

EXETER CITY COUNCIL

**EXECUTIVE
03 JULY 2007**

EXETER CANAL BASIN REGENERATION SCHEME

1.0 PURPOSE OF REPORT

- 1.1 To inform Members of progress in bringing forward the regeneration proposals for the Canal Basin area; to advise on funding implications and to seek authority to amend the provisional agreement with the Sutton Harbour Company and the Exeter Canal and Quay Trust to enable the initial development agreements to proceed.

2.0 REGENERATION AND DELIVERY STRATEGY

- 2.1 Executive adopted the Exeter Canal Basin Regeneration Delivery Strategy at its meeting of 14 September 2004. Subsequent update reports have been considered on 4 July 2005 and 21 November 2006. Essentially the strategy proposed the phased delivery of the overall scheme for the Canal Basin area, proposing four stages for the period up to 2012. This report sets out the progress that has been made in delivering that strategy.

2.2 Phase 1

- i) Refurbishment of the Old Electricity Building (Site H on the plan annexed) in association with the adjoining site G: the purchaser of the adjoining site G, Mill House Partnership is well advanced in the construction of a new building adjoining the Old Electricity Building comprising residential apartments with a delicatessen/café and parking on the ground floor. This scheme should be completed by autumn 2007. The Development Agreement and Long Lease for the Old Electricity Building itself have been agreed and are in the hands of solicitors. The final detailed scheme drawings needs to be approved before the Development Agreement can be completed. It is hoped that this will happen imminently.
- ii) Refurbishment of 60 Haven Road (Site I), Refurbishment of the Maclaines Warehouse (Site J) and the development of Sites A and B: as reported to Executive on the 21 November 2006 there were initially some difficulties involved in delivering planning consents for these sites. With the appointment of a new firm of architects, planning consent has been achieved for these sites, and the terms for the necessary Agreements for Lease and 150 year Long Leases with Sutton Harbour have also been agreed and are with solicitors. Again, once the final details of the scheme have been approved, the development agreements should be completed, and work can begin on site. As part of the planning negotiations it had been agreed to include an element of affordable housing within the scheme (6 units

of the 26 in total). We have sought to ensure that this element at least meets the Council's standard Affordable Housing Policy. In this particular instance, however, an opportunity has arisen to deliver in excess of the standard affordable housing requirement and it is now proposed that rather than entering into an Agreement for Lease and Lease on the site adjoining 60 Haven Road (Site A) with Sutton Harbour we will contract directly with Signpost Housing who will deliver affordable accommodation on the upper floors of this new build (14 units) and let back the ground floor to Sutton Harbour, who will deliver a restaurant/retail use on the ground floor. It should be noted that the final design has resulted in a reduction in developable floor space and in the inclusion of the affordable element, and this has inevitably had an impact on the consideration to be received by the Exeter Canal & Quay Trust and the City Council for these sites. The financial implications are dealt with later in this report and are set out in a confidential report also on the Agenda.

- iii) Improvements to the Smaller Haven Road Car Park: Terms have been agreed for the letting of 30 spaces in this car park to Sutton Harbour subject to the carrying out of a programme of improvements to the car park itself.
- iv) New Boardwalk in the Canal Basin in front of 60 Haven Road: a planning application for this feature was submitted alongside the Sutton Harbour proposals. Planning consent has been granted and we will look to deliver the Boardwalk with conjunction with Sutton Harbour once construction starts on site.
- v) Public Realm Improvements around Sites A, B, I and J: all of the planning consents for these sites require the provision of public realm improvements in accordance with the Exeter Canal Basin Public Realm Plan. These improvements will therefore come forward as each site is regenerated by Sutton Harbour/Signpost.
- vi) Section 106 Contributions Towards Public Realm Improvements in the Canal Basin Area: the planning consents granted for all of the sites are conditional upon the developers entering into Section 106 Agreements securing financial contributions to the areas of the Public Realm Plan that are not directly provided by those developers. The identified items are the creation of a new public courtyard as part of Site D, improvements to the foot/cycleway between Haven Road and the Haven Road Car Parks and the provision of a bus stop in the Piazza Terracina area. The City Council will look to improve the path once the development of Site G has been completed in conjunction with the improvements to the smaller Haven Road Car Park. A new courtyard is scheduled for the Phase III of the scheme and will be very much dependent upon the eventual design for the new Haven Banks Outdoor Education Centre. The bus stop will await the delivery of a bus service in consultation with the Highway Authority.

- vii) Affordable Housing Provision in accordance with Local Planning Authority Policy: As described above it is now intended to produce an affordable housing scheme in excess of planned policy in conjunction with Signpost Housing.
- viii) Contributions towards the construction of the Water Lane Link Road: the planning consents granted include for contributions of £7,500 per residential unit.
- ix) Construction of a new Roadway through the Haven Road Car Park and a new junction on to Water Lane: in developing a design for this new link road with the Highway Authority the fact that the Haven Road car park site is heavily contaminated has been a major constraint. We are currently in discussions with the Environment Agency about the need for any remediation of the site. A programme of site investigations and Risk Assessment work is in hand and it is anticipated that a determination will be made on this in July 2007. Depending on the outcome of those discussions, we hope to be able to finalise our design proposals in conjunction with the Highway Authority and submit a planning application in the autumn of 2007. Tender documentation will be prepared alongside the planning application so as to reduce the impact of the delays that have occurred on this project.
- x) Creation of a New Winter Boat Storage Area in the Haven Road Car Park: the creation of this new winter boat storage/summer pay and display car park, has been delayed together with the new roadway as described above.
- xi) Construction of a New Chandlery in the Haven Road Car Park: as with the roadway and boat storage/car park area, the delivery of a new Chandlery by Bridger Marine, to replace their existing facility alongside the Basin, is held up by discussions with the Environment Agency. However, subject to the requirements of the Environment Agency it is still very much Bridger Marine's intention to commence on site as soon as possible so that they can move their business from its current location, freeing up that site for the proposed new Watersports Centre.

Phase 2

- i) Construction of a new Watersports Centre on part of Site C: Officers have had useful discussions with Sport England on the possibility of securing funding for this facility. Officers are now working in conjunction with the Exe Watersports Association to prepare a detailed submission to Sport England for this part of the project. The eventual funding scenario will be dependent upon the additional sources of funds identified.

- ii) Construction of a new Haven Bank Outdoor Education Centre on part of Site D: Devon County Council have carried out some design work for a new Outdoor Education Centre, but the scale and massing of the building have increased considerably from that originally anticipated, and this is causing some difficulties in planning terms. Meetings between the respective officers have been arranged and it is hoped that we will be able to come to a satisfactory resolution of these issues, thereby enabling the County Council to submit its proposals at an early date.
- iii) Construction of a New Canal Management/Visiting Boat Facility on Site D: no work has yet been done in this area and, depending on the eventual size of the new Haven Banks Outdoor Education Centre it may be necessary to identify an alternative location for this facility.
- iv) Development of the Remaining area of Site D: again no work has been done on this until such time as the size of the new Outdoor Education Centre is confirmed.
- v) Confirmation of the New Harbour Revision Order Designating a new Public Quay Area: the proposed Harbour Revision Order designates an open Quay frontage to Haven Road adjoining the small slipway in the Basin. Designation of this area maintains public Quay status in part of the Basin while not compromising the regeneration proposals set out in the Canal Basin Master Plan. It is understood that there is likely to be a Public Inquiry on the Harbour Revision Order and that this should be held sometime in 2007.
- vi) Improvements to retained boat laying up areas around the Basin: No work has yet been done in these areas.
- vii) Delivery of a Bus Service to the Canal Basin area: The delivery of a link road through the Haven Road Car Park will facilitate the operation of the TIF bus to provide a high quality link to the City Centre should funding for this proposal ultimately be approved.

Phases 3 and 4

- i) Officers have not yet begun to focus on the later stages of delivery. However, proposals have been brought forward for the installation of public art and interpretation facilities on Site F: (the Kings Arms Isthmus) as part of the wider scheme of improvements to the Riverside Valley Park. As part of these plans the Old Harbour Buoy (currently next to the Maclaines Warehouse) will be re-sited to a new location at the head of the Kings Arms Isthmus. A scheme of improved lighting has also been agreed for the riverside walkway. Both of these schemes were approved by Executive in March 2007 and will be implemented in 2007/08.

3.0 OUTLINE FUNDING IMPLICATIONS

- 3.1 Now that Heads of Terms have been agreed with the Phase 1 Developers, and planning consents have been granted identifying Section 106 contributions, the revised anticipated receipts and funding sources are as follows:-

2007/08

Remaining Capital Programme Allocation (March 2007)	£558,500
Receipts from Development Agreements and Lease restructuring for Phase 1 sites	£352,500
Section 106 Contributions to Water Lane Link Road	£255,000
Section 106 Contributions to Public Realm Improvements	£63,000
Total anticipated receipts (2007/08)	£1,229,000

2008/09

Receipts on grant of Long Leases for Phase 1 sites	£1,400,000
Total anticipated receipts (2007/09)	<u>£2,629,000</u>

- 3.2 There will be further receipts in later phases for the development of Site C, D and E, but it is not possible to quantify these at this stage.
- 3.3 Set against these anticipated receipts are a number of projects which the City Council is intending to delivery or fund:

2007/08

Payment on surrender of Lease of 60 Haven Road	£125,000
Haven Road Car Park Scheme (design and enabling works)	£100,000
Total costs (2007/08)	£225,000

2008/09

Canal Basin Boardwalk	£45,000
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Kings Arms Isthmus Improvements	£30,000
Optic Fibre Cable Link	£90,000
Street Light Improvements on Riverside Walk	£30,000
Public Realm Improvements in the Canal Basin area (link path to Haven Road Car Park)	£52,000
Haven Road Car Park Scheme (new road, boat storage and car park areas)	£900,000
Total Costs (2008/09)	£1,147,000
<u>2009/10</u>	
New Water Sports Facility (funding contribution)	£275,000
Public Realm Improvements in the Canal Basin area (courtyard at Site D)	£60,000
New Canal Management and Visiting Boat Facilities	£250,000
Improvements to retained boat laying up areas/pontoons	£110,000
Bus Stop	£10,000
Total Costs (2009/10)	£705,000
Total identified costs (2007/10)	<u>£2,077,000</u>

3.4 Members' attention is again drawn to the fact that there is an unknown element in the Haven Road Car Park scheme in that there is the possibility that further costs could be incurred to address any requirements for remediation or special ground works that the Environment Agency may require in this area.

3.5 In future years, as the later stages of the regeneration scheme are delivered, there will be additional spend on public realm improvements, largely on the riverside walkway from the Piazza Terracina to the swing bridge. The Council will also need to acquire the County Council's existing Lease of the Haven Banks Outdoor Education Centre. The level of consideration for this cannot be predicted at this stage.

4.0 OVERRIDING LEASES TO THE EXETER CANAL AND QUAY TRUST

4.1 At previous meetings, the Executive has resolved that the two Long Leases held by the Exeter Canal & Quay Trust from the City Council, of respectively, 60 Haven Road and the Maclaines Warehouse and its adjoining site would be restructured to facilitate the regeneration schemes proposed for those sites. On the advice of the Trust's solicitors (agreed in conjunction with the City Council's solicitors) it has been decided that the optimum structure for such a transaction would be to grant two new 150-year (plus 3 days) Overriding Leases, one covering 60 Haven Road and the other covering the Maclaines Warehouse and the adjoining site (including a small area of additional City Council land).

4.2 Executive is asked to approve this variation to the structuring arrangements previously agreed so as to facilitate the Sutton Harbour proposals for these sites. The financial details are set out in a confidential report on the Agenda.

5.0 NEW PROPOSALS FOR THE DISPOSAL OF THE SITE ADJOINING 60 HAVEN ROAD (SITE A)

5.1 In negotiating the Affordable Housing contribution for the Sutton Harbour schemes it has been possible to involve the Signpost Housing Association directly in discussions regarding the provision of affordable housing on the upper two floors of Site A. There are obvious advantages in securing a significant affordable housing element early in the Canal Basin regeneration. During the discussions between Sutton Harbour, Signpost and the City Council it has become clear that it might be preferable for transactional reasons to grant the Agreement for Lease and 150 year Long Lease arrangements previously negotiated with Sutton Harbour directly to Signpost with Sutton Harbour undertaking to Lease back the ground floor for restaurant/shop use once the scheme has been constructed. Executive is therefore requested to agree that the transaction can be entered into directly with the Signpost Housing Association.

6.0 RECOMMENDED that:-

1. Progress to date on delivery of the Exeter Canal Basin Regeneration Delivery Strategy be noted;
2. The revisions to the financial implications of the project, including the recycling of receipts into expenditure within the scheme be noted;
3. The amended transaction arrangements for the re-structuring of the Exeter Canal and Quay Trust Long Leases by way of overriding Leases and the terms thereof as set out in the Part 2 report be approved; and

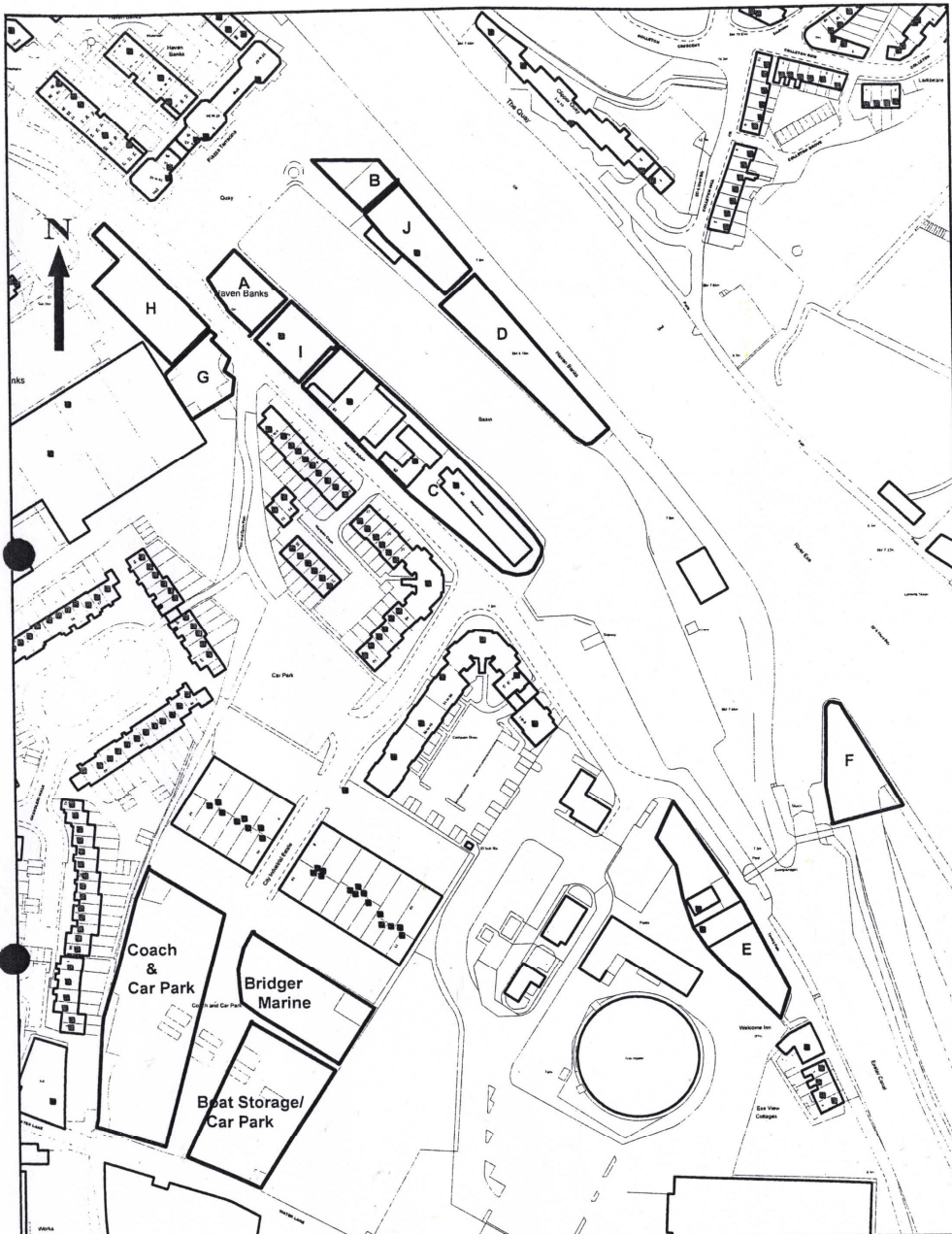
4. That it be agreed that the City Council transact directly with the Signpost Housing Association on Site A on the terms set out in this report and in the Part 2 report.

DAVID PROSSER
HEAD OF ESTATES

ECONOMY & DEVELOPMENT DIRECTORATE

JOHN RIGBY
DIRECTOR

12 June 2007



Scale 1:2000

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Exeter Canal Basin



Exeter City Council

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