

Subject:	Falmer Released Land & Site Adjacent to Community Stadium		
Date of Meeting:	17 October 2013		
Report of:	Executive Director Environment Development & Housing and Executive Director Finance & Resources		
Contact Officer:	Name:	Richard Davies	Tel: 29-6825
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Ward(s) affected:	All		

FOR GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT:

- 1.1 This report presents two proposals for consideration by Members that have been submitted to the council by The Community Stadium Limited (TCSL). These are for the redevelopment of the Falmer Released Land (FRL) and the construction of a new hotel on a different site adjacent to the Community Stadium.
- 1.2 To progress the long term redevelopment of the FRL and contribute to the area's wider regeneration, it is proposed that the council enter into negotiations with TCSL regarding the proposed redevelopment of the land as shown on the annexed plan and that proposed Heads of Terms are brought back to this Committee for final approval.
- 1.3 It is also proposed that the council enters into negotiations with TCSL regarding a proposed hotel on a different and separate site, being land adjacent to the Community Stadium shown on the annexed plan and to agree that proposed Heads of Terms are brought back to this Committee for final approval.

2. RECOMMENDATIONS:

- 2.1 That Policy & Resources Committee authorise the Executive Director Environment Development & Housing, Executive Director Finance & Resources and Head of Legal Services to enter into negotiations with The Community Stadium Limited ("TCSL") regarding the proposed redevelopment of the Falmer Released Land, as shown on the annexed plan, with TCSL and to agree that proposed Heads of Terms are brought back to this Committee for final approval.
- 2.2 That Policy & Resources Committee authorise the Executive Director Environment Development & Housing, Executive Director Finance & Resources and Head of Legal Services to enter into negotiations with TCSL regarding the proposed construction of a hotel on the land adjacent to the Community Stadium shown on the annexed plan and to agree that proposed Heads of Terms are brought back to this Committee for final approval.

3. CONTEXT/ BACKGROUND INFORMATION:

Falmer Released Land

- 3.1 The land identified on the plan, as the Falmer Released Land (“FRL”) is so described, as when Falmer School became Brighton Aldridge Community Academy (“BACA”), the academy stated that they did not require this former school site and consent was given by the Secretary of State for its disposal. It was therefore “released” from education use. In accordance with a previous Cabinet decision, the former building on the FRL site has been demolished and laid out to provide match and event day parking for the Amex Community Stadium, so that the football club can meet the parking requirements in the planning permission. The Bridge Community Adult Education Centre (“the Bridge”) has also been provided with temporary accommodation on the site.
- 3.2 Recommendation 2.3 of the FRL Cabinet report on 9th February 2011 agreed that a Development Brief be prepared to test the market and procure a development partner for the long term redevelopment of the site, with the outcome of that marketing exercise to be reported to Cabinet, so that Members may approve the long term solution for the FRL. This was to be carried out following agreement and installation of the temporary stadium parking on the site.
- 3.3 The February 2011 Cabinet report allowed for Members and key stakeholders including TCSL, the Bridge and BACA, to have the opportunity to agree and prioritise strategic objectives for the site, which would then be set out in a Development Brief and be delivered by the redevelopment.
- 3.4 TCSL submitted a Joint Venture (“JV”) proposal paper to the council on 29/01/13 and a further proposal paper on 05/09/13 for the redevelopment of the FRL, covering the inclusion of match day and event parking for the Community Stadium, agreement for a permanent home for the Bridge and the potential for student accommodation.
- 3.5 TCSL paper proposes that the JV vehicle includes TCSL, a developer funder and an end user. This proposed JV does not include the council.

Hotel Proposal

- 3.6 The latest TCSL proposal submitted to the council also includes a new element, being the construction of a hotel on a separate and different site adjacent to the Community Stadium. This separate proposal would include a 4 star 150 bedroom hotel, a new ticket and box office and a private gym for hotel guests, BHAFC players and staff. It is proposed that meals for the hotel guests will be provided via a new bridge link to the stadium’s East Stand hospitality areas. The scheme would include dedicated parking places.
- 3.7 TCSL do not believe that the hotel would compete with existing hotels in the area and will undertake an independent hotel and economic impact study as part of the planning application.

- 3.8 Part of the proposed site is within the existing lease of the stadium. The site is partly in Brighton & Hove and partly in Lewes.
- 3.9 In order for TCSL to invest significant funds to develop the proposal further, it is seeking agreement to the scheme in principle.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 A number of options are available for the council to consider that involve the following issues:

- § value of the sites and the capital receipt that the council might reasonably expect to achieve or the potential to generate revenue;
- § whether to work in partnership with TCSL to realise the regeneration opportunities for the Falmer area;
- § whether the council considers it necessary to market the FRL to establish its market value or that this can be done through a comprehensive valuation assessment; and
- § whether the council wishes to support: inclusion of the Stadium event and match day parking in any redevelopment of the FRL and re-providing accommodation for the Bridge, and the direct and indirect costs of these items.

- 4.2 In the long term, to achieve the redevelopment of FRL and wider strategic aspirations for the Falmer area, the council may consider the following options:

- i. The council invites expressions of interest from the market for the redevelopment of FRL against an agreed Development Brief, which would incorporate the Planning Brief and set out more specific requirements for the FRL, including match day and event parking for the Community Stadium, a permanent home for the Bridge and the potential for student accommodation, in order to test the market and procure a development partner.
- ii. The council disposes of the FRL to TCSL on terms to be agreed.
- iii. The council enters into discussions with TCSL, with a view to reaching an agreement on a Joint Venture Vehicle where the council is part of the JV, whereby the JV vehicle delivers the redevelopment of the FRL so as to provide match day and event parking, replacement accommodation for The Bridge and potentially student accommodation.
- iv. The council agrees a leasehold arrangement with TCSL for the site adjacent to the Community Stadium for the development of the proposed new hotel.

- 4.3 In seeking to redevelop the FRL, the council is obliged to satisfy the requirements of s123 Local Government Act 1972 regarding obtaining the best consideration that can reasonably be obtained. If the council is minded to receive less than market value in order to deliver benefits for stakeholders, then if the reduced capital receipt is £2,000,000 or more below market value, an application to the Secretary of State for agreement is required.

- 4.4 To satisfy the s123 rules the council would normally issue an invitation to developers to bid to deliver the scheme. A valuation exercise will then be undertaken in respect of the best offer, to assess what amount would be deemed to be foregone within the meaning of the s123 provisions as a result of specifically requiring match and event day parking for TCSL and re-provision of The Bridge. This will not be a simple exercise and the outcome will be influenced by the planning assumptions.
- 4.5 In the event of the council wishing to dispose of the FRL directly to TCSL, a valuation exercise would need to be undertaken to establish the market value. Subject to the outcome of this valuation, an application under section 123 to the Secretary of State may be required.
- 4.6 In proposing a hotel development on the different site adjacent to the Community Stadium, TCSL wish to provide additional facilities for itself, both Universities, business users and visitors to the National Park amongst others. TCSL would undertake an independent hotel and economic impact study to verify that it does not compete with existing leisure market hotels in the city centre as part of the planning process.
- 4.7 If the council supports the proposal to develop a hotel adjacent to the Community Stadium to complement its activities, those of both Universities and other users, then it is proposed to bring back Heads of Terms for a leasehold agreement, yet to be negotiated, to this Committee for approval.

5. COMMUNITY ENGAGEMENT AND CONSULTATION

- 5.1 Further consultation with Members, officers and external stakeholders will be carried out in taking forward the report recommendations.

6. CONCLUSION

- 6.1 Disposal of the FRL to TCSL would provide a focused approach that may offer a quicker route to redevelopment, rather than seeking a preferred developer through a tender process. However, whilst TCSL may be seeking freehold ownership of the site, it is recommended that in negotiations with TCSL, the council explore all options with them, including disposal and a Joint Venture vehicle where the council retains an investment stake and revenue stream. It is therefore, recommended that the council enter into negotiations with TCSL for Heads of Terms for the redevelopment of the FRL.
- 6.2 This approach would also provide a structure for early engagement of key stakeholders in the redevelopment process and offer the possibility of an earlier capital receipt or revenue stream for the council than through a tender process for a preferred developer.
- 6.3 Reassurance that the council is satisfying its section 123 obligations and maximising any revenue stream or capital receipt will be gained through an independent valuation to be commissioned by the council following member agreement of the Heads of Terms.

- 6.4 This recommended approach would continue the council's previous support for providing match day and event parking on FRL and a permanent home for the Bridge, whilst also protecting the council's financial position regarding any lease or disposal to TCSL.
- 6.5 The land adjacent to the Community Stadium being proposed for the hotel development is in the ownership of the council and part of it is included within the existing stadium lease to TCSL. Previously, this site was identified for development to provide accommodation for City College. However, this proposal was withdrawn in the light of a change to the previous further education capital funding programme.
- 6.6 It is unlikely that an alternative user could be found for the proposed hotel site as it is intricately linked to the Community Stadium's operation and for this reason it is recommended that the option to dispose of or lease the land to TCSL for a hotel development should be explored further through discussions of Heads of Terms.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 The development will generate a land value to the Council for both sites and the council will instruct a valuer to agree the value of both areas of development with TCSL. TCSL will provide income projections and construction costs to enable the land value to be agreed. The cost of the independent valuation will be funded from the proceeds of the disposal. The value may be paid to the Council as either a single premium following the relevant planning consent or in the form of annual rent payments. Any premium would be paid prior to commencement of construction of the development. Any net capital receipts would be used to support the Council's corporate capital strategy and any rental income would be used to support the Council's revenue budget.
- 7.2 The council will need to satisfy the requirements of section 123 of the Local Government Act 1972 and ensure that best consideration can be obtained and if the council is minded to receive less than best consideration by £2.0m or more below market value than an application to the Secretary of State for agreement will be required.
- 7.3 In negotiating Heads of Terms the Council will seek to ensure that no direct costs associated with the development are incurred by the Council.

Finance Officer Consulted: Rob Allen

Date: 23.09.13

Legal Implications:

- 7.4 The legal position regarding disposal is not clear cut as the FRL has not yet been permanently disposed of and legislation which came into effect after the original consent requires additional approval to dispose of ex-education land. Officers are however confident that either consent is not required or will be readily given,

taking into account the history of the temporary use and the previous position regarding BACA.

- 7.5 The proposals regarding the hotel scheme would require the existing lease of the stadium to be varied and a further lease to be granted.
- 7.6 In the event of the recommendations being agreed further detailed legal implications will be set out in the report seeking approval to the Heads of Terms.

Lawyer Consulted: Bob Bruce Date: 19.09.13

Equalities Implications:

- 7.7 The development of the FRL offers the potential to provide improved community facilities for Moulsecoomb, which is recognised as an area that experiences high levels of multiple deprivation. Support for the continuation of the Bridge would benefit local residents in this area as well as city wide services. An Equality Impact Assessment will be carried out prior to any redevelopment proceeding.

Sustainability Implications:

- 7.8 Sustainability implications will be a significant part of the assessment of any scheme that is brought forward for the Released Land and consideration of these will be a normal part of any planning application for the site, as for all development proposals

Any Other Significant Implications:

- 7.9 A risk register has been prepared for this project and will be updated as the project progresses.

SUPPORTING DOCUMENTATION

Appendices:

1. Site plan

Background Documents

1. Falmer Released Land Cabinet report, February 2011.

