

**June 2021** 

# CHESTER HIGH STREET HERITAGE ACTION ZONE RESIDENTIAL CAPACITY STUDY

**Prepared by** 

James Fairman BSc (Hons) MRICS
Poyntons Consultancy Ltd
24, 26, 28 South Street
Boston
Lincolnshire
PE21 6HT

of

The Historic Rows, Chester, CH1

Prepared on behalf of

Mr R Gatensbury Economic Programme Manager (Chester) Cheshire West and Chester Council 58 Nicholas Street Chester CH1 2NP





# **CONTENTS**

## **EXECUTIVE SUMMARY**

	ION I ~ PREAMBLE TO THE REPORT	
1.1	Addressee	7
1.2	Instructions and Terms of Engagement	7
1.3	Items Requested	7
1.4	Date of Study	7
1.5	The Surveyor	7
1.6	Conflict of Interests	7
1.7	Sources of Information	8
1.8	Survey Inspection	8
1.9	Measurements	8
1.10	Exclusions, Assumptions & Caveats	8
SECT	TION 2 ~ SURVEY AREA AND BACKGROUND TO THE REPORT	
2.1	Introduction	9-10
2.2	The Survey Area	11
2.3	Background to the Retail Environment in Many City Centres	11-12
2.4	The Effects on the Property Market from the Decline of the Retail Market	12-13
2.5	Brief Explanation of Business Rates	13-14
2.6	Section Conclusion	14-15
SECT	TION 3 ~ STUDY RESULTS	
3.1	Study Executive Summary	16
3.2	Poyntons Consultancy Survey Findings - Overview	17
3.3	Northgate Street (Zones A and B)	18-22
3.4	Eastgate Street (Zones C and D)	23-29
3.5	Bridge Street (Zones E and F)	29-33
3.6	Watergate Street (Zones G and H)	34-38
3.7	Section Conclusion	38
SECT	TION 4 ~ STAKEHOLDER BENEFITS OF SURVEY AREA REPOPULATION	
4.1	Benefits to Existing Landlords	39
4.2	Tax Advantages to Landlords	39-40
4.3	Benefits to Existing Shop Tenants	40
4.4	Council Tax Re-Distribution	40-41
4.5	Benefits to Shoppers	41
4.6	Benefits to Local Authority	41-42
4.7	Benefits to the Fabric of the City	42
-	TION 5 ~ POTENTIAL PROBLEMS WITH ADDING APARTMENTS OVER	
	MERCIAL UNITS IN CHESTER CITY CENTRE	40
5.1	Ownership	43
5.2	Pension Fund (SIPP) Regulation	43
5.3 5.4	Conservative Investment Market Parking	43 43
5. <del>4</del> 5.5	Building Fabric	43 44
5.5	building Fabric	77
	TION 6 ~ SUGGESTIONS TO THE AUTHORITY FOR PROMOTING POPULATION OF THE CITY CENTRE	
6.1	Suggestions	45
6.2	Linking Website to Landlord and Tenants	45-46
6.3	Presumption of Planning Permission	46
6.4	Parking	46
6.5	Affordable Housing	46

SECTI	ON 7 ~	STUDY	CONCLUSION
7 1	Ctudy	Concluci	on

7.1	Study Conclusion	47

#### **SECTION 8 ~ ABOUT THE AUTHOR**

8.1 About the Author 48

## **APPENDICES**

- 1. Existing Residential Units Located in Survey Area Excluded from Survey
- 2. Tax Breaks for Landlords (Repealed)
- Case Study
- 4. Assumptions and Caveats
- 5. Terms of Engagement
- 6. Debenhams Options
- 7. Existing Parking Standards for Houses and Flats
- 8. Survey Results Summary Analysis PDF Attachment
- 9. Rear Elevation Images

## **EXECUTIVE SUMMARY**

Poyntons Consultancy has been instructed by Cheshire West and Chester Council to produce a report looking at the residential capacity of a specific area around the historic Rows in the centre of the City. This is with a view to determining the effect that re-populating the upper floors of underused buildings in the survey area will have on tax revenues.

A survey of the buildings has been carried out, calculations have been performed to determine how much under-utilised space is available and how many residential apartments could be located within the existing streetscape in the survey area.

Reference has been made to individual rating assessments of each building in the subject area to determine the impact division of these new hypothetical units would have on the taxation revenue for the council, the new council tax receipts, reduction in Business Rates collected from these upper floors.

In addition to the survey and calculations, recommendations have been made suggesting how the council may promote the re-use of this under-utilised space by encouraging private investment into the survey area from individual landlords. Over 340 individual rating hereditaments were considered within the survey area.

Exclusions to the study included existing residential accommodation above ground floor commercial units, student accommodation, buildings under conversion, buildings which appear to be fully used and conflicting space. Upper floors which were in the figures includes space which appears not to be used fully and space used for low grade storage.

In conclusion, it is considered that the survey area has the potential for 284 new 2-bedroom flats with a minimum size of around 45m<sup>2</sup> excluding circulation areas.

When adjustments are made for the reduction in Business Rates for the upper floors taken out by the creation of these new units, the increase in revenue to the Local Authority has been calculated at £272,099 on the assumption that all of the space in the survey area has been converted to residential use.

Reuse of the historic core of buildings will also be environmentally beneficial as the embodied energy compassed by the reuse of existing structures is far lower than any new build would be to create homes.

By improving the internal thermal efficiency of the buildings and adding modern heating systems as part of building regulation approval, energy performance should be enhanced above the minimum standards required by letting regulations.

It was noted at the inspection that although the frontages of the survey buildings were attractive, this was not necessarily carried through to the rear. Many of the rear elevations within the subject area have been subject to more modern changes which are out of character with the timber framed front elevations.

In addition, there are maintenance issues and cosmetic issues which could be improved as part of a residential conversion where the rear access becomes used, and the rear elevation of the building is therefore more important. Reusing the buildings should therefore improve the rear aspect of the survey area.

Reuse of the buildings within the survey area will also create a safer environment at the rear of the existing shops as accesses will have to be lit to reduce darker areas.

Repopulating the town centre or increasing the town centre population should have a drastic effect on antisocial behaviour as this is most apparent in areas of low population at night. In addition, the mixed range of flats found as part of the analysis could well encourage Affordable Housing mixed scheme.

Within the survey area it is considered possible to deliver 80 units at around 45 to 60sqm, another 80 units at around 60 to 75sqm, 80 units between 75 and 90sqm and 44 units at around 90sqm or thereabouts. These in turn would provide excellent accommodation for key workers on either a rental basis or equity share.

This historic core of Chester currently has demand from families, as owner occupiers looking to develop single units for self-build or group build. The provision of the space for around 284 residential units will promote this by releasing upper floor accommodation that can be converted to characterful homes.

Chester has experienced 'brain drain' in terms of teenagers leaving the town to go to University.

Chester has a low pricing partnership housing strategy and the provision of space for these units could help this strategy achieve its aims in providing Affordable Housing for younger people to encourage them to stay within the area.

Recommendations have been made suggesting how the Council may wish to promote this form of development as part of the Heritage Action Zone Plan in the historic City centre retail core.

These recommendations include ideas that promote the existing benefits of this form of development to existing landlords as well as ways of encouraging dialogue in the first instance between existing landlords and commercial tenants.



#### **SECTION 1 ~ PREAMBLE TO THE REPOT**

## 1.1 Addressee

1.1.1 Our report is addressed to Mr R Gatensbury, Economic Programme Manager (Chester), Cheshire West and Chester Council, 58 Nicholas Street, Chester, CH1 2NP.

#### 1.2 Instructions and Terms of Engagement

1.2.1 Poyntons Consultancy Ltd. – Property and Business Consultants are instructed by Cheshire West and Chester Council to produce a study of the Chester High Street Heritage Action Zone around the Rows, in a letter dated 17<sup>th</sup> March 2021. Copy of the Terms of Engagement are reproduced in the appendices.

## 1.3 Items Requested

- A survey of the buildings within the survey area.
  - A case study within the survey area.
  - Estimates of new residential conversion capacity.
  - The effect that bringing the upper floors back into residential use would have on the overall tax precept of the Council.
  - Detailed information of the results of the survey area.
  - Recommendations which could be adopted to promote this form of development within the survey area.
  - An outline of the potential benefits to Chester Council with the re-population of the survey area.
  - Consideration of specific obstacles relating to this form of redevelopment within the survey area.

#### 1.4 Date of Study

1.4.1 The date of the study is June 2021.

#### 1.5 The Surveyor

1.5.1 This report has been prepared by James Fairman, BSc (Hons), MRICS - a Chartered Surveyor of Poyntons Consultancy Ltd., 24, 26, 28 South Street, Boston, Lincolnshire, PE21 6HT.

#### 1.6 Conflict of Interests

1.6.1 Neither Poyntons Consultancy Ltd, nor James Fairman, has any conflict of interests in preparing this report.

#### 1.7 Sources of Information

1.7.1 Information has come from a physical survey within the defined area, information from the planning portal, Valuation Office and other statutory authorities.

## 1.8 Survey Inspection

1.8.1 The survey has been carried out during the months of April, May and June 2021.

#### 1.9 Measurements

1.9.1 Sufficient measurements were taken on site and from Ordnance Survey data to determine the results herein.

## 1.10 Exclusions, Assumptions and Caveats

- 1.10.1 The general assumptions and caveats to which this report is subject, are set out in the appendices. It is important that they are read as an integral part of this report.
- 1.10.2 Further assumptions as to upper floor spaces being used and which buildings are to be included within and excluded from the survey results are outlined later in this report.

Space which has been excluded from the report includes: -

- a) Space above commercial units which is fully used by way of commercial development, residential development, leisure use or some other such use.
- b) Space above commercial units which would have a conflicting use such as a nightclub or a bank for security reasons.
- c) Space above commercial units which is already converted for residential accommodation or used for student accommodation.
- d) Space that has been specifically excluded from the report at the request of the client.
- e) Space which is not suitable for conversion due to its plan shape or some other physical feature.
- f) Space which is not practicable for conversion to a residential quality due to the nature of its construction.
- 1.10.3 It is assumed that the minimum unit size for a two bedroomed apartment is 40m<sup>2</sup> with a minimum additional space required for circulation within and between floors of 5m<sup>2</sup>.
- 1.10.4 This has formed the basis of the report outlined herein.

#### **END OF SECTION 1**

## SECTION 2 ~ SURVEY AREA AND BACKGROUND TO THE REPORT

#### 2.1 Introduction

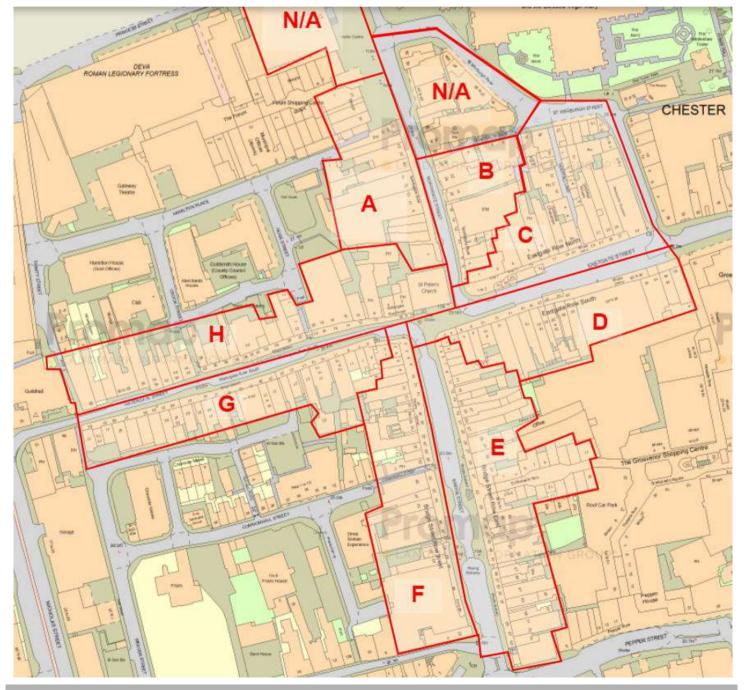
- 2.1.1 This study calculates the potential changes in overall rating revenue that will be received by the Local Authority if under-used upper floor space above commercial units in the survey area is changed to individual residential apartments.
- 2.1.2 The survey area extends to around 4.3 hectares, 10.6 acres of the centre of Chester based around the Rows.
- 2.1.3 The Rows comprise 4 main streets around an ancient cross in the middle of the ancient City comprising ground and first floor retail units with accommodation over.
- 2.1.4 The Rows date from the Medieval Era, possibly arisen due to construction on rubble left over by Roman occupation.
- 2.1.5 Generally, the form of construction is stone lower sections with timber frames over with under crofts. Many of the building are recorded on the English Heritage archive with the predominant use of the ground and first floor levels being retail with restaurants and cafes and commercial use above.
- 2.1.6 The main 4 streets are Northgate Street, Eastgate Street, Bridge Street and Watergate Street being mainly continuous on Upper Bridge Street, Watergate and Eastgate Street. Only a short stretch of the upper Rows at Northgate Street exist.
- 2.1.7 This survey is predominately concerned with the upper floors above the Rows.
- 2.1.8 Plans are included within this report showing the survey area and the main exclusions.
- 2.1.9 The survey area is broadly between the main vehicular streets of Watergate Street to the west, Northgate Street to the north, Bridge Street to the south and Bridlesmith Gate and Eastgate Street to the east.

## 2.1.10 Each street has been split into the following zones:

Northgate Street West: Zone A
 Northgate Street East: Zone B
 Eastgate Street North: Zone C
 Eastgate Street South: Zone D
 Bridge Street East: Zone E
 Bridge Street West: Zone F
 Watergate Street South: Zone G

8. Watergate Street North: Zone H

The zones are detailed in the following image:



## 2.2 The Survey Area

- 2.2.1 The survey area totalled 1,227,000 ft², 114,500m² of accommodation with a total Rateable Value of £11 million or thereabouts.
- 2.2.2 The survey comprised 342 rating hereditaments.
- 2.2.3 The rating assessment of each unit was assessed along with the physical structure of the building in its current use.
- 2.2.4 Allowances were also made for empty Listed Buildings which are not producing any rating revenue through rating exemption in the rate revenue calculations attached in the appendices.
- 2.2.5 Survey results in spreadsheet form are included within the appendices.

## 2.3 Background to the Retail Environment in Many City Centres

- 2.3.1 The survey area is largely retail in nature, with some offices and a small number of existing residential units.
- 2.3.2 Within this area, prime retail rents vary between £55-105/ft² Zone A for the ground floor retail areas, with figures between £50-80/ft² for the Row level units. Furthermore, office rents are between £12-20/ft².
- 2.3.3 Following an unprecedented period of growth and consumer spending since the mid 1990's, the recession of 2007/2008 had a dramatic impact on consumer spending.
- 2.3.4 Combined with the rise in VAT, increasing unemployment, cuts in available credit and to public sector bodies, the inevitable lack of disposable income for shoppers had a drastic effect on many High Street retail markets.
- 2.3.5 In addition, threats from special forms of trading and internet shopping further adversely affected high street retail businesses, with shoppers looking to spend in competitive out of town retail environments and on-line sellers.
- 2.3.6 This is a situation that most commentators widely expect to continue with the expansion of internet sales and a relatively large number of new out of town retail developments planned generally. The plight suffered by the retail sector has been further exacerbated by the retail Covid-19 crisis on supply chains across the world and also the leisure and retail sectors as a whole.

- 2.3.7 This has resulted in a net decline on spending on the High Street of up to 80% as retail units have had to close due to the inherent health risks of the Pandemic.
- 2.3.8 This lockdown period has meant it has been difficult to assess the usual retail voids as during the survey period many of the shops were forced to shut anyway and it is unclear as to whether or not they were going to re-open.
- 2.3.9 Therefore, an assumption has had to be made that the Pandemic will clear and the retail market will receive to some degree in the near future. Some support is available to the High Street through funds such as the High Street Task Force, a government run initiative giving advice, training and data to local stakeholders and the Future High Street Fund.
- 2.3.10 There is still demand from major retailers for new space, however this space has to be in the correct location, format and specification to meet their needs.
- 2.3.11 The Rows are within Chester City Centre, which is the main retail area serving the Greater Chester district. This survey concentrates on the Historic Core and therefore excludes the supplementary retail areas just outside the Rows district.
- 2.3.12 It is estimated that the survey area in this report encompasses approximately 35% of the City Centre retail units.
- 2.3.13 Vacancy rates within the survey area have been estimated at around 12% in pre-Covid times.

#### 2.4 The Effect on the Property Market from the Decline of the Retail Market

- 2.4.1 The financial model of retailer investors has traditionally been based on 25-year Full Repairing and Insuring leases of High Street buildings in a defined retail area.
- 2.4.2 The recently seen decline in High Street retail enterprises has had a drastic effect on this property business.
- 2.4.3 New retail leases are now not generally anything like 25 years in length with many being between 3 and 5 years. Tenants are increasingly refusing to take on responsibility of the repairing obligations of these historic buildings within the retail core. Also, rent reviews have now fallen in many areas to less than 40% of the 2007 highs.
- 2.4.4 The threat of sales from online retailing is increasing with online sales accounting for approximately 20% of the overall retail market. The problem of the High Street is also being

compounded by out-of-town retail competition where large modern steel framed open plan shopping centres and retail parks have been constructed giving shoppers free parking and road access.

- 2.4.5 Although rental figures on the High Street have dropped significantly in some areas by up to 60% of the 2007 highs, rating re-valuation of 2017 actually increased the rates liability for many of these retailers resulting in a record number of rates appeals.
- 2.4.6 Whilst it is impossible to predict the future, certain retail commentators have suggested that by 2022 online retail may account for 22.7% of retail food sales and 33.9% of non-food retail sales.
- 2.4.7 This could have an increasingly dramatic effect on shop closures and the retail property investment market.
- 2.4.8 On a positive note, the emergence of the relatively transient lease length means that there are now opportunities for development of the upper floors.
- 2.4.9 This is further compounded by the fact that shopkeepers (tenants) with Full Repairing and Insuring leases on whole buildings are now more motivated to reduce their repairing liabilities on the upper floors and possibly reduce the rents payable by giving these areas back to landlords for re-development.
- 2.4.10 Another issue relates to loan security, where the fall in retail rents meant that some geared landlords have had issues not only with loan to rent ratios but also monthly commercial loan repayments.
- 2.4.11 Therefore, we feel there is far more motivation now for landlords to explore alternative routes of gaining income on these buildings - such as developing the upper floors into lettable residential units.

#### 2.5 Brief Explanation of Business Rates

- 2.5.1 The Rateable Value of a town centre shop is based on its rental value. The rental value is assessed by the Valuation Office every five years and therefore should reflect changes in the market for shop rents in any particular area or street. Rates revenue is calculated as a fixed percentage (usually in the region of 50%) of the Rateable Value.
- 2.5.2 As rents fall, Rateable Values should fall in line and therefore rates and revenues will fall for the Council. As rents rise Rateable Values should also rise in line with rental increases.

- 2.5.3 If one examines the methodology behind the calculation relating to the Rateable Value assessment, in most cases the Valuations Office determined that 90% of the rental value is determined on the ground floor space alone.
- 2.5.4 In other words, in many cases very little taxation revenue for the Local Authority is derived from anything other than the ground floor of a retail premises through Business Rates.
- 2.5.5 1, Bridge Street Row, Chester, CH11NW

# 1 April 2017 - present

Vous entonblo value is C15 E00 00

			Close all
Valuation information			_
Description		Shop and premises	Value
Local authority		Cheshire west and chester	£11,172.00
Local authority reference		614522152476	
Base rate		£800.00	£3,384.00
Basis of measurement		NIA	£781.00
Transitional relief certificate issued		No	:15,337.00
Valuation scheme reference		417348	
Special category code		249G	
Effective date		1 April 2017	Value
Air conditioning system	33.7	£7.00	£236.00
Total			£236.00
Total value			£15,573.00

2.5.6 Council tax is the method used for assessing the tax revenue on residential properties. Most council tax assessments are relatively stable with apartments often falling into Band A or B at £1,315.33 and £1,534.55 respectively, as regards per year revenue per residential unit for the Chester area.

## 2.6 Section Conclusion

2.6.1 If all things remain equal developing upper floors over shops to residential apartments, the new tax revenue total from Council Tax banding can exceed the Business Rate apportionment which has been lost.

2.6.2 This survey calculates the difference in revenues by looking at under used-space above shops within the survey area.

## **END OF SECTION 2**

## **SECTION 3 ~ STUDY RESULTS**

#### 3.1 Study Executive Summary

- 3.1.1 The subject area covers a 10.6 acre site around the Rows in the centre of Chester, extending to provide 114,500m<sup>2</sup>, 1,227,000ft<sup>2</sup> of accommodation on the ground, first, second, third and fourth floors of 197 buildings, many of which are historic.
- 3.1.2 The study examined all the buildings individually and made an assessment as to whether upper floor space was fully utilised or not on the basis of the assumptions outlined in Section 1 of this report.
- 3.1.3 In the cases where it was felt that where residential accommodation could be incorporated within the existing building, a calculation was made as to what difference the revenue would be to the Local Authority. This was calculated by comparing the loss in Business Rates from the upper floors concerned, to the increase in Council Tax revenue from the additional Council Tax band.
- 3.1.4 It was then possible to calculate not only how many new residential units could be created within the survey area but also the effect it would have on the overall revenue to the Local Authority if this were to happen. This is of course on the assumption that there is a 100% take-up from Landlords over say, a 10–15-year period.
- 3.1.5 Of course, there would be also other benefits in the re-use of the upper floor space as residential apartments, and this is covered in a later section of this report.

## 3.2 Poyntons Consultancy Survey Findings - Overview



## KEY:

Pink – Residential Apartments

Green – Suitable for Upper Floor Conversion

Blue – Under Development for Residential Conversion

Red - Not Suitable for Conversion

## 3.3 Northgate Street (Zones A and B)



- 3.3.1 This area of the historic retail core is located to the North of the Cross, the buildings predominantly have timber frontages, with modern construction elements to the rear.
- 3.3.2 There is no Row level on the Western side of Northgate Street, due to this the buildings are mostly 3 storeys. In contrast, the Eastern portion of Northgate Street benefits from a Row level granting the majority of buildings 4 storeys.
- 3.3.3 On Northgate Street, a large portion of the upper floors are currently in use as commercial accommodation. There were a number of buildings where the upper floors do not look fully in use, notably on the Western side of the street, with the Zara, Lakeland and Pret a Manger units being candidates for residential conversion. It was decided that the Skipton Building Society was not suitable for conversion due to security reasons.



3.3.4 The Zara unit is large, extending back to Goss Street. The majority of space within it is used for commercial purposes. It was judged however that 4 residential flats could be housed towards the rear of the building. Similar situations were seen across Northgate Street.



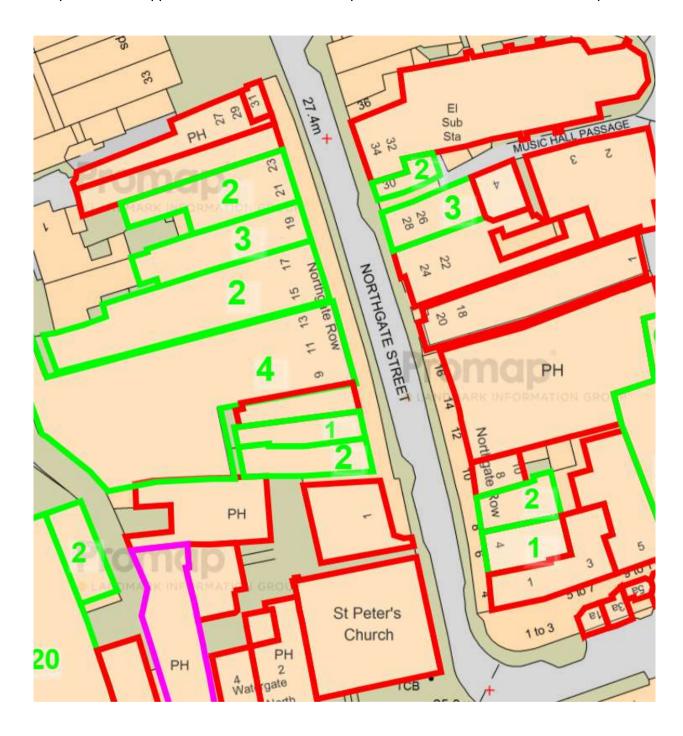
3.3.5 With regards to the Eastern side, there were a number of flats off Lean Lane, currently used and rated at Council Tax Band B. Generally speaking, buildings on the Eastern side were well-utilised, with the exception of those at the head of the Music Hall Passage.





3.3.7 Approximately 30,000 sq. m. of accommodation were considered on Northgate Street. There were 8 existing flats found, with potential for 22 new residential units, which would grant the Council around £14,000 per year in tax revenue.

3.3.8 The plan below shows buildings in this particular area coloured green where there is felt to be the potential for upper floor use. The number of potential units has been added to the plan.



## 3.4 Eastgate Street (Zones C and D)

3.4.1 This area of the historic retail core is located to the East of the Cross, the buildings comprise a range of ages and varieties, but largely speaking they had historic frontages with Victorian rear sections.





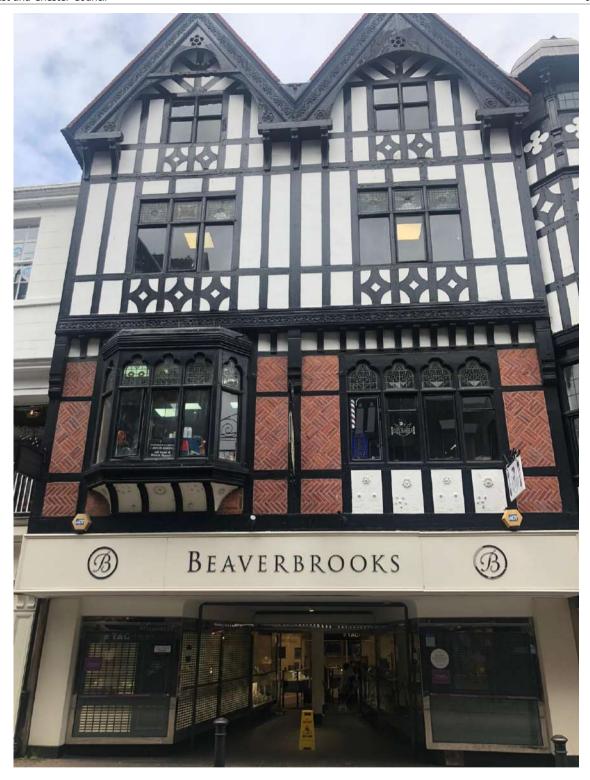
3.4.2 There were street and Row levels to consider on both the Northern and Southern sections of Eastgate Street. The buildings are mostly 4 storeys, with some – such as the Debenhams unit, having 5 storeys. The majority of buildings on Eastgate Street are narrow and deep, thus meaning they have a greater footprint than it would appear.



3.4.3 On Eastgate Street, a large portion of the upper floors are currently in use as commercial accommodation. There were a number of buildings where the upper floors do not look fully in use, notably on the Southern side of the street: every building from the TSB unit to Debenhams has some residential conversion potential.

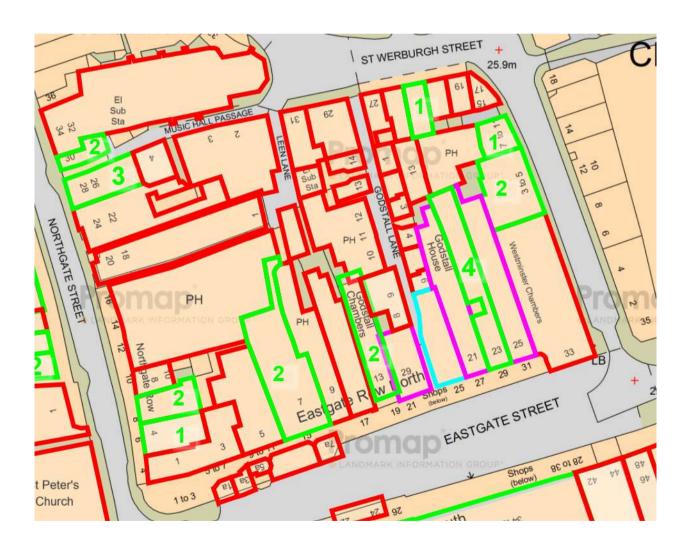


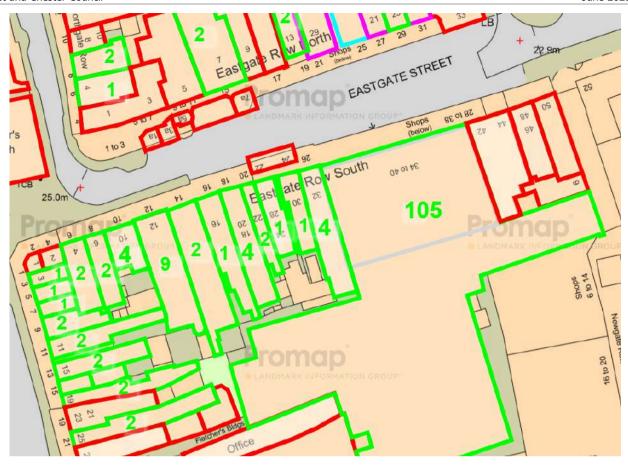




3.4.5 The Edinburgh Woollen Mill at 12 Eastgate Street was a unit of particular interest; its upper floors are primarily storage; it was therefore deemed suitable for residential conversion – with 3 flats on each floor. What is more, the building backs onto 3 self-contained courtyards, 2 of which are seemingly reachable via Bridge Street Row, thereby granting greater scope in terms of access. Many of the units on Eastgate Street benefit from similar attributes.

- 3.4.6 With reference to Werburgh Street, there was some residential potential; the majority of space was used for offices. There were some restrictions in plan form.
- 3.4.7 It was found in total that 153 new residential flats could be placed within Eastgate Street, the bulk of which would be within the Debenhams building. This would represent a tax increase to the Council of approximately £170,000, with around 7,300 sqm of residential space added.
- 3.4.8 The future of the Debenhams unit remains unclear. In the appendices we consider 5 different options for the use of the unit, ranging from a new letting for the whole as a continued use as a department store and comparing the income from that to a university use, mixed retail and commercial use and a mixed retail and residential use.
- 3.4.9 The plans below show buildings in this particular area coloured green where there is felt to be the potential for upper floor use. The number of potential units has been added to the plans.





## 3.5 Bridge Street (Zones E and F)

3.5.1 This area of the historic retail core is located to the South of the Cross, the buildings comprise a range of ages and varieties characterised by a combination of Medieval, Victorian, and modern construction styles, resulting in a varied and colourful city centre.



3.5.2 There are street and Row levels to consider on both the Western and Eastern sections of Bridge Street. The buildings are mostly 4 and 5 storeys, with some of the older units having just 3. A great deal of upper floor space is used as commercial accommodation, with a number of residential flats already in place too.



3.5.3 Some of the buildings on Bridge Street were restricted in plan shape, thereby underlining them as unfeasible. It is also understood that there are plans in place for a boutique hotel within the North-Western segment of Bridge Street, which will deplete some of the space surrounding number 12.





3.5.4 All considered, it was felt that approximately 60 flats could be created on Bridge Street, increasing tax revenues by £60,000 per annum or thereabouts. 77 buildings were considered for this section.

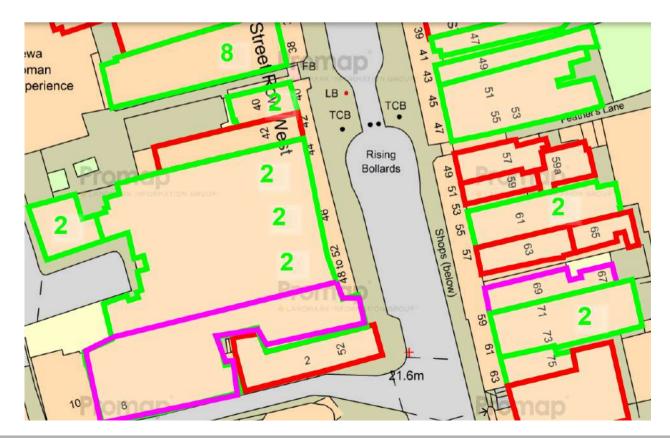


- 3.5.5 The Grosvenor Shopping Centre was deemed unviable for conversion in the main, due to its lack of floor levels, internal layout and suitability for its current use. The North-Eastern segment of Bridge Street has 8 consecutive units with residential viability. These buildings are largely small and thin, with some rear access provided via alleyways.
- 3.5.6 There are 32 existing residential units on Bridge Street, with many of these being on the Western side of the Street. It was also found that there are plans for a residential conversion at 20 Bridge Street Row, with 67-69 Bridge Street Row having already undergone conversion. A case study on Bridge Street can be found in the Appendices.

3.5.7 There is a building to the rear of 44-50 Bridge Street that is wholly under-utilised (as illustrated below). It was decided that this vacant, unrated space could make 2 flats.



3.5.8 The plans below show buildings in this particular area coloured green where there is felt to be the potential for upper floor use. The number of potential units has been added to the plans.





## 3.6 Watergate Street (Zones G and H)

3.6.1 This area of the historic retail core is located to the West of the Cross. In similar fashion to Bridge Street, the buildings are characterised by a combination of Medieval, Victorian, and modern construction styles.



3.6.2 The vast majority of buildings on Watergate Street are 4 storeys, with the Row level running from The Cross to Trinity Street. The Western end of the Street has already played host to widespread residential conversion – with most of the 46 existing flats being here.





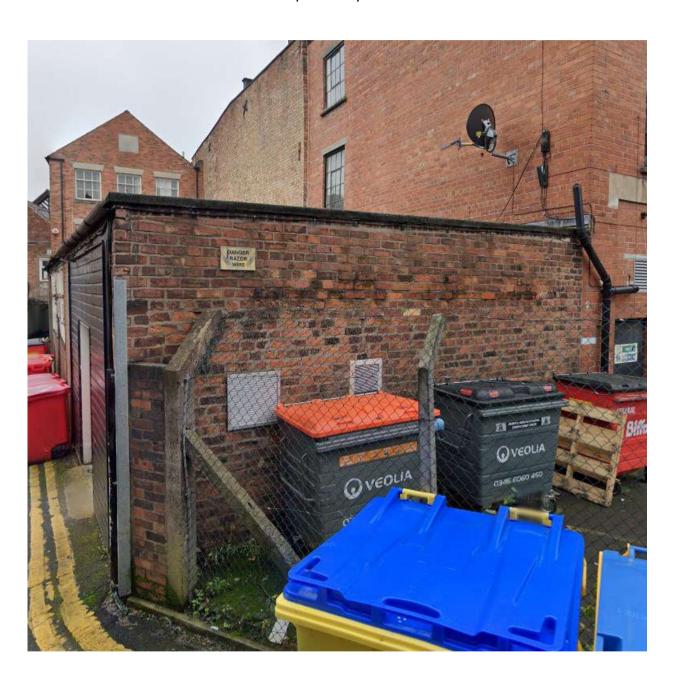
3.6.3 This section of the survey considered 54 buildings in total, but only those to the Eastern side held conversion potential.



- 3.6.4 Refuge House is a medium-sized office development that is currently in use. It was felt that the current use of the property as commercial offices was successful with many of the units being occupied and therefore was largely excluded from the report.
- 3.6.5 It is felt that 11-13 Watergate Street and 17-31 Watergate Street had potential development on the upper floors.
- 3.6.6 The net change in tax payable to the Council would be approximately £28,000 here, which would represent the addition of 2,200 sq. m. of new residential space.



- 3.6.7 The upper floors of Sainsburys (currently vacant) and the Booth Mansion (predominately vacant offices) could be turned into respective apartment blocks, whilst there is a line of 7 consecutive buildings on the opposite side of Watergate Street that could be converted.
- 3.6.8 The single-storey structure to the rear of Sainsburys backing onto the Swiss Courtyard, was found to be unrated and vacant. It could potentially be 2 residential flats.



3.6.9 The plan below shows buildings in this particular area coloured green where there is felt to be the potential for upper floor use. The number of potential units has been added to the plan.



# 3.7 Section Conclusion

- 3.7.1 In total, 342 commercial rating hereditaments were taken into account, with 197 individual buildings with 114,500 total square footage.
- 3.7.2 There were 92 residential flats in existence within the survey area. It was judged that there is potential for 284 additional flats.
- 3.7.3 This would mean a total net change in tax payable to the Council of £272,099. As an average per flat this works out at £877 net change.

# SECTION 4 ~ STAKEHOLDER BENEFITS OF SURVEY AREA REPOPULATION

# 4.1 Benefits to Existing Landlords

- 4.1.1 Buildings in the survey are owned by a variety of different landlords with disparate interests.
- 4.1.2 The landlords and investors range from offshore pension fund to owner occupiers, commercial property companies, accidental landlords and private and corporate investors.
- 4.1.3 Many of these stakeholders have seen a decline in their incomes and/or asset values over the last 10 years through lack of demand in the retail investment market and lack of revenue negatively affecting the Capital Value of the asset.
- 4.1.4 It is therefore in their interests to see City centres re-vitalised so that income streams can be enhanced and potential of the buildings that they already own realised.
- 4.1.5 If City centres become re-populated, the increase in footfall may well mean an increase in trade for the ground floor shops and commercial units leading to an increase in rental income in the medium term.
- 4.1.6 The increased vibrancy especially in the evenings and early mornings mean that the overall locale is improved.

# 4.2 Tax Advantages to Landlords

- 4.2.1 Allowances were available for flats over shops up to 2013, making landlords can also consider reinvestment in their own assets in order to mitigate tax liabilities. Re-use of existing buildings could have been a tax efficient way of investing revenue in commercial assets in order to produce an additional income stream from residential conversion. These allowances may be reintroduced.
- 4.2.2 The Flat Conversion Allowance was introduced in 2001 allowed developer investors to claim 100% Capital Allowances on the cost of conversion of upper storey accommodation over shops as long as various conditions are met (FOTS).
- 4.2.3 Qualifying expenditure included costs associated with the renovation of the buildings, dividing the property to increase a number of residential units, installations of kitchens and bathrooms as long as part of the buildings has either been unused or only used for storage for at least one

year immediately before the conversion or renovation work began. Even associated costs such as architects' fees, infrastructure works also qualify.

- 4.2.4 The buildings had to be suitable to qualify for the scheme. In summary a qualifying building must have had a business on the ground floor, the appearance that when the building was constructed the upper floors were designed primarily for residential use, the building must not have had more than 4 storeys above ground level excluding the attic, the building must have been constructed prior to the 1<sup>st</sup> January 1980.
- 4.2.5 There were also restrictions on what the qualifying residential apartments would be like, and development must be with the purpose of short term letting.
- 4.2.6 The scheme was not suitable for the conversion of buildings into "high value flats". More details of this scheme are available in the appendices. It is felt that the buildings within the survey area would largely qualify for 100% Capital Allowances, if the scheme were reintroduced.

# **4.3** Benefits to Existing Shop Tenants

- 4.3.1 There are also benefits in repopulating the town centre for shopkeepers who are tenants or owner occupiers.
- 4.3.2 In encouraging the development of 284 residential units, the area around the Rows would see dramatically increased footfall, up to 568 new residents at an average of 2 residents per apartment.
- 4.3.3 This increased footfall would surely affect revenue for shopkeepers and businesses.
- 4.3.4 If the upper floors are taken out of the demise of the tenant's lease, then this would create a situation where the tenant had reduced repairing liabilities as many of the commercial leases are on Full Repairing and Insuring terms.
- 4.3.5 The areas taken out of the Business Rates which were previously upper floors would be removed from the tenant's liability and therefore they may see a small reduction in their Business Rates. They may also see a small reduction in their rents when negotiating the removal of the upper floors from lease demises in rent negotiations.

## 4.4 Council Tax Re-Distribution

4.4.1 One of the ideas considered by the author of this report is to transfer rates revenues received from the Council Tax in the apartments above shops directly to the shopkeeper for a fixed period

of time. This is to encourage dialogue between landlord and tenant with regards to releasing the upper floors from the existing lease obligations.

- 4.4.2 If the tenant were to receive the Council Tax band collected the upper floors for say 10 years, this would provide an immediate cash benefit to the tenant which would help his business in the short to medium term.
- 4.4.3 For example, if 4 apartments were created above existing ground floor retail units, they would produce £1,315.33 per year each in Council Tax. The ground floor tenant would in all probability see slightly reduced Business Rates, a slightly reduced rent, a reduced repairing liability on the building and in theory £5,261 of revenue for 10 years in other words, £52,610 over 10 years as well as increased footfall.

# 4.5 Benefits to Shoppers

- 4.5.1 Shoppers and residents of the City centre would also see advantages in a re-population of the Rows.
- 4.5.2 Public spaces would be improved by the improved use, evening safety would also be improved, and it would be hoped that the increased footfall and the revitalised town centre would provide a better, more vibrant retail and leisure offering with new cafes, restaurants and leisure facilities opening.

# 4.6 Benefits to The Local Authority

- 4.6.1 There would also be significant benefits to the Council and the City itself.
- 4.6.2 It would be hoped that by encouraging landlords to invest in their own properties, the City would see a large increase of private investment by the existing infrastructure.
- 4.6.3 It has been estimated that the cost of conversion of the upper floors of the area around the Rows in the survey area to provide 284 two bedroomed residential units would be in the region of £25.5 million from private investment.
- 4.6.4 At the moment, much of the space above floors is either not taxed or not producing much taxation revenue in terms of Business Rates.
- 4.6.5 It is estimated that if the space is taken out of Business Rates and on the basis of Council Tax revenues, then the revenue to the Local Authority would increase by approximately £272,099

per year. Of course, this increase would only be seen after the initial 10-year incentive period for council tax redistribution had been passed.

4.6.6 Using redundant space is seen as a green form of development and therefore by encouraging almost 300 units in the centre of the City, the Council would be seen to be encouraging environmentally sustainable development and also this would help to meet any green targets.

# 4.7 Benefits to the Fabric of The City

- 4.7.1 Long term, it is considered that a vibrant City Centre where people use facilities and shop locally would produce higher rents and therefore rates would gradually increase in line with the rates, and the City revenues would increase.
- 4.7.2 Of course, the buildings themselves will benefit. Redundant areas within buildings are wasteful. Historic buildings survive when used to capacity.
- 4.7.3 Historic England are keen to see the re-use of vacant buildings and vacant areas of buildings, it is hoped that if the historic centre is re-populated, not only will the streetscape be improved but the future of the many historic buildings will be secured as they will be economically more productive and valuable in the investment market.

# SECTION 5 ~ POTENTIAL PROBLEMS WITH ADDING APARTMENTS OVER COMMERCIAL UNITS IN CHESTER CITY CENTRE

# 5.1 Ownership

- 5.1.1 There are a number of potential problems to be overcome and items to be considered when adding residential units over commercial units generally.
- 5.1.2 The ownership of the units is disparate.
- 5.1.3 Landlords come from a wide range of backgrounds and also geographical locations; in all probability many do not even know each other. As result they tend not to act cohesively. They do of course react to economic forces.
- 5.1.4 The same can be said of the tenants who come from a wide range of backgrounds with different economic interests.

# **5.2** Pension Fund (SIPP) Regulation

- 5.2.1 Pension fund regulation which controls the ownership of many units does not allow the inclusion of residential property in commercial portfolios.
- 5.2.3 The only way this can be changed would be through primary legislation. However, it must be borne in mind that many landlords and owners of commercial property do not hold assets in this form.

## 5.3 Conservative Investment Market

- 5.3.1 Traditionally the retail investment market has singularly pursued long Full Repairing and Insuring leases to single tenants. This form of sale has produced the highest sale prices (lowest yields).
- 5.3.2 There has traditionally been a resistance to mixed investment property, however changes in the market and the relatively short nature of recent Full Repairing and Insuring leases have meant that perhaps the investment market is now changing.

# 5.4 Parking

5.4.1 Traditionally many Local Authorities have had a parking space requirement attached to planning applications for additional residential units within town centres. It is felt that this policy should be reconsidered not only due to environmental reasons but it is also one of the key points in determining the viability of Town Centre development schemes as all of the buildings under consideration would not meet current parking requirement targets.

# **5.5** Building Fabric

- 5.5.1 The buildings themselves can be complicated, fragile, and not lend themselves easily to the residential conversion of the upper floors. Building regulations can be difficult to achieve in terms of correct fire compartmentalisation.
- 5.5.2 However, the commentator thinks that it must be easier to convert existing buildings by fitting out the inside, than the alternative for creating residential accommodation which is constructing on Greenfield and Brownfield sites especially.

# SECTION 6 ~ SUGGESTIONS TO THE CITY AUTHORITY FOR PROMOTING RE-POPULATION OF THE CITY CENTRE

# 6.1 Suggestions

6.1.1 If the Council decide that re-populating the City Centre is an activity, they wish to pursue then the author of this report has a number of suggestions they may like to consider promoting this, as, this has not yet happened to any substantial degree.

# 6.2 Linking Website to Landlords and Tenants

- 6.2.1 One suggestion is the creation of a bespoke website with links to the Council website where landlords, tenants, and other stakeholders, including the public, can log in and look at the survey area. They can see which buildings are suitable for conversion of the upper floors and which buildings are not suitable.
- 6.2.2 The function of the website is threefold: -
  - The website is there to explain to the stakeholders what the Council is trying to achieve.
  - The website is there to offer information at a granular level to encourage stakeholders to participate in developing the upper floors into residential accommodation.
  - The website also enables third party developers (Housing Associations) to see what might be available to develop on scale.
- 6.2.3 The suggestion for website design is that the survey area is shown in granular form with all the buildings clearly visible.
- 6.2.4 All the buildings are colour coded to show whether they are available for conversion, partly available for conversion, already converted or not suitable for conversion.
- 6.2.5 If an individual stakeholder wishes to offer his Leasehold or Freehold interest for conversion, then they can log their details on the database which is only visible to the Council's agent. Those records held in the hope that some remaining stakeholders associated with the building might do the same. This may encourage a dialogue opening between landlord and tenants.
- 6.2.6 The website would aim to promote the benefits of the scheme to the stakeholders and would outline in a clear and concise way those benefits including perhaps a case study.
- 6.2.7 Other items to be promoted through the website would include information relating to:
  - Tax breaks on capital allowances for residential development on upper floors over suitable buildings.

- Clear branding of the City Centre Village Zone.
- Existing Permitted Development Rights for developing flats above shops.
- Revenue from newly developed flats used to subsidise Business Rates for the ground floor units for a period of (say) ten years.

# **6.3** Presumption of Planning Permission

6.3.1 If it is felt that in effect the buildings within the area automatically have planning consent, this should be promoted to the various stakeholders who should then seek Building Regulation approval.

# 6.4 Parking

6.4.1 If a residents' parking scheme is adopted for residential residents, then this could also be promoted through the website.

# 6.5 Affordable Housing

6.5.1 Re use of vacant town centre units would help to meet the aims of Policy SOC1 'Delivery of Affordable Housing' as outlined in the Cheshire West and Chester Council Local Plan.

# **SECTION 7 ~ STUDY CONCLUSION**

# 7.1 Study Conclusion

- 7.1.1 This study has looked at under-utilised space within a defined survey area around the Rows in Chester City Centre.
- 7.1.2 By using a number of criteria, it was felt that within the survey area 284 new apartments averaging 45m<sup>2</sup>, 484ft<sup>2</sup> each could be created, reusing under-utilised space (including circulation space).
- 7.1.3 This would provide a number of benefits to the various stakeholders concerned with very little financial input from the Local Authority.
- 7.1.4 The scheme could be initiated by way of a Council linked website outlining the benefits to landlords, tenants, shoppers, residents, and any other stakeholders.
- 7.1.5 If the upper floors were to be brought back into use, then the increase in taxation revenue Council Tax band receipts could be approximately £272,099 per year.
- 7.1.6 It is felt that if all of the suggestions were adopted by the Council it could see an increase in private investment in the City Centre leading to a revitalised area with the continued occupation of the historic buildings within the survey area secured.

# **SECTION 8 ~ ABOUT THE AUTHOR**

## 8.1 The Author

- 8.1.1 James Fairman is a Chartered Surveyor and Director of Poyntons Consultancy based in Boston, Lincolnshire.
- 8.1.2 He started his property career at Knight Frank looking after the Country House Desk at Hanover Square in 1988. He then progressed his career working for a number of Chartered Surveying firms including Savills and Brown and Co., becoming a Registered Valuer specialising in commercial property, residential development and becoming a qualified Building Surveyor by completing a degree at Sheffield Hallam University.
- 8.1.3 He gained his MRICS qualifications in 2002 and is also a Rating Surveyor and an estate agent specialising in commercial sales, lettings, and also residential property.
- 8.1.4 He has been directly responsible for a number of residential and also commercial developments with a number of clients in the East Midlands area and acts for a number of corporate clients with regards to valuations and landlord and tenant issues nationally.
- 8.1.5 James Fairman has a mix of property related qualifications giving him a unique perspective on the problems that City Centres have relating to physical infrastructure as well as valuation issues.

James Fairman BSc (Hons), MRICS, FNAEA For and on behalf of Poyntons Consultancy Ltd. –

# **APPENDIX 1**

**Existing Residential Units Located in Survey Area - Excluded from Survey** 

Street	Full Address	Property Band
Northgate Street	SECOND FLOOR FLAT AT THE DUBLIN PACKET, NORTHGATE STREET, CHESTER, CH1 2HA	А
Northgate Street	FLAT 1, LEEN LANE, OFF NORTHGATE STREET, CHESTER, CH1 2ET	В
Northgate Street	FLAT 4 AT 1, LEEN LANE, OFF NORTHGATE STREET, CHESTER, CH1 2ET	В
Northgate Street	FLAT 2, LEEN LANE, OFF NORTHGATE STREET, CHESTER, CH1 2ET	В
Northgate Street	FLAT 3, LEEN LANE, OFF NORTHGATE STREET, CHESTER, CH1 2ET	В
Northgate Street	FLAT 5, LEEN LANE, OFF NORTHGATE STREET, CHESTER, CH1 2ET	В
Northgate Street	FLAT 6, LEEN LANE, OFF NORTHGATE STREET, CHESTER, CH1 2ET	В
Northgate Street	FLAT 7, LEEN LANE, OFF NORTHGATE STREET, CHESTER, CH1 2ET	В
Eastgate Row	FLAT AT BOOT INN, EASTGATE ROW, CHESTER, CH1 1LQ	А
Eastgate Row	FLAT 4 AT 21, EASTGATE ROW NORTH, CHESTER, CH1 1LQ	А
Eastgate Row	FLAT 1 AT 21, EASTGATE ROW NORTH, CHESTER, CH1 1LQ	А
Eastgate Row	29A, EASTGATE ROW, CHESTER, CH1 1LQ	А
Eastgate Row	29B, EASTGATE ROW, CHESTER, CH1 1LQ	В
Eastgate Row	29D, EASTGATE ROW, CHESTER, CH1 1LQ	В
Bridge Street Row	29/31, BRIDGE STREET ROW, CHESTER, CH1 1NW	В
Bridge Street Row	FLAT AT 45A, BRIDGE STREET ROW, CHESTER, CH1 1NW	С
Bridge Street Row	FEATHERS YARD R/O 47, BRIDGE STREET ROW, CHESTER, CH1 1NW	E
Bridge Street Row	59B, BRIDGE STREET ROW, CHESTER, CH1 1NW	С
Bridge Street Row	63/65, BRIDGE STREET ROW EAST, CHESTER, CH1 1NW	С
Bridge Street Row	FLAT 1 AT 67, BRIDGE STREET ROW EAST, CHESTER, CH1 1NW	В
Bridge Street Row	FLAT 2 AT 67, BRIDGE STREET ROW EAST, CHESTER, CH1 1NW	С
Bridge Street Row	FLAT 3 AT 67, BRIDGE STREET ROW EAST, CHESTER, CH1 1NW	В
Bridge Street Row	FLAT 4 AT 67, BRIDGE STREET ROW EAST, CHESTER, CH1 1NW	С

Street	Full Address	Property Band
Bridge Street Row	FLAT 5 AT 67, BRIDGE STREET ROW EAST, CHESTER, CH1 1NW	С
Bridge Street Row	73, BRIDGE STREET ROW EAST, CHESTER, CH1 1NW	С
Bridge Street Row	12A, BRIDGE STREET ROW, CHESTER, CH1 1NN	В
Bridge Street Row	12B, BRIDGE STREET ROW, CHESTER, CH1 1NN	В
Bridge Street Row	12C, BRIDGE STREET ROW, CHESTER, CH1 1NN	В
Bridge Street Row	12D, BRIDGE STREET ROW, CHESTER, CH1 1NN	В
Bridge Street Row	14, BRIDGE STREET ROW, CHESTER, CH1 1NN	D
Bridge Street Row	DUTCH HOUSES FLAT AT 24, BRIDGE STREET ROW, CHESTER, CH1 1NN	С
Bridge Street Row	FLAT 1 AT 30, BRIDGE STREET ROW, CHESTER, CH1 1NN	С
Bridge Street Row	FLAT 1 THREE OLD ARCHES AT 44-50, BRIDGE STREET ROW, CHESTER, CH1 1NN	В
Bridge Street Row	FLAT 2 THREE OLD ARCHES AT 44-50, BRIDGE STREET ROW, CHESTER, CH1 1NN	В
Bridge Street Row	FLAT 3 THREE OLD ARCHES AT 44-50, BRIDGE STREET ROW, CHESTER, CH1 1NN	В
Bridge Street Row	FLAT 4 THREE OLD ARCHES AT 44-50, BRIDGE STREET ROW, CHESTER, CH1 1NN	В
Bridge Street Row	FLAT 5 THREE OLD ARCHES AT 44-50, BRIDGE STREET  ROW, CHESTER, CH1 1NN	А
Bridge Street Row	FLAT 6 THREE OLD ARCHES AT 44-50, BRIDGE STREET ROW, CHESTER, CH1 1NN	А
Bridge Street Row	FLAT 7 THREEE OLD ARCHES AT 44-50, BRIDGE STREET ROW, CHESTER, CH1 1NN	А
Bridge Street Row	FLAT 8 THREE OLD ARCHES AT 44-50, BRIDGE STREET ROW, CHESTER, CH1 1NN	В
Bridge Street Row	FLAT 9 THREE OLD ARCHES AT 44-50, BRIDGE STREET ROW, CHESTER, CH1 1NN	А
Bridge Street Row	FLAT 10 THREE OLD ARCHES AT 44-50, BRIDGE STREET ROW, CHESTER, CH1 1NN	Α
Bridge Street Row	FLAT 11 THREE OLD ARCHES AT 44-50, BRIDGE STREET ROW, CHESTER, CH1 1NN	В
Bridge Street Row	FLAT 12 THREE OLD ARCHES AT 44-50, BRIDGE STREET ROW, CHESTER, CH1 1NN	В
Bridge Street Row	FLAT 2 AT 30, BRIDGE STREET ROW WEST, CHESTER, CH1 1NN	С
Bridge Street Row	40, BRIDGE STREET ROW WEST, CHESTER, CH1 1NN	С
Watergate Row	FLAT A AT 5-7, WATERGATE ROW, CHESTER, CH1 2LE	В
Watergate Row	FLAT B AT 5-7, WATERGATE ROW, CHESTER, CH1 2LE	В
Watergate Row	FLAT C AT 5-7, WATERGATE ROW, CHESTER, CH1 2LE	В
Watergate Row	FLAT D AT 5-7, WATERGATE ROW, CHESTER, CH1 2LE	В
Watergate Row	FLAT E AT 5-7, WATERGATE ROW, CHESTER, CH1 2LE	В
Watergate Row	MANAGERS FLAT WATERGATES REAR OF 15A, WATERGATE STREET, CHESTER, CH1 2LD	В
Watergate Row	FLAT ABOVE 17-19, WATERGATE ROW, CHESTER, CH1 2LE	Α
Watergate Row	FLAT 1 AT 45, WATERGATE ROW, CHESTER, CH1 2LE	
Watergate Row	FLAT 2 AT 45, WATERGATE ROW, CHESTER, CH1 2LE	D
Watergate Row	FLAT 3 AT 45, WATERGATE ROW, CHESTER, CH1 2LE	D
Watergate Row	FRONT FLOOR FLAT 47, WATERGATE ROW, CHESTER, CH1 2LE	В

Street	Full Address	Property Band
Watergate Row	REAR FLAT 47, WATERGATE ROW, CHESTER, CH1 2LE	В
Watergate Row	51A, WATERGATE ROW, CHESTER, CH1 2LE	С
Watergate Row	THE FLAT 59, WATERGATE ROW, CHESTER, CH1 2LE	С
Watergate Row	61A, WATERGATE ROW, CHESTER, CH1 2LE	С
Watergate Row	61B, WATERGATE ROW, CHESTER, CH1 2LE	С
Watergate Row	63A, WATERGATE ROW, CHESTER, CH1 2LE	С
Watergate Row	63B, WATERGATE ROW, CHESTER, CH1 2LE	С
Watergate Row	65A, WATERGATE ROW, CHESTER, CH1 2LE	С
Watergate Row	65B, WATERGATE ROW, CHESTER, CH1 2LE	С
Watergate Row	67A, WATERGATE ROW, CHESTER, CH1 2LE	С
Watergate Row	67B, WATERGATE ROW, CHESTER, CH1 2LE	С
Watergate Row	73A, WATERGATE ROW, CHESTER, CH1 2LE	С
Watergate Row	73B, WATERGATE ROW, CHESTER, CH1 2LE	С
Watergate Row	75A, WATERGATE ROW, CHESTER, CH1 2LE	С
Watergate Row	75B, WATERGATE ROW, CHESTER, CH1 2LE	С
Watergate Row	FLAT 4 AT 45, WATERGATE ROW, CHESTER, CH1 2LB	D
Watergate Street	LIVING ACCOMMODATION AT CUSTON HOUSE 65-67, WATERGATE STREET, CHESTER, CH1 2LB	А
Watergate Street	FLAT 1 1ST FLR 73, WATERGATE STREET, CHESTER, CH1 2LB	В
Watergate Street	2ND FLR FLAT 73, WATERGATE STREET, CHESTER, CH1 2LB	В
Watergate Street	FLAT 3 GRD FLR REAR 73, WATERGATE STREET, CHESTER, CH1 2LB	В
Watergate Street	FLAT 4 AT 73, WATERGATE STREET, CHESTER, CH1 2LB	А
Watergate Street	LIVING ACCOMMODATION AT 2 VICTORIA HOTEL, WATERGATE ROW, CHESTER, CH1 2LD	А
Watergate Street	FLAT AT 8, WATERGATE ROW, CHESTER, CH1 2LD	С
Watergate Street	FLAT ABOVE 26, WATERGATE ROW, CHESTER, CH1 2LD	В
Watergate Street	54A, WATERGATE STREET, CHESTER, CH1 2LA	D
Watergate Street	54B, WATERGATE STREET, CHESTER, CH1 2LA	D
Watergate Street	FLAT 1 58, WATERGATE STREET, CHESTER, CH1 2LA	С
Watergate Street	FLAT 2 AT 58, WATERGATE STREET, CHESTER, CH1 2LA	А
Watergate Street	FLAT 3 AT 58, WATERGATE STREET, CHESTER, CH1 2LA	С
Watergate Street	FLAT 4 AT 58, WATERGATE STREET, CHESTER, CH1 2LA	С
Watergate Street	60A, WATERGATE STREET, CHESTER, CH1 2LA	С
Watergate Street	60B, WATERGATE STREET, CHESTER, CH1 2LA	Α
Watergate Street	FLAT 1ST FLR FRONT AT 62A, WATERGATE STREET, CHESTER, CH1 2LA	А
Watergate Street	1ST FLR REAR AT 62B, WATERGATE STREET, CHESTER, CH1 2LA	А
Watergate Street	2ND FLR AT 62C, WATERGATE STREET, CHESTER, CH1 2LA	С

# **APPENDIX 2**

Tax Breaks for Landlords (Repealed)

# **GOV.UK**

HMRC internal manual
Capital Allowances Manual
Outline, background and definitions

#### CAA01/S393A - S393W and FA12/SCH39/PARA36

Flat conversion allowance (FCA) was introduced by FA2001 to encourage the conversion of empty or underused space above shops and other commercial premises to residential use. The scheme is sometimes referred to as flats over the shop (FOTS)

The allowance was repealed by Schedule 39, FA 2012 and is not available for expenditure incurred on or after

- 1 April 2013 (for corporation tax purposes) and
- 6 April 2013 (for income tax purposes).

Therefore where expenditure is incurred on converting empty or underused space above shops and other commercial premises to residential use on or after 1 April 2013 (CT) and on or after 6 April 2013 (IT) it does not qualify for capital allowances unless it qualifies under the normal rules for plant or machinery allowances.

In addition the entitlement to claim writing down allowances on any residual expenditure was also withdrawn from those dates (see <u>CA43400</u>).

Expenditure incurred before 1 April 2013 (corporation tax) and before 6 April 2013 (income tax)

To qualify for the allowance the flats must be available for short-term letting in order to qualify for FCA. Allowances are not available if the flats that are created are high value CA43250. The property in which the flats are situated must have been built before 1980. Conversion or renovation works in an extension to a property built before 1980 that are completed by 31 December 2000 can also qualify for FCA.

The property must not have more than 4 storeys above the ground floor. An attic counts towards this total if it can be lived in.

It must appear that, when the property was constructed, the floors above the ground floor were primarily for residential use. These upper floors must have been either unoccupied, or used only for storage, for at least one year before the conversion work starts. If part of the upper floors satisfies this test, and part does not the conversion expenditure is apportioned. For example, a shop may have three floors above the ground floor that were primarily for residential use when the property was constructed. If two of those floors had been unoccupied for 2 years before conversion work began and one had been used as an office, you should apportion any conversion expenditure that relates to all three floors.

A person who incurs qualifying expenditure in respect of a qualifying flat and who has the relevant interest in the flat can claim FCA.

A flat is a dwelling that forms part of a building, is a separate set of premises and is divided horizontally from another part of a building. A flat can be on more than one floor.

A dwelling is a building or part of a building occupied or intended to be occupied as a separate dwelling.

In the FCA legislation, lease includes an agreement for a lease, but only where the term to be covered by the lease has begun, and any tenancy. It does not include a mortgage.

In Scotland leasehold interest means the interest of a tenant in property subject to a lease.

The scheme is very generous in that the allowance is 100% of the qualifying expenditure. Qualifying expenditure <u>CA43150</u> is capital expenditure incurred in connection with the conversion of a qualifying building <u>CA43200</u>.

- The scheme is very like the IBA scheme in that: FCA goes to the person that holds the relevant interest, and
- there is a balancing adjustment if the relevant interest is sold or the flat ceases to be held for letting out.

But there are differences:

- where there is a transfer of the relevant interest there is a recovery of allowances given but the person to whom the relevant interest is transferred cannot claim FCA.
- the allowances are not recovered if an event takes place more than 7 years from the time the flat is suitable for letting.

Example: Rick runs a café-bar. It is in the ground floor of a 3-storey building that was built 100 years ago. When the building was constructed, the first and second floors were for the proprietor's accommodation. Rick has a 75-year lease of the building. He uses the first floor for storage. He does not use the second floor. In the tax year 2004/05 he converts the second floor into a flat for letting. Rick can claim an allowance equal to the whole of the conversion costs in 2004/05. If he transfers the lease of the building to Sam he can avoid a clawback of the FCA claimed in 2004/05 by not doing the transfer until after 5 April 2012.

## FCA: Qualifying expenditure

#### CAA01/S393B

Qualifying expenditure is capital expenditure incurred on, or in connection, with:

- the conversion of part of a qualifying building <u>CA43200</u> into a qualifying flat <u>CA43250</u>, or
- the renovation of a flat in a qualifying building to create a qualifying flat, or
- repairs incidental to the conversion or renovation of a qualifying flat, or
- the provision of access to a qualifying flat.

The part of the building on which the expenditure was incurred must have been unused or used only for storage for the year before the work begins.

Examples of qualifying expenditure are the costs of dividing a single property to create a number of separate flats, and the costs of building dividing walls or installing a new kitchen or bathroom. Capital repairs to the property incidental to the conversion or renovation may also qualify.

Treat expenditure on repairs as qualifying expenditure if it cannot be deducted in calculating business profits.

Expenditure incurred in connection with the conversion or renovation of a flat may include costs outside the direct boundary of the new or renovated flat such as the creation of stairwells within the building or provision of extension, solely to provide access to the new flats. It may also include architect's and surveyor's fees.

Examples of associated costs that may qualify are:

- inserting or removing walls, windows, or doors,
- installing and upgrading plumbing, gas, electricity or central heating,
- re-roofing incidental to the conversion/renovation,
- providing access to the flat(s) separate from the commercial premises, including extensions to the building to contain this access, if required,
- providing external fire escapes where regulations require.

Some expenditure does not qualify for flat conversion allowance (FCA). Expenditure does not qualify if it is incurred on or in connection with:

- the acquisition of land or rights in or over land,
- an extension to the building (unless it is required to give access to a qualifying flat),
- the development of land adjoining or adjacent to the building. This includes conversions forming part of a larger scheme of development, and the provision of furnishings or other chattels.

Example As in the example at

<u>CA43100</u> Rick runs a café-bar. It is in the ground floor of a 3- storey building. Rick has a 75-year lease of the building. He uses the first floor for storage. He does not use the second floor. He converts the two upper floors into flats for letting. He incurs expenditure on installing bathrooms and central heating and on furniture for the flats. The cost of the bathrooms and the central heating qualifies for FCA. The cost of the furniture does not. The only access to the upper floors is a staircase from the café. Rick builds an outside staircase to provide separate entrances for the flats. The cost of constructing the staircase also qualifies for FCA.

#### FCA: QUALIFYING BUILDING

#### CAA01/S393C

A qualifying building is one:

- in which all or most of the ground floor is authorised for business use,
- where it appears that, when the building was constructed, the storeys above the ground floor were for use primarily as one or more dwellings.
- which has no more than 4 storeys above the ground floor, and
- whose construction was completed before 1 January 1980.

It should normally be clear which floor is the ground floor from the appearance of the building. You may have a case where this is less clear, for example the building may be built into a considerable slope. Normally you should treat the floor that contains the main entrance to the shop as the ground floor.

The ground floor (or part of it) is "authorised for business use" if it is approved for use for specific business activities. These are defined in terms of the use for which the premises are rated in ratings legislation.

Broadly, the classes of business use that qualify are retail shops, premises for the provision of financial and professional services, premises for the sale of food and drink, other offices and premises for research and development activities and industrial processes which can be carried out in residential areas, and premises for medical and health services, such as doctor's surgeries and dental practices. In detail, this means:

## Building in England or Wales

Authorised for use within class A1, A2, A3, B1 or D1(a) as set out in the Schedule to the Town and Country Planning (Use Classes) Order 1987.

#### **Building in Scotland**

Authorised for use within classes 1, 2, 3 or 4, as set out in the Schedule to the Town and Country Planning (Use Classes) (Scotland) Order 1997 or specified in Article 3(5)(j) of that Order.

#### Building in Northern Ireland

Authorised for use within classes 1, 2, 3, 4 or 15(a) as set out in the Schedule to the Town and Country Planning (Use Classes) (Northern Ireland) Order 1989 or specified in Article 3(5)(b), (c) or (h) of that Order.

The upper floors must have been originally primarily for use as dwellings. Normally the original use should be clear from the design and appearance of the building. However, you may not be able to determine the original use with absolute certainty. In that case you should treat a building as a qualifying building if it appears that the upper floors were constructed primarily for use as a dwelling or dwellings.

There may have been some business use in the upper floors. For example there may have been storerooms, offices or workshops or, indeed, the shop may have extended above the ground floor. A building will be a qualifying building provided the greater part of the storeys above the ground floor were for use primarily as dwellings. For example, a four-storey building could qualify if it was built with a showroom or office on the first floor, provided that it appears that the original purpose of the second and third floors was residential.

Do not count the attic when you consider the number of storeys unless it can be lived in. An indication of this would be windows in the roof and proper stair access. An attic or loft that is not suitable for living in does not count as a storey, even if it can be used for storage.

The requirement that the building must have been completed by 1 January 1980 is met even if it has been extended subsequently, as long as the extension was completed on or before31 December 2000. An extension to a qualifying building only to provide access to a qualifying flat can qualify for flat conversion allowance (FCA). FCA cannot be claimed in respect of conversion or renovation work on an extension that was completed after 31December 2000.

You may get a FCA claim on the cost of converting a basement into a flat. The conversion costs will qualify provided that the building is a qualifying building.

Example Rick's café has a basement that is disused. If Rick converts it into a flat for short-term letting the conversion costs will qualify for FCA.

## **FCA: QUALIFYING FLAT**

#### CAA01/S393D - S393E

A qualifying flat is a flat CA43100 that:

- is in a qualifying building <u>CA43200</u>;
- is suitable for letting as a dwelling;
- is held for short-term letting;
- is accessible without using the business premises;
- has no more than 4 rooms ignoring kitchens and bathrooms and closets, cloakrooms and hallways that are not more than 5 square metres in area;
- is not a high value flat;
- was not created as part of a scheme involving the creation or renovation of one or more high value flats; and
- is not let to a person connected with the person who incurred the conversion or renovation expenditure.

Short-term letting of a flat is letting the flat as a dwelling for a term or period of not more than 5 years. A letting under an Assured Shorthold Tenancy will be short-term letting provided that any initial fixed-term lease does not exceed 5 years. The potential for a period of statutory periodic tenancy after the expiry of the fixed term does not alter this.

Look at the end-use of the flat when you decide whether it is used for short-term letting. The length of a lease to an intermediate less or does not matter. What matters is that the letting to the occupying tenant is short-term.

Example As in the example at <u>CA43100</u> Rick runs a café-bar. It is in the ground floor of a 3- storey building. Rick converts the top to floors to qualifying flats and lets them to Sam on a 20- year lease on the understanding that Sam will use them for short-term letting. Sam lets the top flat to Louis on a 5-yearlease and the first floor flat to Lisa on a 4-year lease. Rick can claim flat conversion allowance (FCA). A qualifying flat does not need to occupy only a single floor within the building.

A flat must remain a qualifying flat for a period of 7 years from the time it is first suitable for letting if the person holding the relevant interest wants to avoid a balancing adjustment.

A flat is suitable for letting from the time it, and any other necessary conversion or renovation work, has been completed, so that it would be reasonable to regard the flat as available for short- term letting. There is no requirement that the flat is actually let. A flat could be held for letting if it is being actively marketed and a tenant is being sought. A flat will not cease to be a qualifying flat during a period while it is temporarily unsuitable for letting, provided it was a qualifying flat immediately before that period. This means, for example, that a flat would not cease to be a qualifying flat because it is being redecorated between tenancies.

A flat is not a qualifying flat if it is a high-value flat, or is part of a scheme that contains a high-value flat.

You should apply the test whether a flat is a high-value flat when the conversion or renovation expenditure is first incurred. A flat is a high value flat if its "notional rent" exceeds specific limits. The notional rent is the rent for which the flat could be reasonably let at the date the expenditure is first incurred on its conversion or renovation. In arriving at the notional rent you should make the following assumptions. They are that, at the time the expenditure is first incurred:

- the conversion or renovation had been completed,
- the flat is let furnished,
- the lease does not require a premium or other payment to be made to the landlord,
- the tenant is not connected with the person who incurred the expenditure on the conversion or renovation, and
- in England or Wales the flat is let on an assured short hold tenancy or in Scotland it is let on a short assured tenancy.

The notional rent limits are as follows:

Number of rooms in flat	Flats in Greater London	Flats elsewhere
1 or 2 rooms	£350 per week	£150 per week
3 rooms	£425 per week	£225 per week
4 rooms	£480 per week	£300 per week

Ignore kitchens and bathrooms, and closets, cloakrooms and hallways not exceeding 5square metres when determining the number of rooms in a flat.

A flat does not become a high-value flat if, at some time after the conversion or renovation expenditure is first incurred, the rent it could achieve exceeds these limits. The test operates independently of any future movements in the property letting market.

## **FCA: RELEVANT INTEREST**

#### CAA01/S393F - S393G

A person must have a relevant interest in the flat at the time they incur the conversion or renovation expenditure to be entitled to flat conversion allowance (FCA). This will normally be a freehold or leasehold interest in the property, or the part of the property that is being converted or renovated. A person who does not have the relevant interest at the time they incur the conversion or renovation expenditure may claim FCA provided they are entitled to an interest in the flat as a result of the conversion.

The rules for determining the relevant interest are similar to those for industrial buildings allowances.

The relevant interest in a flat in relation to any qualifying expenditure is the interest in the flat to which the person who has incurred the expenditure is entitled when the expenditure is incurred. Thus, if the person who incurs the expenditure owns the freehold in the building when the expenditure is incurred, the freehold is the relevant interest. Similarly, if he or she holds a long lease, that lease is the relevant interest.

Example As in the example at <u>CA43100</u> Rick runs a café-bar. It is in the ground floor of a 3 storey building Rick has a 75 year lease of the building. He uses the first floor for storage. He does not use the second floor. Victor holds the freehold. If Rick converts the second and third floors to qualifying flats the relevant interest in the flats is Rick's leasehold interest. If Victor does the conversion the relevant interest in the flats is his freehold interest.

If that person has more than one qualifying interest and one of these is reversionary on all the others, the reversionary interest is the relevant interest. Similarly, the creation of a lease or other interest does not lead to the original interest ceasing to be the relevant interest.

Where the relevant interest is leasehold and it is extinguished by the person acquiring another interest, which is reversionary on it, the interest into which the leasehold merges becomes the relevant interest.

A person who incurs expenditure on converting part of a building into a flat and is entitled to an interest in the flat on or as a result of the completion of the conversion is treated as having had that interest at the time the expenditure was incurred.

## **FCA: INITIAL ALLOWANCES**

#### CAA01/S393H, S393I and FA12/SCH39/PARA36

FCA is repealed for expenditure incurred on or after

- 1 April 2013 (for corporation tax purposes) and
- 6 April 2013 (for income tax purposes).

Writing Down Allowances before 1 April 2013 (corporation tax) and before 6 April 2013 (income tax)

The rate of initial allowance is 100%. It is made for the chargeable period in which the qualifying expenditure is incurred.

A person entitled to initial allowance may claim less than the full 100%. If so WDA may be claimed in later chargeable periods.

An initial allowance may be claimed before the flat is let. It is withdrawn if the flat is not a qualifying flat <u>CA43250</u> when it is first suitable for letting as a dwelling. It is also withdrawn if the person sells the relevant interest in the flat before it is first suitable for letting.

If an initial allowance is withdrawn assessments can be made or adjusted to withdraw any initial allowances that have already been given.

Example: As in the example at <u>CA43100</u> Rick runs a café-bar. It is in the ground floor of a 3 storey building Rick has a 75 year lease of the building. Rick converts the second and third floors of the building into qualifying flats. The work is done during the year ended 31 December 2006. Rick claims an initial flat conversion allowance (FCA) for 2005/06. He sells his lease of the building in January 2007. The FCA claimed for 2005/06 is withdrawn.

#### FCA: Writing down allowances

## CAA01/S393J - 393L and S393Q and FA12/SCH39/PARA36

As explained in CA43100, FCA is not available for expenditure incurred on or after

- 1 April 2013 (for corporation tax purposes) and
- 6 April 2013 (for income tax purposes).

In addition, the entitlement to claim writing down allowances on any residual expenditure was withdrawn from those dates. Where the chargeable period of a business falls in more than one financial year (corporation tax) or tax year (income tax), the writing down allowance should be apportioned on a time basis between the financial or tax years in order to determine the amount of the writing down allowance that may be set-off against profits.

# Writing Down Allowances where chargeable period ends before 1 April 2013 (corporation tax) and before 6 April 2013 (income tax)

The annual rate of WDA is 25% of the qualifying expenditure. A person may claim less than the full amount.

There is a limit on the amount of a WDA. A WDA for a chargeable period cannot be more than the residue of qualifying expenditure at the beginning of that chargeable period. The residue of qualifying expenditure is the qualifying expenditure that has not yet been written off.

This is how you write off qualifying expenditure. You deduct an allowance from the qualifying expenditure at the following times.

- An initial allowance is written off at the time the flat is first available for letting.
- Writing down allowance is written off at the end of the chargeable period for which it is made.

A person who has incurred qualifying expenditure on a qualifying flat may claim a WDA if:

- the person is entitled to the relevant interest in the flat, and
- the person has not granted a long lease of the flat out of the relevant interest for a capital sum.

A long lease is one that is for more than 50 years. If you need to decide whether a lease exceeds 50 years, use the Schedule A property income rules in CTA09/S244 and S245 (formerly ICTA88/S38 (1) - (4) and (6)), but ignore any options to renew it.

# Writing Down Allowances where chargeable period straddles 1 April 2013 (corporation tax) and 6 April 2013 (income tax)

The operation of the transitional rule can be illustrated using the following example:

- A company has a 12 month chargeable period of 1 January 2013 to 31 December 2013 (365 days);
- It originally incurred £10,000 of FCA qualifying expenditure and has residual FCA expenditure of £5,000;
- But for the withdrawal of FCAs, for the period 1 January 2013 to 31 December 2013 a maximum writing down allowance of £2,500 (£10,000 x 25 per cent) could have been claimed;
- As a result of the withdrawal, only the period 1 January 2013 to 31 March 2013 (90 days) qualifies for FCA relief;
- Therefore for its 2013 chargeable period the company would be entitled to a maximum writing down allowance of:  $90/365 \times £2,500 = £616.44$ .

## FCA: Balancing adjustments

#### CAA01/S393M - S393P and CAA01/S573

There is a balancing adjustment if there is a balancing event within 7 years of the time when the flat was first suitable for letting. A balancing adjustment is either a balancing allowance or balancing charge. If there is more than one balancing event there is only a balancing adjustment on the first one.

These are the balancing events and the proceeds to be brought into account.

Balancing Event	Proceeds from Event
Transfer of relevant interest	Net proceeds of sale if the relevant interest is sold
Market value if the transfer is other than by way of sale	
Grant of a long lease out the relevant interest for a capital sum	The capital sum paid for the grant or, if less than the commercial premium, the commercial premium
The coming to an end of a lease where a person entitled to the lease and a person entitled to any superior interest are connected persons	
Death of the person who incurred the qualifying expenditure	The residue of qualifying expenditure immediately before death
Demolition or destruction of the flat	The net amount received plus any insurance or compensation receipts
Flat ceases to be a qualifying flat, for example because it is let to a person connected with the person who incurred the qualifying expenditure	

There is a balancing allowance if:

- there are no proceeds from the balancing event, or
- the proceeds are less than the residue of qualifying expenditure immediately before the event.

The balancing allowance is the difference between the proceeds (if any) and the residue of unrelieved qualifying expenditure.

There is a balancing charge where the proceeds are greater than the residue of qualifying expenditure immediately before the event. The amount of the balancing charge is:

- the difference between the proceeds and the residue of qualifying expenditure, or
- the proceeds if the residue is nil.

A balancing charge made on a person cannot be more than the allowances (initial and writing down) made to the person in respect of the flat.

# **FCA: DEMOLITION COSTS**

#### **CAA01/S393S**

If a qualifying flat is demolished and the person who incurred the qualifying expenditure incurs the demolition costs, add the net cost of demolition to the residue of qualifying expenditure immediately before the demolition.

The net cost of demolition is the amount by which the cost of demolition exceeds any money received for the remains of the flat.

## **FCA: APPORTIONMENT**

#### CAA01/S393U

Make a just and reasonable apportionment if the sum paid on the sale of the relevant interest in a flat is partly attributable to assets that qualify for flat conversion allowance and partly attributable to other assets.

Treat proceeds from a balancing event in the same way.

# **FCA: TERMINATION OF A LEASE**

## CAA01/S393W

If the lessee of a flat remains in possession of the flat with the lessor's consent without a new lease being granted when a lease terminates, the lease is treated as continuing while the lessee remains in possession.

If a new lease is granted to the lessee when a lease terminates as a result of the lessee exercising an option available under the first lease, the new lease is treated as a continuation of the first lease.

If the lessor pays the lessee a sum in consideration of a flat comprised in the lease when the lease terminates, treat the lease as if it had ended by being surrendered for the payment.

If on the termination of a lease, another lease is granted to a different person who pays the first lessee a sum in consideration in connection with the transaction, the two leases are treated as if they were the same lease, assigned to the second in consideration of the payment.

#### FCA: HOW TO MAKE ALLOWANCES AND CHARGES

# **CAA01/S393T**

If a qualifying flat is an asset of a UK property business or a Schedule A business, treat allowances as expenses of the business and charges as trade receipts.

If there is no property business assume that the person is carrying on a property business and treat allowances as expenses and charges as receipts of that assumed property business.

# **APPENDIX 3**

**Case Study** 

# **CASE STUDY**

# 27 Bridge Street East

27 Bridge Street is a four-storey property comprising a ground floor retail unit, a Rows level retail unit and empty space above.

This case study is concerned with the upper floors, the ground floor being combined with 25 Bridge Street East, trading as the French Connection.

The upper floors comprise the Row level, second floor and third level being a former hairdressers with vacant space above, previously used as offices.

## Existing Schedule of Accommodation – 27 Bridge Street East

Ground Floor Footprint	224sqm	2,410sqft
First Floor Office	69sqm	754sqft
Second Floor Office	69sqm	754sqft

The property was previously rated as a Rows level retail unit at £34,000 and offices on the second and third floors at £10,500.

Currently the property is out of the Rating List.

The upper floors received planning permission 18/03756/LBC on 6<sup>th</sup> February 2019 for conversion from offices to form 3 self-contained apartments.

Analysis of the plans would indicate that the Rows level retail unit would be more or less unaffected.

The main work would be as per the attached plans, showing the addition of partition walls, alterations to fenestrations and fire escapes with a lightwell to form a first floor apartment having 2 bedrooms and an open plan kitchen/living/dining area.

Stairs would lead up to the second floor where there would be 2 studio apartments off, each studio being in effect a 1 bedroomed flat with open plan kitchen/living area.

It is estimated that the residential conversion would extend to around 1,500sqft in total.

## Proposed Schedule of Accommodation – 27 Bridge Street East

Ground Floor Sales Area (EST)	146sqm	1,579sqft
Ancillary Accommodation	78sqm	840sqft
First Floor Apartment GIFA	65sqm	700sqft
Second Floor Studio 1 GIFA	32.5sqm	350sqft
Second Floor Studio 2 GIFA	34sqm	370sqft

It is estimated that as a singularly let retail investment with space above, based on a potential rental income of £42,000 per annum, this would have a value on standard commercial lease terms of around £500,000 or thereabouts.

Cost estimates for the conversion works to create the 3 apartments out of 1,500sqft of space are estimated to be in the region of £150,000 or thereabouts.

With regards to the value of the units create by the conversion process, it is estimated that a spacious 2 bedroomed apartment in this location would be in the region of £220,000 or thereabouts. The 2 studio apartments are considered to have a value in the region of £110,000 each giving a Gross Development Value for the upper floors of around £440,000.

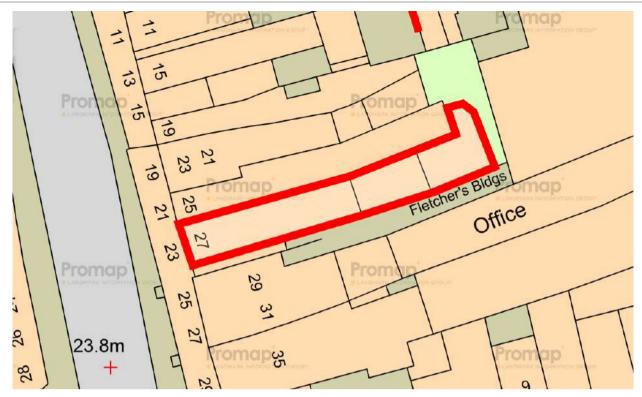
A stand-alone Rows level investment producing around £32,000 per annum would have a value at current levels of around £350,000 or thereabouts, giving a Gross Development Value for the whole building of £790,000.

This equates to an enhanced value of the building with the residential conversion of around £290,000, showing a net profit before tax and fees of around £140,000 or thereabouts.

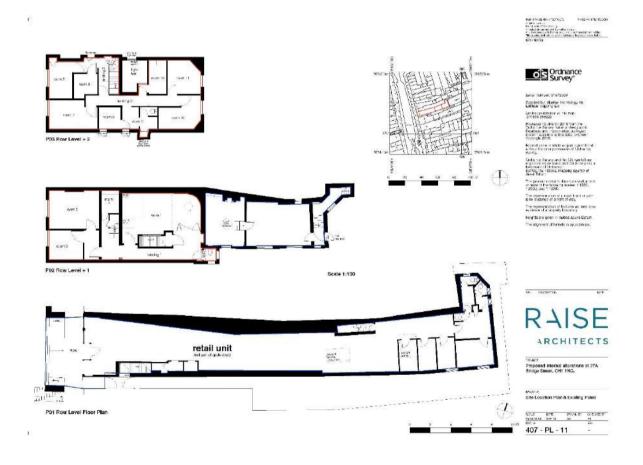
Analysis of the potential income stream for the landlord of renting the 3 units would indicate that the second floor 2 bedroomed apartment would have a rental value of £800 pcm with the 2 upper floor studios at £450 pcm each giving a total monthly income of £1,700 (£20,400 per annum).

Although the first floor Rows level unit is currently vacant with an asking rent of £30,000 per annum, it is felt that in normal times this is potentially achievable, giving a gross rental income for the entire upper floors of £50,400 per annum.

Therefore, it is felt that in the round, it is economically viable to convert the upper floors in this case to apartments as it would show a reasonable profit on investment of around 20% or thereabouts.

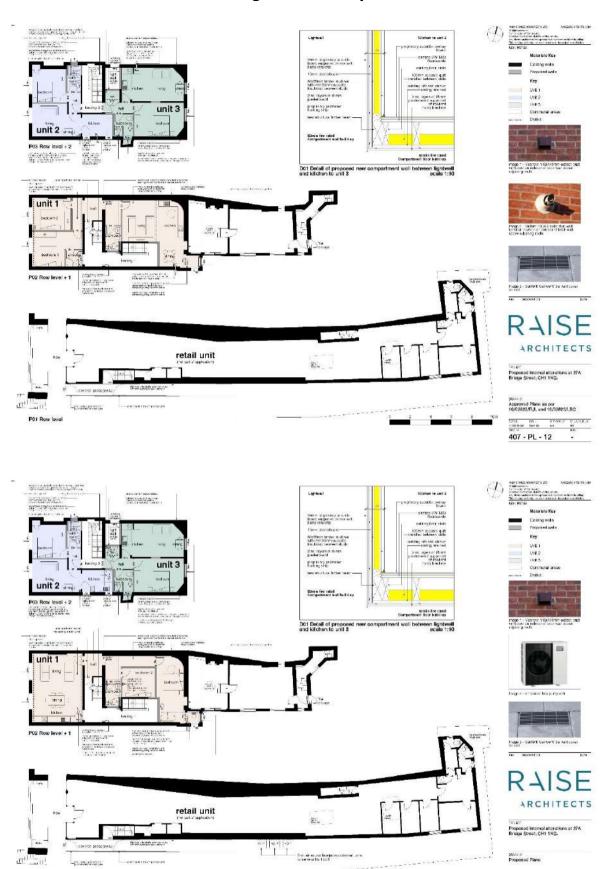


27 Bridge Street - Existing



-prattymapp.

# 27 Bridge Street - Proposed



407 - PL - 13

# Cheshire West & Chester Council

Application No: 18/03756/LBC

# **Notice of Listed Building Consent**

Mr Patrizio Esposito c/o Randal Turner Raise Architects 50 Watergate Street Chester CH1 2LA Application Number: 18/03756/LBC

6 February 2019

# Town and Country Planning (Listed Buildings and Buildings in Conservation Areas) Act 1990

**Proposal:** Conversion of the upper floors into three self-contained residential apartments. Amendment to internal layouts previously approved (16/02822/FUL and 16/02823/LBC)

Location: 27A Bridge Street Row East , Bridge Street, Chester, CH1 1NW



In pursuance of their powers under the above Acts, the Council hereby grants CONSENT for the above development to be carried out, subject to compliance with the following conditions:

 The development hereby permitted shall be begun before the expiration of three years from the date of this permission.

Reason: To comply with Section 51 of the Planning and Compulsory Purchase Act 2004.

The work hereby granted consent shall be carried out in accordance with the following approved plans

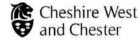
Proposed Plans DRG No. 407-PL-13 received 27/09/2018

Reason - For the avoidance of doubt and in the interests of proper planning.

 All new internal partitions are to be carefully scribed and cut around any existing decorative elements such as cornicing, skirting's, dados and picture rails to be retained.

Reason: To preserve the character and significance of the building and its various elements.

Page 1 of 3



# Cheshire West & Chester Council

Application No: 18/03756/LBC

#### Notes

- The local planning authority has sought to work with the applicant in a positive and proactive way to secure a development that will improve the economic, social and environmental conditions of the area, in line with the NPPF.
- For the avoidance of doubt the works approved under 16/02823/LBC have commenced in accordance with those plans approved and this application relates only to the internal layout.

Signed: Date: 6 February 2019

Fiona Hore

Senior Manager, Planning and Strategic Transport,

Cheshire West and Chester Borough Council 4 Civic Way Ellesmere Port CH65 0BE

Please read the notes on the following page, they will explain your rights and other important matters about this decision.

#### NOTICE TO APPLICANT WHERE PERMISSION IS REFUSED OR GRANTED SUBJECT TO CONDITIONS

If you are aggrieved by the decision of your local planning authority to refuse permission for the proposed development or to grant it subject to conditions, then you can appeal to the Secretary of State for the Environment under Section 78 of the Town and Country Planning Act 1990.

If you want to appeal, then you must do so within six months of the date of this notice, using a form which you can get from:

The Planning Inspectorate, 3/13 Eagle Wing, Temple Quay House, 2 The Square, Temple Quay, Bristol BS1 6PN - (Tel: 0303 444 5000)

The Secretary of State can allow a longer period for giving notice of an appeal, but he will not normally be prepared to use this power unless there are special circumstances which excuse the delay in giving notice of appeal.

The Secretary of State need not consider an appeal if it seems to him that the local planning authority could not have granted planning permission for the proposed development or could not have granted it without the conditions it imposed, having regard to the statutory requirements, to the provisions of the development order and to any directions given under the order. In practice, the Secretary of State does not refuse to consider appeals solely because the local planning authority based its decision on a direction given by him.

If either the local planning authority or the Secretary of State for the Environment refuses permission to develop land or grants it subject to conditions, the owner may claim that he can neither put the land to a reasonably beneficial use in its existing state nor can he render the land capable of a reasonably beneficial use by the carrying out of any development which has been or would be permitted. In these circumstances, the owner may serve a purchase notice on the District Council in whose area the land is situated. This notice will require the Council to purchase his interest in the land in accordance with the provisions of Part VI of the Town and Country Planning Act 1990.

Page 2 of 3



# Cheshire West & Chester Council

Application No: 18/03756/LBC

# NOTICE TO APPLICANT WHERE LISTED BUILDING or CONSERVATION AREA CONSENT IS REFUSED OR GRANTED SUBJECT TO CONDITIONS.

If you are aggrieved by the decision of the local planning authority to refuse listed building or conservation area consent for the proposed works, or to grant such consents subject to conditions, then you can appeal under Sections 20, 21, and 22 of the Planning (Listed Buildings and Conservation Areas) Act 1990. The appeal must be made within 6 months of the date of this notice on forms available from the Planning Inspectorate at the above address. The Secretary of State has the power to allow a longer period for the giving of a notice of appeal and he will exercise his power in cases where he is satisfied that the applicant has deferred the giving of notice because negotiations with the local planning authority in regard to the proposed works are in progress.

If listed building consent is refused, or granted subject to conditions, whether by the local planning authority or by the Secretary of State for the Environment, and the owner of the land claims that the land has become incapable of reasonable beneficial use in its existing state, and cannot be rendered capable of reasonable beneficial use by the carrying out of any works which have been or would be permitted, he may serve on the District Council in which the land is situated a listed building purchase notice requiring that Council to purchase his interest in that land in accordance with the provisions of Section 32 of the Planning (Listed Buildings and Conservation Areas) Act, 1990.

In certain circumstances, a claim may be made against the local planning authority for compensation, where permission is refused or granted subject to conditions by the Secretary of State on appeal or on a reference of the application to him. The circumstances in which such compensation is payable is set out in section 27 of the Planning (Listed Buildings and Conservation Areas) Act, 1990.

#### OTHER IMPORTANT POINTS TO NOTE:

Your attention is drawn to the relevant provisions of the Chronically Sick and Disabled Persons Act, 1970 and the Code of Practice for Access for the Disabled to Buildings. These provisions apply to (a) buildings or premises to which the public are admitted, whether on payment or otherwise or (b) premises in which persons are employed to work. Similar provisions also apply for the benefit of disabled in educational buildings.

Development for which listed building consent and/or permission is granted is subject to compliance with the general statutory provisions in force in the District, except as may be modified in this permission and the Building Regulations. Your attention is drawn to Section 50 of the Cheshire County Council Act, 1980 which provides that where plans are deposited under the Building Regulations for the erection/extension of a building with the district council, then that council will reject the plans unless, after consultation with the Fire Authority, they are satisfied that the plans show there is an adequate means of access for the Fire Brigade to the building or extension and that the building or extension will not render inadequate any existing means of access, for the Fire Brigade, to the neighbouring buildings. This note is included to give effect to Section 50 of the 1980 Act by virtue of sub-section (2) of the said Section.

Developers should check with all statutory undertakers at an early stage to ensure where their equipment (pipes, cables, poles etc) is located in relation to the development site and agree measures to ensure that no damage is caused to that equipment during construction, or negotiate the repositioning of some or all of the equipment.

Any Environmental Statement submitted with the application, together with any related information, has been taken into account by the Council in arriving at this decision.

Street Naming and Numbering – It is a legal function of the Council to allocate property numbers and street names to new developments and conversions. This service is chargeable, please visit the Street Naming and Numbering page on our website and use the online form to submit an application. The charging scheme, guidance and contact details are also available on our Street Naming and Numbering web page.

Page 3 of 3



# **APPENDIX 4**

# **Assumptions and Caveats**

#### **ASSUMPTIONS & CAVEATS**

- 1. Unless otherwise stated in the Report, this Valuation is made subject to the following assumptions which Poyntons Consultancy Ltd. has been under no duty to verify:
- a) Vacant possession is immediately available (unless otherwise stated in the report).
- b) that no harmful or hazardous material has been used in the construction of the property or has since been incorporated, that there are no latent defects and that there is no contamination in or from the ground or neighbouring property, and that it is not landfilled ground;
- c) that good title can be shown and that the property is not subject to any unusual or especially onerous restrictions, encumbrances or outgoings;
- d) that the property and it's value are unaffected by any matters which would be revealed by a local search and replies to the usual enquiries, or by any statutory notice, and that neither the property, nor it's condition, nor it's use, nor it's intended use, is or will be unlawful;
- e) that inspection of those parts which have not been inspected would neither reveal material defects nor cause the Valuer to alter the Valuation materially;
- f) that no formal environmental assessment will be provided and the property has been valued on the basis that there is no contamination.
- g) that full details of any other matters likely to have an effect on value such as prospective lettings, rent reviews and outstanding requirements under legislation have been given to us.
- h) that schedules and areas will be in accordance with information provided and we have not carried out an audit by reference to the Deeds. Plans are provided for identification only.
- i) that the information supplied to us is both correct and complete.
- 2. In the case of properties for development, unless otherwise stated in the report, we have made the following additional assumptions unless specific information to the contrary has been provided:
- a) that ground conditions would allow for normal foundations.
- b) that surface water from the proposed development could be adequately disposed of either by soakaways, or into a nearby water course, or to a nearby adopted storm water sewer, and that this could be achieved without any exceptional off-site costs or ransom payments. Furthermore, that such drainage will be acceptable to the Highways Authority in respect of the adoption of any roads and their associated storm water sewers within the development
- c) that foul drainage from the proposed development can be adequately disposed of to a nearby adopted sewer of sufficient capacity to serve the development, and that this can be achieved by gravity without any exceptional off-site costs or ransom payments.
- d) that a highways access for the proposed development can be achieved onto the adopted highway without any exceptional off-site costs or ransom payments and that all land required for vision splays etc. is within the control of the site owner.
- e) that the site can be developed without any requirement for social housing, and that requirements for public open space will not exceed 8% of the gross site area.
- f) that no archaeological conditions will be imposed in respect of the development of the site
- g) that mains water, electricity and gas can be brought to the site without any exceptional costs.
- h) that there are no Section 106 Agreements affecting the site.
- 3. No allowance will be made for liability for taxation, which may arise on disposal, whether actual or notional, nor for the costs of acquisition or realisation.
- 4. In arriving at our opinion of value, no allowance has been made for costs of acquisition or realisation, nor any VAT, Capital Gains Tax, nor any other tax, nor similar liability or claimable allowances which might arise on the sale of the property.

- 5. We have not investigated the existence of mortgages, leases or hire purchase agreements in respect of plant and machinery, and our Valuation assumes any such liabilities have been discharged.
- 6. We have had regard to the apparent state of repair and condition of the property but have not carried out a building survey nor inspected those parts of the property which are covered, unexposed or inaccessible. We have not arranged for the testing of electrical apparatus, heating systems, plant or other services. We have assumed such parts to be in good repair and condition.
- 7. We have not undertaken any site investigations to determine the suitability of ground conditions or services for any new extended or proposed buildings or dwellings.
- 8. In the case of agricultural property, we accept no responsibility regarding, and offer no advice on, the possibility of latent infestations of the soil or of any disease which may affect crops or stock.
- 9. With regard to Town and Country Planning matters, employees of local planning authorities always give information on the basis that it should not be relied upon and that formal searches should be made if confirmation of the information is required. Although for the purposes of this report we have assumed that such informal information is correct, we recommend that, if you should need to rely upon such information, you should instruct solicitors to instigate formal searches.

**Terms of Engagement** 

# TERMS OF ENGAGEMENT AND OTHER INFORMATION

- 1. These Terms of Engagement shall apply subject to any modification or amendment set out in the covering letter of instruction.
- 2. Poyntons Consultancy Ltd. Property and Business Consultants ("the Firm") shall advise the party to whom the letter of instruction is addressed ("the Client") in writing as to their opinion of the value of the relevant interest specified by the Client in the subject property.
- 3. The purpose for which the valuation is required shall be as agreed between the Client and the Firm and will be set out in the covering letter. However, if the purpose is not revealed, the report will include a statement that it is not to be published nor should it be relied upon by third parties.
- 4. The valuation will be carried out in accordance with the RICS Valuation Global Standards (Incorporating the IVSC International Valuation Standards).
- 5. The basis of valuation is as set out in the letter of instruction and as defined by RICS Valuation Global Standards (Incorporating the IVSC International Valuation Standards).
- 6. The date of the valuation will be specified in the letter of instruction. It should be noted that the valuation will be appropriate to that particular date and may not be appropriate to other dates.
- 7. The valuation will be reported in pounds sterling, unless otherwise stated in the covering letter.
- 8. The valuation will be carried out by a corporate member of the Royal Institution of Chartered Surveyors ("the Valuer").
- 9. Subject as hereinafter, provided, the Valuer shall carry out such inspections and investigations as are, in his professional judgement, appropriate and possible in the particular circumstances.
- 10. The Valuer shall, unless otherwise expressly agreed, rely upon information provided by the Client or the Client's legal or other professional advisers relating to tenure, tenancies, schedules of area, wayleaves, easements & rights of way and any other relevant matters. The Valuer accepts no responsibility or liability for the true interpretation of legal matters, or of the Client's legal position or that of third parties.
- 11. The Valuer shall have regard to the apparent state of repair and condition of the property but shall be under no duty to carry out a building survey nor to inspect those parts of the property which are covered, unexposed or inaccessible. The property shall be assumed to be in good repair, except for any defects noted in the report. The Firm will not be under a duty to arrange for the testing of electrical apparatus, heating systems, plant or other services. Such parts will be assumed to be in good repair and condition. The inspection and report will not be an Asbestos Survey in accordance with the Control of Asbestos at Work Regulations, nor will it be an audit to assess the compliance of the building with the Disability Discrimination Act.
- 12. The Firm will be under no duty to undertake any site investigations to determine the suitability of ground conditions or services for any new, extended or proposed buildings or dwellings.
- 13. In the case of agricultural property, the Firm accepts no responsibility regarding, and offers no advice on, the possibility of latent infestations of the soil or of any disease which may affect crops or stock.
- 14. With regard to Town and Country Planning matters, the Valuer shall make verbal enquiries only of the local planning authority. Employees of such authorities always give information on the basis that it should not be relied upon and that formal searches should be made if confirmation of the information is required. The Firm will assume that such informal information is correct but recommends that, if the Client needs to rely upon the information given about Town and Country Planning matters, he should instruct Solicitors to institute formal searches. Where a planning authority does not respond in time to complete the report, the Valuer may make such assumptions as in his/her professional opinion appear to be appropriate and will value the property accordingly.
- 15. In making the report, the Firm will meet the relevant requirements of the Red Book and unless otherwise stated in the report will make the following assumptions which the Firm will be under no duty to verify:

- a) that vacant possession is immediately available.
- b) that no harmful or hazardous material has been used in the construction of the property or has since been incorporated, that there are no latent defects and that there is no contamination in or from the ground or neighbouring property, that it is not land-filled ground nor affected by Radon gas.
- c) that good title can be shown and that the property is not subject to any unusual or especially onerous restrictions, encumbrances or outgoings.
- d) that the property and its value are unaffected by any matters which would be revealed by a local search and replies to the usual enquiries, or by any statutory notice, and that neither the property, nor its condition, nor its use, nor its intended use, is or will be unlawful.
- e) that inspection of those parts which have not been inspected would neither reveal material defects nor cause the Valuer to alter the valuation materially.
- f) that no formal environmental assessment will be provided, and the property is to be valued on the basis that there is no contamination.
- g) that full details of any other matters likely to have an effect on value such as prospective lettings, rent reviews and outstanding requirements under legislation will be given to us.
- h) that schedules and areas will be in accordance with information provided and we will not carry out an audit by reference to the Deeds. Plans will be provided for identification only.
- i) that the information supplied to us is both correct and complete.
- 16. In the case of properties for development, unless otherwise stated in the report, we will make the following additional assumptions unless specific information to the contrary is provided:
- a) that ground conditions would allow for normal foundations.
- b) that surface water from the proposed development could be adequately disposed of either by soakaways, or into a nearby water course, or to a nearby adopted storm water sewer, and that this could be achieved without any exceptional off-site costs or ransom payments. Furthermore, that such drainage will be acceptable to the Highways Authority in respect of the adoption of any roads and their associated storm water sewers within the development.
- c) that foul drainage from the proposed development can be adequately disposed of to a nearby adopted sewer of sufficient capacity to serve the development, and that this can be achieved by gravity without any exceptional off-site costs or ransom payments.
- d) that a highways access for the proposed development can be achieved onto the adopted highway without any exceptional off-site costs or ransom payments and that all land required for vision splays etc. is within the control of the site owner.
- e) that the site can be developed without any requirement for social housing, and that requirements for public open space will not exceed 8% of the gross site area.
- f) that no archaeological conditions will be imposed in respect of the development of the site.
- g) that mains water, electricity and gas can be brought to the site without any exceptional costs.
- h) that there are no Section 106 Agreements affecting the site.
- 17. No allowance will be made for liability for taxation which may arise on disposal, whether actual or notional, nor for the costs of acquisition or realisation.
- 18. The Firm shall provide to the Client a report setting out their opinion of value of the relevant interest in the property. The report will be provided for the stated purposes and for the sole use of the named Client. It will be confidential to the Client and the Client's professional advisers. The Firm accepts responsibility to the Client alone that the report will be prepared with the skill, care and diligence reasonably to be expected of a competent Chartered Surveyor or Incorporated Valuer, but accepts no responsibility whatsoever to any parties other than the Client and any such parties rely upon the report at their own risk. Neither the whole nor any part of the report nor any reference to it may be included in any published document, circular or statement nor published in any way without the Firm's written approval of the form and context in which it may appear.
- 19. In the case of valuations for lenders, if it is proposed to place the loan on the subject property in a syndicate, the Client must notify the Firm of the names and addresses of the other members of the syndicate.

- 20. The Client will pay to the Firm the fee agreed. In addition, the Client will reimburse the cost of all reasonable out-of-pocket expenses which may be incurred and pay the amount of any Value Added Tax on the fee and expenses.
- 21. The Firm's fee account will normally be paid prior to the report being released, but where submitted with the report it will be due in full within 28 days of the invoice date. Amounts outstanding at the due date will be subject to interest from the invoice date until the date of actual payment at the rate of 4% per annum above the base rate from time to time of HSBC Bank plc.
- 22. The person to whom the covering letter is addressed is responsible for and guarantees payment of all of the Firm's fees and expenses even if the Client is a company. If more than one party is to be responsible, then the letter of instruction should be signed by all relevant parties and their liability will be joint and several. The full names and addresses of any additional guarantors should be given in writing to the Firm and failure to do so will mean that the persons who do sign will be fully liable.
- 23. In the event of the Firm's instructions being terminated prior to completion the Firm's will charge fees for abortive work on a quantum meruit basis. Unless otherwise agreed time will be at the following rates: Partners at £150 per hour, Associates at £125 per hour, Senior Staff at £100 per hour and Junior Staff at £80 per hour together with all disbursements specifically agreed and VAT thereon.
- 24. Where an indication of the reinstatement cost of the buildings is requested for fire insurance purposes, this will be given solely as a guide and a formal reinstatement cost assessment will not be undertaken. The PI limit is calculated at a maximum of £500,000 per claim.
- 25. In order to comply with the Data Protection Act 1998, we must inform you that Poyntons Consultancy Ltd. intends to process data relating to our clients for the purposes of both performing the contract and marketing our services. If you have any objection to this, please let us know.
- 26. As part of our compliance with the Disability Discrimination Act 1995, if you think there might be circumstances giving rise to difficulties of access to or within our offices please let us know and we shall be happy to discuss mutually convenient alternative arrangements such as meeting you at your office or home.
- 27. In accordance with the rules of the RICS, the Firm operates a complaint handling procedure, copy of which can be provided upon request. If you require further information or have reason to make a complaint because you are dissatisfied with our service, further details can be obtained from our offices.

**Debenhams Options** 

#### 34-40 Eastgate Row (Former Debenhams Unit)

### Option 1:

Leave the unit as it is, perhaps let it to a new retailer.

#### Accommodation:

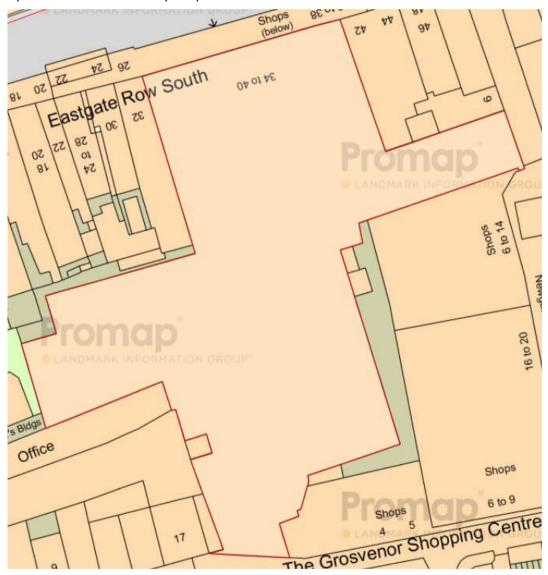
Estimated retail sales area (Gross) 150,000sqft, 13,935sqm

## Tax Implications:

Current Rateable Value: £1,301,658

Rates Payable £1,301,658 \* 0.512 = £666,449.

#### Option in terms of the footprint plan:



The entire unit would be mixed use – as it currently is.

### Option 2:

Unit becomes a university building.

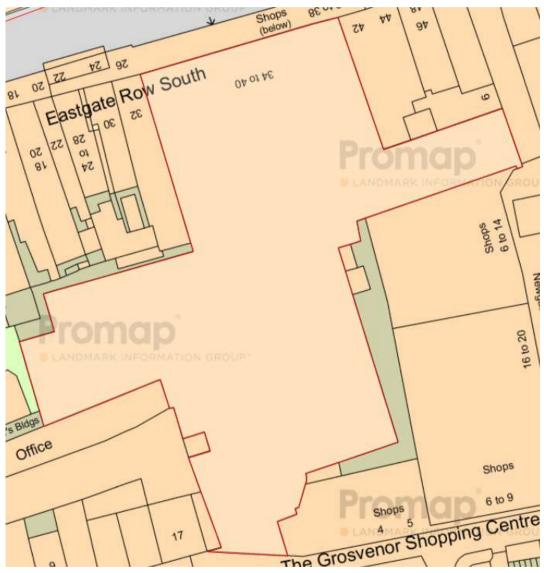
#### Accommodation:

Gross Internal Floor Area 150,000sqft, 13,935sqm

## Tax implications:

This scenario would render the entire building eligible for rates relief – assuming the University is listed as a charitable organisation, the tax income to the council would therefore be £0.

### Option in terms of the footprint plan:



The entire unit would be mixed use for the university.

#### Option 3:

Retain Eastgate frontage to a depth of 25m as retail with office use to the rear and above.

The retail area has been divided into 8 equal sized units, 4 on each row.

#### Accommodation:

Gross Internal Floor Area 150,000sqft, 13,935sqm

Total Retail: 10,225sqft, 950sqm GIA (25m depth, 38m width)

Street Level (Ground Floor): 5,110sqft, 475sqm retail space (ITZA), 18,890sqft, 1,755sqm office use (NIA).

Row Level (First Floor): 5,110sqft, 475sqm retail space (ITZA), 18,890sqft, 1,755sqm office use (NIA).

Second Floor: 24,000sqft, 2,230sqm office use (NIA).

Third Floor: 24,000sqft, 2,230sqm office use (NIA).

The office area has been calculated by deducting 20% for atria and lightwells and then further reduced by

15% for circulation space to produce the Net Internal Area.

#### Tax implications:

Current Rate retail use is approximately £70/sqft, £753/sqm (ITZA)

Retail units are valued In Terms of Zone A (ITZA):

Zones A, B and C @ 6.1m each, 6.7m remaining.

Zone	Α	В	С	Remainder	Totals
Depth (m)	6.1	6.1	6.1	6.7	25
Width (m)	38	38	38	38	/
Area Size (sqm) [NIA] based on 10% reduction of GIA	208.62	208.62	208.62	229.14	855
Rent per sqm	£753.00	£753.00	£753.00	£753.00	/
Rental Value of Zone	£157,090.86	£157,090.86	£157,090.86	£172,542.42	/
ITZA Multiplier	1	0.5	0.25	0.125	/
Total Rateable Value of Zone	£157,090.86	£78,545.43	£39,272.72	£21,567.80	£296,477

Current Rate office use is approximately £15/sqft, £161/sqm (NIA)

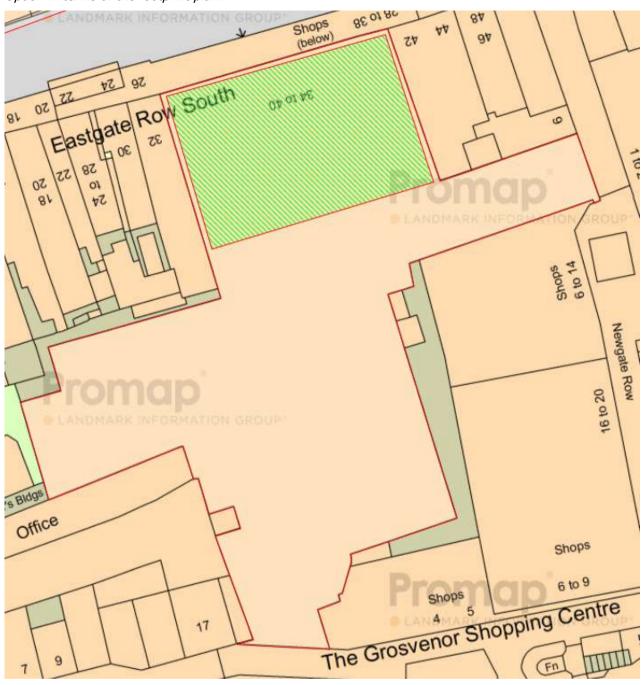
Total Rateable Value Office Space 85,780sqft, 7,970sqm (NIA) \* £161/sqm = £1,283,170.

#### **Total Tax Income:**

Current Total Rateable Value: £296,477 + £1,283,170 = £1,579,647

Rates Payable £1,579,647 \* 0.512 = £808,780.

## Option in terms of the footprint plan:



The green area is the retail space, with the remainder being for office use.

#### Option 4:

Retain Eastgate frontage to a depth of 25m as retail with residential to the rear and above.

The retail area has been divided into 8 equal sized units, 4 on each row.

#### Accommodation:

Gross Internal Floor Area 150,000sqft, 13,935sqm

Total Retail: 10,225sqft, 950sqm GIA (25m depth, 38m width)

Street Level (Ground Floor): 5,110sqft, 475sqm retail space (ITZA), 18,890sqft, 1,755sqm residential use (NIA).

Row Level (First Floor): 5,110sqft, 475sqm retail space (ITZA), 18,890sqft, 1,755sqm residential use (NIA).

Second Floor: 24,000sqft, 2,230sqm residential use (NIA).

Third Floor: 24,000sqft, 2,230sqm residential use (NIA).

The residential area has been calculated by deducting 20% for atria and lightwells and then further reduced by 15% for circulation space to produce the Net Internal Area.

Total Residential: 85,780sqft, 7,970sqm (NIA) assuming an average size of 45 sqm per flat = 177 units.

#### Tax implications:

Current Total Rateable Value Retail: £296,477 (as previous calculations)

Total Residential Council Tax 177 flats \* £1,315.33 Council Tax Band A = £232,813 \* at 100% occupancy

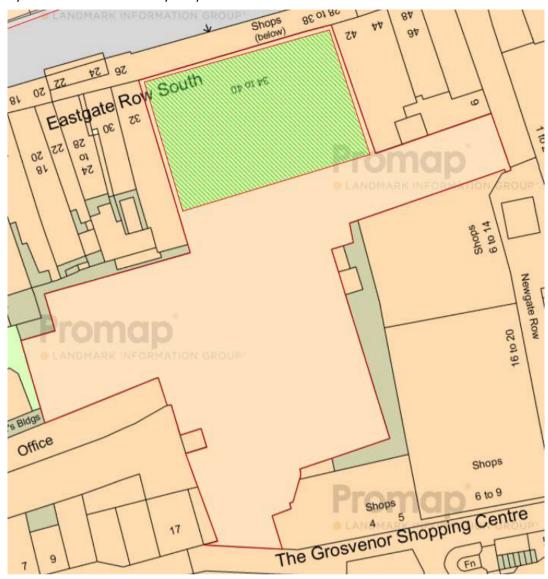
#### **Total Tax Income:**

Rates Payable £296,477 \* 0.512 = £151,796

Council Tax Income = £232,813

Total £384,609

## Option in terms of the footprint plan:



The green area is the retail space, with the remainder being for residential use.

#### Option 5:

Retain Eastgate frontage to a depth of 25m as retail with offices and residential to the rear and above.

The retail area has been divided into 8 equal sized units, 4 on each row.

#### Accommodation:

Gross Internal Floor Area 150,000sqft, 13,935sqm

Total Retail: 10,225sqft, 950sqm GIA (25m depth, 38m width)

Street Level (Ground Floor): 5,110sqft, 475sqm retail space (ITZA), 9,455sqft, 877.5sqm office use (NIA), 9,455sqft, 877.5sqm residential use (NIA).

Row Level (First Floor): 5,110sqft, 475sqm retail space (ITZA), 9,455sqft, 877.5sqm office use (NIA), 9,455sqft, 877.5sqm residential use (NIA).

Second Floor: 12,000sqft, 1,115sqm office use (NIA), 12,000sqft, 1,115sqm residential use (NIA).

Third Floor: 12,000sqft, 1,115sqm office use (NIA), 12,000sqft, 1,115sqm residential use (NIA).

The office and residential area have been calculated by deducting 20% for atria and lightwells and then further reduced by 15% for circulation space to produce the Net Internal Area.

Total Office: 42,890sqft, 3,985sqm

Total Residential: 42,890sqft, 3,985sqm (NIA) assuming an average size of 45 sqm per flat = 88 units.

#### Tax implications:

Current Total Rateable Value Retail: £296,477 (as previous calculations)

Total Rateable Value Office Space 42,890sqft, 3,985sqm (NIA) \* £161/sqm = £641,585

Total Residential Council Tax 88 flats \* £1,315.33 Council Tax Band A = £115,750 assuming 100% occupancy

### **Total Tax Income:**

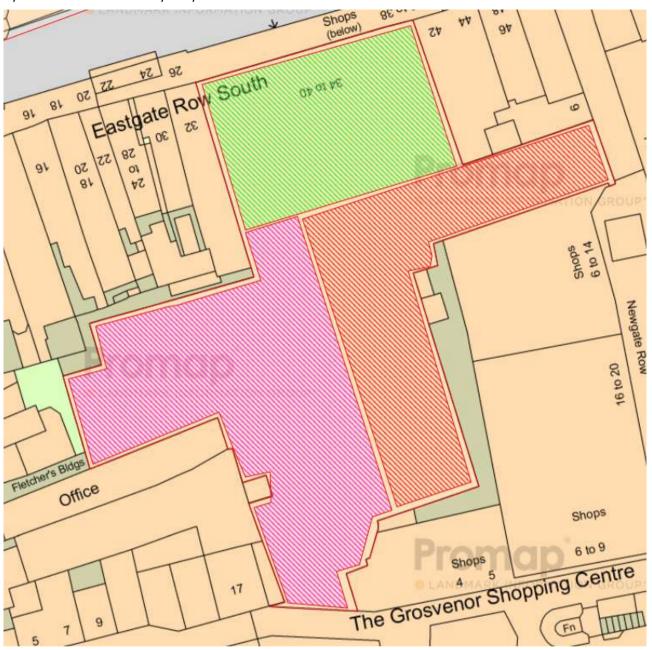
Total Rateable Value: £296,477 + £641,585 = £939,062

Rates Payable £939,062 \* 0.512 = £480,800.

Council Tax Income = £115,750

Total £596,550

## Option in terms of the footprint plan:



The green area is the retail space, the red is office space and the purple for residential use.

## **Summary Table for Comparison**

Option	Tax Income for Council	
1	£666,449	
(Let Unit to New Retailer)		
2	£0	
(Unit Becomes University Building)		
3	£808,780	
(Retail and Offices)		
4	£384,609	
(Retail and Residential)		
5	£596,550	
(Retails, Offices and Residential)		

• All figures assume 100% occupancy of all areas

**Existing Parking Standards for Houses and Flats** 

Cheshire West & Chester Council Parking Standards Supplementary Planning Guidance



# 3 Parking Standards for Houses and Flats

#### Introduction

3.1 Recommended guidelines for parking in new residential development have been developed considering data comparisons between local car ownership, housing tenure and number of rooms to establish demand for car parking.

#### **Car Parking**

Guidelines for borough wide car parking provision within residential development are included in Table 3.1 below. In the case of residential development the recommended car parking standards are minima unless it can be demonstrated that a reduced amount of car parking is acceptable. Garages which do not meet the minimum dimensions set out in Chapter 5 below should not be included in the calculation of car parking spaces. Where the parking is within the private curtilage of a dwelling (but not within a carport or garage) and where practical, consideration should be given to providing at least one space that can be widened to 3.3m, to enable future adaptation for a wide range of people, including older and disabled people and some wheelchair users.

It is acknowledged that car ownership may often be lower for flats than for houses; the recommended minimum provision includes an allowance for visitor parking. The Council will expect developers to justify any shortfall in parking provision and will take into account evidence submitted in this respect on a case by case basis.

Table 3.1: Car Parking Guidelines for new houses and flats

Number of bedrooms	Minimum Standard
1 bedroom	1 space
2-3 bedrooms	2 spaces
4+ bedrooms	3 spaces

3.4 In accordance with national and local policy, when assessing parking provision the range of transport modes by which the location can easily be accessed by, will be taken into account.

#### Cycle Parking

For completeness minimum cycle parking guidelines have also been incorporated. For residential development the recommended cycle

6

3.5

3.3

Cheshire West & Chester Council Parking Standards Supplementary Planning Guidance



parking standard is included within **Table 3.2** below. Garages will be considered acceptable for both for cycle parking and car parking where there is sufficient space for both a car and bicycles.

Table 3.2: Cycle Parking Guidelines for new houses and flats

Dwelling Type	Minimum Standard	
Houses	2 covered and secure spaces per house	
	(can include garages and sheds)	
Flats	1 covered and secure space per flat	

#### **Electric Vehicle Charging Points**

3.6

Policy STRAT 10 of the Local Plan states that proposals should seek to incorporate charging points for electric vehicles where appropriate. The Council will encourage the provision of electric vehicle charging infrastructure in all new houses and flats with dedicated parking and for developments of 10 or more with unallocated parking. Further guidance on the Council's recommended best practice for the provision of electric vehicle charging infrastructure is included in Appendix 1.

**Survey Results Summary Analysis – PDF Attachment** 

# **Rear Elevation Images**



The Dewa Roman Experience building on Pierpoint Lane, just off Bridge Street. The building to the right is rated as part of the Carluccio's unit (38 Bridge Street).



View of 29 Eastgate Street from Godstall Lane.



The Sainsbury's unit on Watergate Street, viewed from Goss Street.



Vacant unit to the rear of Bridge Street, viewed from Pierpoint Court. The building to the right is 48-50 Bridge Street.



Rear of Hobbs and King Donut (21-25 Northgate Street), as viewed from Hamilton Place.



Rear of the Commercial Bar, as viewed from Goss Street.