

<b>Subject:</b>	<b>Circus Street: Landowner's Consent</b>		
<b>Date of Meeting:</b>	<b>11<sup>th</sup> July, 2013</b>		
<b>Report of:</b>	<b>Executive Director Environment Development &amp; Housing and Executive Director Finance &amp; Resources</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Max Woodford</b>	<b>Tel: 293451</b>
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<b>Ward(s) affected:</b>	<b>All</b>		

**FOR GENERAL RELEASE**

**1. SUMMARY AND POLICY CONTEXT:**

- 1.1 This report outlines the design progress that has been made on the regeneration of the former Circus Street Municipal Market site. The proposal has reached RIBA stage D and so the report seeks the landowner consent of the city council to the design. It also asks that members agree that the scheme progress to the planning application stage. The development agreement setting out the terms of disposal of the land was agreed at Cabinet in February 2012 and this report does not seek to change those terms.
- 1.2 The city council will receive a freehold asset in the form of a community and professional dance studio ['The Dance Space'], in addition to the wider regeneration benefits the scheme offers. As The Dance Space will transfer to the city council this report outlines the design and vision for that building in more detail.
- 1.3 It has always been planned that The Dance Space will be operated by South East Dance ['SED'], the regional dance agency. This report therefore also seeks to formalise this by nominating South East Dance as the operator of the building and agreeing the heads of terms for an agreement for lease for their occupancy. These steps will support SED in their application for the next round of funding from the Arts Council England to fit the space out and turn it into a stunning cultural and community asset for the city.

**2. RECOMMENDATIONS:**

- 2.1 That the committee approves the RIBA Stage D design for the Circus Street site and The Dance Space as shown at Appendix 1, and authorises the Executive Director Environment Development & Housing and Executive Director Finance & Resources to agree any subsequent minor design changes in keeping with the principle of development and mix of uses.
- 2.2 That the committee gives landlord's consent for the developer, Cathedral (Brighton) Limited, to submit a planning application for the site.

- 2.3 That the committee nominates South East Dance to be the tenant of The Dance Space to be constructed on the site, and approves the heads of terms for the Agreement to Lease at Appendix 2 and authorises the Head of Legal Services in consultation with the Executive Director Environment Development & Housing, Assistant Chief Executive and Executive Director Finance & Resources to finalise and enter into all documentation required in connection with the overall development of the site by the developer and the Agreement to Lease to South East Dance.

**3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:**

3.1 Background

The former wholesale municipal fruit and vegetable market on Circus Street has been vacant since January 2005. In that year the city council partnered with the University of Brighton, also a land owner of part of the site, and commissioned an urban capacity study. This was followed by a joint procurement to seek a development partner to realise the partners' shared vision. That vision in the original brief sought a scheme that delivered cultural and education benefits to regenerate what is a deprived part of the city. The scheme was intended to address the poor perception of the area and be an exemplar of place-making, through the provision of a genuinely inclusive and permeable mixed use development.

- 3.2 Cathedral was selected as the development partner in 2006, with a development agreement signed in 2007. This coincided with the start of the ongoing economic downturn and credit crunch, changing the development market and making the original scheme no longer viable. Following a period where the project was stalled by these market conditions the partners agreed a new development agreement and mix of uses. The heads of terms for that revised development agreement, which outlined the terms the city council was disposing of the land, were agreed by Cabinet in February 2012 and the revised agreement was signed in August 2012.

- 3.3 Following the signing of the new development agreement, Cathedral ran a design competition to seek architects to take the scheme through to completion and deliver the aspirations of all three partners with a design to reflect Brighton's unique character, while working hard to accommodate the mix of uses needed to deliver such ambitious outcomes for the project. ShedKM architects were successful and were appointed in September 2012.

- 3.4 ShedKM's bid scheme stood out from the others as it had a tighter urban grain, more fitting for Brighton than the alternative of larger floor-plate blocks with more space around them. The bid included a genuine mix of building types and styles, with an openness where people would be drawn through the site to animate it and bring it to life using the ground floor uses. It also included the opportunity for The Dance Space to be a stand-alone building fronting the public events square, with ShedKM identifying the building as the 'gem' of the site; a community and cultural place that will be in use throughout the day and evening serving the needs of both the local community and professional artists.

### 3.5 Recent Consultation Process Feedback

As the scheme design emerged Cathedral ran an extensive consultation exercise with local residents, city stakeholders, community groups and professional bodies (see section 4, below). In addition, officers have also facilitated a Members Engagement Panel, which has given Cathedral the opportunity to present the design development process with representatives from each party group.

### 3.6 The key areas of feedback on the design presented at consultation stage included:

- A 14 storey residential tower on the north-west corner of the site. The rationale for this had been to act as a marker, locating the development within the city and offering a point of interest as people approached the site from the north. It was also intended to remove bulk from the lower levels. There was feedback from some that this could be over-bearing and have a negative impact on the heritage assets on Grand Parade.
- The student accommodation on the eastern side of the site was 8 storeys (though read as 6 storeys when viewed from the Milner Flats as they started 2 storeys lower, next to a 7.5m retaining wall). There was strong concern from residents of the Milner Flats that this height, combined with the fact the student accommodation was a single unbroken block, would have a detrimental impact on their amenity through loss of light and by being overbearing to their 4 storey block.
- There was also concern, particularly from residents of Kingswood & Milner, about the impact of noise and disturbance during the building process.

### 3.7 In response to the comments from residents, as well as the on-going input of Planning Officers and the Members Engagement Group, the architects and developers have made the following changes to the scheme:

- The 14 storey tower has been reduced to 10 storeys. When tested in longer views this has a far less visible impact and reads better in the surrounding townscape. It still offers the chance for a strong, good quality building to be viewed as people enter Morley Street.
- The student accommodation has been reduced from a single block of 8 storeys facing Milner Flats to being a broken up to a group of buildings that are 6 storeys facing Milner Flats (so read as 4 storeys facing 4 storeys like a standard urban street arrangement once the lower ground level of the student accommodation is accounted for). The student blocks step up to 8 storeys further away from Milner Flats, but with a large set back that means the two upper storeys will not be visible from the ground floor in the Milner Flats and so will not impinge on light.
- Limiting noise during the build will be important and Cathedral has been engaging with residents in the Tarn area to discuss how they might do this. Noise and disturbance can be minimised by implementing measures such as the use of noise reduction plant with silencers and the build contractor will also be required to be registered as a Considerate Contractor, which imposes further restrictions on site activity. An onsite resident liaison officer is also proposed; they will meet with residents regularly and will warn residents when noisy activity is planned. This communication is critical as residents close to other building sites have reported that not knowing when noise will occur and how long it might last caused stress. Further thought has also been put to how phasing may assist and limiting hours of construction activity.

### 3.8 The Final Scheme Design

The changes outlined above have resulted in the current scheme design outlined in Appendix 1, which will form a planning application subject to Members agreement. The proposed mix of uses is:

Student Bed Spaces (no.):	464
Residential Units (no.):	142
Office Floorspace (gross):	3700m <sup>2</sup>
Retail/workshop/café (gross):	1100m <sup>2</sup>
University Library & Teaching Space (gross):	4821m <sup>2</sup>
The Dance Space:	1211m <sup>2</sup>

- 3.9 The same tight urban grain that ShedKM proposed in their bid scheme is retained. The development is based around a mix of building types and styles, moving away from a single uniform palette to provide a more eclectic feel. The residential properties are based on the proportions of the grand Regency town houses on Grand Parade, but without relying on pastiche. The public buildings (the university building and The Dance Space) address the public square, which will also be fronted by commercial activities, providing an informal leisure space and ensuring security by being well used throughout the day and evening. The office has a more solid feel, befitting its location on a prime corner to the site, and has a footprint that is suited to being broken up by floor of half a floor to accommodate move-on space and managed workspace.
- 3.10 As with any scheme at this stage, the pre-application planning discussions are still ongoing and there are a number of further issues to be tested. As a result there are likely to be further changes to the scheme. To accommodate any further design refinements without endangering the timetable for applying for Arts Council funding (as outlined at 3.21 below) the recommendation seeks authority for the Executive Director Environment Development & Housing and Executive Director Finance & Resources to agree any subsequent minor design changes, modelling and elevational treatment but ensuring they are in keeping with the principle of development and mix of uses agreed in this report.
- 3.11 Viability  
Following the changes outlined at 3.7 the architects explored options to move the floorspace from the reduced tower and the reduction in the student accommodation height around the scheme. However, no options were workable and so we have accepted that there is slightly less floorspace than previously envisaged. This has had a negative impact on the financial appraisal for the scheme and therefore the amount of value the scheme can generate to fund the section 106 requirements.
- 3.12 The development is required to generate 17.5% profit on cost – any less and Cathedral would be unable to access lending as funders will not feel sufficiently insulated from risk. This 17.5% margin is lower than on comparable developments, where 20-25% is the industry norm, but Cathedral have managed to secure funding on a lower profit level by managing cash flow (so not all borrowing is required at once) and by the inclusion of lower risk elements such as student accommodation.
- 3.13 However, to achieve even the 17.5% profit on a scheme that is expected to return so many public benefits is difficult in light of the reduced floor area. To

make the scheme viable the appraisal presently shows c.10-15% affordable housing. DTZ, the council's specialist financial advisers on this project, have assessed the appraisal and agree that this is the case. From its initiation the objective of this scheme has been place making in a deprived area and regeneration. The emphasis has been social, economic, cultural and environmental benefits, rather than being an exercise in providing new social housing. As the previous appraisal at the time of the revised development agreement showed c.20-25% affordable housing. A reduction by 10% is a loss of 15 units.

3.14 The affordable housing position will be considered as part of the planning application, and the policy target of 40% is subject to viability. Cathedral are working with the city council and the District Valuer on an 'open book' basis to ensure the viability appraisal is robust and will be presented to Planning Committee. As outlined above, this is a genuine mixed use regeneration scheme, where all of the elements pose viability challenges. In opting for that type of development, which will bring about positive change in the area, the balance is that the development proposed can not also prioritise affordable housing provision. There will however be on-going discussions to maximise affordable housing benefits. Cathedral are in the process of assessing how the amount may be increased further (up to 20%) without adversely affecting the overall viability and rendering the scheme undeliverable. Other measures under consideration include a payment in lieu of on-site affordable housing, which may be able to provide more units off-site, subject to the right location being identified. We will also be able to engage with the HCA once planning permission is secured to see if there is any additional grant funding that can be accessed to maximise affordable housing.

3.15 The objective of this development has been regeneration of a deprived area of the city. This was to create a cultural destination to the east of Grand Parade, an expanded city centre campus for the University of Brighton and to generate strong local and city-wide economic benefits. This was recognised by a previous express consent from government to dispose of the land at less than best consideration in 2007 (which will have to be refreshed), where we showed that the social, economic and environmental benefits outweighed any additional receipt that might be derived from just selling the land for the most profitable use. Those benefits are outlined at Appendix 3. Realising a scheme that delivers those benefits and remains viable has challenged all of the development partners. DTZ have concluded that they agree with the majority of the broad assumptions in the latest development appraisal supplied by Cathedral and which shows that a viable development is achievable.

3.16 The Dance Space

The design evolution statement on The Dance Space in Appendix 1 summarises the design of proposed building:

*"The various spaces in the Dance building are carefully laid out, where function is the primary concern. ... the Community Studio is located at ground floor level and opens out onto Events Square, which becomes an extension of this studio on a nice day... We have considered the public space between buildings as of equal importance to the structures themselves. The building must have a strong presence at the heart of these public spaces - It allows views of the activity within, which will create intrigue."*

3.17 Dance is a popular and engaging activity with well documented health, education and social benefits. There is a lack of space for dance in the city, despite the number of dancers, groups, classes and participants both existing and potential. The new space will provide a home for dance in the city which will have a positive impact in terms of:

- Health benefits for targeted groups of residents linked to the city's public health agenda.
- Particular opportunities for young people and older people (the space would become the home for youth groups and Three Score Dance a group for people over 60).
- The city's cultural reputation and profile as a creative, producing city.
- A study that was undertaken by Sussex Arts Marketing in 2010 suggested that the Dance Space could generate between £5.1m and £7.2m over a ten-year period. Additional visitor spend could also be generated from the 12 to 18 performances and productions delivered at the Dance Space's proposed 150-seater auditorium.

South East Dance's home in the space would be supported through the creation of a revenue stream via the development to fund an enhanced programme of youth and community dance reaching up into the neighbouring area and the city beyond.

3.18 The development agreement sets a budget of £1.778m for the delivery of The Dance Space. South East Dance will bid to the Arts Council and plan to raise further capital to finance any additional build costs and support the fit out of the property once built. The heads of terms to the agreement to lease to South East Dance, at Appendix 2, are at a peppercorn rent and will be cost neutral to the city council. The peppercorn rent reflects the regeneration and cultural benefit of the dance space, as well the considerable additional investment SED will provide for the building.

### 3.19 Socio Economic Benefits

A socio-economic impact study has been commissioned to measure the benefits of the scheme to the city (see Appendix 3). The benefits include:

- The regeneration will attract over £200m of inward investment for the city over the first 10 years
- It will create over 600 jobs including 170 during construction
- Up to £470,000 in new council tax contributions to the city every year
- Up to £310,000 in new business rates contributions to the city every year
- Over £11m in economic impact on the city every year

### 3.20 Next Steps/Timetable

Changes to the existing Development Agreement are required to reflect some of the points referred to above, including the revised ownership position – under the previous scheme the council would have taken a lease back and would have sub let the Dance Space but with the current scheme it retains ownership and grants a head lease.

3.21 The key driver regarding the Dance Space is the funding application that South East Dance will make to the Arts Council. Their second stage application is to be submitted by the end of July and so the design proposal is to be agreed and the planning application submitted before that date. This committee meeting

therefore offers the final chance to approve the scheme and move it on in time to achieve that application deadline. If SED cannot meet that application deadline then the funding of their element of the capital build and the fit out will be put severely at risk.

#### **4. COMMUNITY ENGAGEMENT AND CONSULTATION**

- 4.1 The Cathedral professional team have undertaken, and continue to undertake, extensive community engagement on the scheme. The primary pre-application consultation sessions took place in late April 2013 and were attended by approximately 450 people. A display was erected in the market building itself over one weekend, and a further consultation session was presented for residents of the Milner Flats. In addition, there has also been contact with community and residents bodies, including the Turner Area Partnership as well as business groups and professional advisory groups including the South East Regional Design Panel and English Heritage. Through the consultation programme, Cathedral also consulted the head teacher at Carlton Hill School and facilitated discussion which has led directly to a new volunteering project and programme led by the University of Brighton to support the school and its parents with language and translation support.
- 4.2 The consultation programme has been designed to comply with the Statement of Community Involvement. The key findings from the consultation and how the design of the scheme has been changed in response is outlined elsewhere in the report.

#### **5. FINANCIAL & OTHER IMPLICATIONS:**

##### Financial Implications:

- 5.1 The land owned by the council at this site is being used to support this regeneration development. The council's minimum financial position is to ensure the council suffers no financial loss or risk of loss in supporting the regeneration project. The council's main financial implication for this site is the loss of parking revenue from the Carlton Hill car park and this will be offset through an agreed capital receipt which will be used to repay debt or for investment. The Council will benefit from the ownership of the dance studio and creative workspace as highlighted in this report which, if approved will be let to South East Dance. The development mix, and in particular the affordable housing element will be under financial review as the design and financial appraisal progresses with any improvements in the financial position that deliver the minimum developers return being reinvested in affordable housing.
- 5.2 The development agreement includes an overage agreement whereby the council could benefit from further cash receipts depending on how profitable the overall scheme is. This mixed use development includes employment space that will ultimately generate additional business rates and a proportion of this additional income will be retained by the council. The additional housing included within the development will generate increased council tax income. The development also includes student accommodation that potentially could free up housing stock currently occupied by students which are exempt from paying council tax and therefore could also increase future council tax income.

*Finance Officer Consulted: James Hengeveld*

*Date: 10/06/13*

Legal Implications:

- 5.3 The main legal implications are included in the body of the report. Tax and general due diligence regarding the form of the Development Agreement between the council, Cathedral and the University has taken place. Recommendation 2.3 seeks authority to vary the form of that Agreement and enter into the Agreement to Lease with South East Dance accordingly.

*Lawyer Consulted:*

*Bob Bruce*

*Date: 24/0613*

Equalities Implications:

- 5.4 An Equalities Impact Assessment has been prepared for this project.

Sustainability Implications:

- 5.5 The proposal is for the site to be built to a high standard of sustainability, with all commercial/public buildings aiming for a BREEAM excellent rating and homes at Code Level 4. Cathedral is also exploring, with Bioregional, adopting the principles of One Planet Living. There will be considerable new planting and green spaces, including green roofs and heating and power for the whole site will be through a shared CHP. The sustainability of the scheme is about more than just achieving certain standards; it is also aimed at improving social sustainability by being inclusive and permeable and by adding animation at ground level to an area that is presently closed off.

Crime & Disorder Implications:

- 5.6 If the scheme does not progress and a design cannot be agreed there will be further dilapidation of the existing building, leading to increased potential for crime and disorder and fear of crime.

Risk and Opportunity Management Implications:

- 5.7 The project has, like all Major Regeneration Projects, been subject to a risk and opportunity management procedure that is regularly updated. A risk register is maintained on the project.

Public Health Implications:

- 5.8 The existing site offers no public health benefits, and indeed is a health and safety risk due to people accessing the roof and potentially falling through. Early consultation included comments from managers of the public health facilities on Morley Street suggesting that the existing vacant building put people off approaching those facilities from Circus Street in the dark. Townscape improvements linked to the scheme will address this issue. There will also be community health benefits arising from the proposed dance studio.



### Corporate / Citywide Implications:

- 5.9 Agreement for the scheme to proceed will help deliver regeneration benefits locally as well as economic benefits to the wider city, as outlined at Appendix 3. In addition, the Department for Communities and Local Government provides match funding for council tax receipts on new homes and unlocking the Circus Street site would provide 142 new homes and the linked New Homes Bonus.

### **6. EVALUATION OF ANY ALTERNATIVE OPTION(S):**

- 6.1 The selection of ShedKM as architects came out of a design competition at the end of 2012. ShedKM were agreed by all parties to have offered the most original and appropriate scheme for the site when tested against the brief and considered against the options submitted by the other bidders.
- 6.2 The design that has come forward to this stage since then has been the result of considerable work, including the assessment and evaluation of many different options for each element of the scheme.

### **7. REASONS FOR REPORT RECOMMENDATIONS**

- 7.1 The recommendations seek Members' approval to the design of the wider scheme and of The Dance Space, allowing it to progress to planning, unlocking a scheme that has been stalled for a number of years. It will also support South East Dance's application to the Arts Council for funding to maximise the benefits from The Dance Space. A number of designs have been tested and the development viability has been assessed in depth. It is considered that approving the proposed recommendations will unlock the regeneration benefits identified.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

1. Image Pack Illustrating the Scheme
2. Proposed Heads of Terms of Agreement to Lease The Dance Space to South East Dance
3. Summary of Economic Impacts of the Scheme

### **Background Documents**

1. Brighton & Hove Submission City Plan Part 1, February 2013
2. SPD05 Circus Street Municipal Market

## Appendix 1: Image Pack Illustrating the Scheme

**Appendix 2: Proposed Heads of Terms of Agreement to  
Lease The Dance Space to South East Dance**

**DRAFT HEADS OF TERMS**

**FROM:** BRIGHTON & HOVE CITY COUNCIL

**TO:** SOUTH EAST DANCE

- (A) Brighton & Hove City Council intends to grant South East Dance a lease on the following heads of terms. These heads of terms are not intended to create any legally binding obligations. They are subject to contract, completion of formally executed legal documentation and approval of Brighton & Hove City Council.
- (B) These heads of terms are confidential to the intended parties to the proposed lease and to their professional advisors.
- (C) The proposed lease may contain further terms as Brighton & Hove City Council may require, including additional terms on matters that are covered in this document.

**AGREED TERMS**

1	Landlord	Brighton & Hove City Council of Kings House Grand Avenue Hove BN3 2LS
2	Tenant	South East Dance Limited (company number 03434501) whose registered office is at 28 Kensington Street Brighton BN1 4AJ registered charity number 1064900
3	Guarantor	None
4	Property	Circus Street Dance Complex consisting of a 4-storey building containing dance creation, rehearsal and training facilities –with informal performance capability and office space
5	Agreement for Lease	The landlord and tenant will enter into an agreement to lease as soon as reasonably practicable agreeing that the landlord and the tenant shall complete the lease within 10 working days of Practical Completion of the Circus Street Dance Complex.  The Agreement for Lease will contain provisions requiring the landlord to procure the

construction of the Property in accordance with all relevant laws in a good and workmanlike standard with appropriate and new materials of their several kinds and fully in accordance with Planning and Building Regulation control. The standard should be commensurate with that required by BHCC and the University for other buildings to be constructed under the Development Agreement. The landlord will procure that the Developer provides from the professional team and the contractors and sub-contractors with design responsibility full complete and adequate professional warranties.

[The Agreement for Lease may also contain provision for the contribution towards the cost of the Works to be placed in an escrow account and for it to be paid out in instalments against the achievement of various work stages identified in the Agreement for Lease. See below under paragraph 17].

The Agreement for Lease will need to provide for the timing of the carrying out of the Works and also a long stop date. In the event that the Works are varied otherwise than in accordance with the Agreement and are not fit for purpose due to a fall below an agreed standard so as to make the Property in the reasonable opinion of the tenant unfit for use then the tenant will have the right to determine. In that event any contribution paid by the tenant towards the cost of the Works will be refunded by the Landlord within 14 days of demand. An estimated completion date should also be agreed and provision agreed for the payment of liquidated and ascertained damages at an agreed rate [to reflect the cost of alternative temporary accommodation] if the Property is not practicably complete by that date.

The Agreement for Lease should also contain typical provisions with regard to "standard commercial property conditions", insurance, provision of information to the tenant in the course of the Works and inspection, practical completion, defects rectification, third party rights and the ascertainment of the net area of the Property following completion

		of the works of construction. It should provide for the Lease to be granted with full title guarantee and for title to be properly deduced. It will also need to contain declarations for compliance with the Charities Act 2011.
6	Term	<p>The lease will be for a term of 40 years commencing 10 days following Practical Completion</p> <p>The lease will exclude the security of tenure provisions of Part II of the Landlord and Tenant Act 1954.</p> <p>There will be no break clause.</p>
7	Rent	<p>The rent will be a peppercorn (if demanded), rates, service charges insurance premiums and all other outgoings.</p> <p>In addition to rent, the tenant must also pay VAT where applicable on rates, service charges, insurance premiums and all other outgoings.</p>
8	Rent deposit	None
9	Service Charge	<p>The tenant will pay a service charge covering the communal parts of the Circus Street Development attributable to the Property. The amount will be based upon the following formula:</p> <p><i>[insert formula from F/H agreement with Cathedral which the council and the tenant hope to be operated in accordance with the latest version of the RICS Code the Council to request inclusion of reference to RICS Code in Development Agreement]</i></p>
10	Insurance	<p>The landlord will insure the property and the tenant will refund premiums on demand.</p> <p>The landlord and the tenant will be able to terminate the lease if the property is damaged or destroyed by an uninsurable risk so that the tenant cannot occupy the property and the property is not reinstated after a period of three years.</p>

<p>11 Utilities</p>	<p>As a green development the users of the Circus Street Dance Complex and adjoining buildings will be provided with a green energy supplier.</p> <p>Upon completion of the Lease the tenant shall enter into an energy services agreement agreeing to procure energy from an approved provider (including the provision of combined heat and power generated on-site).</p>
<p>12 Use</p>	<p>The property can only be used:</p> <ol style="list-style-type: none"> <li>1. as to the ground floor: as a reception area and as dance studios</li> <li>2. as to the first floor: a serviced office hub</li> <li>3. as to the second floor: a dance studio with informal performance capability</li> <li>4. as to the third and fourth floor: changing facilities artists accommodation and private offices for administration of the tenant and ancillary to the use of the other floors</li> </ol> <p>The lease is granted on the condition that the Circus Street Dance Complex be used for community events, training and use (together "the Primary Uses").</p> <p>The Property may also be used for ancillary fundraising purposes that are not in breach of Planning Control and which do not detract from the primary uses subject to further information on community uses as well as this fundraising being supplied by SED in due course.</p> <p><i>The council and the tenant work together to agree a community programme that will be incorporated into the contract documentation on an indicative basis only subject to further details being supplied by both the Council and SED in due course].</i></p>
<p>13 Assignments and underleases</p>	<p>The tenant may not assign the whole or any part of the property provided that the landlord's consent will not be unreasonably withheld to any assignment to a charity with equivalent objects to those of the tenant and the proposed assignee provides equal or greater covenant</p>

	<p>strength to the tenant. The tenant shall be entitled to hire out or license the space from time to time on reasonable flexible terms which do not involve the creation of any tenancy.</p> <p><i>[Catering provision may be underlet for operational purposes but on the basis that any such lease would be excluded from the renewal provisions of the Landlord and Tenant Act 1954 subject to the Council's consent not to be unreasonably withheld or delayed].</i></p> <p>The tenant and the council shall work together to specify objectives for licensing out areas: the nature and number of licensees/type of licensees/ length of licences etc which will form part of the contract documentation but not fetter the Tenant's charitable objects</p>	
14	Repair	<p>The lease will be a full repairing lease with the tenant responsible for all repairs to the property</p>
15	Alterations	<p>The tenant cannot make any structural or external alterations to the property.</p> <p>The tenant can put up signs on the outside of the property or that would be visible from the outside of the property with the landlord's prior written consent, which cannot be unreasonably withheld or delayed.</p> <p><i>[Internal alterations to be permitted with landlord's licence which is not to be unreasonably withheld or delayed. Internal demountable partitioning and the like to be permitted without landlord's consent].</i></p>
16	Tenant's fitting out works	<p><i>[SED to provide details of the capital works that they will fund/ carry out prior to Practical Completion.]</i></p> <p><i>SED to provide details of the fitting out works proposed to the property following Practical Completion and supply three copies of the drawings and specification showing the proposed fitting out works in due course.</i></p> <p>The tenant's fitting-out works will be paid for by the tenant. The Landlord will provide a Licence</p>

		to Alter. Each party will be responsible for their own costs. There will be no reinstatement obligation on yielding up.
17	Landlord's works	[The Agreement for Lease will provide for the Landlord to procure the construction of the Property by Cathedral to the standard set out in a detailed Specification of Works. The Agreement for Lease will contain provision for sums to be paid by the tenant to the landlord which it will then pay to the Cathedral against agreed stages of completion of the Works being certified by the Council's Surveyor (as defined in the Development Agreement to be entered into between BHCC(1) The University of Brighton(2) Cathedral (Brighton) Limited(3) and Cathedral Group plc(4) BHCC's surveyor acting reasonably and with a duty of care towards the tenant and taking proper and reasonable account of representations of the tenant's surveyor with the Tenant to approve any material variations in the Specification of Works such approval not to be unreasonably withheld or delayed].
18	Conditions	The grant of the lease is subject to contract [and subject to exchange of the Development Agreement].
19	Costs	Each party is responsible for its own legal costs in connection with this transaction.
20	Conveyancers	The landlord's conveyancer is Head of Law Brighton & Hove City Council Kings House Grand Avenue Hove BN3 2LS  The tenant's conveyancer is Harbottle & Lewis LLP Hanover House 14 Hanover Square London W1S 1HP, <i>for the attention of Robert Reilly</i>

Signed by . . .  
For and on behalf of Brighton & Hove City Council  
Signed by . . .  
For and on behalf of South East Dance Limited



## Appendix 3: Summary of Economic Impacts of the Scheme

### Circus Street – Key facts and figures

*Note: These figures relate to the scheme as presented in the public consultation exercise. The subsequent changes to floor areas will mean some figures for the final scheme will change slightly.*

#### Circus Street development includes:

- Up to 200 Residential flat units of mixed size and tenure (including up to 25% affordable units). The proposed mix is:
  - 60 x 1-bed [30%]
  - 130 x 2-bed [65%]
  - 10 x 3-bed [5%]
- Up to 400 Student Residential Accommodation (SRA) units
- A University Library – (4,600 sq.m Gross Internal Area (GIA))
- Dance Space – (1,100 sq.m GIA)
- Office - (3,700 sq.m GIA)
- Commercial/retail/office space – (1,600 sq.m GIA)
- Car Parking – (56 covered spaces)
- Cycle Parking - to be determined

#### Key facts and figures

- Brighton & Hove had a resident population of around 273,400 in 2011. This is c25,000 more than ten years earlier, reflecting the rapid population growth that has occurred in many of England's main urban centres.
- There are just over 15,000 residents in the Queens Park ward and just over 49,000 people living in the wider area of Queens Park, Hanover & Elm Grove and St. Peters & North Laine.
- In 2009, the city's economy was worth £5.3 billion compared with £3.1 billion in 1999. Although like almost all local economies, it shrunk between 2008 and 2009, its longer-term growth rate has been faster than the England average.
- Brighton & Hove has a well-qualified resident population, but until recently, there has been under-performance in many of its schools. The 2011 Census shows that 37% of the city's 16-74 year old residents holds a degree or equivalent qualification (Level 4). This is substantially above the rate across England as a whole (27%).
- The universities of Sussex and Brighton suggested that between them they contributed just under £1 billion to the city and South East economies, with export earnings alone contributing £32 million. The report estimates that they support around 12,000 full-time equivalent jobs in the city, including 4,200 at the universities themselves. Student spend was estimated to be around £151 million and both universities are engaged in significant capital development programmes.
- Levels of home ownership in the area around the proposed Circus Street development are particularly low. Only one-third (33%) of household units in Queens Park ward and 39% in the wider local area are owned by their occupiers. There is a particularly high proportion of social rented housing in Queens Park (28%), compared with the Brighton & Hove average (15%), whilst the wider local area is notable for the high proportion of privately rented accommodation (40%).
- There are 18 GP surgeries within one mile of Circus Street (NHS Choices), 16 of which are currently accepting new patients and the City Council has recently developed an extra care home at Brookmeade close to Circus Street to provide specialist care for dementia patients.

- The City Council's guidance on Open Space contributions requirement calculations are based on 1.5 residents for 1 bedroom units, 2.5 residents for 2 bedroom units and 3.5 residents for 3 bedroom units. If these figures are applied to the Circus Street development proposals, the site could provide accommodation for around 450 residents in addition to 400 students in the Student Residential Accommodation units.
- This would provide a total additional population of 850 new residents.
- The residential development is expected to yield 45 school age residents and further 2 residents of Sixth Form age.
- There are 2,310 spaces in these Primary Schools and there are currently 2,248 pupils on roll. This gives a surplus of 62 (3%). These are in Years 3-6 at Queens Park Primary, which was expanded 2011. However since expanded schools fill from the bottom up, the spaces in these years are not available and will disappear in the next 4 years.
- Community Base provides a list of 16 community venues in Queens Park (and 33 in the wider local area) that can be used by community groups for events and meetings. These include community centres, health clinics and youth centres. Queens Park also has a number of other community facilities that support specific groups
- South East Dance forecast that over 50,000 people will be visiting or using the proposed Dance Space each year including those attending dedicated performances and using the creative industries space.

#### Headline Economic Impact

- Up to 630 gross FTE jobs of which about 170 are FTE construction jobs
- Up to 280 net new jobs to the city after leakage, displacement and substitution effects
- Up to £490,000 new homes bonus per eligible year coming from central government to the city per eligible year based on 200 new homes being built
- Up to £470,000 new council tax contributions to the city each year
- Up to £310,000 new business rates contributions to the city each year
- Over £11million GVA economic impact per year
- Over £208million GVA economic impact and capital investment over first 10 years.

None of the 10 year forecasts include inflation.

<b>ECONOMIC IMPACT SUMMARY - 100% JOBS OCCUPANCY</b>	<b>ANNUAL</b>	<b>OVER TEN YEARS</b>	
GROSS FTE JOBS	463		
FTE CONSTRUCTION JOBS	169		
TOTAL GROSS FTE JOBS	632		
NET NEW JOBS	278		
JOBS IMPACT	£8,200,000	£82,000,000	
STUDENT SPEND (10%)	£150,000	£1,500,000	
NON STUDENT SPEND	£870,000	£8,700,000	
DANCE SPACE	£700,000	£7,000,000	
NEW HOMES BONUS	£490,000	£980,000	assumes only two years of NHB
ADDITIONAL BUSINESS RATES	£310,000	£3,100,000	assumes 50% kept locally
COUNCIL TAX REVENUE	£470,000	£4,700,000	
<b>TOTAL</b>	<b>£11,200,000</b>	<b>£108,000,000</b>	