

Decision Maker: Development Control Committee

9th February 2016

Date: Executive

10th February 2016

Decision Type: Non-Urgent Executive Non-Key

Title: OPPORTUNITY SITE B TWEEDY ROAD DESIGN GUIDANCE AND DISPOSAL

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Chief Officer: Marc Hume, Director of Regeneration & Transformation

Ward: Bromley Town Centre

1. Reason for report

1.1 Opportunity Site B Tweedy Road is a development site in the Bromley Town Centre Area Action Plan, with a residential designation for around 70 units. The site was formed from the residual land left over from the A21 widening in the 1980's. The site is currently being used as the works compound for the Bromley North Village Public Realm improvements. It is anticipated that these works will be completed by the end of February 2016 and the temporary use will cease. The site is surplus to operational requirements and Executive approval is now being sought to market the Opportunity Site for sale and possible joint venture options.

1.2 It is acknowledged that this is a sensitive site, with a complex planning history and to support the marketing of this site further design guidance has been produced as to the form and style of development that would be considered acceptable on the site. This guidance supplements existing design guidance and has been consulted on with representatives of the Bromley Civic Society, Bromley Colleges and Historic England and their views will be incorporated into the final marketing document that proposes a layout containing a total of 24 units.

2. RECOMMENDATION(S)

Members of the Development Control Committee

Endorse the additional guidance for marketing purposes.

Members of the Executive

Members are requested to agree to the advertisement of Opportunity Site B, Tweedy Road, Bromley on the open market as set out in paragraph 3.7 of the report.

Corporate Policy

1. Policy Status: Existing Policy:
 2. BBB Priority: Quality Environment Vibrant, Thriving Town Centres:
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Financial

1. Cost of proposal: Advertising costs estimated at £4k
 2. Ongoing costs: Not Applicable:
 3. Budget head/performance centre: Regeneration
 4. Total current budget for this head: £931k
 5. Source of funding: Existing revenue budget 2015/16
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Staff

1. Number of staff (current and additional):
 2. If from existing staff resources, number of staff hours:
-

Legal

1. Legal Requirement: Section 123 of the 1972 Local Government Act:
 2. Call-in: Applicable:
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): N/A
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? Yes
2. Summary of Ward Councillors comments: Incorporated in the main body of the report

3. COMMENTARY

- 3.1 Opportunity Site B Tweedy Road has been identified as a development site in the Bromley Town Centre Area Action Plan (BTCAAP) adopted in November 2010 and designated for residential development of around 70 units (Policy OSB). This site has an area of 0.33 ha (0.766 acres) and was formed from the residual land left over from the A21 widening in the 1980's. The site is currently being used as the works compound for the Bromley North Village Public Realm improvements. It is anticipated that these works will be completed by the end of February 2016 and the temporary use will cease.
- 3.2 It is acknowledged that this is a sensitive site, with a complex planning history. The Council submitted a planning application in 2003 for a scheme of 28 units, which was subsequently reduced to 22 units, and withdrawn before determination. The site was then marketed in 2006 and following a selection process an offer was accepted from Affinity Sutton for a 72 unit residential development incorporating a 35 bed foyer facility to provide housing and support for young adults. The planning application was refused in August 2008 and in April 2009 an appeal was dismissed. The Planning Inspector commented in his report that he considered that the principle of development on the site was acceptable, but that he was "not persuaded that the 72 units proposed would produce a development suited to the context of the surrounding area and in [his] judgement the proposal in terms of design and layout would be tantamount to an overdevelopment of the site." The Inspector referred to the important views into the Conservation Area afforded by the site, and the important element of spacious relief from the encroachment of built form it provides.
- 3.3 The BTCAAP Policy for the site requires the Council to work with developers to secure the sensitive redevelopment of the site. Whilst the policy states "Although the Density Matrix in the London Plan could facilitate around 70 residential units because of the sensitivity of this site any proposal will be determined on the basis of the impact of the development on:
- The character of the area;
 - The retention of important views into the Conservation Area;
 - A satisfactory relationship with housing that exists to the north;
 - The recognition of the context provided by Bromley and Sheppard's Colleges;
 - Effective landscaping of the site to integrate the development into the townscape.

Further Guidance

- 3.4 This site has already been declared surplus to Council requirements. Executive approval is now sought to market the site as a residential development opportunity. However, as the review of the recent planning history has illustrated this is complex site which will be a challenge to develop to ensure that any scheme meets the specific requirements of the site in the context of its setting. In order to provide a greater degree of certainty to potential bidders further guidance has been prepared to support the marketing of this site and provide a design context for the assessment of bids. It is proposed that the guidance is included in the marketing information.
- 3.5 Officers have worked with architects Holder Mathias to draft clear development guidance as to the form and style of development that would be considered acceptable on this site. This guidance expands on existing design principles contained within Appendix 5 of the BTCAAP, that requires any development on the site to respect and enhance the historic environment and setting of both Bromley College and Sheppard's College. The guidance identifies the main constraints and opportunities of the site and sets out a series of Key Design Drivers to guide development, attached as Appendix 1. The Guidance also sets out in plan view the form of

development considered acceptable and the relationship to the adjacent Listed Buildings and Conservation Area. In summary the guidance proposes a layout of three residential blocks containing a total of 24 residential units, taking the format of the Victorian Villa style which is the dominant residential form in the area. The massing assessment supports a three storey structure with the third storey contained within a hipped roofline, with materials and fenestration detail to match the locality. The guidance illustrates that parking can be accommodated on a 1:1 basis.

- 3.6 The current guidance has also considered the findings of previous planning and appeal history for the site. The design team has also consulted with Ward Members, the representatives of the Bromley Civic Society, Bromley Colleges and Historic England and their views have been incorporated into the final marketing document.

Disposal Options

- 3.7 Members have in the past expressed a preference for the ability to share in development profits achieved from a scheme on this site. This could be achieved by:
- i) Seeking offers for the freehold interest subject to an overage. Bidders could be invited to submit an offer for the site and to provide an assessment of the total sales value of their proposed scheme, which would have to be based on the design principles established as part of the Holder Mathias work. Any sales receipts achieved on the first sale of the units above this amount (as evidenced by the Land Registry records) would be subject to an overage payment to the Council – the sales particulars could set the percentage (say 50%), or the bidders could be requested to put forward a percentage in their bid.
 - ii) The price could be set at a fixed amount and offers could be sought on the basis of the additional overage payable above a sales threshold. The bids would be assessed on the basis of the threshold offered and the percentage.
 - iii) The land could be offered for no up-front payment on the basis of a percentage share of the total sales income from the completed scheme. Offers based on the percentage could be sought. Information on the anticipated sales values could be required as part of the bidding process.
- 3.8 It is difficult to provide a comparison of the receipts likely to be achieved by the Council under the different options. In theory, when valuing a site in order to submit its most competitive offer, a developer will assess the gross development value of the site, which is the total sales value of his proposed scheme. In order to do so, he will have regard to current values for the type of development being proposed. Following the accepted valuation practice, this will be based on current values, but in order to be competitive developers generally make assumptions about the levels by which values will increase over the development period and reflect that in their bid. This is a high risk strategy, as property values have been shown to be cyclical in nature, with periods of falling values occurring during some economic periods. This was demonstrated during the last recession when many housebuilders went out of business, or came close to collapse, because of optimistic assumptions about property value growth that were not achieved.
- 3.9 If the bids received on a full payment (plus overage, option i) are based on an assumption of increasing sales values, in theory, when analysing the values taking a partial payment “up-front” or no payment will result in the same net present value as the up-front payment, with the exception that offers based on either arrangement should reflect the benefit to the purchaser of not bearing all or part of the finance costs associated with the site purchase. However, the opportunity cost to the Council of this arrangement would have to be reflected in any assessment of an offer, as, by delaying a receipt, the Council has foregone interest on it at a

minimum of Treasury lending rates, or at property investment yields if the receipt could have been invested in a property at an initial yield of 5-6%.

Risks

- 3.10 It must be noted that there are risks associated with a delayed receipt. The lowest risk to the Council is in the full up-front payment with an overage arrangement (Option 1), as payment is received on completion of a sale and before a start on site. Offers could be sought on a conditional and unconditional basis to enable a comparison of the two. The report produced by Holder Mathias should provide some certainty about the type of development that will be acceptable in planning terms, which should enable developers to submit unconditional bids. If an offer is accepted which does not proceed to a completed sale the Council will have lost time, and will have incurred some professional costs, but it will still own the land and will be able to re-market.
- 3.11 If a deferred payment is agreed there is a risk if the purchaser ceases trading before all the payment has been received. The level of risk will depend on the nature of the arrangement with the developer. If no up-front payment is made the Council should retain the freehold of the site and transfer individual long leases to purchasers and eventually the freehold interest. This will mean that the Council will have to be a party to each individual sale. If a partial up-front payment is made the developer is likely to require the transfer of the freehold interest before starting on site in order to have an interest against which to raise finance, putting the Council at risk of receiving the overage in the case of business failure. The Council could protect its interest by taking a charge over the property but if the developer needs external funding in order to proceed with the development, that funding will almost certainly be conditional on the Council postponing its charge to give the funder priority.
- 3.12 The Council is also at risk if the property market deteriorates during the development period and values decrease. The level of risk will relate to the level of deferred payment agreed. It is suggested that offers could be sought on all three bases to enable a comparison of the offers received to inform a decision on the sale arrangements.

4. POLICY IMPLICATIONS

- 4.1 Opportunity Site B Tweedy Road is a development site in the Bromley Town Centre Area Action Plan (BTCAAP), designated for residential development of around 70 units. Policy OSB 'Corner of Tweedy Road/London Road' remains the relevant site specific adopted policy. This and all other relevant policies within the Development Plan for the Borough will apply in consideration of any scheme when submitted for planning permission.
- 4.2 The site is included in the Council's Five Year Housing Supply Paper 2015 (June 2015) with a figure of 40 homes, the reduction indicated in this report can be offset by an increase in the provision of homes as part of the Site C Former Town Hall and South Street Car Park site.

5. FINANCIAL IMPLICATIONS

- 5.1 The estimated cost of advertising the site is £4k and can be met from the Regeneration budget.
- 5.2 It is recommended that offers be sought for all three disposal options detailed in 3.7 above. All offers received will be evaluated and compared to inform a decision on the sale of the site.

6. LEGAL IMPLICATIONS

- 6.1 Section 123 of the 1972 Local Government Act requires a local authority to secure the best consideration reasonably obtainable when it disposes of land (other than on a lease of 7 years

or less) unless it has the benefit of an express or general consent of the Secretary of State. This site would be advertised on the open market to ensure compliance with this requirement.

7. PERSONNEL IMPLICATIONS

- 7.1 Marketing of the site will be undertaken by the Strategic Property team and the results will be reported back to the Executive Committee.

Non-Applicable Sections:	
Background Documents: (Access via Contact Officer)	