

## CABINET MEETING – 8 SEPTEMBER 2022

### EXECUTIVE SUMMARY SHEET – PART I

**Title of Report:**

Acquisition of land and potential use of Compulsory Purchase Powers to support the development of Riverside Sunderland

**Author(s):**

Executive Director of City Development

**Purpose of Report:**

To seek approval to acquire land by agreement within the Riverside Sunderland masterplan area shown edged red on the plan at Appendix 1 (“the Site”) and agree in principle to the potential future use of the Council’s compulsory purchase powers to facilitate the redevelopment of the Site.

**Description of Decision:**

Cabinet is recommended to:

- i) Authorise the Executive Director of City Development to acquire by agreement land and property within the Site on terms to be agreed by the Executive Director of City Development in consultation with the Leader of the Council, the Chief Executive and the Chief Finance Officer;
- ii) Approve in principle the potential use of the Council’s Compulsory Purchase Order (“CPO”) powers pursuant to Section 226(1) of the Town and Country Planning Act 1990 (“the 1990 Act”) to facilitate the development, redevelopment and/or improvement of the Site;
- iii) Authorise the Executive Director of City Development to undertake a detailed land referencing exercise in respect of the Site and take all preparatory steps required to prepare for a potential CPO as referred to above; and
- iv) Agree to receive a further report in due course in respect of the proposed making of a CPO once the land referencing exercise is complete and the draft order and accompanying statement of reasons has been prepared.

**Is the decision consistent with the Budget/Policy Framework?** Yes

**If not, Council approval is required to change the Budget/Policy Framework**

**Suggested reason(s) for Decision:**

Riverside Sunderland is a major Council-led regeneration site in a strategic location within the city centre. The Riverside Sunderland Masterplan (“the Masterplan”) proposes that the site is re-developed to deliver approximately 1,000 high quality new homes, 1 million square feet of modern employment space, and a variety of community facilities with the objective of doubling the city centre population, creating up to 10,000 new jobs, and supporting the social and economic regeneration of the city centre.

The Riverside Sunderland Supplementary Planning Document (“Riverside SPD”) provides a planning policy framework for the comprehensive redevelopment of Riverside Sunderland.

The proposals in this report will enable the Council to continue to acquire land and property needed to facilitate the development of the Site in a proactive and timely manner and facilitate the redevelopment of the Site in accordance with the Masterplan objectives and the Riverside SPD framework. In addition, and if required, the potential future use of CPO powers under Section 226 of the 1990 Act will support the delivery of the above objectives, create major public benefits, and provide an appropriate degree of certainty regarding the redevelopment of the Site.

**Alternative options to be considered and recommended to be rejected:**

The alternative options are:

- i) Not to authorise the acquisition by agreement of land and buildings within the Site. This will mean that the Council may not be able to act promptly on individual acquisitions and could result in loss of potential acquisition opportunities where time is of the essence; and
- ii) Not to progress a potential CPO. There is a risk that the necessary third-party land required for the comprehensive redevelopment of the Site cannot be acquired by agreement. It is therefore considered prudent to prepare for a potential CPO, given the major public benefits that will arise from the Riverside Sunderland regeneration and to provide an appropriate degree of certainty regarding the delivery of the redevelopment proposals for the Site.

**Impacts analysed;**

Equality ☒ Privacy ☒ Sustainability ☒ Crime and Disorder ☒

**Is the Decision consistent with the Council’s co-operative values?** Yes

**Is this a “Key Decision” as defined in the Constitution?** Yes

**Is it included in the 28-day Notice of Decisions?** Yes

**ACQUISITION OF LAND AND POTENTIAL USE OF COMPULSORY PURCHASE POWERS TO SUPPORT THE DEVELOPMENT OF RIVERSIDE SUNDERLAND**

**Report of the Executive Director of City Development**

**1. Purpose of the Report**

- 1.1 To seek approval to acquire land by agreement within the Riverside Sunderland masterplan area shown edged red on the plan at Appendix 1 (“the Site”) and agree in principle to the potential future use of the Council’s compulsory purchase powers to facilitate the redevelopment of the Site

**2. Description of Decision**

- 2.1 Cabinet is recommended to:
- i) Authorise the Executive Director of City Development to acquire by agreement land and property within the Site on terms to be agreed by the Executive Director of City Development in consultation with the Leader of the Council, the Chief Executive and the Chief Finance Officer;
  - ii) Approve in principle the potential use of the Council’s Compulsory Purchase Order (“CPO”) powers pursuant to Section 226(1) of the Town and Country Planning Act 1990 (“the 1990 Act”) to facilitate the development, redevelopment and/or improvement of the Site;
  - iii) Authorise the Executive Director of City Development to undertake a detailed land referencing exercise in respect of the Site and take all preparatory steps required to prepare for a potential CPO as referred to above; and
  - iv) Agree to receive a further report in due course in respect of the proposed making of a CPO once the land referencing exercise is complete and the draft order and accompanying statement of reasons has been prepared.

**3. Background and Development Proposals**

- 3.1 The regeneration of Riverside Sunderland will play a critical role in the delivery of the social, economic and environmental regeneration objectives set out in Sunderland’s City Plan and the creation of a digitally connected, vibrant, healthy, and dynamic city with more and better jobs, a greater choice of housing, and a sustainable low carbon economy.
- 3.2 The Riverside Sunderland Masterplan (“the Masterplan”) was published in October 2020 and sets out proposals to create a new urban quarter at the heart of the city through the comprehensive development of more than one million ft sq. of new offices, 1,000 new homes, a new housing innovation construction skills academy, a life sciences and healthcare facility, two new civic buildings a revitalised park and enhanced connectivity through new pedestrian and cycling bridges.

- 3.3 The Masterplan covers an area of circa 33.2 hectares spanning the River Wear and divides the Site into six core development areas
- Vaux
  - Sheepfolds
  - Farringdon Row
  - Heart of the City
  - Ayre's Quay
  - Riverside Park
- 3.4 The Masterplan sets out a robust development strategy and demonstrates how the key elements of the project will come together to create a special place.
- 3.5 Significant progress has been made to date at Riverside Sunderland with the completion and occupation of new buildings, including the Beam and City Hall and construction progressing on several other schemes being led by the Council and its investment and development partners including the Vaux Housing development, Farringdon Row multi-storey car park, Maker and Faber office developments, a new four star hotel at Keel Square, and the repurposing of the former Gilbridge Police Station and former Railway Stables at Sheepfolds.
- 3.6 Other developments due to commence in the short term include the construction of the new Culture House, the new Sunderland Eye Infirmary, the new Wear footbridge, and the Housing and Construction Skills Academy.
- 3.7 The Council is also advancing plans for the subsequent phases of development which include the construction of a new residential neighbourhood at Farrindgon Row, the transformation of Riverside Park, the delivery of sustainable new homes at Ayre's Quay, the creation of a new mixed used community at Sheepfolds, and the redevelopment of the northern section of High Street West to create the southern section of the new Central Business District.
- 3.8 In order to facilitate the comprehensive redevelopment of the Site, it is critical that the Council acquires all the required land and property interests within the Masterplan area.

#### **4.0 Site Assembly**

- 4.1 The Council has commenced the process of acquiring land and property by negotiation and agreement and to date has made several strategic acquisitions which have resulted in it owning circa 80% of the land and property needed for the delivery of the Masterplan proposals.
- 4.2 In order to secure the comprehensive redevelopment of the Site in accordance with the Masterplan, there is a need to acquire the balance of the required third-party land interests.
- 4.3 Given the current pace of activity and competition in the property market, there is a need for the Council to act quickly to conclude negotiations and agreements in relation to potential third-party land and property acquisitions.

- 4.4 It is therefore recommended that the Executive Director of City Development, in consultation with Leader of the Council, the Chief Executive and the Chief Finance Officer, is authorised to acquire land and property within the Site by negotiation and agreement. This will enable the Council to respond quickly to acquisition opportunities when they arise and enable negotiations to be concluded in a timely manner and prevent unnecessary delay or loss of opportunity. This approach will also provide willing sellers with certainty over the price and timescale for completing the sale allowing them to progress with arrangements for relocation to alternative premises. All acquisitions will be supported by independent external third party valuation advice that confirms that the price is in line with the commercial market value and any risks are identified and reflected within the valuation.
- 4.5 In parallel, and to provide an appropriate degree of certainty regarding the comprehensive redevelopment of the Site in accordance with the Masterplan, it is recommended that the Council considers the potential use of its CPO powers under Section 226(1) of the 1990 Act, whilst simultaneously conducting negotiations to acquire the relevant third-party land and property interests by negotiation and agreement. This approach is in accordance with current Government advice which is set out in Department for Levelling Up Housing and Communities (DLUHC) guidance dated July 2019.
- 4.6 In the event that Cabinet is minded to agree in principle to the potential future use of CPO powers to facilitate the redevelopment of the Site, it will be necessary for certain preliminary work to be undertaken to prepare for a potential CPO. This includes a detailed land referencing exercise to obtain accurate information regarding current land interests. Once the land referencing is complete, the exact CPO boundary can be prepared.
- 4.7 A further report will be submitted to Cabinet at a future date seeking authorisation for the proposed making of a CPO, provided there remains a compelling case in the public interest to justify the use of CPO powers for the Site and once the land referencing is complete, the exact CPO boundary has been confirmed, the schedule of interests to be acquired has been produced and the draft Order and accompanying detailed statement of reasons have been prepared.

## **5. Reasons for the Decision**

- 5.1 Riverside Sunderland is a major Council-led regeneration site in a strategic location within the city centre. The Riverside Sunderland Masterplan (“the Masterplan”) proposes that the site is re-developed to deliver approximately 1,000 high quality new homes, 1 million square feet of modern employment space, and a variety of community facilities with the objective of doubling the city centre population, creating up to 10,000 new jobs, and supporting the social and economic regeneration of the city centre.
- 5.2 The Riverside Sunderland Supplementary Planning Document (“Riverside SPD”) provides a planning policy framework for the comprehensive redevelopment of Riverside Sunderland.

- 5.3 The proposals in this report will enable the Council to continue to acquire land and property needed to facilitate the development of the Site in a proactive and timely manner and facilitate the redevelopment of the Site in accordance with the Masterplan objectives and the Riverside SPD framework. In addition, and if required, the potential future use of CPO powers under Section 226 of the 1990 Act will support the delivery of the above objectives, create major public benefits, and provide an appropriate degree of certainty regarding the redevelopment of the Site.

## **6. Alternative Options**

- 6.1 The alternative options are:

- i) Not to authorise the acquisition by agreement of land and buildings within the Site. This will mean that the Council may not be able to act promptly on individual acquisitions and could result in loss of potential acquisition opportunities where time is of the essence; and
- ii) Not to progress a potential CPO. There is a risk that the necessary third-party land required for the comprehensive redevelopment of the Site cannot be acquired by agreement. It is therefore considered prudent to prepare for a potential CPO, given the major public benefits that will arise from the Riverside Sunderland regeneration and to provide an appropriate degree of certainty regarding the delivery of the redevelopment proposals for the Site.

## **7. Other Relevant Considerations / Consultations**

### **7.1 Financial Implications**

- 7.1.1 A detailed cost estimate has been produced in relation to the acquisition of properties within the Site and is regularly reviewed to reflect completed transactions, developing negotiations, and changing market conditions.
- 7.1.2 The acquisition costs will be met from the provision for strategic acquisitions allocated within the Council's approved capital programme. Acquisitions will only be completed from the available resources.
- 7.1.3 The costs associated with a potential CPO process will be considered relative to the wider benefits of the proposed regeneration and will be fully assessed if and when a CPO boundary is determined and authorisation is sought from Cabinet for the proposed making of a CPO.

## **7.2 Legal Implications**

- 7.2.1 Under Section 226(1)(a) of the 1990 Act, the Council has the legal power to make a CPO to acquire land if it thinks the acquisition will facilitate the carrying out of development, redevelopment and/or improvement on or in relation to the land. In addition, the Council must also be satisfied that the relevant development, redevelopment or improvement is likely to contribute to the achievement of the promotion or improvement of the economic, social and/or environmental well-being of its area.
- 7.2.2 Further, the Council also has the power to acquire land by agreement pursuant to Section 227(1) of the 1990 Act for any purpose for which they may be authorised to acquire land under Section 226 as above.
- 7.2.3 Accordingly, the proposals for the Council to acquire land within the Site to facilitate its comprehensive redevelopment in accordance with the Riverside Masterplan is in accordance with its powers under Section 227(1).
- 7.2.4 As set out above, in the event that a CPO is to be made at a future date in connection with any remaining parts of the Site then an accompanying Statement of Reasons will be produced for Cabinet's further consideration which takes into account the requirements set out in the DLUHC guidance dated July 2019, including that there continues to be a compelling case in the public interest to make a CPO and that any potential interference with the human rights of any affected third parties can be justified.

## **8.3 Procurement Implications**

- 8.3.1 Specialist advisors will be procured as necessary, and in accordance with the Council's procurement policy, to support the acquisition of the required land and property interests.

## **8.4 Property Implications**

- 8.4.1 Detailed due diligence will be completed and external valuation advice will be obtained in relation to each land and property acquisition to confirm that the agreed price reflects the commercial market value and any risks are identified and reflected within the valuation.
- 8.4.2 Following acquisition, any property will be demolished or re-purposed to minimise the Council's holding costs.

## **9.0 Background Papers**

None

