

BABERGH DISTRICT COUNCIL

FROM: Housing Panel

REPORT NUMBER **F67**

TO: STRATEGY COMMITTEE

DATE OF MEETING 17 August 2006

POPLAR ROAD REGENERATION SCHEME

1. SUMMARY

- 1.1 Approval was given in July 2003 by Strategy Committee (Paper C48) for the Poplar Road Shopping area Redevelopment Scheme in Great Cornard.
- 1.2 The scheme is now well developed, with the bulk of the funding in place and planning permission secured for 41 dwellings (29 of which will be affordable dwellings), 6 new shops and a community facility. The scheme is scheduled to start later in 2006.
- 1.3 All necessary approvals for this Regeneration Scheme are in place apart from two items:
- approval for the disposal at nil cost of a further piece of land to enable the delivery of the community facility on the site
 - approval of an increase in the financial contribution to be provided by the Council to reflect the increase in land values since 2004.

2. RECOMMENDATIONS

- 2.1 That the Head of Contract and Asset Management in consultation with the Head of Community Development be authorised to dispose of the area of land at Poplar Road Great Cornard (marked as area B on the Appendix to this report) at nil cost to Flagship Housing on condition that the land is used to deliver a development including a community facility to be provided to the Council on a 99 year lease at a peppercorn rent on terms to be agreed by the Head of Contract and Asset Management.
- 2.2 That the Head of Contract and Asset Management in consultation with the Head of Finance be authorised to discount the housing land at Poplar Road (marked as area C on the Appendix to this report) at 100% of its current or future value, as a financial contribution towards the scheme cost for the Poplar Road development.

The Committee is able to resolve this matter.

FINANCIAL IMPLICATIONS

- 3.1 The land on which the community facility is to be built is valued at £163,900. Clearly, that land value represents Babergh's financial contribution to what will be a valuable community facility. The community facility will be built in phase 1 of the development.
- 3.2 Approval was given in June 2004 for a financial contribution of up to £355,000, which at the time equated to 100% of the land value of housing land, to be made towards the total scheme costs for Poplar Road. The value of the land has obviously increased since then, but this also results in an equivalent rise in the scheme costs. The current value of the land is £619,000. This land will be developed in phase 2 of the project.

4. **KEY INFORMATION**

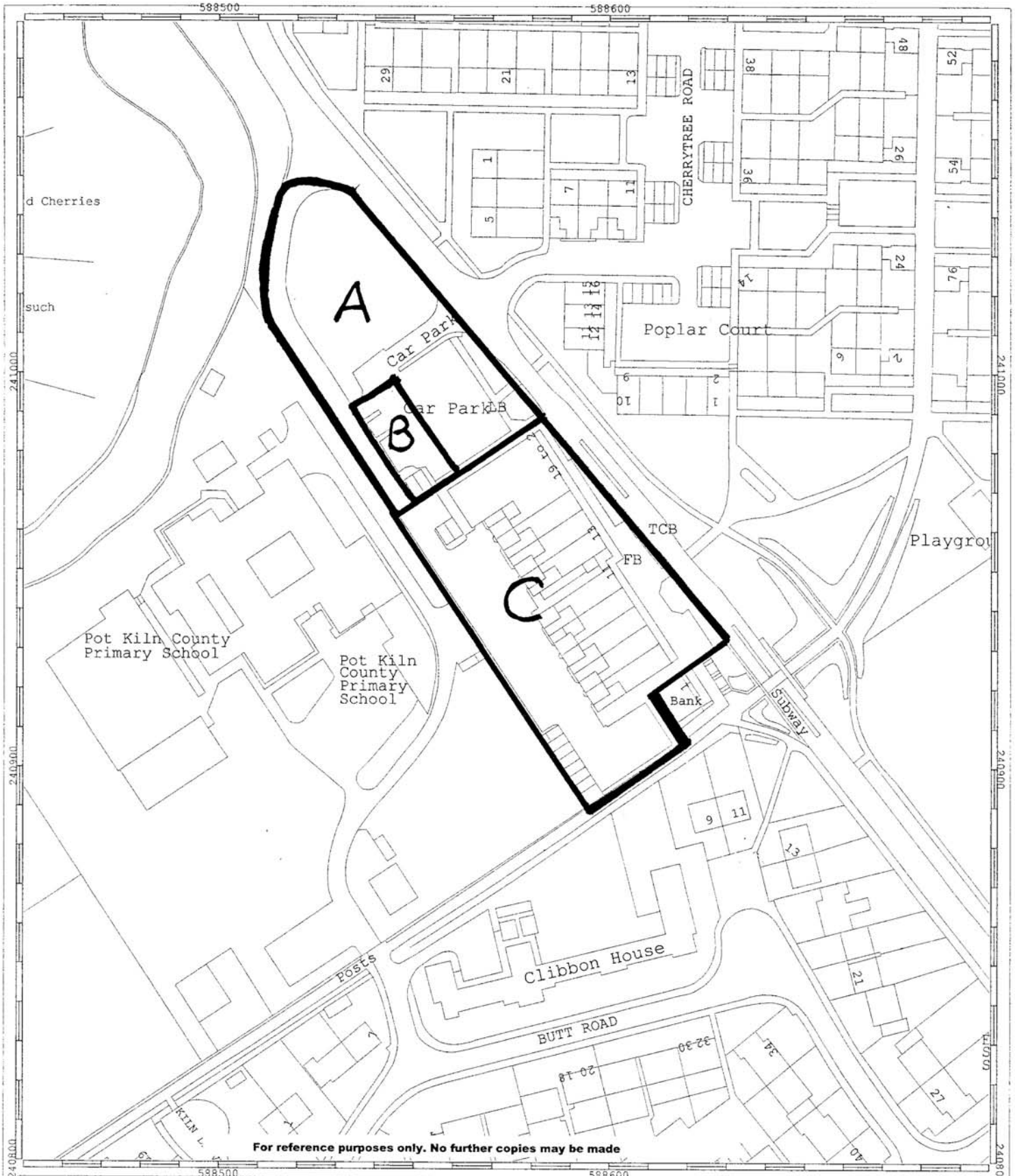
- 4.1 Babergh is working with Flagship Housing Group on the redevelopment of the Poplar Road Shopping area. Flagship has been negotiating with the existing shopkeepers over the surrender of their current leases and the taking up of fresh leases for the new shops. Agreements have been reached with all but one shopkeeper and every endeavour is being made to finalise the arrangements with this shopkeeper. The building work will then be able to start on site. Due to negotiations that Flagship has undertaken, the pet food manufacturers have already relocated off site to a location more appropriate for their line of business.
- 4.1 On 24 June 2004 Strategy Committee approved the disposal of the whole of the Poplar Road site to Flagship Housing Group, subject to Babergh District Council retaining ownership of a plot of land for the construction of a community facility. A bid for funding for the construction of the community facility was submitted to EEDA in 2005, but this was not successful.
- 4.2 An alternative arrangement for building the community facility has been developed and Committee approval is now sought for this amendment to the original scheme concept. Our partners in the project, the Flagship Housing Group, has agreed to fund the construction of the community facility. In order to do this they need the land in question (marked as area B on the Appendix), to be transferred to them at no cost. This land has been valued at £163,900. In return, Flagship will grant the Council a 99-year lease for the community facility at a peppercorn rent.
- 4.3 Flagship proposes to construct a three-storey building on the site. The upper two floors will be for 6 shared ownership flats, thus increasing the amount of affordable housing that will be provided as part of the regeneration scheme and the ground floor will be used for the Community Facility. The Poplar Road Regeneration Group and the Housing Panel support this amended arrangement that will deliver a community facility on the site.
- 4.4 Delegated authority was given to the Head of Housing in consultation with the Head of Finance by Strategy Committee on 24 June 2004, to commit up to £355,000 from the sale of the housing land at Poplar Road (marked as area C on the appendix), as a financial contribution to the total scheme costs for the Poplar Road development. At the time this equated to 100% of the housing land value. The value of the land is now £619,000, which results in an equivalent increase in scheme costs. Approval is therefore sought to amend the original approval from a cash-based amount to the principle of 100% discount being given on the current or future value of the housing land.
- 4.5 Flagship will be taking out a mortgage to cover the scheme costs. However in order to do so they will be at the maximum of their mortgage capacity and have had to get special permission from their board to allow them to extend their borrowing limit beyond that which their normal financial regulations will allow. They have already expended in excess of £150,000 on this project.
- 4.6 The scheme costs will be monitored on an 'open book' basis and should there be a surplus at the end of the project the amount of discount given on the land will be re-negotiated.
- 4.7 The new shops will be built on the land marked as area A on appendix A, and approval for its disposal at a discount of 100 % was granted by Council on 26 February 2004.

5 **APPENDICES**

Appendix A – Map of Poplar Road Great Cornard showing the different uses of the land.

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