

STATES OF JERSEY



ST. HELIER WATERFRONT: DEVELOPMENT (P.175/2011) – COMMENTS

**Presented to the States on 5th December 2011
by the Council of Ministers**

STATES GREFFE

COMMENTS

The Council of Ministers opposes this proposition.

Background

The States of Jersey (“SOJ”) approved the establishment of the States of Jersey Development Company Limited (“SOJDC”) on 20th June 2011 via P.73/2010. Under the SOJ approved process, there is a Regeneration Steering Group (“RSG”) which is a political group comprising the Chief Minister, Minister for Treasury and Resources, Minister for Economic Development, Minister for Transport and Technical Services and the Connétable of St. Helier, together with a co-opted Connétable for a parish in which a major regeneration scheme is taking place.

The prime purpose of the RSG is to provide a political steer and/or guidance in order to inform policy guidelines for all major Public property and infrastructure regeneration projects in Jersey.

The over-riding objective of the RSG is to ensure that future major Public property and infrastructure projects –

- contribute to the future economic wealth of the Island;
- enhance the quality of the Island’s built environment;
- improve transportation links to, from and within the Island;
- provide the necessary infrastructure to support public and private activities;
- encourage sustainable, green development;
- meet the objectives of the States Strategic Plan;
- enhance the individual characteristics of the Parishes and the individual settlements within them.

The RSG’s responsibility is within the development planning of regeneration projects; translating Masterplans and Development Briefs proposed by the Minister for Planning and Environment into workable and economically viable Development Plans.

The role of the States Assembly, *inter alia*, is to –

- determine the Island Plan and any amendments thereto on the recommendation of the Minister for Planning and Environment – this sets the framework for the regeneration strategy and designates the initial Regeneration Zones;
- appoint the non-executive directors of the States of Jersey Development Company Limited;

- hold the Ministers to account for the delivery of effective regeneration in line with the States' agreed strategy;
- ensure that all elements of the process are open and responsive to scrutiny.

As can be seen, the Connétable of St. Helier is a member of the RSG. Thus far, he has recorded some reservations at the Group's meetings about the Esplanade Quarter, but has not questioned the progression of the preparation of the Development Briefs for the La Folie and Les Galots sites.

Esplanade Quarter

The Esplanade Quarter Masterplan was approved by SOJ in July 2008 and has not been changed, either by WEB or its successor, SOJDC.

The consented Masterplan provides for 620,000 square feet of office space, 400 residential units, 100 bed hotel/serviced apartments, c.50,000 square feet of support retail and restaurant space, 1,420 car parking spaces, of which 520 are to be for public use, and the lowering of La Route de la Libération.

The Minister for Planning and Environment approved an outline planning permission for the development of the entire site, subject to entering into a Planning Obligation Agreement in August 2010. Subsequently, this was completed by the Minister for Planning and Environment, the Minister for Treasury and Resources, the Minister for Transport and Technical Services and WEB.

The Council of Ministers, in March 2011, recognised that the underground road agreed as part of the Esplanade Quarter Masterplan was an important issue to Islanders; and assured States Members that any modification of La Route de la Libération would be brought to the States for approval as landowner before being commenced.

Contrary to the Connétable of St. Helier's statement, SOJDC is not pursuing a different scheme to that which has been approved by SOJ. The Minister for Planning and Environment approved minor changes to the Masterplan in March 2011 "to respect and to respond to emerging client demand for office floor space on the Esplanade Quarter and so enable commencement of the project".

Furthermore, SOJDC is cognisant of the public's concerns about undertaking all of the below-ground works in a single phase and the disruption that this could cause, together with the loss of 500 public parking spaces. By undertaking the scheme in phases, SoJDC will ensure that there is no loss of public parking and that, under the first phase of development, there will be no changes to the existing road network and therefore no disruption.

Esplanade Quarter Phase 1 comprises Phase 1A of 310,000 square feet of office accommodation, together with 360 basement parking spaces; and Phase 1B of 150,000 square feet of office accommodation, together with 480 basement car parking spaces. During construction, 500 commuter public parking spaces will be provided on a temporary basis, administered by TTS, on an adjacent vacant Waterfront site.

The development of Phase 1 will provide significant open space with grassed areas and trees, as well as a new hard-surfaced public square and pedestrian streets. Approximately 60% of the existing Esplanade Car Park, when developed, will be given over to public realm and public open space. In area terms, this equates to 5½ Royal Squares.

SOJDC has been consulting with potential major tenants within the finance and supporting industries. There is a need to create a modern international finance centre in Jersey in order to allow the finance industry to prosper and grow. It is expected that most of the occupiers of the Esplanade Quarter will be relocating from lower-quality offices in other parts of St. Helier. This will allow other areas of the town to be redeveloped for other uses such as housing. SOJDC is in the process of working-up detailed designs in response to tenants' specific requirements. The requirements are for large efficient floor plates, with light on all sides, and with low whole-life operating costs of optimal energy efficiency, together with dedicated underground parking.

The development of the Esplanade Quarter will be undertaken in phases and in accordance with the Memorandum of Understanding ("MoU") attached to the recently adopted proposition, P.73/2010 – Property and Infrastructure Regeneration: the States of Jersey Development Company Limited, which states –

“Where a specific development is undertaken directly, before committing to construction costs, the SOJDC will have to secure a sufficient level of legally binding pre-lets to fund the costs of constructing the first phase of a scheme”.

The Esplanade Quarter will therefore only proceed once legally binding pre-let and pre-sale agreements are in place in respect of the development of office space.

The Esplanade Quarter is part of St. Helier. There is already significant office development along the Esplanade. It has become the favoured location for the finance sector and its support operations. The Esplanade Quarter is a matter of 3 minutes' walk to Charing Cross. Phase 1 of the development provides for no retail or restaurant uses, so as not to compete with the existing historic retail centres of St. Helier.

The Connétable of St. Helier comments that there are currently 2 private sector schemes within the 'old town', that combined will achieve nearly the same amount of office space as the approved Masterplan for the Esplanade Quarter. However, he takes no account of the timing of delivery or tenants' specific accommodation requirements. The largest of these proposed schemes, if approved, cannot be commenced within at least 5 years due to existing leases. Phase 1A of the Esplanade Quarter could commence construction by the end of 2012 for delivery by the end of 2015; this timetable fits with the requirements of a number of the potential tenants.

In these times of economic difficulties, the construction value alone of Phase 1A is £100+million. This will provide a significant stimulus to the important but depressed construction sector of the Jersey economy.

Furthermore, the combined development profit and land value that will be realisable by SOJDC from undertaking Phase 1A is estimated at £20+million. This will be paid by SOJDC by way of dividend to the States of Jersey Treasury.

These are compelling reasons to be promoting the development of Esplanade Quarter at this time rather than wishing to defer or stop this development contrary to the Connétable of St. Helier's statement in his Report. Clearly, there are very material financial implications that impact directly on the States of Jersey in the timeframe of this proposition.

La Folie and Les Galots

It has been reported to meetings of the RSG, attended by the Connétable of St. Helier, that the Environment Department is progressing a number of Development Briefs that involve feeding the planning policy and responses from statutory consultees on La Folie and Les Galots. It was agreed by the RSG that the requirements of the Jersey Rowing Club and the Sea Cadets should be considered within the context of the regeneration of La Folie and Les Galots.

Subject to the receipt of a development brief from the Environment Department, the RSG has approved the use of La Folie as a residential development site. This will include the complete regeneration of La Folie and its surrounding listed buildings. The development of La Folie could commence by the end of 2012 and would mitigate further decay.

The Island Plan approved by SOJ in 2011 has designated Les Galots for community uses, and the RSG has committed to these uses including the requirements of the Jersey Rowing Club and the Sea Cadets.

Planning

Any future masterplanning will be carried out by the Department of the Environment. The Minister for Planning and Environment will decide whether masterplans or any form of supplementary planning guidance are brought before the States. Currently, such documents do not need States approval. However, for very large examples the Minister will consider bringing proposals to the Assembly.

The current Esplanade Quarter Masterplan is still in place. It has had minor amendments, but the overall vision is still the approved one.

Demand is not a planning issue, and this should not prevent planning the development of key sites within St. Helier. As a property owner, the States has every right to pursue commercial opportunities on its own land, notwithstanding that there is also interest from private developers as well.

Any community needs at Les Galots and La Folie will need to be taken into account in the planning brief. Les Galots is now zoned in part for community use. The States have already expressed a view on this site through the Island Plan debate, and have given a firm indication on what they would like to see there. No other amendments were made to the key principles of the plan in St. Helier, and therefore re-designating land for other uses (such as a central park) should really run through an Island Plan amendment debate and not independently.

Jersey Harbours

The States Trading Operation, Jersey Harbours, is responsible for ‘the administration, management, operation, financing, development and maintenance of the harbours of Jersey and their associated facilities’. The word ‘harbour’ includes ‘... pier, jetty or quay’; the site referred to at La Folie therefore falls under the administration of Jersey Harbours.

In 2004, the then Harbours and Airport Committee agreed to release the licensee of La Folie from his contract due to a downturn in business. At the time, as the property was included in the Jersey Harbours Masterplan, it was not considered appropriate to enter into a long-term lease without any assurance of redevelopment. Consequently, it was proposed that a 3 to 5 year lease agreement with a new tenant be secured. Expressions of interest were received and a preferred developer selected, however unfortunately this developer failed to deliver and the planning process ended.

In 2006, the site was re-advertised for a short-term lease; the long-term aim always being to redevelop the whole area. This process failed to find a suitable tenant, as the building requires significant investment to make a return. The decision was then taken not to seek a short-term tenant as plans were being developed which would require the entire La Folie site to be vacated.

The workshops behind the pub were re-located to the former Harbour Works building in 2009, and Masterplans started to be drawn up by Jersey Harbours, WEB and Property Holdings, with the intention of maximising the value of the whole site for marine leisure in the long term.

Summary

The Council of Ministers urges the Assembly to reject this proposition and request the Connétable of St. Helier to engage in due process. This process has already been approved by the States in P.73/2010, which established the RSG and SOJDC. As a member of the RSG, the Connétable can make his comments known on all developments within that forum.