



Belfast City Council

Report to:	Special Development Committee
Subject:	Royal Exchange Regeneration Project Deramore Property Group
Date:	21 June 2010
Reporting Officer:	John McGrillen, Director of Development Ext 3470
Contact Officer:	Shirley McCay, Head of Economic Initiatives Ext 3459

Relevant Background Information

Members will be aware that at the meeting of 12 May, it was agreed to receive a presentation from Deramore Property Group (Deramore). Deramore are the owners of 41-51 Royal Avenue and 27-31 Rosemary Street, Belfast.

Deramore have submitted a planning application to Planning Service to redevelop their premises. The application is currently going through the consultation process. The application is to provide 20,000 sq ft of retail floor space over ground and three upper floors. The intention is to provide accommodation for a single multiple operator similar to the New Look operation in Donegall Place were a completely new shop was built behind the original front façade.

The Deramore property has a double frontage on Royal Avenue and Rosemary Street and has been planned to compliment any future Royal Exchange Schemes.

Key Issues

On 2 December 2009 Margaret Ritchie MP, then Minister for Social Development, announced the timetable for submitting the planning application to take forward the Royal Exchange Regeneration Project.

The developer of the project, a consortium known as Royal Exchange (Belfast) Ltd comprising William Ewart Properties Ltd, Snodden's Construction Ltd and ING, are to submit a planning application approved by Department for Social Development (DSD) to the Department of Environment Planning Service by 31 October 2010.

On 25 May 2010 DSD Minister Alex Attwood announced that £11 million allocated to the Royal Exchange Scheme had been surrendered by the Department to the Northern Ireland Assembly Executive. Uncertainty now remains as to when and if this money will be reallocated to the scheme.

Councillor William Humphrey, then Chairman of the Development Committee, received a letter on 26 May 2010 from Nick Reid of Leaside Investments Limited (William Ewart Properties Limited) regarding the press speculation and Ministerial announcement (see appendix 1).

DSD will not at this stage confirm to Deramore that their premises will be excluded from the development scheme for the Royal Exchange Project.

Deramore are seeking confirmation from the developer and DSD that their premises will not be included in the scheme and therefore not at risk from vesting, giving them the security to attract quality tenants to their redeveloped premises.

The leases in their existing premises all terminate by July 2012. Currently their tenants, who include Harry Corry, have all indicated they are unlikely to renew their leases due to the uncertainty surrounding the Royal Exchange development and the ongoing vacancy and dereliction in the area. Many landlords are not carrying out much needed refurbishments to their property and investment is largely deficient in the area.

Deramore have advised BCC officers that they have the funding in place to carry out their development once planning permission is granted. However the scheme can only be commenced once the uncertainty regarding the future of their premises is resolved. Deramore have requested a meeting with the Development Committee to present their development proposals and advise Members of their concerns as to when any redevelopment of the North East Quarter will be advanced.

Members have still not received a date for a meeting with the Minister for DSD to discuss the Royal Exchange Scheme. Two previous meetings were cancelled by the DSD.

Decision Tracking

There is no decision tracking attached to this report as it is for information only.

Key to Abbreviations

Deramore - Deramore Property Group
DSD - Department for Social Development

Documents Attached

Appendix 1 - letter to Chair of Development Committee Councillor William Humphrey

LEASIDE INVESTMENTS LIMITED

The Linenhall
32-38 Linenhall Street
Belfast
BT2 8BG

26 May 2010

Councillor William Humphrey
Chairman, Development Committee
Belfast City Council
The Cecil Ward Building
4-10 Linenhall Street
Belfast, BT2 8BP

Dear Councillor Humphrey

Thank-you for taking our call this week and for your assistance in bringing some clarity and sense to the unhelpful press speculation regarding Royal Exchange.

We were surprised and disappointed with the way the press interpreted Minister Attwood's response to an Assembly question on Tuesday evening. If the press had checked with us prior to going to print, they would have found that the project is very much alive and as regards next steps we are actually slightly ahead of the timetable set out in the Development Agreement finalised between us and DSD last year.

Notwithstanding that, we do understand the deep concern that your Committee will have felt in relation to the unhelpful press coverage. Hopefully, statements from Royal Exchange and DSD which set the record straight (copies attached) and the positive articles today in the Irish News and Newsletter, confirm the correct status of the project.

On a wider note we view our most recent meetings with the Council on Royal Exchange as extremely positive. We hope that through those meetings we have demonstrated the financial and personal commitment we continue to make to Royal Exchange and also to Belfast during very challenging economic times. We want to continue to work closely with the City Council and its Development Committee and would be pleased to come and discuss this or any other matter at your convenience.

In the meantime, our professional team is working hard to pull all of the strands of the planning application together and continues to engage and consult with a range of stakeholders across the city – including a presentation to the Ministerial Advisory Group within the Department of Culture Arts and Leisure next week.

We look forward to continuing our engagement with you and your Committee in the months ahead.

Yours sincerely



Nick Reid
Chief Executive

Encs

cc: Shirley McCay, Belfast City Council

A DSD spokesperson said: "The Department has signed a Development Agreement with the developer consortium for this project, Royal Exchange (Belfast) Ltd, which sets out the legal and contractual context for the Department promoting the project. "The Agreement provides, amongst other matters, that the developer must submit a planning application, approved by the Department, to the Department of the Environment's Planning Service by 31 October 2010. "The scheme is therefore not on hold and will be ready to take advantage of the upturn in the retail sector when this arrives. By moving the scheme through statutory planning we will ensure that Belfast is ready to compete for a share of the future retail market rather than lagging behind other city centres. "Yesterday at Question Time in the Assembly the Minister was explaining that the Department needs the lion's share of the budget allocated to Royal Exchange this financial year transferred to fund other vital regeneration projects across the North. "This was a historic budget allocation and the Department is simply following established public expenditure procedures in bidding to have this money reallocated. These regeneration projects will renew our urban centres, increase confidence in our neighbourhoods and provide much needed jobs in the construction sector."

A spokesman for Royal Exchange (Belfast) Limited said: "The Royal Exchange project is not on hold. The timetable has been agreed with DSD and we continue to undertake the detailed work that will allow us to submit our planning application later this year." "We are pleased that DSD has today confirmed its commitment to the scheme. It is important to note that Royal Exchange is a private sector project with the Developer underwriting the costs of the project 100%. Should land assembly be required that will be a matter for DSD but costs incurred would be refunded by the Developer at a nil overall cost to the public purse. "Land assembly is the final stage prior to starting construction on site. Given the other matters that need to be undertaken prior to that it is realistic to anticipate that if required, land assembly would not take place in the short term. We therefore understand that other government spending priorities may take precedence in the intervening period but that does not impact our current activity in continuing with our plans, nor does it cause us concern in relation to future support for the scheme from government."