

18 October 2016

Report of	Assistant Chief Executive	Howard Davies 01206 507885
Title	The redevelopment of 5-6 St Nicholas Street (Jacks)	
Wards affected	Castle	

This report provides an update on the RIF (Revolving Investment Fund) supported project to redevelop 5-6 St Nicholas Street (Jacks) and to recommend the delivery mechanism for the residential units

1. Decisions Required

- 1.1. To note the progress to date on the project to redevelop 5-6 St Nicholas Street (Jacks).
- 1.2. To agree to the additional scheme cost of £126,600 which has resulted from further detailed design work for the planning application.
- 1.3. To approve the recommendation that Option 3 in the proposals section below: to rent the residential and commercial units for five years and then sell the whole building, is taken as the approach to the long term future of the asset once development completes.

2. Reasons for Decisions

- 2.1 The RIF was established to recycle capital receipts into projects that could deliver against a number of Council objectives. The RIF can be used to support wider economic growth targets and deliver infrastructure supporting regeneration but its principle function is to recycle capital funds from the sale of assets for investment into income producing opportunities which can in turn support provision of frontline Council services. This proposal delivers on a number of these objectives by, restoring a historic building in a key part of the town centre to deliver economic growth, creating new town centre living opportunities and providing a return through a robust investment case.
- 2.2 At the February 2016 meeting of the RIF, funding was approved for the redevelopment of Jacks and it was agreed that the delivery mechanism for the residential units would be subject to a further report to the RIF. This reports sets out the recommended delivery mechanism.

3. Alternative Options

- 3.1 Funding for the redevelopment of 5-6 St Nicholas Street was approved by the RIF on 1 February 2016, and this report outlines a number of ways for the delivery of the residential units to be managed. The only alternative option to redevelopment is to leave the building

in its existing state with the current temporary tenant on the ground floor and vacant space on the upper floors. Given the age and general condition of the building it is not recommended that this option is pursued as costs of maintenance and repair will increase. Structural surveys of the building undertaken as part of the project has resulted in temporary props being required to ensure the stability of the building, therefore if the building is not redeveloped there will be an immediate need to provide a permanent solution to the existing structural deficiencies.

- 3.2 The building could be sold in the open market. It is unlikely that a private developer would carry out works to the existing building, as proposed by the Council. It is more likely the developer would request that the building be demolished and a completely new development take place. This would result in the loss of this popular building in Colchester. The building is not listed and protection would be unlikely.

4. Supporting Information

- 4.1 The Council allocated £30k in 2015 to carry out a feasibility exercise into the opportunity to redevelop 5-6 St Nicholas Street for a mixed used development. This work included, initial designs, cost plans, building surveys, planning, viability work and investigations into general market conditions in the locality. This was undertaken by Purcell, a Colchester based architectural firm.
- 4.2 This feasibility work was completed in February 2016 and at the February 2016 RIF meeting funding to take the project forward was agreed subject to further agreement regarding the delivery mechanism for the residential units and any changes identified as part of the additional works undertaken by Purcell as part of the planning process.
- 4.3 Following the February 2016 RIF meeting the plans for the redevelopment of Jacks were refined and structural surveys were undertaken. A heritage impact assessment and high level costings of the plans were also completed. A planning application for Change of use to 7 flats and a flexible A1/2 or A3 use, including first-floor extension, three-storey rear extension, and roof extensions has been submitted and negotiations are ongoing in order to ensure that all outstanding issues have been resolved and the application can be determined at Planning Committee.
- 4.4. The revised option which Purcell has produced provides for a 100m² commercial/retail space on the ground floor; this commercial use would be along the whole of the St Nicholas Street elevation, providing an active retail frontage. Seven residential flats would be created over the three floors, five 1 bed flats and two 2 bed flats
- 4.5 The proposal includes a three storey rear extension and alterations to existing roof height within the building. The front elevation will remain as existing.
- 5.3 Given the Town Centre location, car parking would not be provided, but a cycle storage area would be included.

5.0 The Proposal

- 5.1 A further development appraisal exercise has been undertaken to take into account the increase in the initial costings for the scheme which have increased due to the complexity of developing the site and revised values. Four options have been considered for the development appraisal work:

- 1) To sell the building with planning permission but without doing the works
- 2) To redevelop the building then sell the residential units and retain the commercial unit as a long term investment
- 3) To retain the residential and commercial units for five years and then sell the building
- 4) To retain both the residential and commercial units as a long term investment

Further details of all these options are set out in **Appendix A** of the Part B report..

- 5.2 From the development appraisal work now completed, it is recommended that Option 3 is taken forward and both the commercial and residential units are privately rented for at least five years and then sold. This proposal would provide a good level of income for five years following by a capital receipt which represents the best possible value from the development. Holding the investment for a period of years also allows the Council to benefit from any future capital and rental growth as the immediate area improves over time. This option retains flexibility in that a review could be carried out at the end of the 5 years to determine values at that time and a further decision could be taken to remain holding the investment.
- 5.3 Options 3 and 4 may necessitate the transfer of the asset into an alternative holding vehicle e.g. a wholly owned housing company. Members have already agreed in principle to the establishment of such a company subject to the sign off of a business case which will be taken back to Cabinet in November this year.

6. Strategic Plan References

- 6.1 The scheme will “Promote Colchester to attract further inward investment and additional businesses, providing greater and more diverse employment” by investing in an area of the town centre which is currently benefiting from private sector investment.
- 6.2 The preferred development is expected to “Promote Colchester’s heritage and wide ranging tourism attractions to enhance our reputation as a destination” by giving a new lease of life to a well loved historical building within the town centre.

7. Consultation

- 7.1 As part of the planning application the application was formally publicised by a site notice and consultation letters to neighbouring properties. No public comments were received.

8. Publicity Considerations

- 8.1 Although the redevelopment of this building will be a relatively small project there has been strong public interest in plans for its future. A press release was written when the planning application was submitted which resulted in an article in the Colchester Gazette. Further opportunities will be taken all the way through the redevelopment process to engage with the public, local historical groups and ward councillors.

9. Financial implications

9.1 The financial implications and case for investment are addressed in detail in the Part B report.

10 Equality, Diversity and Human Rights, Community Safety and Health and Safety implications

10.1 please see EQIA report here - <http://www.colchester.gov.uk/article/12743/Commercial-Services>

11. Risk Management Implications

11.1 A risk register has been prepared for the scheme. The key identified risks are reported in the Part B report