

Development Committee

Monday, 27th October, 2008

SPECIAL MEETING OF DEVELOPMENT COMMITTEE

Members present: Councillor M. Browne (Chairman); and
Councillors Attwood, Campbell, Convery,
Cunningham, Ekin, Humphrey, B. Kelly,
Lavery, C. Maskey, McCarthy and Rodgers.

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

Apologies

Apologies for inability to attend were reported from Councillors D. Dodds and McCausland.

Department for Social Development's Retail Sequencing Policy

The Committee considered the undernoted report:

“Relevant Background Information

Members will recall that at the Development Committee meeting on 11th June, 2008 it had deferred consideration of a report regarding the Department for Social Development Retail Sequencing Policy to enable a planning advisory report entitled Major Retail Led Redevelopments Proposals for Belfast City Centre which had been prepared by Braniff Associates on behalf of the Council to be circulated to the Members.

The Braniff report concluded that Council review the situation of major retail-led regeneration schemes in three years time in 2011. By this time, the after shocks from the opening of Victoria Square will have passed and the Royal Exchange project will hopefully be at an advanced stage. The firm recommendation of the report is that Council should withhold its proactive support for Westfield's proposal to accelerate the sequencing process at this particular time.

The report had been prepared to assist the Committee to consider its response to a request from Westfield Shoppingtowns Limited for the Council to support the company's proposal to bring forward the project for the extension of Castlecourt within the Department for Social Development's Sequencing Policy on

retail-led regeneration in the City. Westfield made a presentation to Committee regarding their proposals for the Castlecourt area on 15th October, 2007.

Committee agreed at their meeting on 13th August, 2008 that a special meeting be held to enable it to be provided with an update regarding the situation and to receive presentations from Westfield, Ewatts, the developers of Royal Exchange, and the Department for Social Development.

Presentations will be received at meeting from Westfield and Ewatts and representatives of the Department for Social Development will be in attendance.

Key Issues

The Planning Advisory Report concluded that there will be capacity for another substantial retail development in Belfast City Centre some time in the future. This scheme will be in addition to the Royal Exchange scheme selected by DSD as the next major retail-led regeneration scheme in Belfast City Centre. The analysis conducted for the Council would suggest that all spare capacity for additional floor space in Belfast City Centre has been exhausted by the opening of Victoria Square and the commitment to Royal Exchange. The evidence suggests that there will be no extra income in the population for retail expenditure until 2015.

The key statutory bodies are agreed that there is a need to encourage mixed – use development in the North West Quarter that is sympathetic to the historic streetscape and which enhances the permeability of the area. Westfield's previous presentation to Committee recognises the need for high levels of design within any future scheme. Westfield have not yet submitted a planning application based on the presentation to Committee and are reluctant to commit to the expenditure on the fresh application without the certainty that DSD will set aside the sequencing of major retail-led regeneration schemes. Westfield could extend and refurbish Castlecourt now by private land acquisition and submission of a planning application rather than wait for the support of the DSD's land assembly powers.

DSD have informed BCC officers that they would consider bringing forward a scheme at the Castlecourt site if it represented a major change in the retail offer in the City centre and created a significant point of difference for example similar to the John Lewis proposals for major new development stores in the City centres of Cardiff and Dublin. Westfield had a meeting on the 18th June, 2008 with the Minister for Social Development, Margaret Ritchie, and Jackie Johnston of Belfast City Centre Regeneration Directorate. At a

meeting with BCC officers on 9th July, 2008 Cherton, who act on behalf of Westfield, advised that the meeting with DSD was not progressive.

Resource Implications

Asset

The Westfield proposal will involve the relocation and disposal of the existing Smithfield Market.

Financial

The Westfield proposal is a £150million development in the North West Quarter of The City.

Recommendations

Members are asked to move to make a decision as to whether or not in the light of the evidence and presentations received Belfast City Council can support Westfield's request for an acceleration of the sequencing of major retail-led regeneration schemes in Belfast City Centre.

Abbreviations

**Department - Department for Social Development
Westfield - Westfield Shoppingtowns Limited"**

The Director informed the Committee that, subsequent to the report having been circulated, a representative of Westfield Shoppingtowns Limited had indicated that, if an official from the Department for Social Development were to be present during their presentation, the Company's representatives might feel constrained from speaking as candidly as they would wish. Accordingly, following discussions with the developers, it had been decided that representatives from Westfield would make a presentation to the Committee and then retire from the meeting. The Committee would then receive a presentation from representatives of William Ewart Properties Limited in the presence of an official from the Department for Social Development. The representatives from Ewarts would then leave the meeting and the representative of the Department of Social Development would answer questions from the Members.

Messrs. Robin Guthrie, Steven Hassel and Billy Pinkerton, representing Westfield Shoppingtowns Limited, were admitted to the meeting and welcomed by the Chairman.

Mr. Hassel informed the Committee that Westfield operated 119 shopping centres in Australia, New Zealand, the United States and the United Kingdom. The proposals which the Company had to extend Castlecourt would include a mixed-use development of retail, leisure, restaurant and residential units and would involve the re-siting of the Council's Smithfield Market. In addition, the Public Realm in the surrounding area would

be regenerated. He assured the Members that the Castlecourt scheme would not compete with but would be complementary to the Victoria Square development. He informed the Committee that the potential benefits to Belfast from the Castlecourt project included an investment in excess of £200 million, the creation of over 2,000 jobs and the generation of at least £2 million per annum of rateable income. However, despite the Company having the finance available to progress the scheme, it had been prevented from doing so since it was unable to assemble the land which it required, due to the Department for Social Development's Retail Sequencing Policy favouring the Royal Exchange project. He stated that, in his opinion, the Policy had run its course and was no longer required. Accordingly, Westfield wished the Council to support the Company's proposal that the Policy be abandoned.

In answer to Members' questions the representatives from Westfield Shoppingtowns Limited indicated that:

- (i) it was intended to provide additional access points into the new Castlecourt scheme;
- (ii) the Company intended to involve independent retailers in the development and provided examples of schemes in other parts of the United Kingdom which had encouraged retail and community involvement;
- (iii) the Company intended to undertake a comprehensive consultation exercise with local residents and businesses and expected that the result of this would likely involve the plans for the scheme being amended; and
- (iv) it did not believe that its involvement in the John Lewis development at Sprucefield would have an adverse impact on its proposals for Castlecourt.

The representatives from Westfield Shoppingtowns Limited thanked the Committee for the opportunity of addressing it and retired from the meeting.

The representatives from William Ewart Properties Limited, namely Messrs. Acheson Elliott, Adrian Griffiths and Paul McErlean, together with Mr. Jackie Johnston from the Department for Social Development, were admitted to the meeting and welcomed by the Chairman.

Mr. Elliott informed the Committee that fourteen years ago Ewarts had identified an area of land to the North East of the City centre which it believed was ideal for development. Subsequently, the Company had entered a competition organised by the Department for Social Development for a retail-led development within the City centre but had lost out to the Victoria Square scheme. In 2003, following a request from the Department, Ewarts had submitted plans for an amended scheme for the North East Quarter. However, at that time the scheme had not met all of the Department for Social Development's requirements and the Company had been working with the Department since that time to develop its proposals, which had been approved in 2005. Subsequently, in 2006, Ewarts had been appointed as the developer of a mixed-use scheme for the North East Quarter of the City to be known as Royal Exchange.

Mr. Griffiths informed the Committee that a large number of the buildings which existed currently within the area would be incorporated into the William Ewart Properties Limited scheme which would link the Cathedral Quarter to the City centre and produce a strong retail circuit between Victoria Square and Castlecourt. The scheme would involve retail, residential, office, restaurant and leisure units, together with a hotel. In addition, the project would result in the creation of additional streets and squares which would provide high quality areas of Public Realm.

Mr. McErlean informed the Committee that Ewarts had consulted widely regarding its proposals and that the Dean of Belfast was supportive of the scheme. He assured the Members that the anchor tenant for the scheme would be new to Belfast and that, since 1994, Ewarts had spent more than £30 million acquiring property, which had resulted in the Company already owning many of the sites within the area which it required for the scheme. The Royal Exchange development, which would cost in the region of £360 million, would result in the comprehensive regeneration of one of the most run down but important parts of the City centre and would generate between £8 million and £10 million per annum of rateable income.

He informed the Committee that comprehensive retail-led regeneration within major city centres did not work without a sequencing policy since that served to provide reassurance to developers, investors and retailers and promoted a coherent message, particularly in the current financial climate. Accordingly, Mr. McErlean encouraged the Council to support the continuation of the Department for Social Development's Sequencing Policy.

In response to Members' questions, the representatives from William Ewart Properties Limited indicated that:

- (i) the Company was developing its planning application in conjunction with the Department for Social Development to minimise any problems with the approval process;
- (ii) the planning application for the Royal Exchange scheme would be submitted in late 2009 and the intention was to have the development open to the public in 2013 or 2014;
- (iii) the scheme would complement rather than compete with the Victoria Square development;
- (iv) since 1994 the Company had had to prepare, at the request of the Department, three separate planning applications, none of which had yet been determined by the Planning Service; and
- (v) Ewarts had not been responsible for the lengthy period of time it had taken for the Royal Exchange scheme proposals to be developed.

Messrs. Elliott, Griffiths and McErlean thanked the Committee for receiving them and retired from the meeting.

Mr. Johnston, in answer to Members' questions, indicated that:

- (i) schemes of the size proposed by both developers normally took between eight and ten years to come to fruition;
- (ii) the Department for Social Development had, in 2000, selected the Victoria Square scheme as its preferred option since the schemes proposed by Westfield and Ewarts at that time had provided fewer regeneration benefits;
- (iii) the Department provided direction in connection with comprehensive redevelopment and took a wide range of matters into account before selecting which schemes would be permitted;
- (iv) the Department had requested Westfield to produce market-based evidence to support its proposals but the Company had, so far, failed to do so;
- (v) in 2006 evidence had indicated that there would be sufficient capacity in the City for only one rather than two retail-led schemes.
- (vi) the Department was close to finalising a Development Agreement regarding the Royal Exchange scheme and this contract would set out the timescale for the development.

Mr. Johnston then thanked the Committee for receiving him and retired from the meeting.

During discussion in the matter, a number of Members pointed out that it had taken an unreasonable amount of time for Ewarts to develop its proposals. Retailers in the North East Quarter were of the opinion that the Company had, for a number of years, been acquiring significant parcels of land in the area but had not moved ahead with their development plans, which had contributed to the economic decline in that part of the City centre. In addition, Members considered that it was unreasonable for the Department for Social Development to indicate that it might agree to bring forward in its Sequencing Policy a scheme at Castlecourt if it could be demonstrated that the anchor tenant would result in a major change in the retail offer in the City centre when the Ewarts proposal for the North East Quarter also included a provision for a major Department Store not operating currently in the City.

Following further discussion, the Committee agreed that it was opposed to the Department for Social Development's Retail Sequencing Policy and requested the Department to adopt a position whereby if William Ewart Properties Limited failed to submit its planning application for the Royal Exchange scheme within nine months, Westfield Shoppingtowns Limited be permitted to commence its scheme at Castlecourt.