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135-149 Shaftesbury Avenue,
London WC2H 8AH

The Need for Renewal

Iceni Projects Limited on behalf of
Capital Start Limited

December 2017

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START LIMITED

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THE NEED FOR RENEWAL

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1. INTRODUCTION

- 1.1 This report has been prepared to describe why it is necessary to achieve change and urban renewal at 135-149, Shaftesbury Avenue, London.
- 1.2 This report provides a summary assessment of the existing building from a building condition and public realm perspective. The report also considers the commercial utility of the building and its fitness for purpose in the context of contemporary accommodation demands. In addition, the report considers the likelihood of a 'do nothing' scenario and presents the case for renewal in the context of the wider planning benefits of the proposal.
- 1.3 The report is structured to provide an analysis of the site and an identification of the need for renewal based on a consideration of the following:
- Section 2: Building condition;
 - Section 3: Public realm;
 - Section 4: Do nothing scenario;
 - Section 5: Conclusions
- 1.4 The primary catalyst for change is the departure of the existing primary commercial tenant on site, Odeon Cinema. This has necessitated a strategic and comprehensive review of the asset on a site wide basis.
- 1.5 This need for renewal report should be read alongside the submitted Building Condition Report, Design and Access Statement and Viability Assessment which collectively highlight the need for change and provide the necessary financial analysis and evidence. These assessments align the commercial catalyst for change with reasons as to why change and urban renewal is necessary for the social, environmental and economic interests of London. These reports conclude that:
- The building is in a poor physical condition. It has not been maintained. This has necessitated an intervention from the owner and applicant. The building is grade II listed and it is in the public interest for a viable scheme to be developed in order to secure the long-term future of the listed building.
 - The existing building is a detractor to pedestrian accessibility and permeability between Soho and Covent Garden, contrary to the identified need and objectives of planning policy with regard to place making and the public realm.

- The existing Cinema is a failing business. The existing cinema use has not generated sufficient revenue to repair and protect the building and the existing accommodation is unable to meet the needs and demands of commercial occupiers. This is prejudicial to London's role as a world city.
- The costs of retaining, upgrading and refurbishing the building in order to provide accommodation of an adequate commercial standard would make refurbishment unsatisfactory.
- Do nothing is not an option. This would only perpetuate the buildings current state of disrepair and only delays an inevitably more radical change at some point in the future contrary to the public interest.
- The realistic and desirable option is to develop and renew. This option best serves the public interest and is able to deliver development plan policy and the best overall package of planning benefits. The benefits of this approach can be maximised through the role of the single applicant freeholder to ensure the strategy is designed and executed on a site wide basis.

The proposed development offers a number of important planning advantages including the delivery of sustainable mixed-use development commensurate with the key location of the site within the heart of the West End and the CAZ, an enhanced public realm, improved pedestrian permeability and better access and servicing arrangements. Crucially the development would renew and restore the building back to its former glory as part of a creative mixed-use scheme commensurate with its cultural heritage and special interest.

2. BUILDING CONDITION

- 2.1 This section considers the current physical condition of the buildings fabric as well as practical utility of the existing accommodation as the principal catalysts for renewal.
- 2.2 The building is in a very poor state. The existing condition of the building is described within the Building Condition Report prepared by Dallas Associates. The report describes the following principal defects:
- 2.3 Poor roof coverings, resulting in a major roof leak and damage to the upper stories.
- 2.4 Brickwork damage to the elevations.
- 2.5 Poor windows and fenestration with cracked glazing and poorly fitting windows.
- 2.6 Flooding in the basement.
- 2.7 Asbestos throughout the building.
- 2.8 The existing condition of building requires intervention in the short term.
- 2.9 The viability report which accompanies this application identifies the cost associated with repair and refurbishment. In summary, it would cost approximately £26 million to refurbish the building to a modern standard where it could continue to be let to a cinema operator. However, after the refurbishment the building would only be worth approximately £5 million. On this basis, no commercial operator would ever undertake such a project. It is therefore necessary to consider how the costs associated with the necessary renewal of the building can be met. They can only be met through a viable scheme. A viable scheme means achieving more than just refurbishment. It necessitates comprehensive development as set out in these application proposals.

3. PUBLIC REALM

3.1 The site occupies a key position within the Central Activities Zone (CAZ) at the heart of the commercial West End between Soho and Covent Garden and within Camden councils defined Central London Area.

3.2 The existing building does not currently do its location justice and appears as a hard barrier within the townscape and local public realm, presenting dark elevations to the street scene and being a detractor to safe pedestrian vitality and movement between key commercial districts.

3.3 The site is considered to have a negative and detrimental impact on the public realm and local pedestrian permeability for the following main reasons:

- The site is totally impermeable to the public;
- There is no visual interest at street level;

3.4 These points are considered in turn and covered in more detail below:

The site is totally impermeable to the public

3.5 The site occupies an entire city block. The building is of solid design with a strong horizontal emphasis. The building is not legible in terms of its function and operation, including the location of entrances. The rectangular block of building, which makes up the site presents an austere and dark frontage to the adjacent streets. The development does not provide a welcoming interface with adjacent streets and street life. It is dark, unattractive and does not allow for natural surveillance. This results in a visually defensive and dominant barrier of solidity which does not invite pedestrian exploration or encouraging one to walk towards and around the site, despite its location on a route which should otherwise be much more attractive to pedestrian movement by virtue of its location.

There is no visual interest at street level

3.6 Less than 5% of the frontage around the site could be considered to be 'active' (i.e. commercial entrances). The remaining frontage consists of solid blank walls, service entrance(s) or escape doors. This is not an active or visually inviting site.

3.7 The proposed development seeks to address these challenges. The historic entrance is renewed, re-opened and enlivened. New openings are proposed which shall re-connect the building with the street. The rooftop extension shall be complimentary to the solidity of the host building.

4. DO NOTHING

4.1 The existing primary commercial tenant (The Odeon Cinema) are vacating the building.

4.2 As such, the options available are:

- a) Maintain the status quo and do nothing i.e. leave the building empty.
- b) Let the building in its existing condition for a considerably reduced rate.
- c) Refurbish / upgrade the building.
- d) Demolish internally and deliver comprehensive renewal through redevelopment.

4.3 Option a) is not a commercial reality. The future management and life of the building is dependent upon its viability as an asset. The inevitably short lets for parts of the building would be difficult to manage and not economically viable. This would lead to a decline in the building and the reinforcing of its deficiencies. In addition, the rates and service charge void costs incurred by the landlord could result in them having to strip out the interior of the building, thereby preventing any further economic use.

4.4 Option b) is not commercially viable.

4.5 The earlier sections of this report amongst many issues highlights the physical constraints the current building imposes upon both the landlord and tenant. The inherent inefficiencies and obsolescence in the building cannot be avoided unless the building is comprehensively developed. In addition, the entire building is in a poor state of repair. In such circumstances rent is not the only variable in successfully letting to a commercial tenant. There is a standard of accommodation and level of risk (in terms of lease requirements for repair and weathertightness) below which most occupiers will not drop, regardless of the rent offered. We believe that in its current condition the existing accommodation falls below this threshold.

4.6 Even if some minor redecoration works were carried out it is still highly likely that a significant element of the building would remain unlet and those parts of the building successfully let would achieve poor rents and those tenants which did acquire leases would probably be of a poor covenant.

4.7 It is highly probable that the tenants will require options to break. Under such circumstances rent free periods of 6-9 months would need to be granted. In addition, given such a significant amount of space is likely to remain vacant, the rates and service charge liability the landlord would suffer will

be extensive. It is highly probable that the mechanical and electrical plant will require significant work and expenditure to ensure even a basic service is maintained. Given the limited rental income and extensive voids, such programme of works would be uneconomic rendering the space virtually unlettable. In addition, we also believe that many tenants would require the service charge to be capped.

- 4.8 Option c) would upgrade the accommodation but would still result in compromised floorspace. This option is not considered financially viable when the costs of refurbishment are compared to the cost of comprehensive redevelopment which would achieve a much greater quality of floorspace and consequently rental income.
- 4.9 The viability report which accompanies this application identifies the cost associated with repair and refurbishment. In summary, it would cost approximately £26 million to refurbish the building to a modern standard where it could continue to be let to a cinema operator. However, after the refurbishment the building would only be worth £5 million. On this basis no commercial operator would ever undertake such a project. It is therefore necessary to consider how the cost associated with the necessary renewal of the building can be met. They can only be met through a viable scheme. A viable scheme means achieving more than just refurbishment. It necessitates comprehensive development as set out in these application proposals.
- 4.10 Option d) provides the type and quality of floorspace required, is viable in the long-term and is the only option which offers the key planning benefit of securing and protecting the future of the listed building in the public interest in addition to providing numerous other planning benefits described in this report.

5. CONCLUSIONS

- 5.1 From the analysis it is considered that:
- 5.2 The building is in a poor physical condition. It has not been maintained. This has necessitated an intervention from the owner and applicant. The building is grade II listed and it is in the public interest for a viable scheme to be developed in order to secure the long-term future of the listed building.
- 5.3 The existing building is a detractor to pedestrian accessibility and permeability between Soho and Covent Garden, contrary to the identified need and objectives of planning policy with regard to place making and the public realm.
- 5.4 The existing Cinema is a failing business. The existing cinema use has not generated sufficient revenue to repair and protect the building and the existing accommodation is unable to meet the needs and demands of commercial occupiers. This is prejudicial to London's role as a world city.
- 5.5 The costs of retaining, upgrading and refurbishing the building in order to provide accommodation of an adequate commercial standard would make refurbishment unsatisfactory.
- 5.6 Do nothing is not an option. This would only perpetuate the buildings current state of disrepair and only delays an inevitably more radical change at some point in the future contrary to the public interest.
- 5.7 The realistic and desirable option is to develop and renew. This option best serves the public interest and is able to deliver development plan policy and the best overall package of planning benefits. The benefits of this approach can be maximised through the role of the single applicant freeholder to ensure the strategy is designed and executed on a site wide basis.
- 5.8 The proposed development offers a number of important planning advantages including the delivery of sustainable mixed-use development commensurate with the key location of the site within the heart of the West End and the CAZ, an enhanced public realm, improved pedestrian permeability and better access arrangements. Crucially the development would renew and restore the building back to its former glory as part of a creative mixed-use scheme commensurate with its cultural heritage and special interest.
- 5.9 When considered together these factors clearly highlight the need for renewal. This need for renewal should also be considered in the context of the significant benefits which would occur from the redevelopment of the Odeon, Shaftesbury Avenue as proposed.