

# Development Committee

Tuesday, 15th May, 2007

## SPECIAL MEETING OF DEVELOPMENT COMMITTEE

Members present: Councillors M. Browne, Convery, Crozier, D. Dodds, Humphrey, A. Maskey and Smyth.

Also attended: Councillor Rodway.

In attendance: Ms. M.T. McGivern, Director of Development;  
Mr. C. Quigley, Director of Legal Services;  
Ms. S. McCay, Head of Economic Initiatives; and  
Mr. N. Malcolm, Committee Administrator.

### **Chairing of Meeting**

In the absence of the Chairman and the Deputy Chairman, it was agreed that Councillor Crozier take the Chair.

(Councillor Crozier in the Chair.)

### **Apologies**

Apologies for inability to attend were reported from the High Sheriff (Councillor Kirkpatrick), the Chairman (Councillor McCausland) and the Deputy Chairman (Councillor P. Maskey).

### **Gasworks Northern Fringe Masterplan**

The Head of Economic Initiatives informed the Committee that, following a presentation to the Committee on the initial Masterplan for the Northern Fringe of the Gasworks in May 2006, a number of amendments had been made to the document in response to comments which had been received from Members and that a revised Masterplan had now been prepared. She informed the Committee that representatives from Consarc were in attendance to make a presentation regarding the Masterplan. Accordingly, Messrs Noel Graham and Carlo Angelone were admitted to the meeting and welcomed by the Acting Chairman (Councillor Crozier).

With the assistance of visual aids, Mr. Graham informed the Members that the report outlined various options for the use of the land on the Northern Fringe of the Gasworks Site, which was bounded by Cromac Street, Raphael Street, McCauley Street, the railway line, the Radisson Hotel complex and the Halifax development. He indicated that Consarc had consulted with representatives of the Roads and Planning Services regarding the proposals, particularly in relation to access to, and car parking within, the Gasworks Site. He pointed out that the only vehicular access to the Gasworks was operating close to maximum capacity, which meant that future access to

the Northern Fringe lands, and possibly the Gasworks as a whole, would need to be considered from Raphael Street. The difficulty regarding car parking resulted from the restrictive parking policy laid down in the Belfast Metropolitan Area Plan and may not be able to be resolved. However a possible solution, which would provide 300 parking spaces, had been identified but this would require the approval of the Planning Service.

Mr. Graham explained the possible uses for the various sites on the Northern Fringe of the Gasworks, pointing out that those which fronted onto Cromac Street and Raphael Street were the most valuable as they could be developed for the construction of landmark buildings.

At the conclusion of the presentation, Mr. Graham answered various questions which were put to him by the Members. During this discussion, the Director of Development assured the Committee that its agreement to the proposals for each site would be required prior to work commencing. In answer to a Member's question, the Director indicated that the Development Briefs for the various sites could be constructed in such a way as to ensure that the local community would benefit from each development.

The Acting Chairman (Councillor Crozier) thanked the representatives of Consarc for their presentation and they retired from the meeting.

The Director of Development informed the Committee that, at this stage, she required authority only to proceed to submit outline planning applications for the proposals contained within the Masterplan.

The Committee granted the authority sought.

#### **Gasworks Site Plot 4 – Request from Cusp Limited**

The Committee considered the undernoted report:

#### **“Relevant Background Information**

**At its meeting on 18th October 2006, Committee approved permission for a variation of Cusp's existing Lease for Plot 4 to permit the development of a second hotel in the Gasworks Estate.**

**Culzean Holdings is a Company formed jointly between Cusp Ltd and the Kennedy Group specifically aimed at developing and acquiring hotels throughout Ireland. Negotiations have been concluded by Culzean to develop a 169 bed hotel with a 3-star rating on Plot 4 for Marriott.**

**The current Lease of Plot 4 provides for development of the site as offices or as currently used a surface car park. The current 95 car park spaces are used to service Cusp's other office developments on Plots 1, 2 & 3 which have been leased with the express benefit of car parking within the Gasworks Estate. The current Plot 4 Lease provides for a return to Council of 10% of any commercial lease rents received by Cusp and 10.5% from any car park lettings (excluding car parking committed to the tenants of Plot 1,2 & 3)**

Development of a hotel on Plot 4 would displace the existing car parking which will require alternative arrangements to accommodate the contractual undertakings given to Cusp's tenants. As a temporary solution approval had previously been given to the relocation of car parking from Plot 4 to what was then the road protection line in December 2000.

### Key Issues

#### Hotel Development on Plot 4

- Officers have now met on five occasions with Cusp/Culzean representatives over the past six months in an attempt to agree both an appropriate return from the development of a hotel on Plot 4 and the cost of providing an alternative site for the displaced car parking. Whilst Cusp are focusing on a long term solution to their existing contractual car parking commitments. Culzean would be content at this stage to find an alternative temporary location on the currently vacant Northern Fringe lands upon which to relocate the parking.
- Culzean have offered an equity rental return equivalent to 3% of the hotels projected gross operating profit with a guaranteed income for Council of £35,000 in year one and rising to at least £60,000 by year 3.
- Advice from Consarc has indicated that Plot 4 could accommodate an office development of approximately 80,000 sq feet which at today's value would represent an equity return to Council of approximately £95,000 per annum.
- A fair return to Council is required from any development scheme on the Gasworks.

#### Replacement of Existing Car Parking

- In order to assist Cusp with a solution to relocating the existing car parking they have been provided with a list of 12 options ranging from retention of the cars onsite to the acquisition of an alternative equivalent site from Council (Appendix 1)
- Cusp have maintained throughout these negotiations that there should be no payment made for a replacement car park based on Councils alleged previous commitment to provide an alternative site.

- Legal Services have confirmed that there is no legally binding agreement between the parties and there has never been any agreement that alternative car parking would be provide free of charge.
- A replacement site at nil cost is sought by Cusp.
- Provision of alternative car parking elsewhere in the Gasworks will be viewed as a property disposal and treated as such for audit purposes.
- Provision of any alternative car parking site is bound up in the masterplanning of the Northern Fringe where maximisation of the amount of car park is essential to the realisation of its development potential. Provision for cars displaced from Plot 4 would not be discounted by the Planning Service resulting in a loss of income for the Council from a reduced scale of development on the additional land in the Northern Fringe.
- Cusp undertook to make a written proposal which would include seeking Council approval to make available temporary accommodation for up to 20 cars that would be displaced resulting from the development of Plot 4. The proposal subsequently received did not fully address the required information sought and indeed appeared to revert to a position whereby Council should provide the permanent solution to any car parking issues arising from the development of Plot 4 (Appendix 2). Further correspondence from Cusp confirms their position that the long term solution for any displaced cars lies with Council (Appendix 3). Subsequently there has been verbal confirmation that Cusp require 20 spaces on a temporary basis free of charge but they are not accepting responsibility for identification of a permanent alternative site.

### Resource Implications

#### Financial

Maximum financial return should be sought from the development of Plot 4.

The possible displacement of car parking spaces to the Northern Fringe would have a detrimental effect on the development potential of the Northern Fringe.

Under Section 96(5)(a) of the Local Government Act (Northern Ireland) 1972 there is an obligation to achieve full market value in any property transactions. The provision of alternative car parking must be viewed in light of these provisions.

### **Asset and Other Implications**

The provision of alternative car parking within the Gasworks for cars displaced from Plot 4 for nil return would not represent good property asset management.

### **Recommendations**

It is recommended that the Committee agree to continued negotiations with Cusp/Culzean in order secure a reasonable return from the proposed hotel development on Plot 4 and to seek full market value for any potential replacement temporary or permanent car parking elsewhere on the Gasworks Estate.”

The Director of Legal Services informed the Committee that, earlier in the day, he and the Chief Executive had met with representatives of Cusp Limited to discuss the matter. Those discussions had confirmed that, to enable the hotel development to commence, Cusp required urgently the use of twenty parking spaces. The Director stated that, in his opinion, the Council should not be seen to be delaying the hotel development by refusing to accommodate Cusp in this matter. He therefore recommended, subject to a legal agreement being prepared and a satisfactory financial arrangement being agreed between Cusp Limited and the Council, that the Committee agree to provide twenty car parking spaces to Cusp Limited.

After discussion, the Committee adopted the recommendation and agreed that further negotiations be held with Cusp/Culzean regarding the proposed hotel development on Plot 4 at the Gasworks Site.

### **Loss of Quorum**

The Chairman's attention was drawn to the absence of a quorum. However, those Members in attendance agreed that the remaining items on the agenda be considered at the special meeting to be held on 23rd May.

Chairman