

SAPLEY EAST – PROPERTY TRANSACTIONS

(Report by the Heads of Law, Property and Governance and Financial Services)

1. PURPOSE

- 1.1 To seek approval to property transactions in accordance with the approved Masterplan for Sapley East.

2. BACKGROUND

- 2.1 A report on the outcome of public consultations on various options for the development of land east of Sapley Square was considered by Cabinet in April 2009. The proposals were approved including the preferred option and the confirmation of the Masterplan document as informal planning guidance. A copy of the plan is attached at Annex A.
- 2.2 Key elements include:
- The relocation of the faith buildings (Kingdom Hall and the Medway Christian Centre)
 - Developing a Community Enterprise Centre (CEC)
 - Developing a green swathe across the site
 - Developing/supporting market and social housing
 - Redevelopment of parts of the Luminus site
 - Obtaining the Public House site
- 2.3 The Council has agreed that any income from its land interests in the area will be reinvested in the Oxmoor.
- 2.4 Part of the Council's freehold land on which it is planned to locate the CEC contains an option agreement in favour of Luminus which will need to be renegotiated. Luminus have been fully involved in the consultation and subsequent CEC discussions.

3. PROPOSALS

3.1 CEC

The Council's partner, Hunts Forum, has submitted a bid for grant funding towards the scheme. A decision is expected in March and if successful there will be a year to spend the money. The CEC would comprise the Learning Centre (relocated from St Barnabas), a furniture and chain-store returns recycling initiative promoted by Luminus and meeting rooms/offices for community organisations.

There will be a need for some matched funding which will include the land value and possibly some S106 contributions and part of the rental stream converted to a loan.

Assuming the grant application is successful, it is proposed to grant Hunts Forum a long lease of the land required at a peppercorn rent. Hunts Forum will be responsible for managing the CEC on similar lines to the Maple Centre. Rent and other income generated will offset the expected expenditure and any surplus set partly aside for long term maintenance.

3.2 Kingdom Hall

The Jehovah's Witnesses are keen to relocate and the Town Council have agreed, in principle, to returning some of the land leased to them adjacent to the Medway Centre so that the new Kingdom Hall site has less requirement for developable land.

Negotiation will be required with the Jehovah's Witnesses over any financial adjustment between the value of their existing property and the proposed freehold site.

3.3 Medway Christian Centre

As yet there has been no proposal acceptable to both parties.

3.4 Residential development

The land adjoining the CEC has been earmarked for new housing and this will be sold/developed to maximise the capital receipt.

4. IMPLICATIONS

- 4.1 Many of the elements will require planning approval and any sums negotiated are likely to be subject to successfully obtaining these approvals.
- 4.2 Over the course of the development of Sapley East, the objective is to ensure that there is no net cost to the council. Receipts from land sales and grant funding are aimed to recoup other expenditure. There are likely to be some phasing issues and the draft MTP already includes a small provision for upfront expenditure incurred on surveys, other preparatory work, legal costs etc. which will be recovered from land sales.

5. RISKS

- 5.1 there are three main risks:
 - Grant funding for the CEC is not forthcoming or is insufficient for the scheme. In this case alternatives sources would be investigated or the scale of the building reduced. The Council could consider covering part of the cost from estimated land sales or from borrowing if an adequate rate of return were likely.
 - The faith buildings decide not to relocate. Much of the project can still proceed.
 - Land sales do not achieve sufficient capital receipts to fund all of the proposals. Options include waiting for prices to improve and identifying ways to achieve the key elements at less cost.

6. CONCLUSION

- 6.1 Delivering the Masterplan would be a major achievement and will be dependent on successful financial negotiations on a range of aspects.
- 6.2 For these negotiations to be successful they will require delegated approval involving the relevant Executive Councillors.

7. RECOMMENDATION

- 7.1 Cabinet is recommended to authorise the Director of Central Services to approve terms for the land and related transactions required to achieve the Sapley East Masterplan following consultation with the Executive Councillors for Resources and Policy and Finance.

BACKGROUND INFORMATION

Oxmoor Action Plan
Cabinet Report 23rd April 2009

Contact Officers:

Steve Couper, Head of Financial Services, 01480 388103
Keith Phillips, Estates and Property Manager, 01480 388260