

Report of: Finance and Asset Management Business Manager

To: Executive Board

Date: 29th January 2007

Item No:

Title of Report : Albion Place Development



Summary and Recommendations

Purpose of report: To seek major project approval and Executive Board authority to enter into negotiations with the Westgate Partnership with a view to proposed development of Albion Place

Key decision: Yes

Portfolio Holder: Councillor Stephen Tall
Councillor Patrick Murray
Councillor John Goddard



Scrutiny Responsibility: Finance

Ward(s) affected: Carfax



Report Approved by:

Councillor Stephen Tall – Portfolio Holder
Councillor John Goddard – Leader of the Council
Councillor Patrick Murray – Housing Portfolio Holder
Jeremy Thomas – Legal and Democratic Services
Amy King – Legal and Democratic Services
Sarah Fogden - Financial and Asset Management Business Manager



Policy Framework: To improve the environment in which we live and work, provide more affordable housing, creating local prosperity and sustaining full employment, improving transport and mobility, and maintaining financial stability.

Recommendations:

1. That the Executive Board agree that Officers may enter into discussions with the Westgate Partnership on a possible development of the Albion Place car park to replace the housing units which might be demolished on Abbey Place as part of the Westgate redevelopment.
2. To grant Major Project approval to the scheme
3. That a further report be submitted for final authorisation and approval of the various contracts needed to proceed with the development to the Executive Board prior to signature of any binding documents.



SUMMARY

1. The purpose of this report is to update the Executive Board on the progress in establishing possible alternative accommodation for the Council tenants and shared ownership currently residing in Abbey Place.

BACKGROUND

2. On the 9th October 2006 the Executive Board approved a report relating to the proposed Westgate redevelopment.

3. Included in the approved recommendations was authorisation for Officers to open negotiations with the Westgate Partnership (WP) for the possible disposal of Abbey Place in order to partly accommodate the new Westgate multi-storey car park.

4. In order to dispose of Abbey Place, it is first necessary (in order to satisfy the requirement that Secretary of State's consent is obtained for any disposal of housing stock) to secure suitable alternative accommodation to offer to the Council's tenants.

5. Officers within Asset Management and Oxford City Homes have therefore set up a working party to consider alternative accommodation for both the 6 weekly tenancies and 3 shared ownership located within the Abbey Place development.

CURRENT SITUATION

6. As an alternative to the purchase and internal alterations (for those Council tenants who are disabled and require such alterations) of individual units in the local area (for which the Council will receive an indemnity by the Westgate Partnership (WP)), Officers have also been considering the option of construction of purpose built accommodation within the City Centre.

7. Having identified that the Council owned vacant site at Albion Place which is located within 300 metres of Abbey Place may be a suitable site, architects acting on behalf of the W P, have prepared plans indicating that 14 two bedroom flats can be constructed on the site to replace the 5 two bed and 9

one bed flats at Abbey Place (location as shown in Appendix A) should a final decision be made to dispose of Abbey Place.

8. In order that this option might meet the timetable required to start the Westgate development in February 2008, a detailed planning application has been submitted by the Estates Officers to the Planning Department seeking planning approval for this scheme.

PROPOSAL

9. Assuming that planning approval is obtained, the concurrent step will be to negotiate with the WP financial terms for them to construct the development and “hand the keys” of the completed scheme over to the Council. This will allow the Council both to be able to decant the weekly tenancies and those shared ownerships potentially affected by the Westgate development straight into the new scheme without any need for a temporary decant and lettings of the additional units.

10. The overall cost of the proposed development is in excess of £2.5 million, which is currently estimated by Officers to be at a broadly similar level to the purchase and alteration of 9 properties needed to replace those potentially lost at Abbey Place.

RISKS AND MITIGATION APPROACH

11. The perceived risks and approach to mitigate these are as follows

a) Risk - Planning consent is not obtained for the proposed Albion Place development scheme.

Mitigation approach - Extensive pre-application discussions have taken place with the Planning Department so that the scheme to be submitted is in conformity with all planning policies and objectives including in particular the Local Plan policies and sustainable development requirements. Members will note that the scheme includes heat generation via a bio-mass boiler and has been designed at the Excellent level of the Eco-homes designation. Given the mitigation approach undertaken, the risk is considered very low.

b) Risk - That the Westgate development does not obtain all necessary approvals and thus the WP will require the Council to repay their investment in the Albion Place scheme.

Mitigation approach – Before seeking Executive Board final approval for the scheme an independent valuation of the completed development will be obtained, which will demonstrate that the sale proceeds from the completed development will exceed a combination of the construction costs and Albion Place land value i.e. the Council will be able to extract itself from the scheme at a profit. Given the mitigation approach undertaken the risk is considered very low.

c) Risk – That there is a delay in obtaining agreement from the tenants to their re-location.

Mitigation approach – Housing Officers will have visited the tenants prior to the Executive Board meeting and will explain the advantages of this proposed purpose built accommodation which will as far as possible be designed in the light of their individual requirements, with the intention of ensuring the accommodation will meet their individual and personal needs. Given the mitigation approach being undertaken, the risk is considered low.

REWARDS

12. The benefits which will accrue from successful completion of the scheme are, that

- a) The Westgate development is able to proceed on the current timetable.
- b) The Council will be able to re-house the 6 weekly and 3 shared ownership tenants within the City Centre
- c) An additional 5 units of social accommodation will be created.
- d) All of the above at no direct capital outlay to the Council.
- e) The completed scheme will be of a standard high quality design, as opposed to the purchase of 9 individual units of varying age/construction, enabling much more efficient management and maintenance.

MAJOR PROJECT APPROVAL

13. To ensure full compliance with the Contract Regulations, the Executive Board is asked to grant Major Project Approval to the Albion Place project.

NEXT STEPS

14. If the Executive Board approves the recommendations within this report the next steps would be for Officers to proceed with negotiation of the following detailed documents

Conditional Development Agreement (CDA) – This document will agree the terms for the construction of the scheme pre and post construction and the obligations of each party.

Building agreement – Identify the main terms of the building contract including construction programme.

Construction contracts – Whilst it is proposed that the WP will engage with the contractors and consultants, it will be necessary to ensure that the Council's objectives in respect of environment, energy efficiency et al are incorporated into the scheme.

15. These contracts would be agreed in principle together with the valuation advice as noted in paragraph 11, before seeking Executive Board final authorisation and approval to proceed.

16. Executive Board is therefore sought to approve the recommendations at the front of this report

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Background papers : None