

## **TAUNTON DEANE BOROUGH COUNCIL**

### **EXECUTIVE MEETING – WEDNESDAY 25<sup>th</sup> JUNE 2003**

#### **REPORT OF THE DIRECTOR OF DEVELOPMENT**

- (i) **REDEVELOPMENT OF THE CRESCENT CAR PARK SITE**
- (ii) **TOWN CENTRE REGENERATION AND OPPORTUNITIES FOR RETAIL GROWTH IN THE OLD MARKET CENTRE/CRESCENT CAR PARK AREA**

This matter is the responsibility of the Executive Portfolio Holders with responsibilities for Economy, Transport and Access (Councillors Cavill and Bishop) and the wider regeneration issues are relevant to all corporate priorities.

#### 1. **PURPOSE OF REPORT**

- 1.1 To note that Sovereign Land Ltd have advised the Council that they have concluded that the Crescent Car Park site is such a restricted site that, in the current market conditions, it would not be viable to carry out the Crescent Car Park scheme. The scheme, originally considered by the Council in 2001, has been amended since that time to try to improve viability but Sovereign now conclude that no further amendments would produce any substantially improved viability.
- 1.2 To consider the recommendations of the Members Steering Group which was given the responsibility for overseeing this development project and to consider a request for the approval of a supplementary estimate for outstanding consultancy fees.
- 1.3 To also consider whether the Council should examine potential retail redevelopment opportunities in the Old Market Centre/Crescent Car Park area, as an integral part of town centre regeneration.
- 1.4 To consider the partnership arrangements that would be warranted together with the associated supplementary estimate for such a wider study.
- 1.5 To consider extending the role of the existing Members Steering Group.

#### 2. **BACKGROUND – CRESCENT CAR PARK DEVELOPMENT**

- 2.1 At its meeting on 18<sup>th</sup> December 2001, the Council approved the appointment of Heritage Shopping Centres Ltd/Salmon Harvester Properties to carry out the proposed redevelopment of The Crescent Car Park site. This followed a comprehensive marketing exercise and developer competition for the scheme during the course of 2000.
- 2.2 Early in 2002, Salmon Harvester Properties withdrew from the scheme for their own commercial reasons. The Council subsequently approved Heritage Shopping Centres Ltd bringing in Fortis Bank as their

partners/financiers for the scheme. When the Managing Director of Heritage Shopping Centres Ltd became ill the Council agreed to Sovereign Land Ltd joining Heritage Shopping Centres Ltd as its development partner for the scheme.

2.3 The scheme layout has comprised the following main elements:-

- The redevelopment of Crown Walk to provide a Victorian style covered shopping precinct with the main shoppers entrance off High Street.
- The provision of a town square at the rear of Bath Place.
- The provision of a new open shopping street leading to a department store towards the southern end of High Street.

3. **TESTING THE VIABILITY OF THE REDEVELOPMENT SCHEME**

- 3.1 On 17<sup>th</sup> February 2003 the Steering Group was informed that our prospective partner, Sovereign Land Ltd, had requested a three month period in which they wished to review the proposed scheme, in respect of tenant interest and design. They wished to defer the signing of Heads of Terms until after this review period.
- 3.2 The corporate officer group held a meeting with Sovereign Land on 29<sup>th</sup> May 2003 to receive their response, attended also by their commercial advisers Cusham Wakefield Healey and Baker and our advisers CB Hillier Parker.
- 3.3 At the meeting Sovereign Land informed the officers that despite promising tenant interest they were unable to produce a financially viable scheme for quality retailing. They consider that the site has potential for “value” (ie discount) shopping but is too small to satisfy the demand for quality shops. They consider that the town needs quality retailing and not more discount shops (a view shared by CB Hillier Parker and the Members Steering Group).
- 3.4 The Council’s advisers, CB Hillier Parker, are planning consultants with expertise in retailing issues and their detailed views on the issues have been considered by the Member Steering Group. CB Hillier Parker consider that it was appropriate for Sovereign to test the viability of revised proposals over an extended period and conclude that the time is now right for the Council to test another, more comprehensive scheme.
- 3.5 Sovereign Land Ltd do not wish to proceed with the Crescent Car Park scheme emanating from the December 2001 decision of the Council and your Member Steering Group consider that the existing objectives of providing a major retail opportunity at the Crescent Car Park are not achievable in present circumstances. They advise that the Heritage/Sovereign Ltd Crescent scheme is not viable and should not proceed at the present time.

4. **REVENUE IMPLICATIONS**

- 4.1 The Council had a nil budget for the year 2002/03, with the understanding that the developer (Sovereign/Heritage) will reimburse the Council for any fees paid to CBHP. To date, a total of £38,000 was spent and a reimbursement of £15,000 was received from Sovereign Land Ltd, leaving an outstanding balance of £23,000. It is also estimated that an additional cost in the region of £5,000 to £7,000 will be incurred. This represents the costs of employing CB Hillier Parker to advise on commercial/viability matters only for the last quarter of 2002/03. A supplementary estimate of £30,000 is required for fees paid to CBHP.

5. **THE OLD MARKET CENTRE/CRESCENT CAR PARK AREA**

- 5.1 The Vision for Taunton is that it should function effectively as a major retail destination in the region. It has been suggested that a study of the Old Market Centre and the Crescent Car Park “wider area” would demonstrate the potential of this area to contribute significantly to the future vitality and viability of Taunton. The general area, together with the Council’s main land ownership, largely in the form of car parks, is attached at Appendix 1.
- 5.2 The area around the Crescent Car Park has been identified from a location point of view as the best area to try to cater for expansion of the core main retail area for Taunton. CB Hillier Parker undertook a retail capacity study for the Borough Council in August 1999 (“Taunton Deane Retail Capacity Study”). This confirmed that, in accordance with the sequential approach in national planning policy guidance, additional retail floorspace should, where possible, be located in or on the edge of Taunton town centre. Hillier Parker considered that the Crescent and Whirligig sites provided key opportunities to improve the durable goods retailing provision within the town during the local plan period. In addition, Hillier Parker at that time recommended that the Council considered the potential of the site to the rear of the Old Market Centre, for possible long-term redevelopment for prime retailing. The Taunton Deane Local Plan reflects this sentiment and suggests that this area could function as a natural extension to the southern end of the primary shopping area.
- 5.3 It can therefore be seen that a combined development of the Crescent and the land to the rear of the Old Market Centre would, in fact, meet the objectives recommended by CB Hillier Parker four years ago and its potential has been recognised, but no commitment has been given.
- 5.3 Members of the Steering Group have considered implications concerning the Borough Council’s land ownership and its car parks. They have noted that there are significant sources of revenue accruing to the Borough Council from these three car parks, which even after making allowance for fairly significant maintenance costs (particularly in respect of the two

multi-storey car parks), provide a substantial income. Nevertheless, they advise that discussions should be held with principal landowners and a feasibility study should be undertaken into the potential of this “wider area.

- 5.4 Members should therefore note at this stage that not only could any scheme for redevelopment be fairly difficult to implement, again with significant parking disruption during construction, but a careful assessment of viability and the Borough Council’s financial return from such a development would be crucial.

## 6. **PARTNERSHIP ARRANGEMENTS/CONSULTANCY ARRANGEMENTS**

- 6.1 Detailed consideration has been given by your Steering Group to possible partnership arrangements/consulting arrangements for a feasibility study of the “wider area”. This has influenced the recommendation to you at the end of this report.
- 6.2 Members will be mindful that Terence O’Rourke are commencing production of an Urban Design Framework for the town centre and the “masterplanning” of key sites. These are to be the subject of consultation and stakeholder involvement. The present brief is to identify future retail opportunities and to “masterplan” Firepool and Tangier. Under the present contract, they are not expected to produce a “masterplan” or “development brief” for the retail expansion of Taunton.
- 6.3 It is considered that agreement should be sought with the Regional Development Agency, Terence O’Rourke and partners for the “masterplanning” of potential redevelopment areas on either side of High Street. If this work is to progress in tandem with existing programming/consultation arrangements, there is a tight timescale to reach agreement, and it would be prudent to have a supplementary estimate available for potential “masterplanning” and for future consultancy fees to assess scheme viability/potential development partnerships.

## 7. **STEERING GROUP**

- 7.1 It would be helpful to have a Member Steering Group to oversee progress. A corporate group of officers could report to it on a regular basis (in accordance with the agreed Planning Concordat). The membership of the present Crescent Car Park Steering Group would appear to be well placed to fulfil this responsibility if you so wish.

8. **FINANCIAL IMPLICATIONS STUDY**

8.1 The revenue implications of the proposals outlined in this paper include several figures that are estimates, but they are of the following order:-

* Outstanding CBHP consultant fees	£30,000
* Contribution to Terence O'Rourke for extending the master planning Urban Design Framework Brief	£25,000
* Additional provision for future consultancy fees in respect of any scheme viability assessment/ initial negotiations	£15,000
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TOTAL	£70,000

8.2 A supplementary estimate in the sum of £70,000 will now therefore be required (on the assumption that the RDA will and partners agree to meet the balance of extra consultancy fees for Terence O'Rourke).

9. **RECOMMENDATION**

9.1 That the Council notes that the Crescent Car Park scheme is not viable and should not be pursued at the present time.

9.2 That opportunities for retail growth in the Old Market Centre/Crescent Car Park area be investigated, and officers commence discussions with significant landowners in the area.

9.3 That agreement be sought with the RDA, Terence O'Rourke and partners to extend the existing contract to secure "masterplanning" of the potential retail growth/redevelopment of the Old Market Centre/Crescent Car Park area.

9.4 That the Council be asked to approve a supplementary estimate in the sum of £70,000 to enable outstanding fees to be met and to enable matters to progress to assist town centre regeneration.

9.5 That the existing Crescent Car Park Steering Group be requested to form a Steering Group to oversee progress in regenerating the Old Market Centre/Crescent Car Park area.

