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## PART C: DELIVERING THE PROPOSALS

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### Delivery Strategy

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# 5



## Planning approach

This masterplan has evolved to become part of the evidence base for the emerging Site Allocations and Core Strategy DPDs. To this end, the masterplan will be used as a capacity exercise to demonstrate that in order to achieve a critical mass of retail development, to deliver a step change in the town's offer and to fulfil its potential in terms of working towards retail capacity targets it is necessary to extend the town centre boundary to provide a more suitable footprint for development of the retail offer.

Moreover, in terms of planning, such is the fragility of the town centre, as identified in the masterplan's baseline report, Central Bedfordshire should adopt a town centre first approach to retail development, working within the revised town centre boundary to deliver new retail-led mixed use development.

A full Sustainability Appraisal and further testing in terms of transport and other key areas will be undertaken to inform the Site Allocations and Core Strategy DPDs. These documents will be subject to further public consultation and representations, ahead of an Examination in Public, before the Council can adopt the high level recommendations within this report as planning policy. At this stage, the Council may wish to consider developing a Supplementary Planning Document to elaborate on any Core Strategy and Site Allocation DPD policies in relation to the recommendation in this masterplan and any further or more up to date information that may have come forward at that time.

The masterplan sets out indicative proposals that meet the identified objectives and principles. As schemes come forward further viability analysis will be needed to inform detailed designs.

## UK Economy Overview

The problems facing the UK economy and property markets particularly are outlined in Appendix C. The subdued performance of the UK economy and the occupier markets, coupled with the debt burden across both the public and private sectors combine to make the delivery of regeneration / redevelopment across the UK extremely challenging. This situation is unlikely to improve over the next 3-5 years.



Vacant retail space across the UK is slowly being re-occupied but numerous sites in Dunstable town centre remain vacant

## Secondary Shopping Centres

The British Council of Shopping Centres, a body which represents the retail property industry, has recently published a paper, "secondary centres; the impact of the recession on secondary shopping centres."

The paper outlines key issues which are currently affecting secondary retail centres across the whole of the UK, and which can be considered particularly pertinent to Dunstable. Prior to outlining a recommendation on delivery strategy for the Masterplan objectives, it is useful to put Dunstable in context and dwell on the challenges that are inherent in the secondary retail property market in the UK.

### The magnitude of the problem

Between 2004 and 2008 there were an unprecedented number of shopping centre transactions, the majority being secondary centre assets. Lending was widely available and subject to favourable interest rates, and loan terms. Due to the financial crisis in late 2008 and early 2009, commercial property values tumbled and owners now face assets worth, in some cases, half of what they originally paid for them with little chance of a rise in value in the short-term.

There are around 820 shopping centres in the UK. It has been estimated that approximately 155 shopping centres are 'at risk' of defaulting on loans that were provided by banks to purchase these assets. This equates to approximately one in every five shopping centres in the UK being at risk of loan default.

The most recent period of investment (2004-2008) saw the emergence of the private investor seeking high returns from assets held for very short periods of time (sometimes only 24 months). This 'flipping' of assets has led to chronic under investment in some centres.

A growing polarisation in the UK shopping centre market will be observed, where strong prime schemes with good tenant mix, car parking, and transport links, will continue to fare better than secondary centres that cannot provide such attributes.

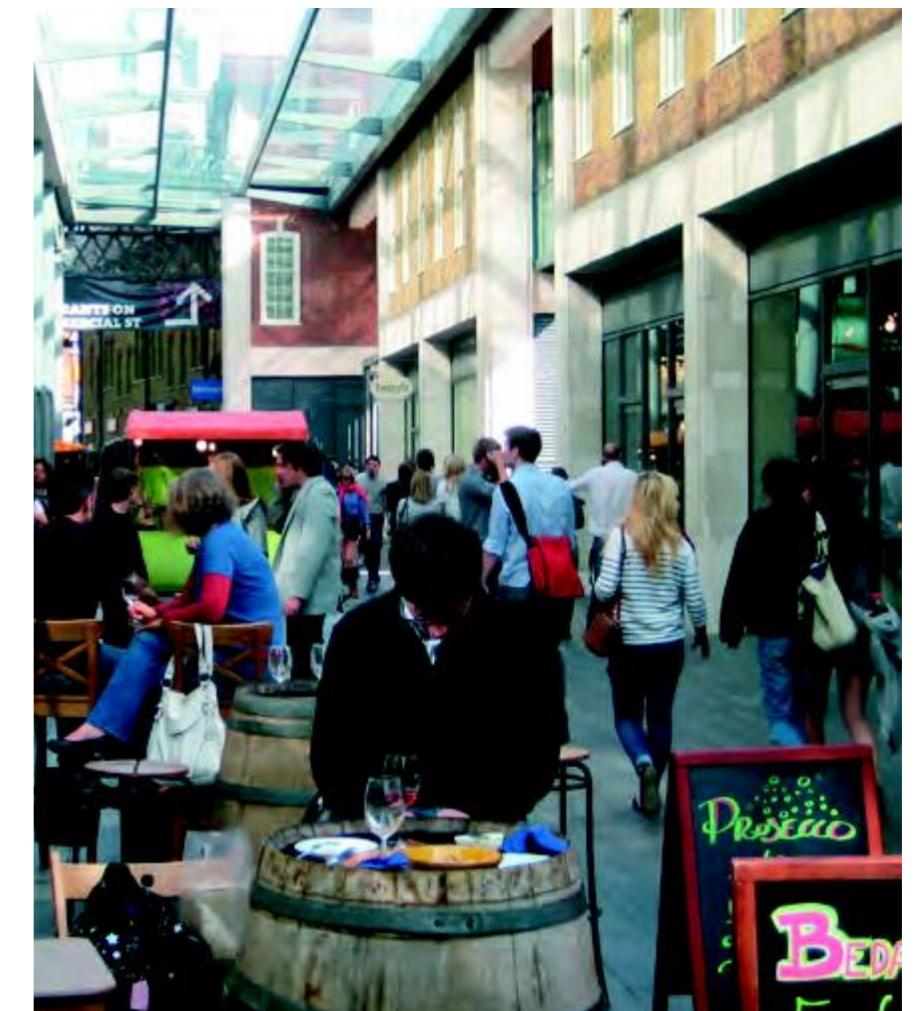
In Dunstable's case, the above quote is pertinent to the Quadrant Shopping Centre, which was purchased in the mid 2000s when the market for such schemes was bullish. Since this time there has been little investment in the centre and values for these secondary centres across the UK have tumbled. The Quadrant Shopping Centre is currently being marketed at a price of £19m, reflective of a net initial yield of circa 7% (the expression of income as a proportion of price) less than what the current owners paid for the asset.

The following section outlines the delivery structure for both the differing phases of the Masterplan and also the separate Areas contained within each of these phases. The text should be cross referenced with the annotated figures on each page.

Landowners, developers, Local Authorities and stakeholders must ensure that they work collaboratively to plan for when the market improves and projects become financially viable once more.

Although each phase refers to a distinct period of time it should be noted that contained within each phase are milestones and actions that can be taken up as opportunities present themselves (which may be prior to the particular phase commencement period). This strategy will help in bringing forward the delivery of each phase within the required time line.

Due to the complexities involved in delivery of each site we have set out a structural framework for delivery, describing the process that should be adhered to in order to bring forward each particular development.



The housing market remains volatile, although some developers have begun building again

Shops of the right size and configuration are important factors in attracting retailers

## Phase One: 0 to 5 Years

### Ex-Magistrates Court, Ambulance Station: Development of Medical Centre

#### Site

The site is located in the north east of Dunstable town centre, fronting Court Drive, and opposite Central Bedfordshire College.

#### Land Assembly

The site is currently used as an Ambulance Station and contains the ex-Magistrates Court (which is currently used as storage space with some office accommodation).

The site is controlled through two ownerships, both within the public sector – Central Bedfordshire Council and the East of England Ambulance Trust.

Discussions have been held with both parties who are willing to work with the Council to help deliver this project.

#### Scheme Design/ Occupier Demand

Discussions have been held with Bedfordshire Primary Care Trust.

There is a need for a new medical centre to meet the needs of Dunstable, Houghton Regis and the surrounding area.

The preference is to maintain a presence in Dunstable Town Centre, and this could be accommodated on this site.

Associated public realm costs will need to be met through developer contributions and/or grant funding if available. A balance will need to be struck with scheme viability.

#### Developer/ Development Partner

In order to deliver the identified scheme on this site, the strategy is for the Council to carry out the requisite land assembly, on a conditional basis (East of England Ambulance Trust site).

The Council could then enter into discussions with the preferred developer (or go out to tender for a preferred developer, subject to procurement rules), enter into a Development Agreement for the delivery of the scheme.

#### Scheme Viability

Proposals would need to be tested further to assess viability.

### Housing for Older People Development

#### Site

The site is located in the south west of Dunstable Town Centre in a mainly residential area.

#### Land Assembly

Existing use as a surface car park. Site owned by Central Bedfordshire and could be made available subject to further discussions regarding re-provision of car parking within the town centre.

#### Scheme Design/ Occupier Demand

Early discussions have been held with a well regarded developer which specialises in housing for older people - an indication of demand for this scale and type of development has therefore been established.

Associated public realm costs will need to be met through developer contributions and/or grant funding if available. A balance will need to be struck with scheme viability.

#### Developer/ Development Partner

Central Bedfordshire Council has the opportunity of either entering into a development agreement with the interested developer, or if this is not considered appropriate in obtaining best value for the site, the alternative option is to promote the site through a Development Brief and selection of a preferred developer through a Competitive Tender process.

#### Scheme Viability

Early indications are that demand for this development has been established, the site is solely controlled by Central Bedfordshire Council, and therefore issues on land assembly should not be problematic.

The viability of the proposals will be governed by provision of alternative car parking within Dunstable/further work on car parking capacity and whether Central Bedfordshire consider it appropriate to dispose of this asset (and any associated income that it generates) in the current market.

Further viability analysis will be required as scheme designs and development proposals come forward.

## Former Post Office Site & Regent Street Car Park: Development of Mixed Use Residential Scheme

### Site

The site is located in the north west of Dunstable Town Centre, fronting High Street North.

### Land Assembly

Ownership details to be established except Regent Street Car Park, which is owned by Central Bedfordshire Council.

### Scheme Design/ Occupier Demand

The Masterplan proposals are for a mixed use residential led scheme with flexible units at ground floor fronting High Street North.

Demand for new residential apartment accommodation should be monitored to assess viability.

Any retail demand is likely to be from independent local operators. The North Eastern Quadrant will be the location for prime retail.

Associated public realm costs will need to be met through developer contributions and/or grant funding if available. A balance will need to be struck with scheme viability.

### Developer/ Development Partner

Establish development brief.

Procure residential/mixed use developer from private sector/RSL

### Scheme Viability

Scheme design and development proposals will need to be developed further to test viability, which will be reliant on a recovery in residential values, particularly in the apartment/flat market, and the costs of site assembly.

It is also recognised that some Registered Social Landlords can be reluctant to become involved in smaller 1-bed flatted units in urban areas and this will need to be further tested as the scheme progresses.

Royal Mail supports the proposed redevelopment in principle, assuming that a suitable alternative site for the relocation / re-provision of Royal Mail's facilities can be found.

### Phase one: 0 to 5 years



Figure 5.1: Phase One plan

## Phase Two: 5 to 10 Years

### GP Surgery close to Priory Church: Housing for Older People Development

#### Site

The site is located in the south of Dunstable Town Centre close to High Street South and the Priory Gardens.

#### Land Assembly

The site is currently occupied by a medical centre.

#### Scheme Design/ Occupier Demand

The Masterplan proposals are for a residential scheme comprised of housing for older people.

Initial discussions have been held with a recognised developer in this sector and it is understood that feedback of the opportunity has been encouraging.

Associated public realm costs will need to be met through developer contributions and/or grant funding if available. A balance will need to be struck with scheme viability.

#### Developer/ Development Partner

Establish development brief.

Procurement of specialised developer from private sector.

#### Scheme Viability

The scheme proposals are reliant on the site becoming vacant through a relocation of the Health Centre to the proposed Medical Centre.

The proposals will need a 'buy in' from the site's owner, who will wish to secure the highest value for their site irrespective of use. The council's planning policy could therefore assist in promoting the identified use.

Further viability analysis will be required as scheme designs and development proposals come forward.

### Matthew Street Car Park: public realm improvements

#### Site

The site is bounded by West Street and High Street North in the centre of Dunstable, currently used as a car park.

#### Land Assembly

The site is owned by Central Bedfordshire Council.

#### Scheme Design/ Occupier Demand

The Masterplan proposals are for an enhancement of the existing car park through public realm and streetscape improvements.

### Developer/ Development Partner

It is envisaged that central Bedfordshire would appoint a contractor to carry out public works/public realm improvements.

### Scheme Viability

The viability of these proposals are reliant on the cost of funding the works which would either have to be met through S.106 contributions from other developments, or alternatively funded by the Public Sector monies when available.

Further viability analysis will be required as scheme designs and development proposals come forward.



Priory Gardens Health Centre could be redeveloped



West Street Church is adjacent to Matthew Street car park

Phase two: 5 to 10 years



MATTHEW STREET  
CAR PARK:  
PUBLIC REALM  
IMPROVEMENTS

GP SURGERY CLOSE  
TO PRIORY CHURCH:  
HOUSING FOR OLDER  
PEOPLE

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Figure 5.2: Phase Two plan

## Phase Three: 10 to 15 Years

### The A5 – High Street North: improvements to junctions and crossings

#### Site

Situated to the north of the cross roads.

#### Land Assembly

Currently under the control of the Highways Agency.

This scheme can only go ahead following construction of if the A5-M1 Link is built and when control of the highway is passed to Central Bedfordshire Council.

#### Scheme Design/ Occupier Demand

The masterplan promotes the principles of improvements to the junctions and crossings, and provision of shared space.

#### Developer/ Development Partner

Central Bedfordshire Council are working with their appointed consultants to develop a design for this road that could be implemented following de-trunking of the A5.

#### Scheme Viability

The scheme is unlikely to be funded through developer contributions alone. Public subsidy is therefore highly likely to be required

Further viability analysis will be required as scheme designs and development proposals come forward.

### Quadrant Shopping Centre & surrounds: Comprehensive mixed-use retail-led redevelopment

#### Site

Situated in the north east of Dunstable Town Centre. The site incorporates:

The Quadrant Shopping Centre (currently owned by Glanmore although now actively being marketed after a period of soft marketing.)

Store and car park owned by Asda on a long lease basis

Residential accommodation at Dorchester Close, part private and part council owned

Land owned by Central Bedfordshire Council currently housing the library.

There are also several other parcels of land in private ownership - details on these have yet to be established.

#### Land Assembly

With regard to delivery, the objective should be to minimise the land take required to assemble the site; the greater the costs of assembling the land the less chance a development has of being financially successful.

Any private sector partner will wish to remove doubt over land assembly though the support of the Council's CPO powers.

The following land assembly issues have been identified as key in the delivery of the proposals:

##### 1. Negotiations with Asda involving:

- extension of store to provide an additional circa 20,000 sq ft, extending to the front of their store toward High Street North on what is currently their existing surface car park.
- current surface car park (area in front of proposed store extension) to be redeveloped for additional retail unit shopping and reconfigured mall / street at the Quadrant Shopping Centre.

- Parking for ASDA to be re-provided adjacent to the enlarged store.
- Highways Access - to the proposed new Asda store access will need to be amended from via Queensway / Court Drive to Kingsway. Traffic impact assessments will need to be made on the capacity of the new road lay out.

##### 2. Negotiation with owners of affected homes in Dorchester Close and Kingscroft Avenue:

- Purchase of residential accommodation in Dorchester Close – part Council owned and part (8 houses) in private ownership – plus 1 property in Kingscroft Avenue.
- Consideration should be given to a purchase of these units by the public sector in order to promote development in this area. This could be done in the short term in order to facilitate wider regeneration of the area.

##### 3. Negotiation with Aldi/freeholder re-purchase of site:

- Current site to provide access to the new car park. New Aldi store may have to be re-provided in re-configured scheme.

##### 4. Negotiation with Central Bedfordshire Council:

- Regarding purchase of the library site for new street / Quadrant Shopping Centre re-alignment. Library requirements and relocation options will need to be established.

##### 5. Negotiation with Glanmore (or new owners):

- Regarding re-development of the Quadrant Shopping Centre scheme and associated car parking (the key stakeholder with regard to the north east quadrant).

##### 6. Negotiation with owners of other sites:

- Regarding redevelopment of sites including Queensway Parade to ensure schemes are viable.

#### Scheme Design/ Occupier Demand

The masterplan promotes the provision of the identified retail capacity within the town centre rather than in out of town locations, enhancing and protecting its vitality and viability.

The extension and realignment of the existing Asda store could



create an improved interface with the Quadrant Shopping Centre, enabling more linked shopping trips, driving footfall into the scheme and increasing its appeal to new and existing retailers.

The quantum, design and size of new retail accommodation could contribute to provide a 'critical mass' of retail space to enable a better retail provision.

This in turn could provide Dunstable with a 'step change' in its perception improving its appeal to operators and consequently the 'lettability' of any new retail space.

Dunstable suffers from a perception problem from both consumers and retailers – the centre currently retains only 18% of the spending power within its Primary catchment. Linked with a wider campaign of marketing/promotion of the town and additional regeneration initiatives, this option could re-establish Dunstable's role as a convenient centre for the local population, reducing leakage of its core catchment and enable it to perform its role as a Major Centre within Central Bedfordshire.

Associated public realm costs will need to be met through developer contributions and/or grant funding if available. A balance will need to be struck with scheme viability. An improved pedestrian and cycle link between the White Lion Retail Park should also be considered.

### Developer/ Development Partner

Delivery of this north eastern quadrant of the masterplan will require substantial land assembly. The amount of land to be purchased and negotiations associated with this should be kept to a minimum.

King Sturge has met with the key landowners in the town centre. The current policies / structures of these landowners (in particular Glanmore – current owners of the Quadrant Shopping Centre scheme and also Asda who own a long lease on their store and car park) mean that it is not currently feasible that the Masterplan will be delivered by any of these parties.

Once the Masterplan proposals have been ratified by Central Bedfordshire Council it is recommended that approaches are made to these landowners again in order to ascertain whether this remains the case.

In King Sturge's view there are two routes available for delivery of the proposals:

#### Procurement of a Development Partner Through OJEU Process

The structure of this would be to put forward a Development Brief for tender by competition, leading to the identification of a suitable development partner(s), the signing of a development agreement(s) and the eventual submission of a planning application by the developer to deliver the agreed scheme.

This structure transfers the planning risks, land assembly and costs of funding the exercise onto the developer and thus some loss of control over the delivery of the Masterplan aspirations. The Council could utilise its Compulsory Purchase powers (indemnified by the developer) in order to further assist in site assembly.

The north eastern quadrant is a predominantly retail led regeneration scheme; consequently a single developer with a track record and experience of this could be considered appropriate.

We would not rule out the possibility that the successful developer could lead a consortium with differing areas of expertise to include either a private residential or RSL partner.

The difficulty with this strategy is that due to EU legislation governing the procurement of a Development Partner, the developer is at risk through the tender process and incurs significant costs.

The result of this is that in a weak market developers are unlikely to tender for the opportunity. This option is therefore reliant on ensuring that, whilst the market is depressed, the opportunity is supported by the Local Authority (through for example, strategic site assembly, investigation into TIF legislation, supporting regeneration through planning policy etc all of which can take place in the short term to assist in delivery). The objective of this is to enable the Local Authority to place the opportunity in the market when the economic conditions are more conducive of redevelopment.

#### 7. Promotion of a Scheme with one Strategic Partner

The Local Authority could (subject to EU Procurement

legislation) work with the owners of the Quadrant Shopping Centre scheme, the majority landowners in this part of the town centre, to deliver a comprehensive redevelopment of the Quadrant Shopping Centre and surrounding area.

This strategy will of course rely on the Quadrant Shopping Centre owners' aspirations and investment objectives (or the views of any new owners). We know that the current owners are unable to develop the scheme but that the asset is currently being marketed. If new owners are secured they may be able to contribute to and assist in the delivery of the Masterplan.

If the scheme were to be purchased it is likely to be beneficial to Dunstable as the new owners will have purchased the asset at current day values and therefore any redevelopment proposals will not be hamstrung by an artificially high land cost.

This is likely to be the preferred option and Central Bedfordshire should take a proactive approach in the sale process to encourage any purchaser to take full advantage of the masterplan proposals.

### Scheme Viability

The proposals for this area are the most complex element to the Masterplan.

Although we have listed this as Phase 3 there are areas within this phase that can be brought forward or given further consideration immediately such as the purchase of residential units at Dorchester Close. In addition elements of development within this phase, such as the Asda extension could be brought forward on a phased basis.

The Quadrant Shopping Centre has been marketed for sale since Summer 2010 and whilst interest in its acquisition has been shown, the shopping centre is still within the current ownership. If there is a change in the ownership of the shopping centre, it may be possible that the new owners may wish to carry out redevelopment/refurbishment proposals considerably sooner than those timescales identified in this masterplan document (i.e. Phase 3, 10-15 years), and early consideration should be given to the aspirations of the new owners.

Further detailed design work will need to be undertaken in order to accurately assess viability of any proposals.

## Remainder of Ashton Square Car Park and associated retail accommodation: mixed-use retail and residential scheme

### Site

Situated in the centre of Dunstable Town Centre close to West Street and High Street South.

### Land Assembly

Further detail on land ownership to be established, although Central Bedfordshire Council are significant land owners though their retail ownership at Ashton Square and St Mary's Gate Car Park.

### Scheme Design/ Occupier Demand

The Masterplan proposals are for a redevelopment of the existing ground floor retail accommodation to provide new units with residential family friendly accommodation.

Demand for both new retail and residential accommodation will need to be established.

Associated public realm costs will need to be met through developer contributions and/or grant funding if available. A balance will need to be struck with scheme viability.

### Developer/ Development Partner

The Masterplan proposals are for a redevelopment of the existing ground floor retail accommodation to provide new units with residential family friendly accommodation.

Demand for both new retail and residential accommodation will need to be established.

Associated public realm costs will need to be met through developer contributions and/or grant funding if available. A balance will need to be struck with scheme viability.

### Scheme Viability

Redevelopment proposals for this phase / area deliberately long term.

The existing use value of the Council's ownership and the secondary nature of the retail environment make these proposals currently unviable.

The scheme will require refurbishment / active asset management in due course when redevelopment proposals can be considered further.

Further viability analysis will be required as scheme designs and development proposals come forward.

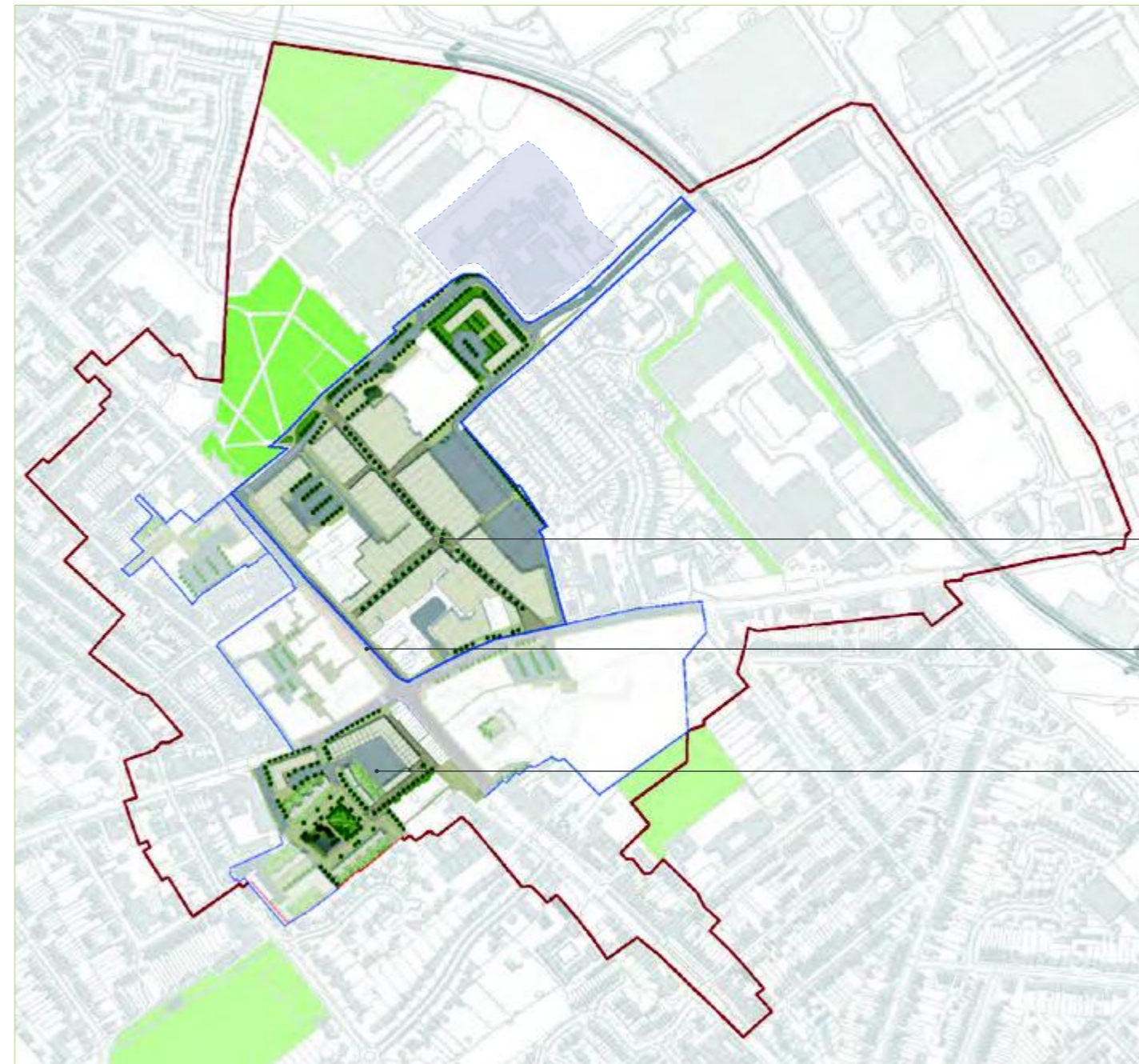


New housing and shops could replace existing development in the longer term



The Quadrant Shopping Centre could undergo comprehensive redevelopment

### Phase three: 10 to 15 years



QUADRANT SHOPPING CENTRE AND SURROUNDS: COMPREHENSIVE MIXED-USE RETAIL-LED REDEVELOPMENT

THE A5 – HIGH STREET NORTH: IMPROVEMENTS TO JUNCTIONS AND APPROACHES

REMAINDER OF ASHTON SQUARE CAR PARK AND ASSOCIATED RETAIL ACCOMMODATION: MIXED-USE RETAIL AND RESIDENTIAL SCHEME

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Figure 5.3: Phase Three plan

