

831 2093



42 GLOUCESTER AVENUE, LONDON NW1 8JD

WORKSHOP: 071-722 1728 • ADMINISTRATION & DISTRIBUTION: 071-586 4806 • CINEMA: 071-586 8516

August 9th '91

Irene Whitehead,
Head of Planning,
British Film Institute,
21, Stephen Street,
London W1.

c.c. Mif Severin P.3
Jim Pines
Jan Christie
Steve McIntyre
LVA
Staff
Excel

REF: LPMC/LVA relocation project

Dear Irene,

Please find enclosed revised costings, taking into consideration the new offer available from the Mark Segal Family Trust on 29/31, Saffron Hill.

We have made some initial assumptions regarding MDA income. This is based tentatively on letting as short term edit and production office/and possible film/video preview facilities. (in the absence of other information).

We have made initial queries of the Planning Officer by visit to Camden Council. It may be of interest that no application for planning permission is recorded in relation to the Dunn & Co. development. An application by the previous agents Fibbens & Fox Associates was made in December '90 and recently withdrawn. Our information ref. planning permissions for the respective premises is based on their advice. (Camden Council)

We would have liked to provide you with more detailed information on the comparative construction/conversion costs of the two buildings, but have to date insufficient detail on Dunn & Co. Our assumption on the refurbishment cost of £35/£40 per sq.ft. would still appear relevant to the Dunn & Co. site.

With best wishes,

Yours sincerely,

Anna Thew



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Rent pattern

Dunn & Co. £8.90 per sq.ft. to first review at 5 years.
Fixed increase of 20% for next 5 years.

Saffron £7/£8 per sq. ft. to first review at 7 years.
Increase at RPM figure of £17.50 for next 3 years.

Service Charge maintained at constant charge both buildings for simplicity at £1.40 per sq.ft. for 10 year period.

Cumulative total shown at:-

	1st yr	5 yrs	7 yrs	10 yrs
<u>Dunn & Co.</u>				
rent	130,000	650,000	962,000	1,430,000
s.c.	20,300	101,500	142,100	203,000
total	150,300	751,500	1,104,100	1,633,000
<u>Saffron Hill</u>				
rent	100,000	500,000	700,000	1,402,000
s.c.	18,700	93,500	130,900	187,000
total	118,700	593,500	830,900	1,589,000

(square footage Dunn & Co. 14,500/Saffron Hill 13,370)

If the rent rise after 7 years on the Saffron Hill building is at the high figure shown, as indicated by RPM (last column), then its expected that the income generating potential of the MDA sublet will rise accordingly.

The service charge on the Saffron Hill building, if let to a sole client as intended, will cover usage only, rather than being a fixed charge. It is anticipated therefore, that the Saffron Hill service charge will be maintained at a lower rate than shown on the table.

Rates are not indicated on the table above, since the Saffron Hill rates are under review (downwards) and the Dunn & Co. are not yet known.

The LFMC/LVA rateable areas will be subject to minimum of 80% reduction for Registered Charities. We would point out that Camden has been sympathetic in



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the past, offering the LFMC an additional 50% reduction beyond the statutory proportion payable as a Charity. This concession would be applied for in relation to any new premises.

Difference in rent, service charge payable

1st year RENT	Dunn & Co.	130,000	S.C.	20,300	
	Saffron	100,000		18,700	
		<u>30,000</u>		<u>1,600</u>	<u>31,600</u>
at 5 yrs	Dunn & Co.	650,000		101,500	
	Saffron	500,000		93,500	
		<u>150,000</u>		<u>8,000</u>	<u>168,000</u>
at 7 yrs	Dunn & Co.	962,000		142,100	
	Saffron	700,000		130,900	
		<u>262,000</u>		<u>11,200</u>	<u>273,200</u>
at 10 yrs	Dunn	1,430,000		203,000	
	Saffron	1,402,000		187,000	
		<u>28,000</u>		<u>16,000</u>	<u>44,000</u>

The rent and s.c. are less at Saffron Hill at each stage, even including inflated rent for the years 8-10.

CONVERSION

Saffron Hill was converted and thoroughly refurbished in 1989, only 2 years ago. Provided that regular maintenance is carried out, dilapidation should not present a risk.

Conversion to LFMC/LVA/MDA requirement involves removal of lightweight stud partition on the ground floor only.

Subdivision of the space will be necessary on any site, though as there are toilets and kitchens throughout and some existing partitioning for our purpose, the cost of light conversion and refurbishment will be met within the sum already quoted £100,000. We are confident that this sum may well provide for some upgrading of equipment in addition.

N.B. as stated concrete floors, stairs, fire exits, doors, lift and loading bay existing to regulation standard.

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PLANNING PERMISSIONS

P.6.

The Saffron Hill premises is designated as Bl(c), light industrial. Our Gloucester Avenue premises are designated Bl (1987).

Camden Council Planning Department have advised us that it will be permitted to carry on our existing function, Cinema Club (Film Society/membership only) and Workshop at Saffron Hill. No change of use permission will need to be applied for. The Council will have to be notified of our intended use of the ground floor, as was required on our existing site. Inspection of fire and safety to Film Society requirement will be a matter of course.

It is therefore envisaged that there will be no delay in this respect with regard to Saffron Hill.

Further should MDA require mainly office space, no change of use permission will be needed for areas of less than 235 sq.m. (2530 sq.ft.)

The Dunn & Co. building does not have the designations required and therefore planning permissions will have to be applied for. As there will be different use requirements on different floors of the building, the planning applications could be subject to considerable delay. Previous applications for similar use have taken up to 9 months.

Since the project with Dunn & Co. depends to such an extent on the developer, it is conceivable that commencement of construction/conversion may well hinge upon planning permissions being granted for the retail/restaurant and offices on the upper floors, i.e. before the project is set in motion or otherwise.

Camden currently have a policy of refusing permissions for office development, and for retaining existing usage where possible. This may therefore entail lengthy Appeals procedures inst. Fibbens Fox Associates/Bayham Street.

This may involve the BFI/LFMC/LVA as arts organisations, in a planning gain deal to the benefit of the developer.

The Dunn & Co. premises present a real planning risk.

MDA subletting/income

Estimated that MDA space requirement represents 2,200 sq.ft. (existing drawings) of which 400 sq.ft. for administration/office, leaving 1,800 sq.ft. to short term sublet.

Saffron Hill is more central, accessible tubes/rail etc. and artisan area. Estimated therefore that rent chargeable for short term let (production ?) will be able to be somewhat higher than the Kentish Town building (only 1 tube line).

<u>Saffron Hill</u>	£25/sq.ft.	(est.75% occupancy)	over 5 years
<u>Dunn & Co.</u>	£20/sq.ft.	" " "	" " "



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Scenario A (Full possession both sites) assumed 75% occupancy as above P7

Saffron Hill

5 yrs at £33,750 p.a. = 168,750 + next 5 yrs (+30%) 219,375 = 388,125

Dunn & Co.

5 yrs at £27,000 p.a. = 135,000 + next 5 yrs (+30%) 168,750 = 303,750

84,375 difference

Scenario B (Saffron Hill part let 2nd floor/1st 3 yrs)
assumed 75% occupancy of remainder

Saffron Hill

3 yrs at £38,935 p.a. = 116,805

2 yrs at £33,750 p.a. = 67,500

184,305 + next 5 yrs as above 219,375 = 403,680

N.B. part let floor at £15.50 inclusive rent, rates, service charge.
Certain income for whole 3 years.

99,930 difference

It would appear that from a purely financial point of view Scenario B will provide a better income to total on the Saffron Hill site. And that in any event with or without this let, Saffron Hill has a greater income earning potential than Dunn & Co.

V.A.T.

We have been advised that on a single lease assignment for the whole premises (Saffron Hill), no V.A.T. will be chargeable. This is of particular significance to the LFMC which has not as yet been required to register (ref. new limits).

Provision of natural light

The Saffron Hill site offers good natural light to all parts of floor areas which require it.

Equally it offers the requisite area for LFMC/LVA light sensitive operations.

The Dunn & Co. site offers little natural light. It does not appear that any provision has been made for increasing this.



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ADDENDUM TO REPORT OF AUGUST 9TH '91

REF: 29/31, Saffron Hill, London E1 and Dunn & Co. comparison.

LEGAL

SAFFRON HILL - Freeholder (City Corporation) DUNN & CO. Freeholder (unknown)

Long leaseholder (Segal Trust)
69/70 years

lets to

BFI

BFI

Both situations direct to shorter term let. See RPM's letter of 14th Jan '90 which advises either of these situations as desirable scenario.

Between a long leaseholder and a freeholder there is little difference, since the one owns (has bought) the long lease and the other owns the freehold. (Unless the one or the other has a big mortgage on either the lease or the freehold, in which case one would find this out and gauge whether it may pose a problem) there should be NO difference as regards the CHAIN. In effect either the long leaseholder or the freeholder lets a shorter or longer or full length of the lease in the same way, since they are the owner and not subject either of them to the whims of rents going up or down above them.

The terms of the shorter than 69/70 year sublease depend on what the client negotiates. These terms can only be established if negotiations are opened. Normally this would take more than an initial discussion with the agent.

We are none of us aware of the Dunn & Co. terms, beyond the fixed 5 year to review and the 20% increase for 5 years after.

Negotiations of a comparable deal ref: known 10 year scenario (DUNN) might have been achieved with a little determination, vis a vis SAFFRON HILL. One had barely begun to talk legal/financial.

LEGAL/related to contracting of works

SAFFRON HILL - straightforward

DUNN & CO. - unknown(to LFMC)

Dunn & Co. could prove complex, i.e. financial down payment, related to which works are effected by which party. Conditions to ensure freeholder or their agents effect proportion said, with two teams of architects? The contracts will be more complicated, given the nature of the major structural works proposed. One will be dependent on the freeholder or their agents somehow. This will not be as straightforward as Saffron Hill and will entail a great deal more consultation on everyone's part, which takes time and endurance let alone the cost. The planning and permissions process could prove tortuous.



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LOCATION

LFMC staff, executive and members who visited both sites considered the SAFFRON HILL location to be far superior to the Dunn & Co. LVA staff and other members appeared to be of the same view. Of the 23 people who came to see the building, 22 either very much preferred or expressed a liking for the location.

The Building Committee's advice against the Dunn & Co. building being now its actual location.

SAFFRON HILL - is much better served by transport (already said).
 it's much more central
 it's quiet (important for working and for screenings and exhibition)
 it's cleaner (important for film-handling and general working conditions.) less polluted etc.

It's accessible by tube, bus or rail to all the constituent art colleges of the LONDON INSTITUTE/L.C.P. Clerkenwell, Elephant & Castle, Central/St.Martin's, Chelsea (Piccadilly, Circle Line). The Slade, London University, L.S.E., Guildhall School of Music, the Whitechapel Gallery, the Barbican, Lilian Baylis Theatre, Sadlers Wells, the old Air Gallery, the London Lesbian and Gay Centre, F.F. (club) and other new clubs.

Since a large percentage of our cinema audience comes from the Art Schools and student body, or people who have an art background, then the proximity of all of the above means a livelier and more generative scene than Kentish Town.

It's traditionally an artisan area, with studios, photographers, graphic designers, (and sound studios next door !), so being a Film-Makers' Co-operative we would be in the right area.

RPM originally referred to this area, City Fringe, as the most suitable for LFMC/LVA relocation (feasibility).

LFMC disagree with the Planning Department's and RPM's current view that Saffron Hill, 1 minute round the corner from Farringdon tube, is not a good location for us.

It is surely of vital importance that the views of those people who are going to have to work in a building and run its operations, particularly its cinema, are for this location. They are in all probability the people who know what will work or what won't. From all the feasibility studies, this would seem to have been the main object.

DUNN & CO. - on the contrary is served by 1 tube line, with a long walk
 It's not central
 It's noisy (traffic from two main roads), dirty and grimy,
 traffic fumes make for an unpleasant working environment.



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Busy shopping precinct area, no galleries in the vicinity, little way from Camden Lock etc. People who come to Camden for the Lock don't habitually pop in to see an avant-garde movie. No history of this being the case.

Residential area to College Street side, building backs onto residential properties. Complaints from neighbours vis a vis night-time events likely.

Costly to publicise events this location, owing to distance from centre. This is a known scenario. Camden unreliable audience figures.

CAPITAL COSTS

With good design, architects appointed by LFMC/LVA to work in close consultation conversion of internal space, Saffron Hill much less expensive and simpler (lay-out existing as said).

Provision of projection booth and cinema space likewise straightforward, whereas Dunn & Co. no sign to date of suitable provision. Solutions to a difficult space so far suggested do not inspire confidence. The major structural alterations now being proposed will not be cheap, and depend on the owner's assumed goodwill.

Assume capital costs at Dunn & Co. to be in excess of 500,000, whereas Saffron Hill 100,000 is a generous provision, possibly allowing for some equipment renewal.

(RPM's estimate of 200,000 has no substantiation and seems exaggerated. A house in Notting Hill can be bought for that !)

Saffron Hill work entails besides initial design, breeze block and stud partition, carpentry, fire doors, re-siting of some radiators and electrics on the ground floor. Plastering, making good, some decoration and floor coverings.

Such work can be done all in one go or it can be carried out area by area over a longer period. The money for it does not to be there all at the outset.

Dunn & Co. poses additional problem of floor curved to exterior walls, so no furniture (cupboards for films) can be put against the wall.

There was an allocation mentioned in earlier reports and LFMC minutes of a sum of £150,000 from Housing the Cinema Fund. Whether this is the case or if it is if there is any of it remaining after legal and other costs (Feasibility studies, agents, reports etc.) then this could be applied to refurbishment.

We understand the agent for Saffron Hill referred to the possibility of certain monies being made available at the beginning with repayment via rent increase over a given period. This could be better explored.

LABOUR simple labour can to a large extent be supplied by the LFMC members themselves. If people are enthusiastic about a building they will work for it.



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THIS LABOUR OF LOVE ASPECT OF FILM/VIDEO-MAKING OR CREATION OF CINEMA AND WORKSHOP SPACE SHOULD NOT BE UNDERESTIMATED. IT HAS A VALUE IN REAL TERMS. A PRICE CAN BE SET AGAINST IT.

Saffron Hill - will be a more attractive situation for funding and sponsorship.

ADVERTISING AND PUBLICITY - direct street access/hence display possibilities that are not available on first floor of Dunn & Co.

FIRE/SAFETY AND DISABLED ACCESS

for both membership, public and disabled Saffron Hill is a far superior proposition. Similar occupancy is an advantage from this point of view, and for the largest experimental film library in Europe, holding many unique prints, the concrete floored building is more sensible and wise than the Dunn & Co. site with wooden floors. Though fire resistance to floors will be insisted upon, this is designed to allow escape for people and will not provide (unless stipulated) for going back to save the collection.

Access/ground floor main public space advantage/disabled.
Dunn & Co. will need much work to create regulation provision/disabled.

SELF GENERATING INCOME

It's a matter of course that if a place is easier to get to and more central, that audience figures will increase. Though this matter does not latterly appear to have been given any consideration by RPM, it was in the earlier reports as an item for serious thought. Visibility/access to street will be an advantage. The lighter areas of the building pleasant to edit in. (many film editors avoid the dark).

Saffron Hill 's proximity to the centre (laboratory visits, sound facilities) makes it a more attractive place to hire workspace.

The first impression of both the location, the building and its lay-out will make it a place people like to use. This means more reliable income. That it is quiet is important for film/video makers doing intensive stretches of work. The Dunn & Co. site will never overcome the constant annoyance and drone of traffic is a tiring situation for working under pressure. And no-one can think of would prefer to hire noisy edit rooms and studios than peaceful ones.

Camden was exciting 10 years ago and it is now known for the Lock all over Europe. It is good for highly commercial ventures witness the Lock development. This is of no value or interest for people interested in innovative work. The Farringdon, Clerkenwell is just at the beginning and its traditional artisan, studio feel is far more appropriate to the work that both LFMC and LVA are renowned for. Our informed guess is that this situation will be better financially for both organisations. As said the Camden scenario has been tried and tested and is not an easy location to generate activity. Clerkenwell will give both organisations a fighting chance.