SOMERSTOWN REGENERATION PROJECT PHASE 1

SUBJECT: COST / BENEFIT ANALYSIS FOR CHANGES TO JUNCTION RELATING TO WELLINGTON STREET DEVELOPMENTS

TO: CABINET

AUTHOR: LAUNCE MORGAN – PROJECT MANAGER

DATE: 7 JUNE 2010

OBJECTIVE

To ensure that the Cabinet is aware of (1) costs and (2) the benefits of the conversion of Highways land into land for development, in order to meet some of the requirements outlined in the Somerstown and North Southsea Area Action Plan.

BACKGROUND AND SCOPE

Somerstown Regeneration Project Phase 1 encompasses 3 main sites:
- The Community Hub
- Warwick Crescent – 7 housing units
- Wellington Street – 10 housing units and 12 flats – with highways work to enable acquisition of the additional land required

This report only considers the WS site with the associated Highways works in order to enable the Board to have a full understanding of both the benefits and costs of going forward with the proposed option for this site.

The Highways work referred to is the Winston Churchill Avenue roundabout at the junction with Isambard Brunel Road. Cost / benefits included will be both financial and non-financial.

The existing WS site can be developed as is for Phase 1, but would only provide 6 houses and 12 flats.

The additional land that can be provided by the proposed changes to the junction would be able to accommodate an additional 4 houses (Phase 1), 24 flats (Phase 2) and 4-6 car parking spaces (Phase 2). In addition it will also provide an area (eastern side) for development of 24 flats in Phase 2, plus car parking spaces. For the purpose of this cost / benefit analysis, only the additional area that will be gained by undertaking the junction work, will be considered. See Annex 1 - attached.

The junction improvement is included in the Somerstown and North Southsea Area Action Plan, and stipulates:
“Winston Churchill Avenue (A2030) represents a traffic-dominated environment that inhibits pedestrian and cycle movement between the Regeneration Area and other parts of the city. In order to improve connectivity, a new pedestrian and cycle route will be created between Grosvenor Street and Isambard Brunel Road.”

The AAP therefore sees the provision of better connection as the primary reason for any changes to this junction. The Planning Application for this site must therefore include these facilities.

FINANCIAL BENEFITS:

GRANTS AND FUNDING:

1. PUSH has agreed to provide £345k towards the cost of the new junction, of which £45k is expended.
2. Council £405k

IMPROVED COUNCIL ASSETS:

1. Gain of land for 4 house sites for Phase 1 – value £100k (based on a land value of £25k/unit (house) – previously highways)
2. Gain of land for 24 flats for Phase 2 – value £360k (based on a land value of £15k/unit asset previously highways)
3. Gain of land for 4 – 6 car parking spaces – value £50k

FINANCIAL COSTS:

1. Junction work, incl any commuted sum – £750k (Highways estimate)
2. Cost of pedestrian and cycle path – included in Phase 2 infrastructure (common to all options)

NON-FINANCIAL BENEFITS:

1. Upgraded junction with improved pedestrian road safety together with the pedestrian / cycle path as per AAP, not marked on plan – Annex 1.
2. Potential gain of new bus route in Phase 2 – not marked on plan.
3. Fulfilment of AAP planning condition

NON-FINANCIAL COSTS:

1. Loss of some car parking spaces in Wellington Road plus increased demand for spaces. (Some parking spaces on northern side of Wellington Street plus the car park itself would be removed with the development that can go ahead without changing the junction).
2. Opportunity costs – if Council (and other) funding is not spent on the above, it could have benefited other schemes.
SUMMARY

FINANCIALS

<table>
<thead>
<tr>
<th>ITEM</th>
<th>COST £k</th>
<th>BENEFIT £k</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improved land value of PCC asset for Phase 1</td>
<td></td>
<td>100</td>
</tr>
<tr>
<td>Improved land value for PCC asset for Phase 2</td>
<td></td>
<td>410</td>
</tr>
<tr>
<td>Highways work at junction incl. any commuted sum</td>
<td>750</td>
<td></td>
</tr>
<tr>
<td>Cycle path and pedestrian route incl. landscaping n.b. common to Phase 2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial contribution from PUSH</td>
<td></td>
<td>345</td>
</tr>
<tr>
<td>Financial contribution from PCC</td>
<td></td>
<td>405</td>
</tr>
<tr>
<td><strong>Sub total</strong></td>
<td><strong>750</strong></td>
<td><strong>510</strong></td>
</tr>
</tbody>
</table>

CONCLUSION

The Highways cost is the major cost element in this case - £750k and facilitating a bus lane for Phase 2.

The main benefits of this change will be a safer junction for all users and council highways land converted into land for housing and other development by the council, which in turn improves the ability to facilitate the wider regeneration objectives of Phase 2.

Obtaining land worth £510k at a cost of £750k does not on its face value provide a good business case, however, mitigating factors for proceeding would be funding from PUSH of £345k towards the cost of the junction work. The HCA has offered housing enabling funding towards the cost of the redevelopment which benefits both Phase 1 and 2.

The work also meets the planning obligation of the AAP for access to the south from this junction; and to improve the business case for Phase 2.

There are also some intangible benefits as well as costs (previously detailed), which should be acknowledged.
Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

<table>
<thead>
<tr>
<th>Title of document</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Housing Investment Programme 2008 to 2014/15 dated 3 February 2009</td>
<td>PCC Website / Your Council / Meetings / Council – 10 February 2009</td>
</tr>
<tr>
<td>2 Somerstown Community Hub Project</td>
<td>PCC Website / Your Council / Meetings / Cabinet – 9 February 2009</td>
</tr>
<tr>
<td>3 Somerstown Community Hub Project</td>
<td>PCC Website / Your Council / Meetings / Cabinet – 9 March 2009</td>
</tr>
<tr>
<td>4 Somerstown Regeneration Project – Phase One. The Community Hub Works</td>
<td>PCC Website / Your Council / Meetings / Cabinet 7 December 2009 (Council – 15 December 2009)</td>
</tr>
<tr>
<td>6 Somerstown and North Southsea Area Action Plan – pre-submission draft</td>
<td>PCC Website / Your Council / Meetings / Cabinet 8 February 2010 (Council – 23 March 2010)</td>
</tr>
</tbody>
</table>

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by Leader of the Council on 7 / 15 June 2010.

Signed by: Leader of the Council