
Executive

22 September 2009

Report of the Assistant Director (Property Services)

Future of the Hungate Employment Site

Summary

- 1 This report considers the future development options for the Hungate Employment Site through:
 - Defining the extent of the site under consideration
 - An outline of the site's current status within and as part of the Hungate regeneration scheme.
 - Its' link to the ongoing project to provide a new Headquarters for Council business.
 - Identification and consideration of council service needs within the city centre, now and in the future.
 - Identification and consideration of partner and central government needs within the city centre, now and in the future.
 - Identification of the potential options for development or disposal of this site
 - Recommended actions to promote the development and/or disposal of the Hungate Employment Site

Background

- 2 As part of the Hungate redevelopment master plan, a significant part of this site had been identified for employment use. On that basis the site was considered as part of an option analysis for the location of a new purpose built Council Headquarters. Following that analysis the council's Executive, November 2005, approved the selection of this site for that purpose. The site of the existing Peasholme Hostel was added to the development proposal at that time.
- 3 The planning application for the proposed Council Headquarters at Hungate was withdrawn in July 2008 and the scheme aborted.
- 4 The Hungate Employment Site incorporates the following component parts:
 - a. The former Ambulance Station
 - b. The Haymarket car park
 - c. The former Peasholme Hostel
- 5 The site is bounded by

- a. Stonebow/Peasholme Green
 - b. The Black Swan public house
 - c. DEFRA
 - d. The NEDL substation
 - e. Black Horse Lane, and
 - f. Dundas Street
- 6 The site is wholly in the ownership of the City of York Council (note there is a newly built substation in CYC land and that is to be leased to NEDL)

Information

Current status within and as part of the Hungate regeneration scheme.

- 7 The defined area of the master plan has outline planning permission for development and includes that area earmarked for employment use. The planning approval is for c. 10,000m² of accommodation.
- 8 The attached Annex 1 is a draft marketing brief for York and particularly the Hungate site.
- 9 The former Peasholme Hostel site does not have planning permission for development.
- 10 There is no defined short-term use for either the ambulance station or the former Peasholme Hostel.
- 11 For consideration within this report the site of the former Peasholme Hostel and the site defined within the master plan for employment use are referred to as the 'Employment Site' and will form the basis of any future development proposal.
- 12 On that basis it is important that enabling works (site clearance and archaeological investigation), planned in advance of the failed HQ proposals, continue to ensure the site is prepared and in a state of readiness for any future development scheme. Should this exercise identify a development solution for the medium to long-term, officers will examine the potential for a short-term use of the site and bring such proposals back to this Executive.
- 13 The wider Hungate area is identified as a potential mixed use site in the City of York Local Plan and, in recognition of the exceptional qualities and development opportunities, a development brief was produced in 2005. The City of York Employment Land Review (2009) supports the location of B1(a) office use and the site is considered ideal for a high quality office development of landmark status due to its location within the historic city centre and adjacent to the River Foss. The Council is currently preparing the Local Development Framework (LDF) for York. The Hungate area is recognised as a major development opportunity within the spatial strategy and is identified on the key diagram. Specific sites within the area will be identified in the Allocations document.

- 14 In design terms the development of the site should follow the framework established by the approved John Tompson masterplan. Although this does not include the Hostel site the underlying principles can easily be extended to encompass The Stone Bow frontage. The block plan indicates that the site is split into 2 distinct elements separated by a route (ped / cycle) through the site forming a key component of the overall site masterplan which sees St Saviours Place extending south east through the site to a bridge over the Foss linking to Navigation Road. The main block arranged around a courtyard has clear articulation of the corners - the linear block creating the new street frontage extends south east from the rear of the listed Black Swan Inn to link with the blocks now nearing completion. The sequence of emerging views of the Minster along this route will be an important consideration..
- 15 As part of the overall regeneration and development of Hungate the developer, Hungate (York) Regeneration Ltd. are obligated to undertake the following works to the benefit of the 'Employment Site':
- a. To demolish the former Ambulance Station
 - b. To undertake agreed archaeological investigations
 - c. To provide a cleared and levelled site ready for development
 - d. To provide utility services and drainage connection points to the site in readiness for development
- 16 As part of the development of a new Headquarters for the Council, a budgetary contribution has been made for the demolition of the former Peasholme Hostel and the agreed archaeological investigation of both the Haymarket car park and the Peasholme Hostel site to provide a cleared site ready for development.

Link to the ongoing project to provide a new Headquarters for Council business.

- 17 Following the decision to withdraw the planning application for the new Headquarters at Hungate the council has pursued an alternative method of procurement that draws upon the market and the availability of sites that meet the council's requirements within the city centre. The Headquarters project has always relied upon the disposal of existing office accommodation assets to support the funding of a new office. The cost of moving to an alternative site not in the council's ownership will have to be met in part by realising the value of the Hungate 'Employment Site'. Therefore, any options for the redevelopment of the 'employment site' would need to incorporate that 'realisation' in its' business case.

Council service needs within the city centre, now and in the future.

- 18 The Corporate Landlord has, in accordance with best practice, interrogated service asset management plans and consulted with service areas to determine the extent of need within the city centre now, and as far as it is possible to see, in the future. The Corporate Asset Management Group (CAMG) has considered identified needs and they can be summarised as follows:

a. Housing Services

- a) A 20 bed young person's centre and Foyet
- b) A family centre (20 – 25 x 2 bed affordable apartments)

b. Cultural Services

- a) A Central Explore including a world class civic archive and family history centre.

- 19 Housing Services needs, whilst benefiting from a city centre location, are expected to be provided from a preferred site in the council's ownership at Ordinance Lane, Fulford. Such facilities do not fit into the 'employment use' category of development. This will not be pursued for the Hungate site.
- 20 Cultural Services needs could be served well by this site though preference would be given to a site with established footfall in an area between Castle Piccadilly and Exhibition Square. Once the Hungate development has been completed and footfall established this location may be very appropriate. The floor area required to meet this need may be a lot less than the c. 10,000 m² potential development area and therefore, may be part of a composite development. Further consideration would also be needed to establish the extent to which this use would contribute to 'employment use'. Funding this proposal may be very challenging, particularly within the development timescale for this site, and therefore this option may be ranked below the alternatives.

Partner organisation needs within the city centre, now and in the future.

- 21 The CAMG has extended its' membership to include established partners to the council including Police, Fire and the Primary Care Trust. Identified needs can be summarised as follows:

a. North Yorkshire Police

- a) A potential 'front of house' reception/ one stop shop.
- b) A smaller information facility to provide general advice and leaflets
- c) An office base for Safer Neighbourhood Team(s)
- d) A base for response staff

b. Primary Care Trust (PCT)

- a) To develop a Primary Care Centre in York to reprovide the NHS services presently located in Monkgate Health Centre.
- b) A Headquarters for office accommodation

- 22 The Police service needs are not significant on their own but would support and benefit from being part of a collaborative development of the site. The service recognises the excellent strategic location and the fact that they can gain speedy access to the city centre, Layerthorpe, Tang Hall, The Groves, Walmgate and out towards the District Hospital. It has registered its interest in the development of the site and the opportunity to work in partnership with the council and other potential partners like the PCT.
- 23 The PCT also recognise the strategic location of this site and have expressed an interest in working with the council and partners. This would respond to the PCT's recently adopted Estates Strategy and could be delivered as part of a collaborative development.

Central Government needs with potential for relocation to York

- 24 The government is currently looking to relocate a number of services from high-cost venues in London and the south-east. As a number of leases are up for renewal, this is an ideal time to consider which services/departments might be attracted to York. Preliminary indications are that the government is keen to establish hubs of activity which could then provide critical mass in terms of access, economies of scale, career development, etc.
- 25 Because of the existing substantial adjoining DEFRA presence, it is considered that central government uses which could "add value" to this should be particularly targeted. In terms of creating an attractive inward investment package, the nearby presence of FERA (Food and Environment Research Agency) at Sand Hutton and the developing bioscience reputation of the city through the University of York add further weight to an argument that York would be an ideal location for related government services. A number of office based uses could be included on the Hungate site, which could perhaps be supplemented by the locally generated employment uses mentioned in this report. Ground floor presence would be essential but, again, this could be shared with others.
- 26 A meeting between the Leader/Acting Chief Executive/other group leaders/the MP and Minister for State (Yorkshire and the Humber) Rosie Winterton took place on the 25th August at York's Mansion House. The case for Hungate was made and the government now has the details required to make an informed decision as to Hungate's (and York's) suitability as a top quality relocation venue. The Council has been encouraged to engage and seek support from UKTI (United Kingdom Trade and Investment). The situation will be closely monitored and appropriate actions will be taken as the process evolves and government intentions are more precisely formulated.

Potential options for development or disposal of this site

- 27 Option 1 – To offer the site for sale and report back with any significant offers that are made.
- 28 Option 2 – Continue to work with identified partners to establish a collaborative development solution for the site and encourage complimentary interest from the wider market.

Analysis of Options

- 29 Option 1 – Current market conditions would suggest that this is not the most appropriate time to actively market this site. However, it may be useful to make the site available and report back to members, any interest and significant offers made.
- 30 Option 2 – The report has clearly highlighted the opportunities that exist to develop this site for a collaborative, primarily office-based, use. Work has already begun to encourage the relocation of central government services to York and particularly this site. A collaborative development of this nature is in keeping with the master-plan for the regeneration of the Hungate area of York. Further work can be progressed with identified partners and at the same time actively engage with the market place for further interest.

Actions to promote the development and/or disposal of the Hungate Employment Site

- 31 To continue to promote and discuss with identified partners the proposals for a collaborative development solution and to establish the viability of each component, with particular reference to:
 - a. Central Government Office relocation
 - b. Primary Care Trust
 - c. North Yorkshire Police
- 32 To review all council service needs including those cultural services needs identified above, particularly with regard to the impact and outcomes emanating from the efficiency programme
- 33 To ensure that the site is cleared, archaeology investigated, prepared and in a state of readiness for future development
- 34 To acknowledge that the viability of any future development option should take account of the costs incurred to date, £3.54m, in making the site ready for development.
- 35 To investigate short term uses for the cleared site in the event that future development proposals are planned for the medium to long-term.
- 36 To make the site available, to monitor market conditions and report back to the Executive any significant interest or offers for the site.

Corporate Priorities

- 37 The considerations and proposals contained in this report would support the following themes:
 - a. Thriving City
 - b. Sustainable City

c. City of Culture

Implications

Finance:

- 38 The Hungate “Employment site” which is a cleared site ready for development was originally made vacant as part of the development of a new Headquarters for the Council. Therefore, as described in paragraph 17 of the report the costs incurred to make good the site ready for development need to be funded by realising the value of all or part of the Hungate ‘Employment Site’.
- 39 The costs incurred to make good the site ready for development stand at £3.54m.
- 40 If the Council finds an alternative use for the Hungate site and it is not sold, then the alternative scheme must give consideration to either the sale of an alternative asset to fund the existing costs associated with the clearing of the Hungate site or find an alternative source of funding.
- 41 **Human Resources (HR):** None
- 42 **Legal:** None
- 43 **Crime and Disorder:** None
- 44 **Information Technology (IT):** None
- 45 **Property:** The property implications are contained in the report.

Recommendation

- 46 Members are asked to approve option 2 as their preferred option and support the actions outlined in the report
- a. To continue to promote and discuss with identified partners the proposals for a collaborative development solution and to establish the viability of each component, with particular reference to:
 - a) Central Government Office relocation
 - b) Primary Care Trust
 - c) North Yorkshire Police
 - b. To review all council service needs including those cultural services needs identified above, particularly with regard to the impact and outcomes emanating from the efficiency programme
 - c. To ensure that the site is cleared, archaeology investigated, prepared and in a state of readiness for future development
 - d. To acknowledge that the viability of any future development option should take account of the costs incurred to date, £3.54m, in making the site ready for development.

- e. To investigate short term uses for the cleared site in the event that future development proposals are planned for the medium to long-term.

47 And, in parallel with this work, to make the site available, to monitor market conditions and report back to the Executive any significant interest or offers for the site.

Reason: To ensure that all options are considered to maximise the value and development opportunities for this important site in the centre of York.

Contact Details

Authors:

Neil Hindhaugh
Assistant Director: Property
Services
Tel: (01904) 553312

Chief Officer Responsible for the report:

Bill Woolley
Director of City Strategy
Tel: (01904) 551330

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Specialist Implications Officer(s)

Bryn Jones, Head of Economic Development; (01904) 554418

David Warburton, Head of Design Conservation and Sustainable Development;
(01904) 551312

Derek Gauld, Principal City Development Officer; (01904) 551470

Charlie Croft, Assistant Director: Lifelong Learning and Culture; (01904) 553371

Louise Branford-White, Technical Finance Manager; (01904) 551187

Steve Waddington, Assistant Director: Housing Services; (01904) 554016

Wards Affected: Guildhall

For further information please contact the author of the report

Background Papers: None

Annexes

Annex 1 – Hungate Marketing Pack