

Joint Report of the Cabinet Member for City Strategy
and Council Leader

York Central Project Update

Summary

1. This paper sets out recent and ongoing progress on the York Central development site and outlines a proposed way forward, which Members are asked to note and endorse.

Background

2. The York Central site, at around 35 hectares of brownfield land, is a fundamental and longstanding development aspiration of the Council and site stakeholders. The land is located adjacent to York train station and its predominant use is in relation to the rail industry, being largely owned by Network rail. Integral to this land-use is the principle constraint to development and reason to date that the site has not been comprehensively developed: The significant abnormal costs associated with removing/ re-providing rail uses, remediating land and providing suitable access to the rail-locked site.
3. A brief chronology of work programs undertaken on the site is set out below:
 - 2004 Planning brief produced for York Central site.
 - 2005 Site designated an 'Action Area' in the Development Control Local Plan (4th set of changes).
 - 2006 Work commences on an Area Action Plan (AAP) for York Central as part of the Local development Framework (LDF).
 - 2006 Announcement that the British Sugar Factory Site, some 0.5km north of York Central, is to be decommissioned precipitates the need for a comprehensive planning approach for the area (together termed York Northwest),

expanding the AAP to include York Northwest, and halting the York Central stakeholders in their preparations to approach the market.

- 2007 'Issues and Options' stage public consultation on the York Northwest AAP is undertaken between December 2007 and January 2008. Work on the 'Preferred Options' stage is commenced in 2008.
- 2008 Network Rail and the National Railway Museum, together with Yorkshire Forward, approach the market in order to procure a development partner. The selection process is eventually suspended in 2009, in the context of the global economic crisis and fundamental uncertainties and pressures within the UK development industry.
- 2010 As a result of the need to make more rapid progress on the British Sugar site, the decision is taken to halt the York Northwest AAP and proceed with two separate Supplementary Planning Documents (SPD's) for York Central and British Sugar, with strategic allocations in the Core Strategy.
- 2012 Submission draft Core Strategy, incorporating Strategic Allocations at York Central and British Sugar, is submitted to the planning inspectorate. British Sugar SPD is approved by Members for development management purposes.

- 4. A significant amount of evidence base and site assessment work has been undertaken as part of this process. This has put the Council and stakeholders in a well informed position in terms of site constraints. In a city wide context, this has also led to the evidence based allocations to meet housing, employment and retail needs that are set out in the submission draft Core Strategy.

Current position

- 5. Since the suspension of the developer procurement process in 2010, whilst work has concentrated primarily on the production of the British Sugar framework, the Council has also led a review of the York Central project with stakeholders. This review has been focussed around providing additional certainty in terms of planning and transport, and exploring costs and funding approaches. The outcomes of this ongoing work are being crystallised into a York Central planning framework, which it is hoped will be consulted on

in draft form this summer. An outline of progress in key areas is provided below.

6. Planning framework

A planning framework is currently being prepared, which sets out additional policy detail in support of the Core Strategy Allocations and may potentially incorporate a local tariff mechanism that allows incremental development to come forward whilst contributing to the wider infrastructure needs of the site. In addition, a spatial component of the planning framework will set out a high level urban grain and capacity approach and phasing strategy, taking into account infrastructure and sustainability issues.

7. Transport and Access

At the March 2012 LDF Working Group, Members endorsed a York Northwest Transport Masterplan produced by officers for the purposes of plan preparation and decision making. The masterplan set out the outcomes of overarching transport modelling work for the York Northwest area, and outlines approaches to accessing, servicing and mitigating the impacts of the two development sites in a sustainable manner.

8. In addition to the masterplan, Members were presented with an access feasibility study (The June 2011 York Northwest masterplanning & Infrastructure Study) which explored options for forming new vehicular accesses to the York Central site. Members endorsed a preferred, phased approach to taking these options forward, with access provided initially using existing infrastructure and then utilising a new access from Poppleton Road and a second new access, when required, from Water End.

9. Viability and Funding

A refresh of financial viability work undertaken for CYC and stakeholders is currently being undertaken by the Homes and Communities Agency. This is being undertaken in support of the Core Strategy Examination and is updating previous assumptions to reflect planning and transport issues as set out in work outlined above, including a phased development model. The emerging picture is one of improvement in site viability, though the comprehensive development of the site is likely to still require a degree of public funding.

10. Since the abolition of Yorkshire Forward, and the consequential loss of funding provisionally earmarked for York Central by the

agency, work has been undertaken to explore options for public funding to help deliver the site. Initial analysis of funding options revealed a range of opportunities, and indeed funding bids for discrete developments within the site continue to be made to the government under a range of initiatives as they become available.

11. The Government is “localising” business rates from 2013/14 and these proposals will allow local authorities to retain a proportion of business rate growth. Clearly, such a major development would have a significant impact on the Councils overall business rates collected, and there is the potential to consider how this fits within the overall viability once the final technical proposals of business rates localisation are published, and we see how the scheme of business rates localisation develops. Alongside the business rates localisation there remains the potential for a Tax Increment Finance (TIF) scheme to be developed. TIF operates on the basic principle of a Local Authority funding infrastructure through prudential borrowing, which is then financed from those business rates which will arise as a result of the development. The opportunity for a TIF will be considered in association with the business rates localisation, as it is currently unclear as to how TIFs would operate alongside business rates localisation.
12. Consultants Price Waterhouse Coopers were engaged in 2011 to explore the use of TIF at York Central in more detail. The findings were, in summary, that dependent on the sites development mix and infrastructure requirements, TIF is a viable proposition for the site and ‘may represent a key potential tool to support delivery of the scheme’. However, since this work was conducted, it remains uncertain precisely how TIFs will be implemented across the Country, alongside business rates localisation.

Next steps

13. The Council and site stakeholders are currently preparing a program of works (see annex 2) in order to take a deliverable York central project back to market at the earliest opportunity, whilst at the same time realising shorter term stakeholder imperatives.
14. Many of the work-streams in this program for which the Council is responsible form part of the CYC’s ‘core-business’, and are currently underway (for example the planning framework). Other work-streams lie outwith the scope of CYC expertise or resource capacity, and will therefore need to be undertaken externally and

funded through the stakeholder group. These are outlined at high level below:

15. Viability Analysis

Additional work may be required to augment the analysis being undertaken by the HCA (eg current market assessments). Work may be required to support any tariff approach in the planning document.

16. Transport Analysis

Discrete piece of work required to finalise preferred access selection (including micro simulation and air quality modelling). Will also analyse phased capacity of new and existing highway infrastructure to meet demand, capacity of development to tolerate low car dependencies, and scale of likely off-site contributions.

17. Funding

Work required to explore potential current funding options, including options around business rates localisation and TIF.

18. Partnership & Delivery

Work needed to explore options and formalise legal arrangements for CYC involvement in stakeholder delivery vehicle.

Consultation

19. Development of the York Central site has been consulted on extensively throughout the sites planning history outlined at paragraph 3, most notably in the 2007 Issues and Options consultation on the AAP, and in the 2011 Submission (publication) Core Strategy Consultation. The outcomes of this consultation, as reported to Members, is broad support for the development of the site, and its centrality in the Cities spatial strategy, with a range of comments on detailed development options.

20. The detailed approach to be set out in the sites planning and spatial framework will also be subject of rigorous public consultation, in line with the Councils Statement of Community Involvement, on its production in draft form.

Options

21. Members have three options in respect of the recommended approach outlined in this report:

- Option 1: To endorse the proposed approach and the work-streams identified
- Option 2: To recommend an alternative approach is pursued.
- Option 3: To discontinue the pursuit of the delivery of the York Central development in light of the issues raised.

Analysis

22. Endorsing the proposed approach will maintain momentum on the York Central project and progress delivery of this strategically important development site, meeting the Cities housing and employment growth need in line with our preferred spatial approach. Funding options may have financial implications for the Council.
23. Members may wish officers explore or pursue alternative planning, funding or delivery routes, with alternative risk profiles. The deliverability of alternative approaches would need careful consideration.
24. Discontinuing the pursuit of a York Central development would necessitate major revisions to the Cities spatial development approach as outlined in the Core Strategy. This would bring about considerable development uncertainty, potentially leading to growth that did not accord with the Councils ambitions, and resource issues in producing an alternative planning framework for the City.

Council Plan

25. The York Central area provides large brownfield development opportunities adjacent to the city centre. Development of this area will help to protect and enhance York's existing built and green environment and provides an opportunity for a flagship sustainable development. The regeneration of this area will support the following corporate priorities:

Create Jobs and grow the economy by bringing forward land to meet business needs and attracting investment

Get York Moving by improving city centre circulation and encouraging less reliance on the car.

Protect the Environment by managing green space and improving the quality of York's streets and public spaces

Implications

26. Implications are listed below

- **Financial** *Funding options may have financial implications for the Council if ultimately adopted*
- **Human Resources (HR)** None
- **Equalities** None
- **Legal** None at this stage
- **Crime and Disorder** None
- **Information Technology** None
- **Property** None at this stage
- **Other** Highways

Risk Management

27. Failure to adopt a pro-active approach to site development, that exploits public funding opportunities (some with their own inherent risks as outlined above), could mean that the strategic aspiration of developing York Central is not achieved, with consequential impacts on the Cities wider spatial growth plans.

Recommendations

28. Members are asked to note the current and proposed work streams outlined in the annex and the overall program to date.

Reason: To continue to facilitate and deliver the development of the strategically important York Central site

Contact Details

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Director of City Strategy

Report
Approved



Date 23.03.12

Specialist Implications Officer(s) None

Wards Affected: Guildhall

All

For further information please contact the author of the report

Background Papers:

Annexes

- 1: Price Waterhouse York Central Tax Increment Finance Paper - **CONFIDENTIAL**
- 2: Proposed York Northwest Program of Works