

PRINCIPAL SCRUTINY COMMITTEE

27 SEPTEMBER 2004

CABINET

6 OCTOBER 2004

BROADWAY FRIARSGATE DEVELOPMENT

REPORT OF CHIEF ESTATES OFFICER

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RECENT REFERENCES:

WDLP15 Broadway Friarsgate Planning Brief 10/1/03

WDLP21 Broadway Friarsgate Planning Brief 29/5/03

CAB895 Broadway Friarsgate Heads of Terms 25/5/04 (exempt report)

EXECUTIVE SUMMARY:

The redevelopment of the Broadway Friarsgate area has been contemplated since 1996. Since 1999 the Council has been in detailed negotiations with Thornfield Properties which culminated in the Cabinet agreeing heads of terms for a development agreement in May this year, subject to a report to Council when the further negotiations had been completed.

This report together with exempt report CAB927 contains the final details of that agreement with a recommendation to full Council to commit the Council to the scheme which is seen as an essential component in retaining and improving the vitality of Winchester city centre.

RECOMMENDATIONS:

To Principal Scrutiny Committee

- 1 That the committee identifies any areas of concern for consideration by Cabinet.

To Cabinet

- 1 That subject to any comments made in relation to the exempt report that Council is recommended to agree the Development Agreement and associated legal documents.

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Report of Chief Estates Officer

1 Introduction & Background

- 1.1 In May and June 1996 Winchester City Council, in conjunction with the Royal Institute of British Architects Central Hampshire Branch and Winchester Preservation Trust, ran a series of Urban Design Workshops. The study area consisted of the Broadway and Friarsgate area, including the bus station, Marks and Spencer warehouse and the Post Office sorting office. The reason for choosing this part of the city was because it was an area for potential change, difficult to plan but which was seen as a key to the future planning of the city centre.
- 1.2 The Council commissioned a study in April 1997 from Llewelyn-Davies, consultants in planning and urban design of the area. This study was carried out in close consultation with Council Officers and Members and eventually lead to a draft Planning Brief which, following consultation, was adopted in June 2003 by full Council as a background document to the Revised Deposit Local Plan.
- 1.3 During the period from the original study the Council had been in discussions with Thornfield Properties a developer with a close association with Stagecoach, owners and operators of the bus station. Thornfield expressed a desire to enter into a development agreement with the Council to bring forward the redevelopment of the site for a mixed use regeneration scheme. In June 1999 it was agreed in principle to start preliminary negotiations with Thornfield.
- 1.4 In September 2000 the Council appointed Drivers Jonas and Dechert as property and legal consultants to advise the Council on the appropriate course of action. The consultants subsequently produced a strategic review of the proposed scheme confirming that the Council was able to deal solely with Thornfield affording them a position as a preferred developer. It was also recognised that for this type of town centre scheme the Council would be required to exercise compulsory purchase powers to facilitate site assembly.
- 1.5 Once the Planning Brief for the site had been agreed the Council issued to Thornfield a Developer Brief which set out in detail the Council's requirements and aspirations for the site in its capacity of landowner.
- 1.6 At this point Thornfield employed their design team to produce a master plan and test the financial and technical feasibility of the scheme. Thornfield responded to the brief in August 2003 with initial proposals. A period of intensive discussions followed leading to a revised proposal from Thornfield which is now presented as the basis for entering into a formal Development Agreement. The financial and technical details of the Development Agreement are covered in exempt report CAB927.

2 Key Components of the Scheme

- 2.1 The area covered by the scheme is identified on the attached plan Appendix A, incorporating the following; the bus station, the medical properties on Friarsgate,

Marks and Spencer's car park and warehouse, Kings Walk, the Post Office and former sorting office, Friarsgate car park, Sainsbury's supermarket and properties fronting Silver Hill.

- 2.2 A photograph of the model of the master plan produced by architect Allies and Morrison is attached as Appendix B. At this stage there are no detailed plans as these will be worked up as part of the preparation of a planning application. All the buildings on site with the exception of Woolstaplers Hall [Marks & Spencer warehouse] will be demolished.
- 2.3 The main elements of the scheme are as follows
- Minimum of 90,000 sq ft gross of retail accommodation
 - Minimum of 364 residential units 35% of which are affordable and 15% or 20 units of which are social rented
 - Minimum of 279 public and 260 private car parking spaces
 - A new civic square shown on the plan as Silver Hill Square
 - A new bus station and Shopmobility facility
 - Relocations of the Friarsgate surgery, Primary Care Trust medical services Buffalo's Club, Post Office, CCTV control room, and Parking Office all within the site
 - A new riverside walkway between Busket Lane and Friarsgate
- 2.4 In order to facilitate the development and in particular the moving of the bus station there will need to be highway works to Friarsgate to create a contra flow bus lane going eastbound and associated highway management changes at the Eastgate Street junction. With this in place there will be no need for buses to use the lower section of the High Street and the pedestrianised sections of Middle Brook St and St George's Street.
- 2.5 Thornfield will also commit to making a contribution to archaeological investigations on the site, to public art and to the Environment Agency's flood strategy. The details of these and other costs are included in the confidential report.
- 2.6 The scheme proposes to relocate the St Clement's surgery to the Upper Brook Street car park site and provide a relocated home for the street market in the Silver Hill Square area. The Farmers Market would also use the Silver Hill area and or sections of the Broadway, the details of which have still to be agreed.
- 2.7 The scheme does not extend to include provisions for improvements to the Broadway. It is anticipated however that further proposals will be forthcoming to take advantage of the opportunity that the removal of the bus movements will present.
- 2.8 Whilst the scheme provides for the reprovision of space for the CCTV control room and the parking office, the opportunity will also be taken to review if alternative locations might be more suitable. The Council has flexibility to use the area allocated for these uses once a final decision has been taken.

3 Key Issues

- 3.1 The proposal is a true mixed use scheme on a complicated and difficult site. In order to obtain a planning consent Thornfield will have to demonstrate that they can adequately deal with major issues in connection with the new bus station, flood plain, archaeology, affordable housing and highway and transportation matters. The costs of achieving a solution to these challenges has to be born by the whole scheme and is one of the

main reasons why the Council has been seeking a comprehensive redevelopment of the area.

3.2 Financial viability is clearly a key issue for both the Council and Thornfield. In order to produce a viable scheme there needs to be enough income generating activity to pay for all of the costs including a developer's profit. Income for this scheme is generated from four main sources retail, residential, medical and car parking. The medical uses are from the relocation of existing facilities. The scheme allows the doctors and health professionals to remain in central Winchester in new purpose built accommodation. This will represent a significant improvement in the delivery of primary care to the people of Winchester. The other three areas warrant more careful consideration which is done below.

3.3 The Retail Component

3.3.1 The scheme provides 40 new units plus a number of kiosks aimed at meeting the requirements of both multiple and local retailers. The scheme creates a new frontage along Silver Hill and significantly reinforces Middle Brook Street as a retail location anchored, at the northern end, by a relocated J Sainsbury supermarket. Units are provided in the Silver Hill Square area for A3 [food and drink] users and there is provision for the creation of an area for antiques traders in the mall between the bus station and Silver Hill Square.

3.3.2 The Development Agreement has a letting strategy attached which has identified Winchester's weakness as the lack of larger well configured shops. The strategy identifies potential tenants and uses for the scheme. This has been produced by Thornfield's letting agents Dalglish and verified by Drivers Jonas on behalf of the Council.

3.3.3 In all new retail schemes of this nature there is an understandable concern over the impact that it will have on the existing High Street. Whilst the scheme will attract new retailers to Winchester it would be naive to expect there to be no movement of existing traders into the scheme. Given that there are already 12 units in the scheme area the net growth in unit numbers is relatively modest. It is impossible to predict exactly what might happen but what is clear is that without new modern space the town's retail offer will slowly deteriorate. New investment has a trend of attracting other investment and it can be anticipated that shops outside of the scheme will be refurbished and updated as the town is seen as improving.

3.4 The Residential Component

3.4.1 In the Planning Brief for the area the Council indicated a need for a significant residential component to the scheme comprising of small units as the location was a good sustainable one. The Planning Brief stated that the site has the capacity to provide at least 100 units.

3.4.2 In the current proposals it has been possible to provide 364 one and two bed units which is more than that indicated in the Planning Brief. There have been two main reasons why this has happened. The first is that in preparing the master plan the architects have been able to demonstrate that the site had the capacity to take a higher density of development than that envisaged by the Planning Brief. This 'higher density' approach is supported in the recently published draft Planning Policy Statement 6. The capacity has been added to the upper floors so the growth has mainly been in housing rather than retail. The second reason which to some extent follows the first is that additional residential units help the scheme viability.

3.4.3 The most recent housing needs survey undertaken for Health and Housing identified significant shortfall of one and two bedroom homes in Winchester in both the private and affordable sectors.

- 3.4.4 The test as to whether the judgement of development density is a fair one will be made when the scheme goes from the master plan to the detailed planning stage. The indications to date from the Planning Department, without any commitment in relation to the expected application is that they are happy with the general approach.
- 3.4.5 As well as helping the scheme viability the higher number of residential units has increased the number of affordable units the developer has to produce. A minimum of 127 affordable units are proposed based upon 35% of the total. The developer is producing these for transfer to a Registered Social Landlord [RSL] effectively at cost which will mean that no public subsidy is required.
- 3.4.6 A mix of affordable housing tenure types has been proposed with a minimum of 20 units or 15% for social rented use. The remainder are for shared ownership or key worker purposes. The Development Agreement provides that this mix can be changed if public subsidy is attracted to the scheme either supplied by the Council the RSL itself or the regional housing board.
- 3.4.7 The Health and Housing Department have confirmed believe that the size of the units, one and two bed flats is right for the location and the number of social rented units is manageable. Thornfield have confirmed they are prepared to be flexible on the delivery of the affordable housing with the Council having involvement in the selection of the RSL and the final tenure mix.
- 3.4.8 364 residential units in the centre of the city will have a number of impacts. In planning terms it represents a good contribution towards meeting the Government's housing supply targets. Having residential in the city over the top of commercial uses gives the area additional security and vitality particularly in promoting the evening economy.

3.5 The Parking Component

- 3.5.1 In a tight and complex site there is a careful balance to be made when considering the provision of both public and private car parking. The Planning Brief suggested that short stay replacement car parking to a modern standard of layout and design should have no more spaces than the maximum that would have been provided by a refurbishment of the existing structure. Given its central location a reduced car parking standard for the housing element was considered appropriate at 1 space per 2 dwellings.
- 3.5.2 There are currently 279 public spaces in use and 100 private spaces on the site. It is proposed to replace the public spaces with a new car park of 279 spaces and to have 260 private spaces 182 of which are for the 364 residential units. This will give a net increase of parking in the area of 166 spaces. When the management of the car park is considered in more detail, night time use of the public car parks by residents will be examined. It must be noted however that the St Clements surgery move to Upper Brook Street will replace 56 public car parking spaces with an estimated 30-40 private spaces.
- 3.5.3 The new public car park will be located on a single floor in Block A with an entrance and exit off Tanners Street in a similar location to the existing. Parking for the Friarsgate and Primary Care Trust medical users will be located on upper levels. The quality of this new car park will be greatly enhanced compared to the current car park. Doubt has been expressed as to whether a larger car park than that proposed could be serviced from this access without causing congestion.
- 3.5.4 The public car park will be not be managed by the Council but there is a requirement that the charging and management policies will not be in conflict with those in the rest of the city centre. The Development Agreement does contain an option for the Council to take a lease of the car park or to buy a share of the income.

- 3.5.5 There are other development projects planned in Winchester which will also have an impact on the city and city centre parking. The most significant are the plans for the library in Jewry Street and the City and County Council's office requirements. Whilst it is impossible to accurately predict when each scheme will be on site an estimation of the cumulative impact of potential development is included in Appendix C.
- 3.5.6 There are currently 3,829 public car parking spaces in the city including Park & Ride and the possible reduction in Appendix C of around 350 spaces amounts to a reduction of 9%. A survey of week day usage of all car parks in June 2004 identified that there were available spaces in the city at all times of the day. A survey of all car parks carried out at the end of June 2004 when the schools had not broken up (averaged across the whole week) showed that:
- At 10.00am 23% of spaces were unused (1012 spaces)
 - At 12.00pm 13% of spaces were unused (680 spaces)
 - At 2.00pm 17% of spaces were unused (791 spaces)
 - At 4.00pm 31% of spaces were unused (1283 spaces).
- 3.5.7 There is sufficient capacity in our car parks to allow the developments to proceed without being in a position where cars cannot find spaces. Plainly those who currently park in the affected car parks will need to relocate to new areas (to them) particularly in Chesil Street multi-storey car park which currently has between 128-241 spare spaces during the day and the park and ride site which has between 320-401 spare spaces during the day. Other car parks do also have spare capacity though at lower numbers as follows;
- Worthy Lane - 26 - 67 spare spaces;
 - Worthy Lane 'coach park' - 10 – 26 spare spaces;
 - St Peters - 26 – 73 spare spaces
 - The Brooks - 45 – 144 spare spaces
- 3.5.8 Further survey work will be undertaken to test the availability of space particularly at the week end and at peak period and the availability of temporary parking opportunities during the development period. During the eight years under consideration it is also possible that a second park and ride will open to serve the city.

3.6 Design and Appearance

- 3.6.1 At all stages the Council has impressed upon Thornfield the importance of good design in the project. Thornfields have taken this on board and have appointed Allies and Morrison a well regarded firm of architects to prepare the master plan for the scheme. The involvement of the City of Winchester Trust the Council and others in their appointment proved to be very useful. The close interest in the scheme expressed by Commission for Architecture and the Built Environment [CABE] will also continue. The Council will have continuing influence in the design process independent of the planning process and in the appointment of other members of the design team and the other architect who may be appointed on individual blocks.
- 3.6.2 In the scheme appraisal provision has been made that will enable the specification of good quality and durable materials both in the buildings and the public realm. As suggested in the Planning Brief an allowance for public art has also been made in line with the 'percent for art' proposals contained in the Local Plan. It is anticipated that the early input of an artist in the design team will help add to the uniqueness of the design.

4 The Development Agreement and process

- 4.1 In order to progress the scheme the Council will need to enter into a legal contract with Thornfield which takes the form of a Development Agreement and draft lease together with indemnity documents relating to the compulsory purchase process.

Details of the relative obligations under these documents are included in the exempt report. The table below sets out the responsibilities of the parties for the main activities as part of the project following the signing of a development agreement.

| Thornfield | Council |
|--|---|
| <ul style="list-style-type: none"> • Appoint the professional and design team to prepare planning application • Submit a planning application to include the minimum scheme components and lodge an appeal if necessary • Obtain all other necessary consents and agreement • Obtain competitive tenders for the construction • Acquisition of interests in the site • Insure during the development period and seek to maximise temporary parking on site • Pay licence fee during development period • Manage the construction process to reach practical completion as soon as possible • To let up the scheme in compliance with the letting strategy • Grant underlease back to Council of part • Indemnify the Council for all costs • Make overage payment to the Council dependent upon the final profit from the scheme | <ul style="list-style-type: none"> • Approve of professional team and draft planning application • Prepare background for compulsory purchase order and make a resolution • Make compulsory purchase order and exercise the order by issuing a general vesting declaration so acquiring all required property • Make available all Council owned land and agree not to deal with third parties • As landowner agree drawings and plans as submitted • Grant building licence • Grant a lease when practical completion has been reached • Grant a sub underlease of the bus station to Stagecoach • Retain responsibility for the market and farmer's market |

4.2 From the above it can be seen that the Council has considerable control over the project from the approval of the design team to the approval of plans and variations to the scheme. The Council will be entering into a financial arrangement whereby it will participate in the profits of the scheme if it is a success whilst minimising the Council's exposure to financial risk.

4.3 The Council as Local Planning Authority will be determining the planning application unless it is called in for determination by the Government Office of the South East.

4.4 Provided specific criteria are met, the Council will be committed to the use of compulsory purchase powers to acquire any part of the site not acquired by negotiation. This is an essential role and one only the local authority can play in bringing forward the regeneration of the area.

4.5 It is planned to put the Development Agreement before full Council on 3rd November 2004. If agreed, the estimated timetable of events is as follows:

| Event | Date |
|--|------------------------------|
| Further detailed public consultation and preparation of planning application | 1 st Quarter 2005 |
| Submission of planning application | 2 nd Quarter 2005 |
| Planning permission granted | 2 nd Quarter 2006 |
| Compulsory purchase order confirmed | 4 th Quarter 2006 |
| Works start on Upper Brook St | 2 nd Quarter 2006 |
| Works start on bus station and blocks A C & D | 1 st Quarter 2007 |
| Final phase completed | 1 st Quarter 2011 |

- 4.6 Once the physical development commences, it will be the largest scheme seen in Winchester since the development of the Brooks. With any development in a city centre disruption is inevitable. Thornfield are aware of this and will seek to minimise disruption. However because of the need to relocate a number of current occupiers and the need for continuity of service by the bus company, health services and CCTV activities in particular the development period will be longer than if it were a bare site.

5 Conclusion

- 5.1 The regeneration of this part of the city has been in contemplation for more than 8 years and whilst that seems like a long time it is typical for city centre sites of this complexity. The business community have expressed support for the scheme and concern that progress should be made as soon as possible. Whilst the confidential nature of the negotiations have prevented wide scale consultation, there has been occasions to take the views of a number of local bodies including the City of Winchester Trust the Chamber of Commerce and the City Centre Partnership and this will continue up to and beyond the November meeting of full Council.
- 5.2 It is accepted that there is a need for a scheme and Thornfield have demonstrated that they have the expertise and commitment to take forward the current scheme. They are however unable to proceed further without the support of the Council as landowner and as the authority able to use compulsory powers to ensure site assembly.
- 5.3 The proposed scheme could not be expected to meet every criteria of either the Planning or Developer Brief but the proposal does meet the vast majority of the requirements and represents a well balanced and viable scheme capable of being built out in full. In all respects it warrants the Council's enthusiastic support as it has the potential to make a very positive contribution to the vibrancy of the city's economy.

OTHER CONSIDERATIONS

6 Relevance to Corporate Strategy:

- 6.1 The successful redevelopment of the area would help to promote the local economy and make a significant improvement in public transport in Winchester. The natural and built environment in the area would also be improved.
- 6.2 The scheme would enable the construction of 127 new affordable homes in the centre of the city without public subsidy.

7 RESOURCE IMPLICATIONS

- 7.1 Resource implications are covered in detail in the exempt report. The Council has been in receipt of independent legal and surveying advice from Dechert and Drivers Jonas at all stages in the negotiations with Thornfield. Their advice is contained in the exempt report but in summary it confirms that the Council is proceeding on a prudent course of action.

BACKGROUND DOCUMENTS:

Broadway Friarsgate Planning Brief July 2003

8 APPENDICES

- A - Site plan
- B - Photo of the model of the scheme
- C - Planned and possible developments 2005-2012

CAB938