

## ADDRESS TO FULL COUNCIL 18<sup>TH</sup> JULY 2013

### REGARDING THE HAMMERSMATCH PROPOSAL TO EXTEND CHURCHGATE

Chair, thank you for giving us the opportunity to address the Council.

I am Mike Moulton of Moulton Walker, Project Managers for Hammersmatch who have been major stakeholders in Hitchin for over 12 years by way of ownership of the Churchgate Shopping Centre.

Each Member has had a letter from Hammersmatch which followed four detailed iterative reports to Senior Officers.

Tonight you are being recommended by your reporting Officer to defer implementation of any improvements to the heart of the Town pending finality of the LDF process, thus continuing the current spiral of commercial decline in Hitchin Town Centre.

The current LDF programme shows adoption 2 years hence. However I refer you to further delays.

Para 8.13.1 wherein you are being advised, given the "*current state of the economy*", not to go through another procurement process now – suggesting that such should be in the medium term (Paragraph 8.13.3) which is defined by Paragraph 8.10 as between 5 – 10 years from now.

Any such selection would necessitate a CPO if that eventual development site includes the existing Churchgate Centre; a process which itself could take over a year with an extremely high chance, our Clients are advised, of failure. Even

if successful, such a redevelopment would take around 2 more years to build, since by definition it would be a larger development than that proposed by Hammersmatch now, so any redeveloped shopping centre by a company other than Hammersmatch, is 7 or 8 years away from opening at earliest!

Hammersmatch cannot let their existing Centre continue to haemorrhage, and if this recommendation is carried, it will have no choice but to commence, albeit reluctantly, a minor refurbishment with no change of elevations, and to restructure all the current temporary leases to modern leases at full market rentals, which the Council as landlords would not benefit from until the next review over 11 years away.

Continuing on the subject of Part 1 of the recommendation, let me quote from a letter from the Property Manager of Iceland dated 6<sup>th</sup> June:

*“I wonder if there has been any update with the position over the redevelopment with the Council.*

*As you know, we desperately need to invest in our store and also ratify the new lease as soon as possible – an update would be greatly appreciated.*

*Whilst writing, I wonder if you could let me know who the contact is in the council so that I may make representations on behalf of Iceland to try and force the pace on the issue, on the grounds that it is affecting local businesses and their ability to trade successfully.”*

We believe this message speaks for all the Churchgate tenants. To keep Iceland in the frame on a temporary lease following their lease expiry over 2 years ago, Hammersmatch had to agree to a half rent until the future of the Shopping Centre was resolved one way or the other.

I should also say the 'do-nothing' option is no defence against any 'out of town centre' proposal for a supermarket or superstore in Hitchin.

However, the last word goes to your Planning Department. I quote from their formal letter to us exactly 3 weeks ago following consultations on our scheme which included English Heritage:

***“ The principle of the use/development***

*It was agreed that the principle of development of the existing Churchgate centre (and indeed the area to the east around the existing market and part of the Queen Street frontage) has been previously accepted within the Churchgate Planning Brief adopted in 2005 (areas A1 & A2), and given the long standing allocation of the site (HTC1/2a) in the local plan for mixed retail, commercial and other appropriate town centre uses.*

*The issue of whether the proposals may be premature in advance of new policies that may emerge in the new local plan was discussed.*

*However given the above, and the presumption in the NPPF to promote positively the growth of town centres, it was agreed that there was no planning policy basis to defer consideration of developments that may come forward in the short term. It was acknowledged that Hitchin was*

*likely to remain a centre for retail growth from previous work undertaken for the Council by its consultants Nathaniel Litchfield and Partners. ”*

I turn now to the second part of the recommendation which is to ‘continue an open dialogue with interested developers on the Churchgate site in the interim’, one of those developers being Simons (Para 7.4).

There is no axiomatic requirement for a local authority to go through a competitive procurement process for a small scheme where it only owns a small proportion of the intended scheme land. 1,193 sq.m compared to Hammersmatch ground leased area of over 5000 sq.m. In addition there can be absolutely no competitive procurement question concerning restructuring the current ground lease for obvious reasons.

What councils must nevertheless obtain, is Best Value via a transparent process and we offer an ‘Open Book’ dialogue. Your ‘commercial’ Officers are capable of negotiating ‘Best Value’ for you and these would not be the Planning Officers otherwise engaged in the LDF process so they would not be diverted and you have already paid for the majority of legal work required.

The advice you earlier received on the subject of procurement, applied to a far larger area of land. As reported to the Scrutiny Committee 22<sup>nd</sup> February 2010, paragraph 4.2 stated:

*“Competitive dialogue was chosen as the procurement method as the Council were advised it was the best method*

*to bring forward a complex contract such as the Churchgate Project” (Simon’s type)*

The Hammersmatch proposal is not complex.

There is no reason why the Council can’t deal exclusively with Hammersmatch for its modest proposal, and eventually tender the balance of Council land.

Hammersmatch are not trying to avoid a competitive process to pay less than full value, but rather put an end to the current blight which is in no-one’s interest, and end the severe financial pain both to Hammersmatch and its tenants.

Hammersmatch already own 80% of the land on which its new proposal is sited, and in the absence of a successful post detailed planning consent CPO in many years’ time, no other developer can plan to redevelop the existing Shopping Centre. However Hammersmatch wish to continue discussions on what it can mutually achieve to benefit Hitchin, but not inhibit dialogue between the Council and others focussed on the substantial balance of the Councils land which can be Phase 2.

Statistically, Hammersmatch are only asking for 7% of the Councils currently unleased land in the Churchgate Area to be included in a newly structured Churchgate Centre ground lease, for which it will be paid full value.

You already have our plans, but to summarise for everyone present, what Hammersmatch are proposing partly on your land is:

A new 5-screen cinema

- Four new shops/restaurants
- Between 5 & 10 apartments

And on land the Council will continue to own and wholly control, there would be a new car park for at least 80 cars, and a new Market which Hitchin Markets Ltd agree both that it can be reduced by around 20 stalls, and be relocated within your areas A4 & A5.

In addition, if the ground lease is restructured, the whole of the present Shopping Centre will be refurbished to a very high standard beyond that which already has planning approval. It will include apartments at upper floors and its new elevation to Market Place (see Elevations). In total a gateway scheme to the Councils retained land which will enhance the value of that land.

We have very recently consulted your Planners and English Heritage, and are not far from reaching agreement now we have altered our January plans (which incidentally over 88% of nearly 300 visitors were in favour of), downsized in commercial space by 20% to provide a new piazza. We have also relocated the taller part of the proposed new build away from the Almshouses and St. Mary's. We understand you have an aide memoir from the planners – the plan you have from us follows that advice.

I now want to touch on viability. Para 8.2 states: *“It is understood that none of those proposals are currently viable without some form of investment or concession, either by third parties and/or the Council”*.

1. We have agreed terms with a leading cinema operator who wants to invest now in Hammersmatch’s scheme to take a 25 year lease. It is subject to Hammersmatch being appointed by the Council as developers. The cinema expect a contribution to the fit out which we have allowed for in our provisional calculations.
2. We have a list of leading retailers and restaurateurs who will take space.
3. We have provisional funding in place.
4. No third party land owners are involved.
5. We propose an Open Book Joint Venture Agreement requiring no capital from the Council. Indeed, the Council would receive full value for restructuring the current ground lease to 150 years with annual reviews instead of the current 14 year reviews. The Council would receive a new car park, a new million pound Market, plus a share of the scheme profits – a win: win situation for the Council as well as Hammersmatch; for retailers, including Iceland, who could then invest and improve their retail offer, and most importantly for the Public. The maintenance costs referred to in Paragraph 8.9 could also be covered if still necessary.

This development will help stop some of the current exportation of spending power from the District.

6. Public consultation so far shows that the scheme appears to be backed by many. If the revised plans are allowed to mature, another round of pre-planning consultations can quickly take place.

The Hammersmatch scheme is deliverable in the short term. Indeed it could open by Christmas 2015; and it need not prejudice any larger game plan on the Councils remaining land if the Market moves straight to its long term location. We urge the Council not to kick this scheme into the long grass and blight the Shopping Centre for a further 5 or so years.

Hammersmatch seek a sufficient period in which to agree plans, viability, the new lease, and a Joint Venture Agreement conditional only upon signing up the cinema operator, who want a quick decision; and subject to detailed planning approval.

Accordingly we would urge the Council not to accept the first recommendation at all; and to alter the second one to enable a continuation of urgent dialogue with Hammersmatch for its scheme; and with Hammersmatch and other interested developers concerning areas A3, A4 & A5.

Thank you.

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