

Twickenham Rediscovered *Viability Workshop*

Thursday, 18th August 2016

Agenda

- Welcome / introductions
- Setting the scene
- Key messages from past consultations / the pop-up shop
- Viability
- Q&A
- What happens next

Setting the scene

In July 2016, we announced we would continue our engagement and consultation with residents and businesses in order to gather the creative ideas and responses of all those who wish to see a new heart for Twickenham.

So, rather than present specific designs, the Council has been reflecting back what has been heard so far and engaging on themes and topics where there is scope for further dialogue.

To enable us to have a richer and deeper conversation with residents, we are holding a series of workshops on specific topics and themes. Each workshop will be a conversation with the community on the key areas that have been identified:

- Viability – how the finances of a scheme can influence its make-up
- Retail and Business
- Community Spaces and Improving Links to Diamond Jubilee Gardens
- Parking, Traffic and Access
- Connectivity to and use of the River
- Configuration of the Development

Key messages from prior consultations

Barefoot Consultation (2010):

- It was felt that the town centre was in need of improvement, to welcome and entice residents and visitors alike.
- People felt that any redevelopment should be shaped by the local community and not by a profit making developer.

All in One consultation (2010):

- Respondents in Twickenham were very satisfied with their local area as a place to live (88%).
- However, nearly half (47%) of respondents identified shopping in your local high street as being in need of improvement, which was higher than anywhere else in the Borough.

Key messages from prior consultations

Twickenham Area Action Plan (2013):

- The above consultations led to the adoption of this plan in 2013. At its heart it encourages regeneration in order to help revitalise Twickenham town centre through appropriate development at key sites such as Twickenham Riverside

Key messages from the pop-up shop (Phase One – 19 to 30 July 2016)

Approximately 800 people visited the pop-up shop and 344 comment cards were received. 134 people have had their say so far via the hardcopy and online survey.

Example comments that link to viability:

- Some people have responded to say that they would not like to see any residential development on the site.
- Others have commented that if residential units are required, they would like to see a mix of housing (affordable, social and rented) rather than private luxury apartments.

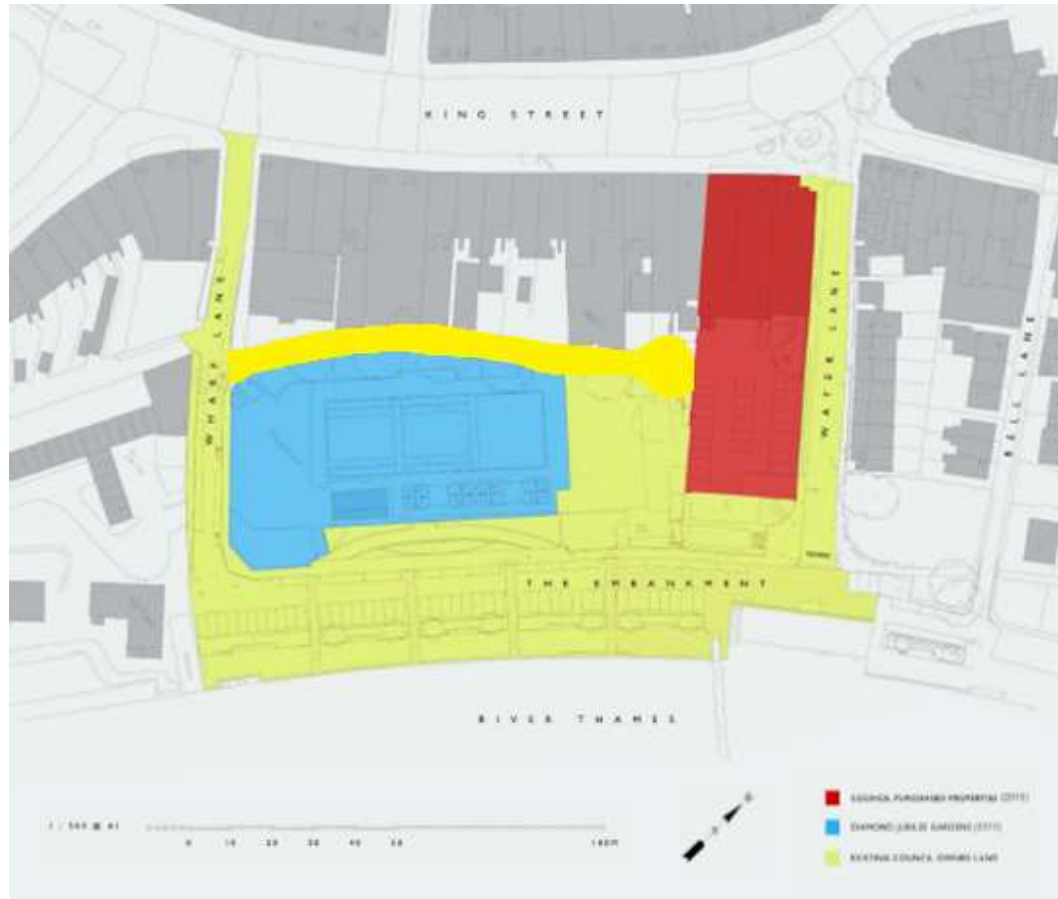
Setting the Scene for Viability

- We are deliberately running this workshop first because of the links between viability and the subject areas in later workshops
- We will be explaining what financial ‘viability’ usually means in terms of development sites more broadly
- Then for the Riverside site itself we will be exploring the site specific and Twickenham town centre issues that might mean our approach is different to that of a “normal” developer
- We will also want to touch on the wider Borough issues including their potential impact on the financing of the Riverside scheme

Setting the Scene for Viability

- We will offer views but we will **not** be making any kind of definitive statement on the financial position that the Council requires at the site. We just don't have one at this stage.
- Instead our objectives are to:
 1. Give you a better understanding of the factors that the Council takes into account in respect of viability
 2. Let you have your say
 3. Inform the rest of the workshop programme and in turn the eventual revisions to the Riverside Site proposals

The Context for Viability - The make up of the Riverside Site





TWICKENHAM
REDISCOVERED

The Context for Viability

Land Purchases and Values

- The extent of the land acquired by the Council in 2014 is the brown/red area on the site plan
- Some of the reasons for the purchase - including delivering objectives of TAAP
- The price paid - £6.5m
- The other land owned by the Council and its possible values

A Common Approach to Viability - 1

- If the total capital value of receipts expected from a development exceeds the total of the capital costs of delivering it, then the scheme is expected to be in profit
- If that expected profit matches or exceeds the level of profit that the developer requires, then a scheme is regarded as being “viable”

A Common Approach to Viability - 2

The “total capital value of receipts” is commonly made up of:

- The capital receipts from the sale of residential units
- The capitalised value of rental income received from business, café / restaurant and retail space
- Any grants received from national or regional government, e.g. towards wider regeneration objectives or for affordable housing

A Common Approach to Viability - 3

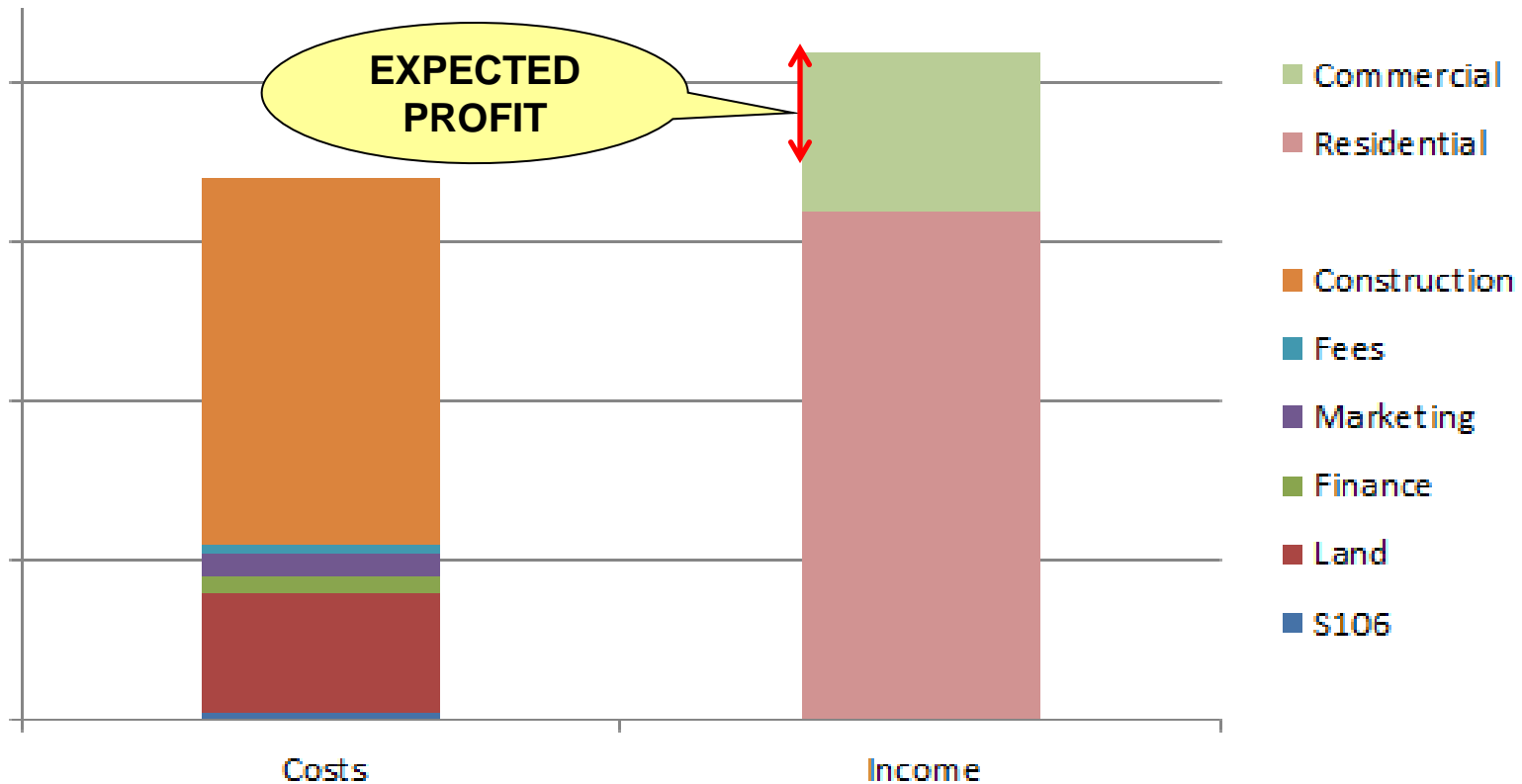
The “capital costs of delivering” a scheme are commonly made up of:

- The cost of buying the land
- The value of land already owned
- The costs of construction
- Professional fees (including, for example, marketing costs)
- The cost of borrowing money or using your own money
- The costs of any planning obligations

A Common Approach to Viability - 4

- The “expected profit” for scheme from a private sector developer is commonly in the range 15 - 20% of the total costs of delivering the scheme
- Post Brexit, the feeling thus far is that developers are seeking the higher end of any range

A Common Approach to Viability - 5



A Common Approach to Viability - usually financially beneficial items:

- Fairly large building blocks
- Residential units at upper levels
- Maximising attractive views for residential
- Maximising use of the site area
- Restaurant / café uses at ground floor
- Good quality construction
- When affordable housing is required, delivering “Intermediate” forms of affordable housing – e.g. shared ownership units

A Common Approach to Viability - usually financially detrimental items:

- Additional costs / reduced receipts that come with some types of design e.g. curves
- The costs of basement parking
- Affordable housing for rent
- Leisure based uses
- Community based uses
- Large areas of open space

A Riverside Site Specific approach to Viability - The wider benefits / impacts to consider:

- Might we deliver some office space linked to Permitted Development based losses of space in Twickenham?
- Linked to that, might we also deliver some new business start-up units?
- Will new restaurant / café uses be beneficial to the rest of the town or not?
- Might basement parking have wider benefits to the town that are acceptable despite its costs?

A Riverside Site Specific approach to Viability - The wider benefits /impacts to consider:

- Might the provision of more open space than a private developer would deliver be sensible? Including open links to DJG? Including entertainment space?
- Whilst larger blocks are more financially viable, might not smaller blocks better reflect the surrounding area?
- Might we lose a part of the site for a wider Water Lane? Or is there a different approach to getting connectivity to the River?
- Might the delivery of some community based space be appropriate? Or is there enough elsewhere?

So what ultimately could be the Council's approach to viability?

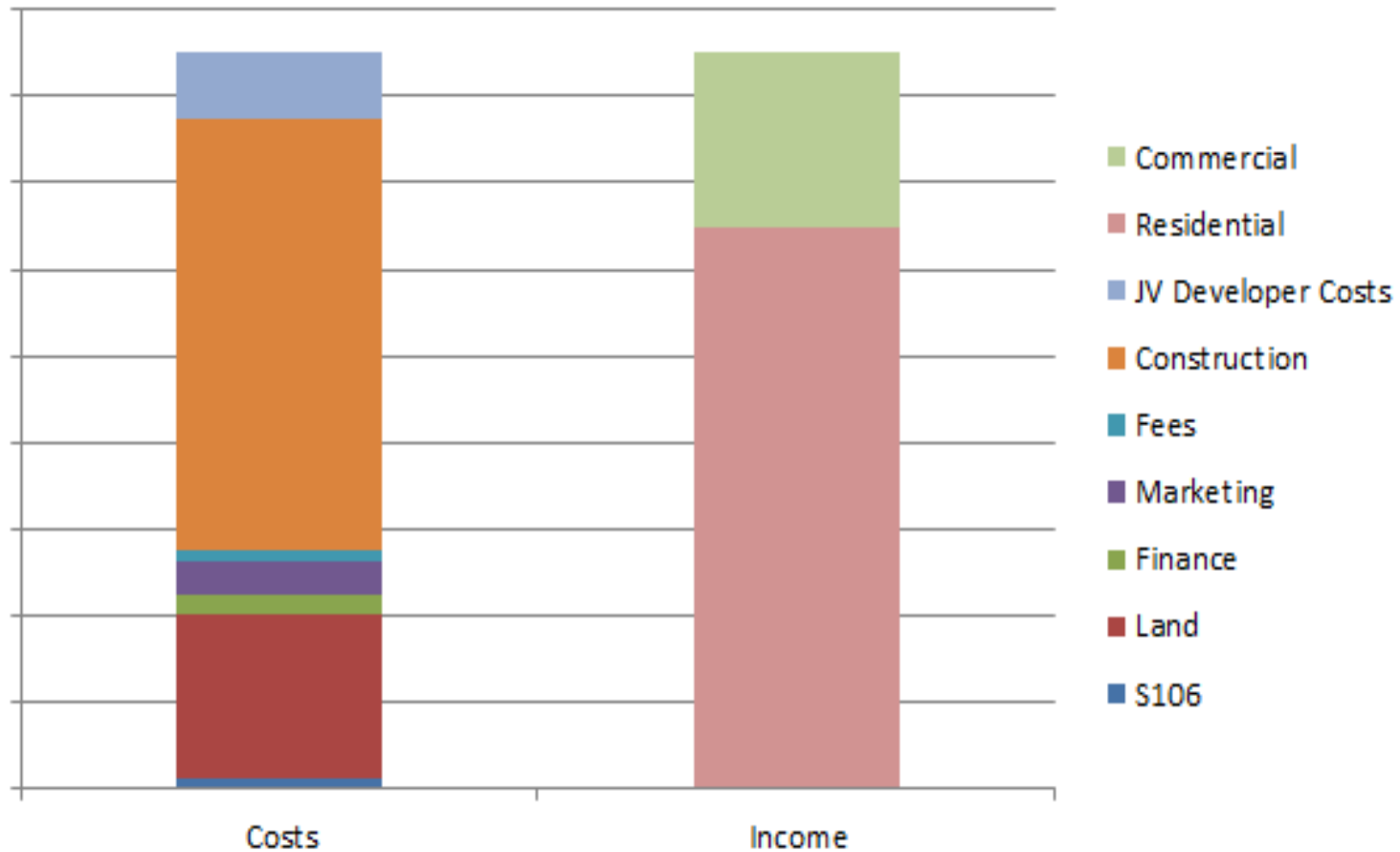
Given the context that:

- The Council's most recent land acquisition was at £6.5m
- The Council's total land value is more
- A "normal" developer would target getting all of that back and way more
- But a lesser "target" for the Council would likely enable wider Twickenham related benefits
- Though there are Borough wide issues to consider – what would a Ham resident think about a lesser target?

We must also take account of risk though - it has an impact on viability and how we deliver the scheme:

- Direct development by the Council – this represents the **highest level of risk** to the Council, however the Council would retain complete control over design and building specifications
- Developer led – this represents the **lowest level of risk** to the Council, however there would inevitably be some loss of control and an absolute profit level would be required by the developer at that 15 - 20% range
- Joint Venture (JV) – the level of **risk is shared** by the partners, as is the approach to profit

A Potential Riverside Site Specific Approach to Viability?



Q & A on what has been said

- We are allowing around 30 minutes for this part of the session
- We will be taking notes of the questions and the answers to help with future feedback and to help inform the workshops to come

What happens next?

Workshops

- Retail and Business: Monday 22nd August, 6.30pm-8.30pm
- Community Space and Diamond Jubilee Gardens: Monday 5th September, 6.30pm-8.30pm
- Parking/Access/Cycling: Monday 12th September, 6.30pm-8.30pm
- Connectivity to and use of the River: Wednesday 14th September, 6.30pm-8.30pm
- Configuration of the Site: Thursday 15th September, 6.30pm-8.30pm

The deadline for the online survey is Friday 16th September (if you require a hard copy please ask).

What happens next?

- From late September onwards we will feedback what we have heard at the pop-up shop and the range of workshops
- From mid to late October onwards we will present revised proposals and will consult you on them