

TRAFFORD COUNCIL

Report to: Executive
Date: 17 September 2018
Report for: Decision
Report of: Executive Member for Investment, Regeneration and Strategic Planning

Student Accommodation

Summary

This report sets out proposals for the Council's involvement and investment in the development and management of student accommodation in relation to UA92.

Recommendations

That the Executive:

1. Approves that the Council enter into an agreement to secure an option to take on a lease of West Point on the terms set out in this report and in the related Part II report;
2. Delegates authority to the Corporate Director, Place in consultation with the Corporate Director for Governance and Community Strategy and the Corporate Director of Finance and Systems to finalise terms for the proposed agreement;
3. Delegates authority to the Corporate Director for Place in consultation with the Executive Member for Investment, Regeneration and Strategic Planning, the Corporate Director for Governance and Community Strategy and the Corporate Director of Finance and Systems to exercise the option granted by the agreement and to call for a lease to be granted on the terms set out in the related Part II report
4. Delegates authority to the Corporate Director for Governance and Community Strategy to enter into any documents required to implement the above recommendations;
5. Agrees that the Council should continue to work with UA92 and other interested parties to facilitate and enable the development of student accommodation within Old Trafford and Stretford which is consistent with the proposed masterplanning for those areas, using the powers at its disposal where reasonable and appropriate and subject to further Executive approval as required.

Contact person for access to background papers and further information:

Name: Richard Roe
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Background Papers: None

Implications:

Relationship to Policy Framework/Corporate Priorities	This report relates to the corporate priority for economic growth and development
Financial	As set out in the related Part II report.
Legal Implications	As set out in the report
Equality/Diversity Implications	No direct implications
Resource Implications e.g. Staffing / ICT / Assets	No direct implications
Risk Management Implications	As set out in the report
Health & Wellbeing Implications	No direct implications
Health and Safety Implications	No direct implications

1.0 BACKGROUND

- 1.1 Reports to the Executive on the 2nd October 2017 set out proposals for the establishment of a new university, University Academy '92 (UA92), on the site of the former Kellogg's headquarters on Talbot Road; a refreshed Stretford Masterplan for consultation; and proposals for the compulsory purchase of sites in Stretford Town Centre to be used for the development of student accommodation and ancillary uses.
- 1.2 A subsequent report in January 2018 saw approval of the refreshed Stretford Masterplan, and a further update on UA92 was provided to the Executive in March 2018. On the 9th August 2018 Planning and Development Management Committee approved a planning application from Trafford Bruntwood LLP (a joint venture between the Council and Bruntwood) for the change of use of the former Kellogg's building for educational use.
- 1.3 The Council's original proposal was to develop student accommodation predominately in the centre of Stretford. Following the consultation on the refreshed Stretford Masterplan, and in response to residents' comments, it was proposed that the scale of development in Stretford be reduced and that it should provide for a mix of potential uses. As a consequence, alternative locations which would be suitable for the location of new student accommodation have been considered.
- 1.4 The Council has established a Joint Venture with Equity Solutions (ES) under which it has the potential develop new student accommodation in partnership with ES on certain specified sites, should it wish to do so.
- 1.5 The provision of suitable high quality student accommodation is a critical part of the overall UA92 offer to students, and to its on-going success. As a key partner, the Council is fully committed to UA92 and the regeneration benefits it will bring to the Borough, and the opportunities it will create for all residents, but in particular young people wishing to access higher education. UA92 will open to its first cohort of students in September 2019. The expected student numbers for 2019 are 650, increasing to 1250 in 2020. The Council and UA92 have been targeting providing student accommodation for approximately 50% of students in each year.

2.0 CURRENT POSITION

- 2.1 The Council, together with ES, considered a range of options for the development of student accommodation, with three principle opportunities identified as suitable and potentially deliverable for 2019 and 2020:

West Point	West Point is a former office block at Trafford Bar which has been converted to residential use. The conversion will be completed in 2018 and terms for an options agreement to lease up to the whole building (317 apartments, 327 beds) are being negotiated, subject to formal approval.
Warwick House	A current office block on Talbot Road, with permitted development rights. The Trafford ES JV has been in negotiations seeking to acquire the property and has submitted a planning application for conversion of the building to student accommodation. The owner has subsequently advised they no longer wish to sell the property.
Charlton House	Charlton House is an empty office block on Chester Road, which has become a target for vandalism. The Council is seeking to acquire the site by agreement but is also progressing with a CPO if required given its derelict state and the regeneration benefits of redevelopment of the site.

- 2.2 The financial and risk position with each property is set out in the associated Part II report.

3.0 PROPOSED APPROACH

- 3.1 The potential regeneration and economic benefits of the establishment of UA92 were assessed by SQW in an independent Economic Impact Assessment, which has been previously published. This concluded that the proposals could support over 800 jobs and increase the size of the Trafford economy by around £33m per annum. Although the assessment was based on the proposals as they were originally developed, which would have seen the student accommodation being centred largely on and around the Lacey Street site in Stretford, its findings in relation to there being significant potential regeneration and economic benefits as a result of the UA92 proposal are still considered to be relevant.
- 3.2 Given the potential economic impact, and the investment of UA92 in developing the university, it is considered appropriate that the Council further invest in supporting the project through providing student accommodation in the critical first year and possibly into the early years of its development. This will enable UA92 to establish itself and therefore be considered less of a potential risk to mainstream student accommodation providers, who would not otherwise be prepared to invest in new facilities for an untried organisation.
- 3.3 However, in the light of the potential costs and risks of developing student accommodation for subsequent years, the financial challenge facing the authority over the next three years, and the priority to provide affordable housing to meet the needs of existing Trafford residents, it is not considered appropriate for the Council to directly develop and manage student accommodation after 2019, other than as set out within this report.

- 3.4 The proposed option agreement would allow the Council to serve notice on the owners of West Point to take on a lease of the whole or part of the property, to be sublet as student accommodation to students at UA92. The option agreement itself does not commit the Council to anything at this stage. It does however provide certainty for UA92 in promoting the university to students that there will be dedicated student accommodation available to students. The timing of the exercise of the option and the number of rooms the council would opt to take is linked to the UA92 recruitment programme, which should allow the council to minimise its potential exposure to risk from voids in the property.
- 3.5 In addition as a strategic partner, the Council will make full use of its enabling powers to support the development of student accommodation by others, including the use of CPO powers to enable land assembly and regeneration as required and the provision of investment capital where there is a robust commercial business case, in accordance with the Council's Investment Strategy.

4.0 Other Options

- 4.1 The Council could determine not to enter into the agreement creating an option to take on a lease of West Point. Alternatively, it could agree to do so only for the first year of the proposal, rather than agreeing a year on year option over the first three years of UA92's operation. However, given the importance of student accommodation as part of the overall university offer this would put the project at risk as it is unlikely that an alternative provider would step in and take on the financial risk at this stage. It is appropriate for the council to take this risk given the regeneration benefits that will accrue from a successful university.
- 4.2 The Council is also considering a number of alternative options in the event that the final terms of the options agreement for West Point are not satisfactory. A further report will be made to the Executive should any of these alternatives be required.
- 4.2 The Council could determine to follow its original path and be a developer and provider of student accommodation, pursuing the opportunities set out in this report, or on other sites in partnership with ES. As set out elsewhere in this report, this is not considered appropriate given the overall risk position.

5.0 Consultation

- 5.1 There was extensive consultation on the Refreshed Stretford Masterplan in late 2017. Consultation is not required on the specific proposals set out in this report.

6.0 Reasons for Recommendations

- 6.1 To enable an options agreement and lease to be agreed and signed for West Point in support of UA92.

Key Decision: Yes

If Key Decision, has 28-day notice been given? Yes

Finance Officer Clearance GB
Legal Officer Clearance JLF

CORPORATE DIRECTOR'S SIGNATURE

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To confirm that the Financial and Legal Implications have been considered and the Executive Member has cleared the report.