

Cornwall CouncilAgenda No. **9**

Not Confidential

Decision Sheet From: **Cabinet**Date: **20 June 2018**Title: **A STRATEGIC PURCHASE OF LAND AT
LANGARTH FARM, THREEMILESTONE**Portfolio Holder: **Portfolio Holder for Planning and Economy**Divisions Affected: **Chacewater, Kenwyn and Baldhu**Relevant Scrutiny Committee: **Economic Growth & Development**Key Decision: **Yes**Checklist Compliant: **Yes**Urgent Decision: **No**Implementation Date: **27 June 2018****DECISION:****RECOMMENDATION to Council:**

1. Cabinet recommend to Full Council that the capital programme be increased by the amount stated in the confidential Appendix 1 for the purchase of sufficient land for delivery of 154 plots and the related area of mixed use land at Langarth Farm, Truro.

Reason for the Decision:

Contained within the report.

Alternative options considered:

None other than contained within the report.

Conflicts of interest declared:

None.

Dispensations granted in respect of a conflict of interest:

N/A

1. Executive Summary

- 1.1 On the 2 May 2018 Cabinet agreed in principle to the Council taking a significant and strategic leadership and delivery role in development at Threemilestone.
- 1.2 This report seeks agreement for the purchase of land sufficient for 154 plots plus a further area of land allocated for mixed use at Langarth Farm and that Cabinet recommend this purchase to Full Council in accordance with an earlier commitment made by Cabinet to refer the matter to Full Council.
- 1.3 Planning permissions exist for 2700 homes in this area but, to date no building has started on any site. The Council's intervention is to stop the developments coming forward on an uncoordinated basis as a series of housing estates, and to ensure the development creates a fully sustainable new town.
- 1.4 Our proposed future interventions include controlling quality by way of commercial legal agreements in tandem with new planning policy and planning regulatory controls. Buying land will give the best opportunity to enter into Commercial legal agreements with the existing land owners and developers.
- 1.5 This report now seeks approval for a first strategic purchase of land at Langarth Farm. Langarth Farm is the first of a number of housing developments that will be developed at Threemilestone. It is critical that this development is designed and constructed to high standards of design and quality, since it will set the tone for the whole new town at Threemilestone. It will set a standard of place, a level of quality, pattern of development and value that will then be hard not to repeat. It will be the first articulation of what is being achieved.
- 1.6 This proposal is to buy 154 plots from Sanctuary Housing as part of Sanctuary Housing's purchase of land for approximately 700 homes from the developer Inox. This provides an opportunity for the Council to work with Sanctuary Housing, to develop a viable and high quality scheme for the whole of the 494 homes. In addition, it is proposed to acquire a further area of adjacent land as described in Appendix 1 that has outline consent and use this to construct an extra care facility/ primary school/ other community asset or housing. The following changes will be required compared with the currently consented design: An improved layout making better use of green space; Improved appearance of homes from the current standard housebuilder designs;
 - 1.6.1 A fundamental re-design of the road as a tree-lined avenue, with a dedicated cycleway and footpath and controlled, well-designed roadside parking;
 - 1.6.2 Improved surface water drainage with landscaped swales and water gullies;

- 1.6.3 A redesigned junction between the Northern Access Road and the A390.
- 1.6.4 Clear connections to identified sites for the early provision of a primary school, extra care housing, doctors surgery and community space.
- 1.7 These changes would be incorporated in a revised reserved matters planning application, to be submitted and funded by the Council, it is intended that such application would be submitted later this year.
- 1.8 If we are not able to make this purchase the developer is likely to sell the land to sanctuary housing who will build the first two phases including 494 that already benefit from an unsatisfactory permission as explained below.
- 1.9 Following the purchase and with the agreement of all parties we are proposing to work with both Truro City Council and Kenwyn Parish Council to include the proposals into a review of the Truro and Kenwyn neighbourhood Plan.
- 1.10 We have a one-off opportunity to get this right, and the proposed purchase of this land will give the Council an opportunity to control design quality. Reserved matters approval has been granted for 494 homes but the approved scheme has some serious deficiencies. The current approvals for the area fall significantly short of what we want to achieve. The approved drawings show a standard 6m wide road with homes served from parking courts. There will be a need for double yellow lines to control parking and no dedicated cycle lane has been provided. Pedestrians will be subservient to cars. The designs are at the low end of average housebuilder designs and are uninspiring. Even though nearly 500 homes are planned the controlling outline permissions do not require a school or other social infrastructure to be built, at this stage and it could be nearly ten years before the school is built and open. The green spaces are functional but not creative in making best use of the environment.
- 1.11 Our emerging vision sees a place which prioritises people over cars. It proposes to integrate significant green space for multiple benefits, to grow the environment and encourage healthy living through social interaction, play, walking and cycling. We will fail to make this a properly sustainable place if the new residents choose to drive to the city centre. We need them to choose to travel into Truro and its major employment and commercial hubs by way of cycling and public transport.
- 1.12 In September 2017 Cabinet endorsed this proposed acquisition of land but at that time it was proposed to build homes in accordance with the existing approval for the purpose of the homes being part of the Council's Housing Delivery Programme. This decision was not progressed to Full Council at the time

- 1.13 The purpose of the purchase has now fundamentally changed and it would be conditional upon the developer agreeing to the changes set out above.
- 1.14 The original intent to provide a range of rented homes (including 35% affordable which is the Local Plan target for Threemilestone), being circa 54 affordable properties as part of the Council's Development Programme could still be realised and a subsequent report will be brought back to Cabinet with a detailed business case. This report solely seeks agreement for the acquisition of 154 plots plus a further area of mixed use land. .

2. Purpose of the report

- 2.1 This report seeks approval for a first strategic purchase of land at Langarth Farm. Langarth Farm is the first of a number of housing developments that will be developed at Threemilestone. It is critical that this development is designed and constructed to high standards of design and quality, since it will set the tone for the whole new town at Threemilestone. It will set a standard of place, a level of quality, pattern of development and value that will then be hard not to repeat. It will be the first articulation of what is being achieved. We will be judged by these first homes.
- 2.2 The purpose of the acquisition is to enter into a commercial agreement with Sanctuary Housing and Inox which will control the quality of the first 494 homes to a high standard, as well as Sanctuary signing up to the overall emerging design principles. The Council will also want the developers to enter into commercial agreements to work jointly with the Council to allow the Council to make early provision of infrastructure (to be paid back from development) including the new road, transport provisions, a primary school, extracare housing, the new town centre, community space, playing fields, green infrastructure, new connections to Threemilestone village and improvements within existing adjoining settlements. This will also be the subject of a separate business case which will also be brought back to Cabinet.
- 2.3 It is proposed to buy land sufficient for 154 plots together with a further area of mixed use land which could be used for further housing, extra care housing or a primary school. Any change of use required would be addressed in a revised planning application if needed.

3. Benefits to Customers/Residents

- 3.1 The purchase of this land will allow the Council to exercise controls by way of commercial agreement with existing land owners/developers. This will allow the first part of the whole scheme to be redesigned to a much higher standard and consequently deliver overarching benefits of a sustainable community, providing good quality homes serving Truro. The development will address the overall imbalance of homes and jobs serving Truro as well as a strategic opportunity to build homes where

residents can lead healthy lives, with excellent bus, cycle and walking connections to the city centres and employment hubs.

- 3.2 The purchase will provide an opportunity to develop rented homes by way of the Council's Housing Development Programme (subject to a separate business case) and early provision of infrastructure (subject to a separate business case).

4. Relevant Previous Decisions

- 4.1 In September 2017 Cabinet agreed to the purchase of 5.7 hectares at Langarth Farm for the development of homes for the Council's Housing Development Programme. The September 2017 report and this report relate to the same site and the same purchase, but the current purchase now seeks to control quality of the larger development by way of a commercial development agreement.

- 4.2 In May 2018 Cabinet agreed in principle to take a significant strategic leadership and delivery role in the developments at Threemilestone.

<https://democracy.cornwall.gov.uk/ieDecisionDetails.aspx?ID=3706>

<https://democracy.cornwall.gov.uk/ieDecisionDetails.aspx?ID=4093>

- 4.3 This agreed the principle of intervention by way of a series of land purchases and specifically stated that one of these interventions was the purchase of land at Langarth Farm.

5. Consultation and Engagement

- 5.1 The possible acquisition of land was discussed with divisional members and Truro and Kenwyn Councillors during the progression of the May Cabinet report. Further meetings are planned to brief members on this specific purchase.

6 Financial Implications of the proposed course of action/decision

- 6.1 For reasons of commercial confidentiality the financial implications are detailed in the Part 2 exempt appendix.
- 6.2 The land acquired would form part of the asset base for the Council which can be retained and used for direct delivery of housing; or can be disposed to the market for housing or other uses.
- 6.3 The Council will look to fund the initial land purchase from existing resources. The lost opportunity of earning interest on these resources will be a cost to the Council. The total anticipated cost of the land is set out in Part II.
- 6.4 The total acquisition cost for both sites to include legal fees, stamp duty, and security.

- 6.5 Following the Cabinet decision in September 2017, financial provision has been made for this purchase.
- 6.6 An up to date valuation has been provided and detailed at Appendix 1 .

7 Legal/Governance Implications of the proposed course of action/decision

- 7.1 Cornwall Council has the power to acquire land for the benefit, improvement or development of their area either by agreement pursuant to section 227 of the Town and Country Planning Act 1990 or using its compulsory purchase powers. The terms of any acquisition will be dealt with in the documents required to give effect to the purchase.
- 7.2 An up to date valuation has been provided and detailed in Part 2 of the report and a viability assessment has also been carried out.
- 7.3 If Cornwall Council is buying part only of Langarth Farm the following conditions will need to be agreed as part of the purchase agreements:
- Division of land between the Council and any other party
 - Structure of the two purchases
 - Price and stages of payment
 - Conditions to purchase (e.g. revision of planning or reserved matters)
 - Varying the current scheme to accommodate Northern Access Road proposals
 - Delivery of road and utility infrastructure (including junction)
 - Delivery of housing
 - Sharing of infrastructure and costs
 - Extra Care Land
 - Buffer Land
 - Planning Indemnities
 - Design Code and Restrictions

In turn this may open up issues on price apportionment, procurement, construction, milestones and step-in.

- 7.4 There are a number of outstanding pre-commencement planning conditions under the Langarth Farm outline planning permission. The outstanding pre-commencement planning conditions under the Langarth Farm Outline Planning Permission are:
- Condition 8 – ES mitigation management strategy
 - Condition 9 – CEMP
 - Condition 12 – Waste management strategy
 - Condition 13 – Full details of hard and soft landscaping
 - Condition 15 – Surface water drainage scheme
 - Condition 17 – Foul drainage scheme
 - Condition 28 – Detail of main access junction (S278)
 - Condition 30 – Secondary access point

- Condition 35 – Detailed lighting scheme
- Condition 34 – Woodlark mitigation

And under the Langarth Farm Reserved Matters Application, the outstanding pre-commencement conditions are:

- Condition 3 - badger mitigation (protective fencing)
- Condition 5 - details of pedestrian footway as part of main access

However, note that the pre-commencement approvals under condition 5 (design code) 6 (masterplan) 11 (remediation), 14 (tree protection) and 37 (archaeology) only relate to phases 1 and 2 (the current Reserved Matters Application).

Condition 20 (main access junction) is pending non-material variation to the effect that the main access only needs to be completed prior to first occupation.

8 Risk Implications of the proposed course of action/decision

- 8.1 The land will form an asset for the Council in an area with a planning policy context which supports development, there will, however, need to be a revised reserved matters planning permission and a full planning application for delivery of the Northern Access road. The tax risks are set out in the Part 2 exempt appendix.
- 8.2 The purchase of land is a usual commission and acquisition by the Council's Commercial Services. The progression of the purchases would be subject to normal contract management and due diligence. An unexpected problem, covenant or site condition may be revealed. If these are revealed before exchange of contracts then the Council may have incurred some fees at risk.
- 8.3 The owner may change their decision to agree with the sale at short, or no notice. If the owner withdraws then the Council will have expended resources for the purchase with no prospect of recovery but this is not an unusual risk for this type of transaction.

9 Comprehensive Impact Assessment Implications

- 9.1 Local communities and individuals in and around Truro and those living near the site may be directly affected. The positive impacts and risks for some may include those local people, who need market homes for purchase or rent, and those registered on the Homechoice network who are in need of affordable housing and these will benefit from increased supply and choice of higher quality housing to meet their needs.
- 9.2 If the development of housing at Threemilestone does not progress, or the HDP is not progressed, there are risks associated with the lower levels of supply of market homes and affordable accommodation that will result.

- 9.3 In respect of safeguarding issues, none are identified at this stage.
- 9.4 In consideration of information management, the acquisition will be largely subject to normal requirements for confidentiality and disclosures. The proposal is unlikely to result in increased risks to the information. This is not a new or inherently risky exercise, and the development of systems and processes to safely manage this information have been carefully planned and implemented.
- 9.5 In consideration of community safety, crime and disorder, residents and tenants living in the proposed developments will be affected as will others nearby. The progression of sites through the Planning system are required to be designed with a high degree of community input and will be sensitive to local community safety issues for example, road hazards, footpaths and access points to sites, individual home privacy and security measures, and design of communal areas that encourage social cohesion and positive behaviours.
- 9.6 In consideration of health, safety and wellbeing of residents and tenants living in the built properties on the sites, no negative issues have been identified. The positive impacts through the planning processes will ensure that developments are appropriately designed. The site design will be configured with community input and through features including open and communal spaces to encourage and facilitate a positive social and community culture within the development, and in terms of aspect and accessibility, in relation to the surrounding developed areas. Individual homes will be designed with a healthy indoor environment through use of materials and technology.
- 9.7 In respect of other implications, none have been identified.
- 9.8 A Comprehensive Impact Assessment (CIA) for the proposals set out in this report is being developed. The CIA is to be reviewed by the Economic Growth and Development Directorate Equality Advisory Group (DEAG) in advance of Cabinet decision.

10 Options Available

- 10.1 Inox and Sanctuary are in negotiation relating to land for approximately 700 homes. The Council intends to secure the right to buy land sufficient for 154 plots and an associated area of mixed use land as part of this agreement but if the Council were not to purchase these units Inox and Sanctuary are committed to going ahead without the Council. Our preferred approach is to continue to work with Sanctuary to develop a scheme that meets all of our requirements. The main option to buying land is to allow the first 494 homes be built as currently permitted and make interventions at a later stage. This approach is not recommended as it would allow a poor quality first major phase of the development.
- 10.2 The current agreement between Inox and Sanctuary Housing does not allow the Council to buy a greater amount of this land and whilst this

would give more control to the Council it would only be possible by reaching agreement with Sanctuary and Inox. This is not, therefore, proposed as an option in this report and would need a new agreement, due diligence and a further report.

- 10.3 For the reasons set out in this report it is recommended that the Council intervene by making a land purchase and entering into the commercial terms under paragraph 7.3 of this report with Sanctuary and Inox to control quality. The only commercial opportunity for this that is currently agreed and is available for the Council to buy the 154 plots and related mixed use land and this is why the report proposes this option.

11 Timescales

- 11.1 The main milestones for the Sanctuary deal at present are:

- Report considered by Cabinet: **20 June**
- Decision by Full Council: **24 July**
- Finalise commercial / development agreements as described above with Sanctuary/ Inox in **Early August**
- Submission of revised RM planning application for Langarth Ph1/2: **October** and a decision in **December**
- Submission to Cabinet in **December** of an Outline Business Case for a first package of public infrastructure including a primary school, playing fields, connections to Threemilestone village and the first phase of the town centre including extra care housing
- Submission to Cabinet of Outline Business Case for Northern Access Road in **December**
- Final unconditional agreement to buy the land **end Dec 2018**.

12 Major Activities

12.1 Scheme redesign and Planning

- 12.2 It will be necessary to submit a revised reserved matters approval for the first 494 dwellings at risk whilst the agreement to buy the land is being progressed, as well as designing and seeking a detailed planning permission for the new road. There are also a number of related planning submissions to be co-ordinated with the developer to discharge conditions and gain subsequent technical approvals.

13 Commercial legal agreements

- 13.1 Commercial legal agreements will be needed for:

- The purchase of 154 plots, including the related financial and commercial terms and security for Council investment, including:

- Division of land between the Council and any other party
- Structure of the two purchases
- Price and stages of payment
- Conditions to purchase (e.g. revision of planning or reserved matters)
- Varying the current scheme to accommodate Northern Access Road proposals
- Delivery of road and utility infrastructure (including junction)
- Delivery of housing
- Sharing of infrastructure and costs
- Extra Care Land
- Buffer Land
- Planning Indemnities
- Design Code and Restrictions
- In addition it may be necessary to consider price apportionment, procurement, construction, milestones and step-in.
- Agreement to cover the provision of public infrastructure, to be funded by development.
- Use of the associated mixed use land for a school or extra care housing.
- Further Minor land acquisition to complete the A390 junction
- Maintenance of the area post-construction
- Deed of modification to the original S106/S278 obligations

14 Supporting Information (Appendices)

14.1 Appendix 1 - A Strategic Purchase of Land at Langarth Farm
(CONFIDENTIAL)

15 Background Papers

None

16 Approval and clearance

All reports:

Final report sign offs	This report has been cleared by (or mark not required if appropriate)	Date
Governance/Legal (Required for all reports)	Jane Astbury	7 June 2018
Finance (Required for all reports)	Leah Thomas	8 June 2018
Equality and Diversity (If required)		
Service Director (Required for all reports)	Phil Mason	11 June 2018
Strategic Director (If required)	Phil Mason for John Betty	11 June 2018