments, asset values can both rise and fall over time as they reflect market conditions.

6 CONSULTATION AND COMMUNICATION

- 6.1 The project would help implement policy NA2 of the Local Plan Part 2, which was subject to an extensive consultation and examination process and was adopted by the Council in April 2017. A Masterplan has also been produced for The Dean, in consultation with the landowners in the area, which was also subject to public consultation and was agreed by Portfolio Holder Decision Notice (PHD736). Local Ward Members and the Town Council were involved in the Local Plan and Masterplan processes and have been kept informed as the project has developed. The project was considered by the Strategic Asset Purchase Scheme Board in November 2017.

7 ENVIRONMENTAL CONSIDERATIONS

- 7.1 The car park would provide for current unmet parking demand and the needs of new development that is planned in Alresford over the next 15 years or so. It is in a location that is accessible to a wide section of the local community and would replace commercial buildings that generate heavy goods vehicle movements in a partly-residential area. Although there is often some spare capacity at the Arlebury Park Recreation Ground car park, this has not proved convenient for the town centre (see paragraph 10.9 below). The site adjoins the Alresford Conservation Area and is currently occupied by commercial buildings which do not make a positive contribution to the Conservation Area. Redevelopment of the site, with careful consideration given to design, is

expected to improve the neighbouring environment and enhance the setting of the Conservation Area.

8 EQUALITY IMPACT ASSESSMENT

- 8.1 The car park is in an accessible location and would include designated disabled parking bays.

9 RISK MANAGEMENT

Risk	Mitigation	Opportunities
<i>Property</i> Risk of construction inflation increases between today and the point of construction.	The budget estimate used in the financial appraisal is based on a recent estimate and is a 'worst case' scenario.	
<i>Community Support</i> Risk of objections to the proposed development at the planning application stage.	The principle of development is consistent with the Local Plan allocation and Masterplan for The Dean. Detailed objections would be considered through the planning application process.	Opportunity to promote the scheme as a 'win' as the provision of additional parking is likely to be welcomed, especially by businesses in the centre of Alresford.
<i>Timescales</i> There is a risk of delays as the project relies on a commercial developer bringing forward the site and on input from teams within the Council.	Ensure there are no financial penalties on the Council if there are delays and that resources can be made available to coincide with the site acquisition / development programme.	The opportunity for development could be lost without the Council's involvement, as this will improve viability. Development may otherwise be delayed or not take place.
<i>Project capacity</i> See 'workforce implications' above.		
<i>Financial / VfM</i> Risk that the project is not commercially viable.	The financial appraisal is based on a recent estimate of construction costs and a 'worst case' scenario and suggests the scheme would at least generate a small surplus.	

Risk that developments which are providing developer funding are delayed /abandoned	The status of the various developer contributions is considered in (exempt) Appendix 3. Most of the contributions are at 'low/very low' risk of not being received, with one contribution at 'moderate' risk. The financial appraisal takes these risks into account.	
<i>Legal</i>		
<i>Innovation</i>		
<i>Reputation</i> The Local Plan promotes an additional car park and the Council could suffer reputational damage if it does not deliver this.	The financial appraisal suggests the project would at least break even and so is a viable option to deliver on the Local Plan.	Opportunity to implement the Local Plan allocation, Masterplan and Parking Strategy.
<i>Other</i>		

10 SUPPORTING INFORMATION:

Background

- 10.1 The Local Plan Part 2 allocates land shown at Appendix 1 at The Dean, Alresford for mixed use development, including provision of a new public car park of 50-100 spaces (policy NA2). The policy requires a masterplan to be developed for the area and this has been agreed in consultation with the landowners and general public. The Masterplan was agreed by the City Council in February 2017 and concludes that the optimum location for a public car park is in the south-east of the allocated area, closest to the town centre. This is the site of Units 1-3 The Dean (see Appendix 1), which are commercial (industrial/office) units in private ownership. Planning applications have been received / determined for most other parts of the allocated area and developer contributions have been secured to assist the delivery of the car park, in accordance with the Local Plan policy.
- 10.2 The developer of land to the south-west of the Local Plan allocation (McCarthy & Stone) has been in negotiation for some years with the owners of Units 1-3 The Dean and an associated housing developer has now reached agreement to purchase the land (shown on the plan attached at Appendix 1). The developer (Style Front) proposes to develop housing on the part of the site fronting The Dean (see land edged red on the plan at Appendix 2) and has offered the Council the opportunity to buy the rear part of the site (remaining land not edged red at Appendix 2) for the car park. The Strategic Asset Purchase Scheme Board considered the options for bringing forward

the proposed car park in May 2017, which included a 'do nothing' option, acquisition of the land from Style Front, or the Council seeking to acquire and develop the whole site itself.

- 10.3 The Strategic Asset Purchase Scheme Board concluded that the option of acquiring land for the car park from Style Front warranted further investigation and was the only realistic option for achieving the car park on the preferred site, given the agreements in place between the prospective developer and the multiple landowners.
- 10.4 Discussions and negotiations have taken place with Style Front on the planning layout of the development and the price of the land being offered to the Council. These have resulted in a form of development which is likely to be acceptable in planning terms, including a draft layout for 10 apartments and a car park of approximately 47 spaces, including 2 disabled bays. While the number of spaces is slightly below the range specified in the Local Plan, the more detailed layout work has shown that a larger number could not realistically be accommodated alongside housing and the Head of Parking still welcomes the proposed new car park and considers it viable to operate.
- 10.5 Following negotiations the prospective developer has made a 'best and final' offer to the Council for the acquisition of the car park land (see exempt Appendix 3). The land would be offered as a cleared and levelled site that has been de-contaminated and with access to the site boundary. The developer would be expected to make a contribution to the cost of acquiring the car park land, like other developments in the allocated area, and it has been agreed that a contribution of £30,000 would be viable. The developer's offer was considered by the Strategic Asset Purchase Scheme Board in November 2017 which agreed to use Strategic Asset Purchase Scheme funding, subject to Cabinet agreeing to progress the scheme using the other funding sources (developer contributions and CIL).
- 10.6 This report seeks a formal decision to implement the car park proposal by acquiring the necessary land on the basis of the Style Front offer and developing it for a public car park.

The need for additional parking in Alresford

- 10.7 The Local Plan highlights the need to retain existing public car-parking in Alresford and to increase it where possible. Existing off-street public car parking provision in Alresford is at the Station and Perins School, but both of these car parks are on land that is leased, with the leases due to expire in 2020 and 2035 respectively. Local Plan policy NA2 proposes a new car park of 50-100 spaces at The Dean, primarily to expand existing capacity but it would also help maintain parking if provision at the Station or Perins were lost.
- 10.8 There is no 'technical' method for establishing how large the proposed car park should be, with the Local Plan allocation based on what was considered

to be a viable new car park. The 2016 Town Benchmarking Report for Alresford highlighted parking as the largest single negative issue about Alresford and the local Chamber of Commerce is concerned about a lack of parking and reportedly believes about 80 spaces are needed to 'stand still'.

- 10.9 The existing public car park at Arlebury Park Recreation Ground has spare capacity (typically of 50 or more spaces) at most times but usage information suggests users do not find this an attractive option for the town centre. Its primary use is to serve the Recreation Centre and it is often more heavily used during events at the Recreation Centre.
- 10.10 The Local Plan policy for The Dean was subject to objection, but this was primarily related to the overall development strategy for Alresford, which included allocating a large and controversial site for development at Sun Lane. There was no significant objection to additional parking through consultation on the Masterplan for The Dean (the Town Council was involved in meetings to develop the Masterplan) and it is likely that there would be considerable support for a new car park, particularly from local businesses. This site offers a rare opportunity to expand the stock of public car parking in the centre of Alresford, in support of the local economy.

SAPS Application Criteria

- 10.11 The table below sets out the scoring criteria as they relate to this investment. A score above 65% is considered to be the minimum acceptable and consequently this opportunity is one which can be recommended to the Cabinet.

Criteria	Score Weight	5	4	3	2	0	Scoring
Location	4	Prime	Off prime	Major secondary	Mid secondary	Tertiary	12
Initial Yield	4	6% +	5-6%	4-5%*	3-4%	Sub 3%	12
Tenancy Strength	4	Single tenant with strong financial covenant**	Multiple tenants with strong financial covenant	Single tenant with good financial covenant	Multiple tenants with good financial covenant	Tenants with poor financial covenant strength	20
Tenure	3	Freehold	999 year lease			Lease less 999 years	15
Lease length	3	Greater than 10 years	Between 7 and 10 years	Between 5 & 7 years		Less than 5 years; vacant	n/a
Repairing terms	2	Full repairing & insuring	Internal repairing - 100% recoverable			Internal repairing - less than 100% recoverable	n/a
Total							59 out of 75 = 79%

* Initial yield is based on element to be financed by prudential borrowing.

** If the asset were to be sold and leased back, the Council's covenant would be strong.

Conclusion

- 10.12 Development of a public car park on this site would help directly in implementing the Council's Local Plan allocation and Masterplan for The Dean, as well as supporting the Council Strategy and Parking Strategy. The Financial Appraisal concludes that the scheme is expected to generate a small surplus. It remains the only site potentially available at this time for a new public car park to support the town centre of Alresford, which is important given that the other public car parks are on leased land. This is likely to be the best opportunity to implement a car park in the foreseeable future, given Style Front's agreements with the current landowners and the fact that these businesses are likely to remain if the scheme cannot progress promptly.
- 10.13 It is therefore recommended that Cabinet agrees to acquire land at The Dean, Alresford for a public car park, in accordance with the offer from Style Front (see exempt Appendix 3) and to develop it as a public car park. This would be funded by a mix of developer contributions secured for the purpose of acquiring land for the car park, CIL funds and prudential borrowing. The Corporate Head of Asset Management would need to agree the precise timing and terms of any land acquisition and development, but it is understood that the developer and current landowners are keen to progress a scheme and that Style Front would want the car park to be developed alongside its housing element. On this basis, land acquisition and car park development could take place during spring/summer 2018, with it being operational in autumn 2018.

11 OTHER OPTIONS CONSIDERED AND REJECTED

- 11.1 Options for the allocation of land at The Dean and the disposition of land uses were considered and resolved through the Local Plan Part 2 and the Masterplan exercises.
- 11.2 The Strategic Asset Purchase Scheme Board has considered the various options for bringing forward the proposed car park, including 'do nothing', acquisition of the land from Style Front, or the Council acquiring and developing the whole site itself. It concluded that the option of acquiring land for the car park land from Style Front was the only realistic option for achieving the car park on the preferred site, given the agreements in place between the prospective developer and the landowners. The Strategic Asset Purchase Scheme Board therefore recommends that Cabinet endorses this option.

- 11.3 If the car park could not be developed on this site in the short term there is a risk that no other opportunities for increased parking provision would arise which could service the town centre. Undertakings have been made by the promoters of various sites to make substantial developer contributions for acquisition of land at The Dean for a car park, either through S106 obligations or 'up-front' payments (see Appendix 3). The Council has also committed CIL funding for this purpose. If the scheme cannot be developed in the near future, and no other options become available, the Council would be under pressure to repay any contributions received and/or to revise legal agreements to remove this requirement.

BACKGROUND DOCUMENTS:-

Previous Committee Reports:- CAB2962 Community Infrastructure Levy Rolling 3 year Programme of Schemes

(Other previous reports relate to the Local Plan Part 2, Masterplan and Parking Strategy)

Other Background Documents:- None

APPENDICES:

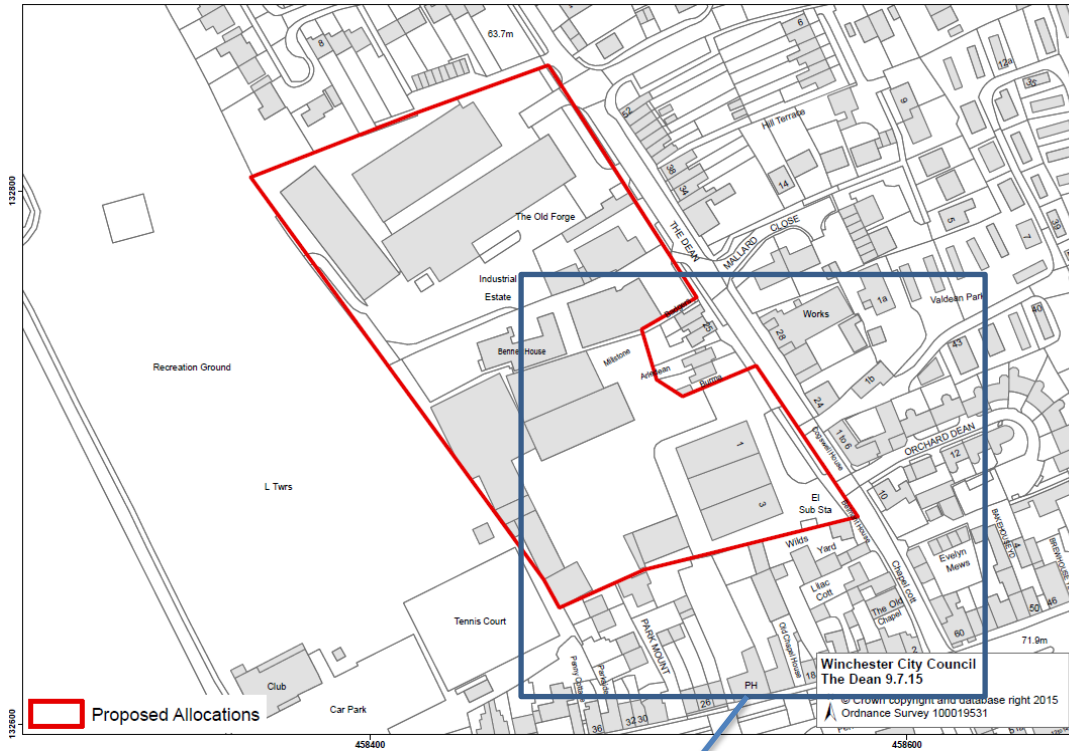
Appendix 1: Land at The Dean, Alresford allocated by LPP2 Policy NA2

Appendix 2: Land at The Dean, Alresford offered to the Council for public car park use.

Appendix 3 (Exempt): Financial Appraisal

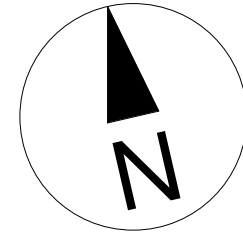
Appendix 1

Land at The Dean, Alresford allocated by LPP2 Policy NA2



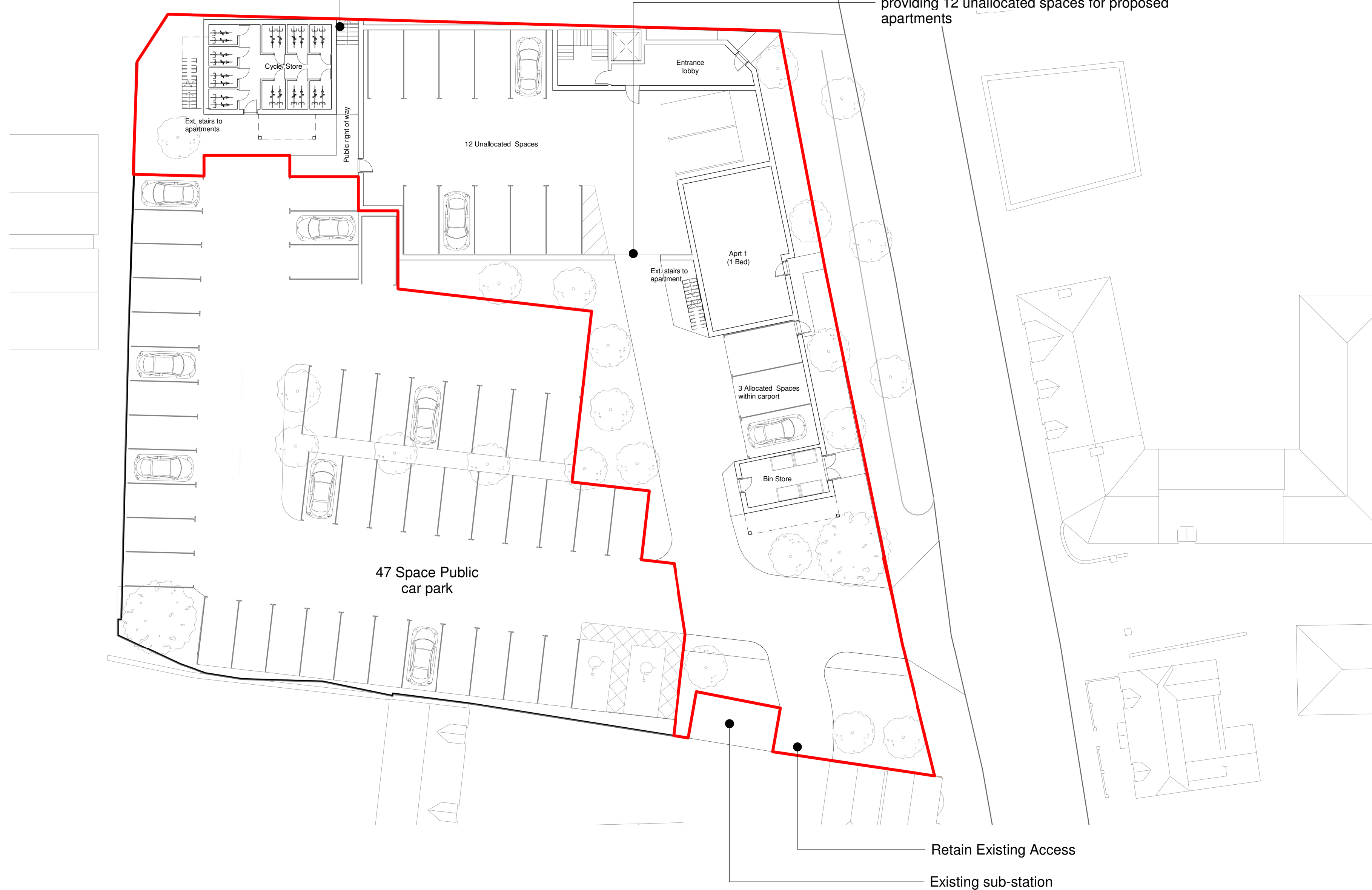
Units 1-3 The Dean, Alresford





Pemeable pedestrian link

Vehicular access to undercroft car park providing 12 unallocated spaces for proposed apartments



Retain Existing Access

Existing sub-station

Project: **Units 1-3, The Dean, New Alresford, SO24 9BQ**

Drawing Title: **Proposed Block Plan**

Drawing No: **A-100** Revision:

Date: **22-11-2017**

Project No: **TD01** Scale: **1 : 200 @ A1**

