

FIREPOOL - DEVELOPMENT OPTIONS

Report from the Vision Delivery Team Project Director

1. Introduction

It is our intention to progress the preparation of the Livestock Market site for development so that by this time next year we are in a position to programme the submission of a planning application and all other site preparation works to enable a start on site in the second or third quarter of 2007.

2. The options for procuring development on the site are as follows:

- a. TDBC, with or without SWRDA, could become the developer and carry out phased development of the site in isolation, either by forward committing the sale of created investments to property investors or by building out projects and selling them on completion. This method would involve taking substantial financial risks, particularly relating to the cost of the necessary infrastructure to open up the site, the state of the property market, and the necessity for substantial investment in an expensive full time project team.
- b. Still as developer, TDBC could be the lead developer but sell off individual sites to private sector developers and/or owner occupiers to raise money and to defray the risk. The financial risks could be reduced by taking this route but TDBC would still need to become involved in the provision of infrastructure and there would be a substantial and complex coordination/project management role for the Council to undertake.
- c. The most obvious and the best tested route would be for TDBC to advertise the opportunity in the market and select a Development Partner for the whole site. This route can be taken in isolation of or in partnership with SWRDA. In this case the developer would become the risk taker and the phasing and standard of development can be carefully controlled by a negotiated Development Agreement. Excess development profits are usually shared although it is important to set the base developer's profit at a sufficiently high level to motivate him - say 20% on cost. The other major advantage of this route is that it gives TDBC the opportunity to choose a development partner who has considerable experience in this type of development.

Whether developing in its own right or in partnership with a developer TDBC needs to decide what interest in land it will be disposing of either to the developer or the investor/owner occupier. The options are:

1. To sell long leasehold interests in the site and retain the freehold interest. This would ensure the reversion of all the interests to TDBC at the end of the leases and a degree of control over uses, occupiers, management etc. Developers and investors do not favour this route as they feel that with substantial investment and risk they should be in complete control in perpetuity. A very long lease, say 999 years, with very bland covenants might be acceptable but anything else could affect value and the number and calibre of developers interested in becoming involved.
2. To sell long leasehold interests in the sites with ground rents payable to TDBC geared to the rents received or to notional rents in the case of owner-occupiers. This is very unpopular with developers and with property investors and could have a severe affect on value and interest from developers. I would definitely not recommend this route.
3. To sell freehold interests in the sites, subject to Building Agreements, thus giving the developer the flexibility to maximise values. This, in turn, will produce a better site value for TDBC to realise on sale. The concern in using this route might be the loss of control over the future management of what is supposed to be a comprehensive scheme. This can easily be dealt with by a covenant by the developer in the Development Agreement to manage the scheme by means of a management company whose shares pass to the eventual individual owners.

3. Conclusion

Going down the developer route **C** and using the land interest route **3** would in my opinion be the most usual combination for taking such a development forward. The combination ensures best value in terms of developer choice, developer incentive, land value and potential calibre of project. The Outline Programme and the Draft Marketing / Framework Proposal for this option are attached at Appendices A, B and C

4. Recommendation

The Executive are asked to consider the options available in light of the outcome of discussion of this item at the Vision Steering Group (29th November) which will be reported verbally to the meeting.

TAUNTON – FIREPOOL**DRAFT MARKETING FRAMEWORK/PROPOSAL****Purpose of Marketing Exercise**

To identify a development partner to take forward the development of the site known as “Firepool”.

Anticipated Developer Obligations/Agreement

The developer will enter into a Development Agreement with Taunton Vision/TDBC.

The Development Agreement will require the developer to produce a detailed Master Plan which will include the following obligations:-

- Submit an outline planning application for the Firepool area (to be defined on appropriate plan), within six months of being selected as the preferred partner.
- The Master Plan will be progressed in conjunction with Taunton Vision, TDBC and appropriate stakeholders.
- The developer will be required to submit an outline planning application for the Master Plan (to include full details/unreserved matters of the proposed first phase of development) within six months of being selected.
- Following receipt of planning permission/reserved matters application, the developer will be granted a building licence for the first phase of development (to include infrastructure and public realm).
- The developer will be required to implement first phase construction within 6 months of the grant of planning permission. A mechanism will be agreed for ongoing and continued phased development of the site, enabling the developer to “draw down” development plots via building licences in accordance with an agreed phasing plan. The mechanism will include longstop dates by which development either must commence or the vendor will be entitled to offer the opportunity elsewhere.
- It is anticipated that on the grant of a building licence there will be a percentage of the open market value of the site paid with the balance transferred on practical completion at which time formal transferable tenure in the property will be transferred to the developer.

Marketing Structure

Fundamentally we envisage a two stage process (with potential to include a third stage for public consultation if required).

Stage One - Invitation

Implementation of expressions of interest.

Promotion of the opportunity using conventional marketing media outlining the likely requirements of a development partner and inviting expressions of interest.

At this stage we would simply be seeking from interested parties the following information:-

- Details of track record of similar schemes and development partner roles undertaken.
- Financial bona fides in the form of a statement of the company's financial standing and copies of the last 3 years trading accounts.
- Details of the proposed professional team including architects, engineers, cost consultants and others as appropriate.
- A statement indicating the anticipated mix of uses on the site addressing issues of market demand and planning considerations.
- An indication of the developers return expected from both prelet or speculative development, for each of the market sectors identified.
- A statement confirming whether in prevailing market circumstances the developer would propose speculative development of the market segments contained within the mix identified.
- Confirmation of whether the principle of a freehold, long leasehold at a peppercorn, long leasehold incorporating a geared ground rent, premium, and overage payments are acceptable.

From the information provided, a shortlist of not more than five developers to be selected to go forward to Stage Two.

Stage Two – Detailed Proposals

The shortlisted developers will be required to prepare detailed proposals in accordance with a “developers brief” (to be prepared by Alder King in conjunction with Taunton Vision). The requirements of the brief are likely to be as follows:-

- A Master Plan
 - A Master Plan to cover the entire development area including;
 - Design Statement describing how the Master Plan has been developed and how it integrates with the site and its surroundings/adjoining development.
 - A development phasing plan

- Identification of on site and off site primary infrastructure requirements and a plot phasing plan which integrates with the infrastructure.
- A highway access and car parking strategy
- A public realm strategy
- Drawings at 1:500 scale together with Axonometric drawings and artists impressions (the latter as necessary to properly illustrate the proposal).

- Schedule of Accommodation

Identification of gross and net floor areas on a plot by plot basis including a breakdown by use ie residential, retail, commercial, other and proposed car parking provision for each plot/building.

Confirmation of areas dedicated to open space and public realm

- A Statement of Design Approach and Public Art

A statement setting out the design philosophy and approach to individual plot/sector building design including a strategy for the inclusion of public art and the processes that are to be adopted to achieve exemplar development.

- Sustainable Development

A statement identifying how the scheme has been developed to comply with good practice in terms of sustainable development. The developers proposals to achieve high rates of sustainable construction and ultimately the development to achieve an overall standard ofusing BREAM/Eco Homes Assessment Method.

- Management and Maintenance

A proposal for the management and maintenance of the completed development to include the buildings, private space, public open space and public realm.

- A Planning Statement

A statement confirming how the proposed scheme complies with the “Taunton Vision”, local and national planning policy, including a commentary on economic, social and environmental benefits.

- Highways Statement

A statement setting out the highway access and circulation strategy confirming how the scheme complies with national/local transport policies and integrates with the local network.

- Development Appraisal

The developer will be required to provide a development appraisal and cashflow (full details of these requirements will be specified).

- Financial Proposal

A financial proposal will be required on a prescribed basis TBC in further discussion with Taunton Vision.

- Funding Proposal

The developer will be required to set out a proposed method of funding both of pre-development and post development activity.

Appendix B

<p>REF TFP1 (a)</p> <p>TAUNTON FIREPOOL</p> <p>DRAFT MARKETING FRAMEWORK/PROPOSAL</p> <p>Key Pre Development/Key Marketing Issues</p>			
	Key Issue	Notes Pre Meeting 11.11.05	Action Points Agreed at Meeting 11.11.05
1.	Extent of Development Site	<p>TDBC Ownership</p> <p>3rd party private ownerships</p> <p>Network Rail –</p> <ul style="list-style-type: none"> • Redundant land (West Yard) Operational Land (Station Approach) 	<ul style="list-style-type: none"> • Key Ownership to be defined i.e. those that must be acquired by agreement or CPO • Ian Franklin/M. Green meeting to identify and confirm - 16.11.05 • Meeting with Network Rail to resolve approach (i.e. acquisition J. Venture, equalisation arrangements) 22.11.05
2.	Key Infrastructure Considerations	<p>Highways Information/Solution</p> <ul style="list-style-type: none"> • What is solution? • What is contribution from site? • Has developer to define his own? 	<ul style="list-style-type: none"> • Outcome of LTP bid to Government will be known end of Nov 2005 • Alistair Godfrey is arranging meeting with Highway Authority (Somerset CC) to discuss implications.

Appendix B

		<p>Flooding Information/Solution</p> <ul style="list-style-type: none"> • Same Issues as above (Under Highways) 	<ul style="list-style-type: none"> • EA (David Crowson) will produce draft strategy for resolution and implications for Firepool – Dec 31st 2005
		<ul style="list-style-type: none"> • Car Parking Strategy • In particular the implication of development of Priory Bridge Road 	<ul style="list-style-type: none"> • WS Atkins will produce report/strategy and implications for Firepool by mid Jan 2006
3.	Technical Information Requests	<p>Archaeology</p> <ul style="list-style-type: none"> • Ground Investigation:- Geotechnical Contamination <p>Services All main services – available and capacity?</p>	<ul style="list-style-type: none"> • Clarke Bond obtain costings for report on all of these issues together with programme for delivery
4.	Legal Issues	<p>Epitome of title on main TDBC site Title to be sold/granted</p>	<ul style="list-style-type: none"> • TDBC legal dept have been asked to provide report clarifying:-

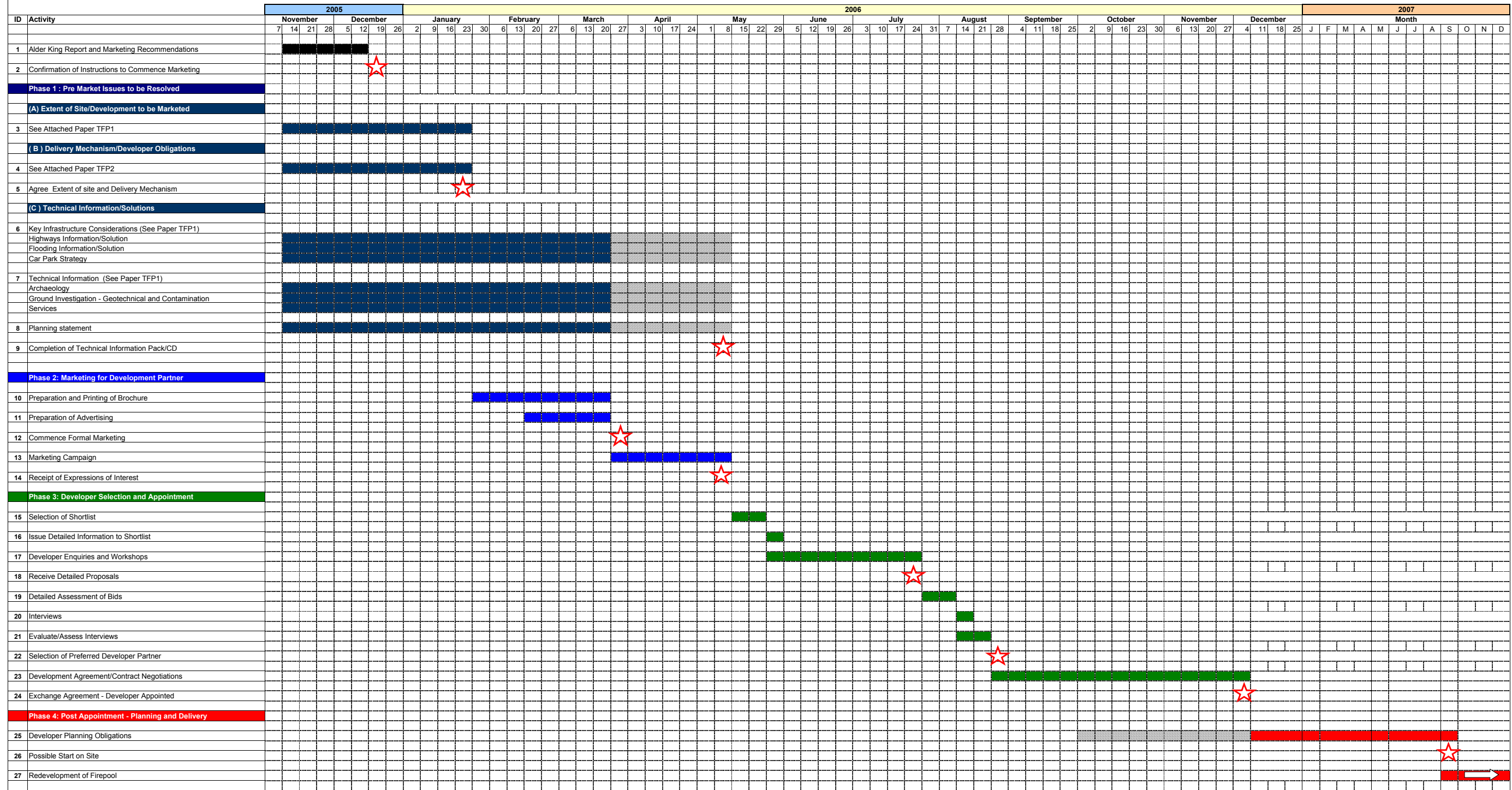
Appendix B

			<ul style="list-style-type: none"> a) All vacant possession issues. b) Epitome of title – covenants etc covering the site. <ul style="list-style-type: none"> • Ian Franklin confirmed F/H title of entire site would be made available to facilitate development
5.	CPO Approach	<ul style="list-style-type: none"> • Consideration/Implications • Phasing plan to address? • Strategy • Requirements • Who's powers 	<ul style="list-style-type: none"> • Review requirements when key ownerships defined. • TDBC + SWRDA to agree whose powers will be used.
6.	Decision Making Board/Groups/Process	<ul style="list-style-type: none"> • TDBC • SWRDA • Coordinating groups 	<ul style="list-style-type: none"> • Structure + responsibilities set out in project execution plan to be forwarded to AK and reviewed.
7.	Planning Issues	<ul style="list-style-type: none"> • Development justified under existing local plan? • Taunton Vision • LDF • SPD <ul style="list-style-type: none"> • S106 requirements of site 	<ul style="list-style-type: none"> • Tom Knowles to advise on planning requirements/strategy to facilitate development of the site.

Appendix B

Taunton Firepool - Outline Programme (Draft)

Appendix C



● Key
 [Dark Blue Box] Phase 1 Tasks
 [Blue Box] Phase 2 Tasks
 [Green Box] Phase 3 Tasks
 [Red Box] Possible Additional Weeks
 [Grey Box] Key Milestones
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