

Name of Committee:	Cabinet		
Committee Date:	24 th January 2024		
Report Title:	Redevelopment of Bulbeck Road multi storey car park		
Responsible Officer:	Wayne Layton, Executive Head of Regeneration, Economic Development and Preventative Services		
Cabinet Lead:	Alex Rennie, The Leader of the Council		
Status:	Non-Exempt		
Urgent Decision:	No	Key Decision:	Yes
Appendices:	Appendix 1 – Fabrik Sketch Book		
Background Papers:	None		
Officer Contact:	Name: Stuart Palmer Email: stuart.palmer@havant.gov.uk		
Report Number:	HBC/		

Corporate Priorities:

The redevelopment of the Bulbeck Road multi-storey car park is a corporate priority project and demolition and disposal of the site will enable its delivery.

It is within theme 3: Growth – Building our future.

The aim - We will aim to enable and facilitate regeneration in our borough utilising all funding opportunities.

The initiative - Progressing the regeneration of Bulbeck Road car park site

Executive Summary:

This paper sets out the following:

- The advantages and disadvantages of the five development options of Bulbeck Road Car Park
- Update on the headline commercial and utilisation of Bulbeck Road multi storey car park
- Informs on the numbers of homes built from 2015 to 2021, as well as future forecasted housing needs in Havant.
- What the DHLUC Brownfield Release Fund 2 (BLFR2) grant fund is for and what is in the grant agreement
- Requests that advice is sought on disposal options to ensure best consideration is achieved.

Recommendations:

- 1) Demolish Bulbeck Road multi storey car park and undertake any required remediation works in advance of disposal and development of the site.
- 2) To appoint an agent to advise on disposal options and conditions having regard to ensuring best consideration is obtained under s123 Local Government Act 1972'.

1.0 Introduction

- 1.1 Bulbeck Road Car Park was acquired by the Council as part of the £4.1m purchase of the Meridian Shopping Centre in 2019. It occupies 0.31ha within Havant town centre. The 4-storey car park provides 390 spaces and is adjacent to Park Road South, connecting the main town centre retail area along West Street.
- 1.2 Since the Covid pandemic, over 50% of the car park is unused (like the Meridian centre car park) and is regularly targeted by antisocial behaviour and vandalism. The car park generates net income of around £30,000 per annum after taking account of all running costs from turnover of around £77,000. The car park does however require a further £335,000 of planned preventative measures to maintain usage in the near future.
- 1.3 Nationally there is a real need for more housing of all forms and the Bulbeck Road site presents an excellent opportunity to deliver housing in a central location with excellent links to public transport.
- 1.4 The Council appointed Turley to advise on the development of its Housing Strategy. According to research by Turley in March 2023, the data from which supports the Housing Strategy being developed by Patrick Lee, Executive Head of Housing and Communities. Future housing requirements to support existing residents are projected to increase by 15199 (0.5% per annum) by 2043:
 - The Turley report 3 suggests the overall number of new homes needed in Havant up to 2043, is at least 516 dwellings per annum. This calculation is– based on the Government’s standard method for calculating housing need.
 - Data supplied by the Council suggests that approximately 231 affordable homes could become available each year, most having one or two bedrooms. This is evidently lower than the estimated gross need of 601, meaning that there is a residual net need for a further 370 affordable homes per annum to 2043.
 - There is additional demand up to 2043 for
 - Sheltered housing 1221 (average 53 per annum)
 - Enhanced sheltered housing 195 (average 8 per annum)
 - Extra care units with 24/7 support 244 (average 11 per annum)

- 1.5 It should also be noted that the demand for temporary housing is increasing, and the Council may be around a £1m overspent for 2023/24.

2.0 Background

- 2.1 The Council were successful in bidding for the Department for Levelling Up, Housing and Community (DLUHC) Brownfield Release Fund 2 (BLFR2) in October 2022. The Council were awarded £1.65m for the demolition and remediation of the Bulbeck Road Car Park site in order to help address viability issues in bringing the site forward for residential development.
- 2.2 The conditions of the DLUHC grant state that the Council needs to release the land by the end of March 2026.
- 2.3 The Council's application for the BLFR2 was supported by a sketch book developed by Fabrik master planners, the sketch book prepared an initial 91 dwelling scheme for the site, however this is not a condition of the grant.
- Following the successful application, the above scheme was assessed on the basis of a privately funded scheme, developed either by Havant Borough Council, or developed by a private developer. External quantity surveyors and development surveyors provided development appraisals for Fabrik's 91 dwelling scheme, to assess its financial viability. This was found that a build for sale scheme would not to be financially viable in the current market.
 - Further hypothetical schemes of 150, 75, 63, 53 and 43 dwellings were also assessed, using the 91 dwellings scheme design information. These were also found not to be financially viable. The larger the project was the greater the financial deficit.
 - A local architect was commissioned to redesign a scheme of around 50 dwellings – see Appendix 1. This would meet the minimum BCR viability of the DHLUC BLFR2 grant. Instruction was for it to be designed as economic in design as possible, however, still considered capable of achieving planning permission. Again, two further hypothetical schemes of 43 and 63 dwellings were also assessed, extrapolating the 53 dwellings scheme design information. These schemes were also found not to be financially viable in the current market on a build for sale basis.

3.0 Options for development

3.1 The Council has considered a number of financial options as well as 'do nothing'. The Council have looked at the site with a view to trying to find the most advantageous way of exploring the site including looking at maximising a capital receipt from the land and providing the maximum amount of housing. It has looked at a number of different solutions and the advantages and disadvantages of each option are considered below.

3.2 Option 1 - Do nothing (do not demolish the car park and return the £1,650,000 grant to DLUHC)

(+)	(-)
<ul style="list-style-type: none"> • Continued availability of 390 No parking spaces. • Additional resources available to be directed towards other regeneration led projects. • Retention of freehold and long leasehold interests. • No disruption to the surrounding businesses and residents 	<ul style="list-style-type: none"> • Return funding to DHLUC • Existing and increasing levels of anti-social behaviour issues will continue. • The structure of the car park is going to require significant investment to remain operational and measures to reduce anti-social behaviour. >£1m expenditure required over years 1-3. • Given the increased costs associated with operating the car park, it will run at a loss. • No provision of housing delivered. • Reputational damage with DLUHC, potential investors and the community • Could impact the Council's success at securing future funding opportunities. • Failure to 'kickstart' the wider Havant town centre regeneration programme

3.3 Option 2 – Build to sell

(+)	(-)
<ul style="list-style-type: none"> • Remove existing anti-social behaviour issues 	<ul style="list-style-type: none"> • Removal of 390 No parking spaces.

<ul style="list-style-type: none"> • Utilises BLFR2 grant funding • Creates new housing stock • Positive move towards regeneration in Havant Town Centre • Great central location to all of Havant's amenities including travel • Additional income will be realised at the Meridian Centre Car Park 	<ul style="list-style-type: none"> • Financial viability issues arise based upon appraisals undertaken. • Doesn't help the current temporary housing needs in the borough • Non financially viable unless HBC fund viability gap. • Need to provide 30% affordable units.
---	---

3.4 Option 3 – Build to rent

(+)	(-)
<ul style="list-style-type: none"> • Remove existing anti-social behaviour issues. • Utilises BLFR2 grant funding • Creates new housing stock • Positive move towards regeneration in Havant Town Centre • Great central location to all of Havant's amenities' including transport • Additional income will be realised at Meridian Centre Car Park 	<ul style="list-style-type: none"> • Removal of 390 No parking spaces. • Financial viability issues arise based upon appraisals undertaken • Non financially viable unless the Council fund viability gap • No proven build to rent market within the town centre. • Need to provide 30% affordable units.

3.5 Option 4 – 100% Affordable Development

(+)	(-)
<ul style="list-style-type: none"> • Remove existing anti-social behaviour issues • Utilises BLFR2 grant funding • Creates new housing stock • Positive move towards regeneration in the Borough • Registered Housing Associations (RHA's) have access to grant funding that a private developer doesn't 	<ul style="list-style-type: none"> • Removal of 390 No parking spaces. • Financial viability may not be an issue given availability of third-party funding.

<ul style="list-style-type: none"> • Great central location to all of Havant’s amenities’ including transport • Additional income will be realised at Meridian Car Park. 	
--	--

NB: Initial discussion indicate that some Registered Housing Associations (RHAs) are capable of developing the site and are prepared to pay a higher purchase price for the site to Havant Borough Council given the ‘special purchaser’ scenario that may exist.

3.6 Option 5 – Build for Later living (not a care home)

(+)	(-)
<ul style="list-style-type: none"> • Remove existing anti-social behaviour issues • Utilises BLFR2 grant funding • Creates new housing stock • Positive move towards regeneration in the Borough • Great central location to all of Havant’s amenities’ including transport • Additional income will be realised at Meridian Car Park. 	<ul style="list-style-type: none"> • Removal of 390 No parking spaces. • Financial viability issues arise based upon appraisals undertaken. • Doesn’t help the current temporary/permanent housing needs for all age groups within HBC. • Non financially viable unless HBC fund viability gap.

NB: Discussions have also taken place with Later Living developers. One has formally responded by saying the site is too small to develop

4.0 Appointing of a local agent

In order to attract the best developers an agent who is locally based but with national presence will be appointed at an estimated fee of £30,000 to advise on disposal having regard to ensuring ‘best consideration is obtained under s123 LGA 1972’.

5.0 Conditions of sale.

The Council need to ensure that it not only gets best consideration for the asset, but also ensures that conditions of sale are set that prevent the site sitting dormant for years. The Council proposes to dispose the site with conditions that for example would set a timescale for obtaining a planning permission and completion of construction on the site.

Examples could be:

- a. Tenure – Freehold or long lease hold
- b. Density and specification of proposed accommodation including parking requirements. These will either meet or exceed HBC's planning policies.
- c. Timescales for obtaining planning permission within 12 month of title transfer and development completed within 3 years from a successful planning permission being granted.

6.0 Next stage for Bulbeck Road Demolition

6.1 It is recommended the Council demolishes the multi storey car park utilising the BLFR2 grant, which will include the crushing of the slab and backfilling. Then complete remediation works (if required). Site will not have any services to it.

6.2 Timeline

- Prior planning approval for demolition which started end of Nov – Jan 2024
- Planning process between February and April 2024
- Demolition starts May 2024 onwards
- Agent appointed to market the site February 2024
- Negotiation and Conditional sale of Site agreed Summer 2024

7.0 Relationship to the Corporate Strategy

7.1 The redevelopment of the Bulbeck Road Multi-Storey Car Park is a corporate priority project included in the list of initiatives in the Growth theme of the Corporate Strategy. The disposal of the site after demolition could ensure that this priority is delivered.

7.2 There are also links to the Pride in Place theme through housing delivery and improvement of our town centres.

8.0 Conclusion

8.1 It is recommended that the Council should demolish Bulbeck Road multi storey car park, which includes crushing of the slab (base) and backfilling. The site would not have any services to it. Following demolition, remediation work would be completed.

8.2 The best way to achieve 'best consideration' for the site is to appoint a locally based national agent to provide a marketing and disposal report for the site (freehold or long leasehold interest) (subject to agreed conditionality). Offers from interested parties to be invited on a conditional and unconditional basis in order that they can be analysed and evaluated on an open and transparent basis.

- 8.3 Following receipt of offers, after allowing for a reasonable marketing period, these can be evaluated in an open a transparent way and further recommendations reported.

9.0 Implications and Comments

9.1 S151 Comments

- 9.1.1 Members should be content that the demolition of Bulbeck Road car park will have no additional impact on the Council's revenue budget. The clearing of the site forms part of the Council's regeneration plans and has the potential to unlock either improved service delivery, reduce revenue costs/pressures, improve local economic conditions or a combination of all three (depending on any decision over future use).

9.2 Financial Implications

- 9.2.1 The financial implications of the recommendations is that the Council keeps its obligations under the grant agreement and helps to bring forward a development. This could result in a capital receipt for the Council and much needed housing in the Borough.
- 9.2.2 The demolition of the car park will be funded from external grant.
- 9.2.3 Any capital receipt generated from the disposal of the site will be a capital resource as set out in the Council Capital Strategy and may be used for capital purposes only.
- 9.2.4 The current car park generates a small surplus currently; it is anticipated that this income will be achieved from displacement to the nearby Meridian Centre car park.
- 9.2.5 The cost of the advice on disposal will be funded from a previous release from the Regeneration Reserve.

9.3 Monitoring Officer Comments

The Council has the power to dispose of land providing it is compliant with the obligation to achieve best value. The Council is undertaking appropriate to steps to consider all viable options and allow an informed decision in accordance with the legislation.

9.4 Legal Implications

Under Section 123 of the Local Government Act 1972 the Council has the power to dispose of land providing it is compliant with the obligation to achieve best consideration. There are certain rules relating to proposed disposals at less than best consideration.

Under s111 of the Local Government Act 1972 the Council has the power to do anything incidental to the exercise of its functions.

Under section 1 of the Localism Act 2011, the Council has a broad range of powers to do anything that is individuals may do, subject to certain exceptions not applicable.

9.5 Equality and Diversity

There are no specific implications arising directly from this report.

9.6 Human Resources

There are no specific implications arising directly from this report.

9.7 Information Governance

There are no specific implications arising directly from this report.

9.8 Climate and Environment

Funding from BRLF2 will assist with any remediation works to ensure it is cleaned for residential occupation.

Agreed specification and designs will have regard to Required planning legal requirements.

An experienced local company, Hughes & Salvidge of Portsmouth, have been secured for the demolition work. Once preliminary surveys of the site are complete, an extensive recycling regime will be followed with the demolition of the car park. Elements include recycling 100% of recovered metal and the segregation of plastics, polystyrene, glass, fibreglass and plasterboard for recycling where appropriate. Concrete, bricks and masonry from the site will be crushed and compacted on site to backfill on site, with surplus material being taken for re-use elsewhere.

Hughes & Salvidge will limit noise, vibration and dust during the demolition process as far as possible.

10.0 Risks

10.1 Key risks are below:

Risk	Impact
Do nothing – reputation with community and DLUHC	Engagement with future projects, wider programme and funding opportunities are impacted affecting their success.
Do nothing – extensive repair and maintenance costs	Repair and maintenance costs outstrip income in the long-term.
Disposal - Planning permissions for development not granted	Empty site is an eyesore that could attract anti-social behaviour.

	Council's reputation with community and DLUHC is negatively impacted.
Disposal - Market value and appetite for development is lower than anticipated	Site is sold for lower value than modelled but homes required are provided to local area. If no offers are received site remains unsold, until property market improves.
Disposal - Inflation and other market factors increase the construction costs	Viability of the project is affected and potentially delayed or abandoned.
Disposal - Cost of remediation	Could delay disposal of site and threaten viability.
Failure to meet grant deadlines	Impact on reputation with DLUHC and potential claw back of funding.

11.0 Consultation

11.1 Resident and businesses will be consulted once there is a plan and understanding of the development by the developer(s)/purchaser, as part of the planning application process.

12.0 Communications

12.1 A methodology to communicate the decision on the Bulbeck Road site will consider the following:

- Removal of existing signage and promotional materials
- Press releases and associated social media content to update residents and businesses at key points – dependent on the decision made - such as:
 - Release at the time of decision
 - The start date of demolition
 - The site being put up for sale
 - The end date of demolition
 - Confirmation of the sale, the new owner and the expectation for the development (i.e. terms and conditions of the site and expected turnaround).
- Replacement signage on the Bulbeck Road site, working on the assumption of installation on 2.4m high timber hoardings.
- Additional large format posters and other promotional materials on display through Havant town centre
- Based on current quotes, a budget of £3,300 will be required for the above.

Agreed and signed off by:		Date:
Cabinet Lead: Alex Rennie	Alex Rennie	16 th January 2024

Executive Head: Wayne Layton	Wayne Layton	16 th January 2024
Monitoring Officer: Jo McIntosh	Jo McIntosh	16 th January 2024
Section151 Officer: Steven Pinks	Steven Pinks	16 th January 2024