### Proposed Development Agreement – Sites at Gallowgate, Glasgow

**Purpose of Report:**

The purpose of this report is to advise Committee of the proposed terms and conditions of the Development Agreement with Alba Town Ltd, to facilitate the delivery of an integrated development at Gallowgate/Spoutmouth/Dovehill, Glasgow.

**Recommendations:**

It is recommended that Committee approve the proposed Development Agreement on the terms and conditions contained within this Report.

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<th>Local member(s) advised: Yes</th>
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1. OWNING ACCOUNT

Council (Various) / Private

2. DESCRIPTION

2.1 The combined triangular site is situated to the north of Gallowgate, within the street blocks formed by Great Dovehill/Gallowgate/Little Dovehill and Bell Street (Site A) and Little Dovehill/Gallowgate/Spoutmouth/Bell Street (Site B). Site A extends to 0.23 hectares or thereby, while Site B extends to 0.4 hectares or thereby, as shown hatched and cross-hatched respectively on the attached plan. It currently displays mixed uses including a small element of retail along part of the Gallowgate frontage – 149-183 Gallowgate – although the majority of the site is presently laid out as car park space.

3. BACKGROUND

3.1 The site at Gallowgate/Spoutmouth/Dovehill was partially cleared of its poor quality tenemental property as part of the Glasgow East Area Renewal Project. This Project was seen as the first step towards implementing a comprehensive area-based regeneration strategy. While some properties have remained in-situ on the site, the majority of the land was cleared and redeveloped as landscaped car parking. Due to the limited Council land ownership, coupled with the wide divergence of other private ownerships within the site, it has proved extremely difficult for the Council to bring forward a comprehensive regeneration strategy for the site. The presence of this partially cleared site has not, however, proved a major barrier to the regeneration process within the surrounding streets, which include adjacent mixed residential/commercial developments by Alba Town Ltd and Strathcarron Estates.

3.2 In 2005, Alba Town Ltd and Strathcarron Estates Limited jointly approached the Council to investigate the possibility of entering into a development agreement with the Council in respect of the site. The parties to the Joint Venture Company – which would be known as the Dovehill Development Company Limited – indicated that they would be willing to enter into a profit-sharing agreement with the City Council, ensuring the Council’s interests were protected and ‘best value’ achieved. It was the Joint Venture Company’s intention, as well as acquiring all the outstanding private interests within the site, to undertake a comprehensive Master Planning exercise in conjunction with the Council for this part of the city. The Developer’s proposals would allow the previous development barrier of multiple ownerships to be addressed, through the acquisition of the various outstanding interests by the private partners. Where this was not possible, and as a last resort, the Council would use compulsory purchase powers to achieve a single comprehensive development site. Authority to Negotiate on this basis was approved by the Development and Regeneration Services Committee in 2005.

4. PRESENT POSITION

4.1 Due to differences between the parties, which could not be resolved, the Dovehill Development Company Limited was subsequently dissolved and no development was ever brought forward on the basis proposed at this locale.

4.2 However, Alba Town Ltd, one of the original participants within the Dovehill Development Company, remains committed to developing the site for mixed commercial and residential purposes, as well as actively participating in the master planning of this part of the City, particularly given Alba Town’s large investment in this locale to date.

4.3 The Company sees the development of these sites as an obvious second phase to their ongoing development on East Campbell Street, as well as complementing the recently completed residential developments at Glasgow Cross, Bell Street and Moir Street.
5. TERMS AGREED

5.1 The following Heads of Terms, for inclusion within the Development Agreement have now been provisionally agreed:

1. The Agreement is in respect of the areas shown hatched on the plan within the street blocks formed by Great Dovehill/Gallowgate/Little Dovehill and Bell Street (Site A) and Little Dovehill/Gallowgate/Spoutmouth/Bell Street (Site B).

2. The Development Agreement will be effective from a Commencement Date to be agreed between the parties.

3. From the date of agreement, Alba Town Ltd will be confirmed as the preferred developer for sites A and B at Gallowgate/Spoutmouth/Dovehill/Bell Street.

4. In respect of Site A, Alba Town will make a capital payment to the Council, at a value still to be agreed, when entry is taken to the site for development purposes. The value of the capital receipt will be assessed once the planning consent for the proposed development is in place and the development appraisal complete.

5. In respect of Site B, Alba Town will make a capital payment to the Council, again at a value still to be agreed, when entry is taken to this site, in respect of the ownership interests within the site, currently held by the Council.

6. Alba Town Ltd will use all reasonable endeavours to purchase the remaining land within Site B from the relevant landowners at open market value, to progress the development opportunity, and will demonstrate that funding is in place to do so. In the event that Alba Town Ltd has acquired a significant interest in the development site but has not been able to complete the purchase of, or enter unconditional missives for the purchase of the remaining land within the development area, the Council will investigate the promotion of a compulsory purchase order to ensure that the comprehensive development opportunity can be progressed subject to an agreed planning consent. In such circumstances, Alba Town shall pay to the Council the costs involved in both the promotion of the Compulsory Purchase Order and the compensation costs thereafter in respect of the acquired interests.

7. Alba Town Ltd shall use all reasonable endeavours to obtain the required planning consent for the entire development within 24 months of the Commencement date of the Development Agreement, together with all other consents required for a development of this nature.

8. The Development Agreement is personal to Alba Town Ltd, and Alba Town Ltd shall not be entitled to assign its interest in the agreement, without the prior written consent of the City Council.

9. The Council will be entitled to a 50% share of super profits which will be determined following the assessment of all development costs and allowing the developer to deduct a developer's profit of 17.5%, all to be agreed with the Council prior to the division of any additional profits.

10. Should Alba Town Ltd fail to obtain all the necessary planning and other consents required for the development, they shall be entitled to terminate the Development Agreement with the Council.

11. The Agreement will contain all other terms and conditions deemed necessary by the Chief Executive (Legal Services) and the Director of Development and Regeneration Services.
6. OBSERVATIONS

- The site, which is currently open vacant land and car parking, can now begin to be redeveloped in a meaningful way, and in keeping with the redevelopment presently taking place in the surrounding area.
- The previous barrier to development, which has been created by a large number of disparate ownerships, can be overcome by a joint development approach.

7. SERVICE IMPLICATIONS

Financial: Capital Receipt will be generated in due course.
Legal: Development Agreement to be concluded by Legal Services.
Personnel: None.
Environmental: Development of Brownfield site in an inner city location.
Service Plan: 6 – Implement the City Plan – City Centre
20 – Strategic Management of the Commercial and Industrial land and property.
Sites at Gallowgate/ Dovehill/ Spoutmouth/ Bell Street, Glasgow

OS Sheet: NS 5964 NE  I.M. Job No: 54530
Area: A - 2280 Sq.m  B - 4012 Sq.m
Cost Centre No.: c. 92879  File: DPRG0026
Date: 26/03/2007
Scale: 1:1,250  Tech: jth  Committee Plan No: 065-07