

ARUN DISTRICT COUNCIL

FULL COUNCIL MEETING - 10 SEPTEMBER 2014

Subject: Update on Regeneration Schemes on the Regis Centre and Hothampton Car Parks in Bognor Regis.

Report by: Nigel Lynn – Chief Executive
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Report date: 2 September 2014

EXECUTIVE SUMMARY

At the 30 April 2014 Full Council meeting a report was presented regarding progress on the possible re-development of the Regis Centre and Hothampton Car Park sites in Bognor Regis. The report advised that critical valuation work was still ongoing and, therefore, a full report would not be available. Now that the valuation work has been undertaken, this is the full report.

This report recommends that in order to progress the development of the Regis Centre and Hothampton sites, the Council should now prepare for consideration of its own planning applications for these sites. Should planning permission be forthcoming, then the intention would be to market the sites as development opportunities.

RECOMMENDATIONS

It is recommended that:-

1. the Council agrees with St Modwen to jointly surrender the Development Agreement with immediate effect with no compensation to be paid by either the Council or St Modwen;
2. the Council continues to progress regeneration in Bognor Regis by undertaking the following:-

- I. Submits its own planning applications for the Regis Centre site, including Place St Maur, and the Hothamton Sites (separately) following public consultation and on the basis of the information set out in Sections 4, 5, and 6 of this report and Annexes B and C to this report;
 - II. the Council approves a supplementary estimate of up to £250k, this sum being in addition to the £250k already allocated in the capital programme, for works associated with the delivery of development on the Regis Centre and Hothamton sites. These sums are to cover the cost of employing the project manager, architects, engineers, quantity surveyors and other specialists (including legal advice) and associated costs, required to facilitate public consultation on the proposals and for planning applications to be submitted; and
 - III. the Council grants delegated authority to the Assistant Director of Planning & Economic Regeneration and the Head of Finance & Property, in consultation with the Portfolio Holder for Council Strategy (the Leader of the Council) to draw down the sums set out in (II) above and procure the work set out in (II) above.
3. The Council convene a Special Council meeting for 11 February 2015 to consider the presentation of a new scheme in masterplan form.

1.0 INTRODUCTION

- 1.1 In 2013 the Council amended the Development Agreement with St Modwen to require the submission of a valid planning application by 31 December 2014. This further extended the time for St Modwen to submit a planning application for the scheme as defined in the tender process and the Development Agreement. This amendment followed St Modwen reporting to the Council at its Special Meeting held on 6 November 2013, that although the market in the South East was showing signs of improvement, the development value for the Council's two sites was still substantially below the £105 million in their original tender. St Modwen presented what they felt could be delivered at that time from an investment perspective (the St Modwen Alternative Scheme) and confirmed that it would need advice from the Council on what degree of change could be made under the public sector procurement rules. Without the amendment of the Development Agreement at that time, to require the submission of a valid planning application by 31 December 2014, the contractual relationship between the Council and St Modwen would have ceased, and with it the opportunity to explore with St Modwen if a viable compliant scheme could be achieved. During this extended period the Council, the Council's agents and St Modwen have continued to work together to investigate the options available to the Council based on the market information collected by St Modwen and consideration of the public sector procurement rules.

Considerable design work in assessing scheme alternatives was undertaken by St Modwen and its professional team during this period. Whilst a commercially viable

scheme alternative was possible, the value of the scheme was considered by officers, to be below the level required to be compliant with the Development Agreement and created a risk, to both St Modwen and the Council, that was jointly considered unacceptable, under public procurement rules.

- 1.2 Since the November 2013 Special Meeting of the Council, officers have sought the advice of the Department of Business, Innovation and Skills (BIS) and specialist legal advisers familiar with the issues of EU procurement law and State Aid. Following on from the advice we have received, the Council has, independent of St Modwen, commissioned commercial valuations of the Council's land having regard to the prospect of possible re-development of the Council's two car parks.
- 1.3 As Members will appreciate, there has been a lot of information to gather and digest and not all the tasks could be undertaken in parallel, some actions have been dependent upon others. As a result it has taken longer than anticipated to provide this report to Members setting out the options, risks and benefits.
- 1.4 At the Special Council meeting on 6 November 2013, St Modwen informed the Council that:
 - a development as tendered was not viable in the market at that time, and
 - St Modwen presented at that meeting, its work in progress on what it considered could be a financially viable scheme in the market at that time, 'the St Modwen Alternative Scheme'. Having debated the issues before it, the Council RESOLVED:
 - (1) That Clause 5.1 in the Development Agreement be amended to require the submission of a valid planning application by 31 December 2014.
 - (2) Officers and legal advisors negotiate with St Modwen on making any necessary minor modifications to the Development Agreement on the understanding that the Council and St Modwen both recognise that a new OJEU procedure would need to be undertaken if the outcomes would be beyond the boundaries of the existing procurement process;
 - (3) St Modwen conducts further public consultation prior to submitting a planning application; and
 - (4) a further report is presented to Full Council in early 2014 to advise on progress on negotiations with St Modwen.
- 1.5 The Council's officers have carried out negotiations with St Modwen in accordance with the above resolution and have also separately explored in detail, over several months, if there is any way the terms of the Development Agreement for a development of £105m disposal value can be achieved in the current market and examined what changes could be made to the scheme (as tendered) that would be

both viable and keep within the degree of change allowed within the terms of the public sector procurement rules, and the answer has been a very clear no.

1.6 The work referred to in paragraph 1.5 above has also shown that the St Modwen Alternative Scheme will not generate a level of return needed to deliver a compliant variation of the Development Agreement. In particular, the St Modwen Alternative Scheme would not be able to finance the public elements of the scheme, and the degree of shortfall would be too great to be within the existing procurement process.

1.7 Following on from the above negotiations, St Modwen wrote to the Council on 26 April 2014, a copy of this letter is attached and marked Annex A. In that letter St Modwen has confirmed;

- that despite its continued best efforts, it was not possible to produce a viable scheme at the level of investment value allowable under public sector procurement rules, and accordingly St Modwen is not in a position to finalise a planning application for submission that would be compliant with the Development Agreement dated 11 December 2007.
- Since November 2013 St Modwen and the Council have worked together to explore if value could be added to the original scheme or if there were alternative schemes that would be both financially viable and be an EU procurement compliant variation. St Modwen has concluded that there are schemes that could be commercially deliverable, but those schemes go beyond the allowable variations under EU procurement rules. For these reasons St Modwen is not in a position to finalise a planning application for submission that would be compliant with the Development Agreement dated 11 December 2007.
- The inevitable consequence of the above is that the Development Agreement will lapse on 31 December 2014. St Modwen has also confirmed that it is prepared to enter into a Deed of Surrender of the Development Agreement on the basis of no compensation to either party and both parties pay their own costs of entering into a Deed of Surrender.

1.8 The purpose of this report is to look forward at what the Council can do instead, not to examine why the market has been in recession, which is a result of the international economic crisis since 2008 not the fault of this Council or St Modwen. The next sections of this report cover the following:-

- Material changes in circumstance since the Development Agreement was entered into on 11.12.07 – Section 2.
- The rules relating to public sector contract and the Council's legal position – Section 3.
- The recommended way forward – Section 4.
- Scheme viability – Section 5.

- Planning application – Section 6.

2.0 MATERIAL CHANGES IN CIRCUMSTANCES SINCE THE DEVELOPMENT AGREEMENT WAS ENTERED INTO ON 11 DECEMBER 2007

2.1 The original regeneration scheme, with a development value of £105 million, is no longer viable. The key factors for this include:

- I. The NHS (15,608 sq ft) and West Sussex County Council (26,910 sq ft) decided not to exercise their options to be included in the Hothamton part of the scheme. This reduced the overall potential development. To date there have been no other replacement office space anchor tenants that have shown interest in the Hothamton site.
- II. In response to public consultation, the tower block on the Hothamton site was taken out of the scheme and the height for flats on the Regis Centre site was reduced. As a result, the available profit from the scheme was reduced. This also contributed to there being less potential funding for those public elements of the scheme which do not give a rental return,
- III. A requirement of the Development Agreement is that the planning applications for both sites have to be submitted together and, once approved, the time restricted period for building starts. The impact of this is set out below.
- IV. There is a view that under a joint venture it is for the developer to take risks and get on and build. However, the days of speculative development have changed significantly since the economic crash of 2008. Developers are companies and have responsibilities to their shareholders and their investors. A developer is not going to put a planning application in, and be committed to building to a design and within a set time frame, until it has all of its anchor tenants signed up or suitable alternative anchor tenant uses (e.g. 2.1 I above), as well as generally at least 50% of the remaining smaller pre-lets. This is because to do otherwise, would be to build something that they may not get a tenant for, or be left with a scheme that is not fully let by the time the developer needs to sell on to a long term investor. Interest for smaller pre-lets has remained good, but conditional upon the prior sign up of all of the relevant anchor tenants to the particular pre-let. This is because the café and restaurant chains (in particular) rely on the visitor numbers generated by the larger anchor tenants. Long term investors want the security of a fully let development with a high proportion of financially strong long term tenants. At the time St Modwen submitted its tender it had the reasonable expectation that its long term tenants would include the NHS and West Sussex County Council.

- V. St Modwen is a national developer and works constantly with the national chains of leisure operators and retail operators. St Modwen also regularly attends retail industry events. As a consequence St Modwen is very knowledgeable about the national commercial, leisure and retail market and changes in demand. Although, a reasonable level of commercial interest in both sites remains, that interest is for a different package of terms to that envisaged in 2007. As a result of these changes in market interest, to date St Modwen has been unable to secure, all at the same time, a commitment from all of the anchor tenants for both sites for a scheme compliant with the Development Agreement. Without such commitment St Modwen has not been in a position to submit a planning application in accordance with the Development Agreement or an EU compliant variation to the Development Agreement.
- VI. Whilst, expected commercial rents have almost recovered to their pre-2007 level of £10 to £11.50 per sq ft, rents for catering premises have not recovered to their pre-2007 level of £17.50 to £20 per sq. ft. Equally, demand has not been as strong as it previously was and construction costs have gone up. In addition there has been a rise in tenants demand for rent free periods and an increased level of “fit out” provided by the Developer and shorter leases with periodic break clauses. All of the above contribute to giving the development a lower investment value.
- VII. The number of institutional investors interested in buying finished occupied schemes is still down on 2007 levels.
- VIII. St Modwen has not been in a position to submit a planning application for the St Modwen Alternative Scheme or sign up tenants for the Alternative Scheme because it would not be appropriate to do this without agreement of both parties that such a scheme was financially viable and a contract from the Council that a lease will be granted. For the reasons explained in section 3 below, the Council cannot commit to a new contract without following EU Public Contract Procurement Rules for the existing Development Agreement or starting a new procurement process. The Council has not been in a position, until now, to ask Members to consider this, as officers needed to explore if there were any opportunities that could be found to add sufficient value back into the Development Agreement scheme, or an EU compliant variation, before they could advise Members to start a new process, which will almost certainly have a significantly lower development value than £105 million.

3.0 THE RULES RELATING TO PUBLIC SECTOR CONTRACTS AND THE COUNCIL'S LEGAL POSITION

- 3.1 The EU Procurement Rules as amended by Article 72 in January 2014, allow for contracts to be amended, within limits. Neither the Council nor St Modwen have

been able to identify a level of variation to the scheme as tendered that would make the scheme financially viable and that would also be allowable under the public sector procurement rules.

- 3.2 The Council can accept the offer of the surrender of the Development Agreement now, or leave matters as they are and let the Development Agreement lapse on the 31 December 2014. The Council cannot make St Modwen build the scheme as tendered.
- 3.3 Once the Development Agreement has lapsed or has been surrendered, the Council could decide to proceed with a new Development Agreement or another type of procurement. If this route is followed then what the Council will probably achieve is unlikely to be anywhere near as favourable as the St Modwen winning tender of £105m.
- 3.4 The Council clearly has a continued ambition to regenerate Bognor Regis. Apart from the Council's successes with London Road and wider economic regeneration, the regeneration of these two sites (Regis Centre and Hothampton) remain a key part of the ongoing process. Therefore, the Council's officers believe the best way forward is for the Council to revisit its requirements, including the requirement for both sites to be developed under one contract, and whether or not to add Place St Maur to the development area, and then carry out soft market testing to see what the market is likely to offer. It is anticipated that the future offers will not generate a level of profit that will fund extensive public realm, so it will be beneficial to separate out some of the components of public realm, so that these can, if necessary, be tendered separately for the Council to pay for itself. This will help to address future matters of viability and State Aid.
- 3.5 If the Council agree that development can proceed by way of component parts, the issue of not being able to get all the anchor tenants and 50% of the pre-lets for both sites signed up at one and the same time will be overcome. A sequential approach may enable a start to be made and once started, progress to be continued. In the event that there is insufficient profit in the other parts of the development to pay for the public realm and/or the theatre, the above process would also enable the Council to separately procure and pay for the elements of public realm and/or the theatre, should it wish to. However, there are additional risks and challenges associated with such an approach, including the site remaining partially undeveloped for a period of time. Therefore, if a sequential approach is considered then a clear Master Plan is needed.

4.0 THE RECOMMENDED WAY FORWARD

- 4.1 The St Modwen team and Council Officers believe that the Development Agreement should be surrendered, as both parties believe that (in the current market) a development in conformity with the Development Agreement is still not viable. Council's officers have been investigating what alternative delivery methods might

be open to the Council to still deliver economic regeneration on these important town centre sites. These have ranged from land transactions such as long leases to, the possibility (albeit high risk) of the Council seeking prudential borrowing to undertake the development itself as a long term investment (with a contractor undertaking the build). All of these options have had to be considered against legal and EU Public Sector Contract Procurement Regulations and ensuring that the Council receives 'best consideration' for the disposal of any of its assets.

4.2 The conclusion reached is that the most appropriate way forward is for the Council to first secure outline planning permission with key details included (a hybrid application). The seeking of planning permission has a number of benefits:-

- It gives clarity on what the Council wants to be provided, although application to vary or a new application can be submitted in the future if appropriate.
- It adds certainty for a developer/contractor/head lessee against which to prepare a bid as permission will then be in place for change of use. However, it may have a restricting influence on some prospective bidders as the scope and content of the planning consent may not be what some parts of the development market feel is sufficiently viable at that time.
- It assists with identifying the public elements of the scheme to be separated out if necessary, for procurement and State Aid purposes.
- Any planning scheme that was subsequently approved should then add value to the Council's land asset on disposal.
- Under the current Rules and Regulations the Council must be able to show on any disposal that it has achieved best consideration. For the purposes of assessing best consideration, the valuation will only take into account obligations and restrictions that have been imposed under planning requirements as a planning condition or a Section 106 obligation. Without a pre-existing planning permission, the Council could use restrictive covenants to control what the land is used for, but for the purposes of assessing best consideration, those restrictions will be taken to reduce the value of the land and result in less than best consideration being achieved.

The risk for the Council is that it could spend around £500k on soft market testing and obtaining planning permission, and in the intervening period the market changes and the intended scheme does not meet the needs and interests of those in the market at that time. However, developing land is not a risk free process, and whichever route the Council decides to take it will need to assess the risks and decide how best to manage those risks and accept it cannot control the market or stop market changes.

4.3 The choice of the delivery method can be made once planning permission is in place. The delivery method could be by any one of the following routes:-

- I. A new OJEU process for a joint venture partner. This takes time and means the Council has to take into account the developer's constraints and views as well as the Council's. The developer's contribution in financial terms will generally be between 60% and 98% of the development value of the scheme, so the risks for the developer are very high. However, the benefit for the Council is that a joint venture may reduce the capital outlay and the risks for the Council.
- II. A long lease of the land to a developer to develop in accordance with the planning permission granted and an option for the Council to buy back if the development is not commenced and/or completed by a set date. Leases could be granted for each component part of the development. This type of transaction also takes time to set up, as a developer will need to have the end users signed up to subleases before the developer will sign up to a head lease. This is because speculative development presents a high risk of buildings standing empty and/or the developer being unable to pass on the development to an investment company on completion fully let and thereby having all its capital tied up, so it cannot start another development, which is its business and how it maintains investment value for its shareholders. The public realm works, whether or not constructed as part of the main development by the developer, would have to be procured via the OJEU procedure.
- III. The Council seeks to undertake the development itself, if viable and affordable, as a long term investment, with a contractor undertaking the build and the project manager role. This would involve substantial borrowings. This could give a higher rate of return, but with that comes the highest risk, particularly if any of the anchor tenants and/or pre-lets cease trading or pull out and leave the Council without a means of seeking damages and/or other market interest, in the part or fully completed development. This will leave the Council with an unlet or only part let development and thereby a delay in securing a replacement rental stream. This route would also involve procurement via the OJEU process.
- IV. The Council could seek to enter into a contractual arrangement with our long-term joint venture partner St Modwen, without going to the market. This could only be done if an independent commercial valuation was undertaken and that valuation concluded that the Council was receiving 'best consideration'. However, a return to the market for both of these sites will give other interested parties an opportunity to bid and provides strong evidence that the Council has achieved best consideration.

4.4 Subject to outline planning permission (with some details as referred to in this report) being granted and then in the event that a new scheme is embarked on with any third party, the following order of events is the means by which the Council's and the third parties, property and financial interests are risk managed.

- I. Conditional contract between the Council and the third party, usually in the form of a development agreement.
- II. Agreement for a lease between (a) the Council and the third party, usually an agreed draft lease forms part of the development agreement AND (b) further and separate agreements for a lease between the third party and each of the anchor tenants and 50% of the pre-lets, in order to fix the details of what the tenants are contracting to lease when built.
- III. Detailed planning permission applied for.
- IV. Detailed planning permission granted that meets the expectations of that conditional contract and the Agreements for Lease. It is only if this point is reached that all parties are contractually bound to continue to completion.

4.5 The process of submitting an application for planning permission has itself a number of key steps which should be followed (see below):-

- I. Undertake soft market testing based on the core elements of the likely schemes (see section 6) to assess market interest from developers and prospective tenants in such a development (this has already commenced so that Members can be informed at the meeting as to whether there is an appetite in the market for these schemes). This to also include asking the interested parties which is their preferred procurement route.
- II. Advertise for and appoint a development design team to act on the Council's behalf up to obtaining planning permission.
- III. Prepare details of financially viable scheme(s) for consideration.
- IV. Present scheme(s) to Council seeking agreement to undertake public consultation.
- V. Undertake public consultation.
- VI. Evaluate responses and make recommendations to Council, as landowner, to submit a planning application on a preferred financially viable scheme.
- VII. Amend the scheme where necessary and submit planning application for consideration.

- 4.6 In terms of timing, the objective would be to draft a new scheme (probably in Master Plan form) which would be presented to Council on a new meeting date of the 11 February 2015, if this is possible, as this is a very tight timescale to work to. The purpose of the meeting would be to seek agreement to undertake public consultation, which would commence immediately. If the date of 11 February 2015 can be met this would allow sufficient public consultation to be undertaken before 'Purdah' starts on the 16 March 2015. If a meeting date of 11 February 2015 cannot be met, then the meeting will have to take place after the elections on 7 May 2015.
- 4.7 Members will appreciate that this approach will require the consultation material to be prepared in advance of Council consideration, and therefore there will be abortive costs if Council does not wish to progress the final schemes.
- 4.8 The intention would then be to analyse the consultation responses and for the team to have regard to these in preparing the planning submissions. A report would come to Council in mid June 2015 seeking the Council agreement as landowner to submit the applications formally and to seek agreement that, if the planning applications are approved, officers be given authority to market the developments via a procurement route of the Council's choice.
- 4.9 Based on the above, and a meeting date of 11 February 2015 being achieved, the indications are that applications could be submitted around July 2015 with a likely determination date of October 2015 with the marketing (assuming permission is granted) happening within three months of gaining a planning consent, or at a time recommended by the specialist valuation and commercial agents. This time scale and sequence of events, presumes there is no significant change in the market that needs to be taken account of. The above is shown in list form below:-
- I. 11 February – Present New Scheme in Master Plan form
 - II. 12 February – Commence public consultation (subject to (I) above
 - III. 15 March – Consultation ends
 - IV. 16 March+ – Analyse consultation responses
 - V. Mid June – Seek agreement of Council to submit planning applications for consideration
 - VI. July – Submit planning applications
 - VII. October – Likely determination date for planning applications
 - VIII. Late 2015/early 2016 or at a time recommended by the specialist valuation and commercial agents – Marketing of schemes (if approved), via a procurement route of the Council's choice.

- 4.10 Should the Council decide to accept the approach set out above, then there will be a considerable initial financial outlay incurred by Council, estimated at approximately £500k to prepare schemes and submit separate planning applications for both sites. The Council has already agreed the sum of £250k be included in the Capital programme to assist with the delivery of these two sites. Therefore, a further £250k is required as a supplementary estimate to fund the necessary work.
- 4.11 Under a Joint Venture approach, these costs would normally be developer costs. By the Council seeking to obtain planning permission in advance of going to the market, this reduces the cost and associated risk to a future developer, and therefore, should improve the financial receipt to the Council for its land, but this cannot be guaranteed at this point (reference to para 4.2 above). In the event that the Council goes to the market after obtaining planning permission and does not wish, for whatever reason, to accept any of the proposals submitted, then the costs incurred by the Council will have been spent and will not be recoverable.

5.0 SCHEME VIABILITY

- 5.1 Notwithstanding the issues regarding the form of the delivery method, the scheme itself has to be financially viable to be capable of being agreed for implementation. It is important at this point to stress that this is not simply about the scheme 'breaking even' financially, the scheme must be able to deliver a reasonable level of profit for the developer, and a price for the Council's land that is considered to achieve best consideration and thereby enables the Council to provide the public realm and other public facilities as agreed. This is a fundamental principle of our market economy. With the current development agreement the level of profit being sought by St Modwen has been 15%. This compares favourably with other developments elsewhere where 20-22% has been sought. This factor was another reason why the Council was keen to continue to work with St Modwen for such a prolonged period of time and the fact that there has been no material improvement in the economy for Bognor Regis between 2008 and 2013.
- 5.2 A key factor which has impacted upon the viability of the Regis Centre scheme to date has been the decision (following the previous public consultations) to respond to public comments and to seek to ensure that the level of car parking provided with the development is commensurate with the existing level of provision.
- 5.3 A key provision in the Development Agreement was to replicate existing car parking provision and improve off-site parking. This has been a significant cost factor regarding viability of the scheme. The cost of providing an underground car park is prohibitively expensive as 'tanking' and ventilation is necessary due to the high water table and its underground nature. The alternative that has been explored has been to provide a semi-underground car park which involves both partial excavations of the site but also placing the seaward facing development on a raised boardwalk so that the car park was effectively underneath this. A further

modification of this approach was to extend the semi-underground car park under the proposed cinema. However, the necessary excavation makes this option prohibitively expensive and has been ruled out. A further option that will be explored as part of developing a planning application is to have car parking under the cinema, but with the car parking at ground level (i.e. no excavation). In these two variations (car parking under the boardwalk plus under the cinema as one option and car parking under the boardwalk but none under the cinema) the total number of publicly accessible car parking places being provided is 10% above or 10% below the existing number of spaces.

- 5.4 At its simplest level, if a ground level parking space cost approximately £5k, a multi-storey space costs £10k, whilst an underground space costs £30k. Seeking to re-provide a similar level of car parking to what currently exists on the Regis Centre site, notwithstanding that the site is located on the edge of the Town Centre, where other car parks are available has had a negative effect on the viability of the scheme to date. Any proposals, which have been previously suggested by some parties, that the development should include car parking provision for all visitors and staff would make the viability of any scheme even more challenging.
- 5.5 It still remains the Council's aspiration to provide a new front of house for the Alexandra Theatre if the approved scheme is financially viable with these costs included. It is therefore proposed that the scheme for the Regis Centre site should include this with the provision of a new hotel over the new front of house facilities, all of which would face out onto a revamped Place St Maur public space. This will, if deliverable, have the added benefit of providing a new façade to the Theatre on this key elevation. A similar approach will be considered for the northern facade facing onto Belmont Street, but with residential units or hotel rooms above the ground floor. The southern and eastern elevations will remain masked by the proposed restaurants with residential over and the cinema respectively. If there is a financial surplus to this development then the Council can consider whether it wishes to make further investment in the Theatre along the lines of some of the options put forward in the 2012 Feasibility Study for the Theatre.
- 5.6 Overall, it is clear that to improve the viability of the scheme on the Regis Centre site to allow a mixed use development including hotel, restaurant, shops and cinema, additional residential development will be necessary. This can be achieved in a number of areas, but in the main would require additional floors on the central seaward block above the restaurants. The exact number would be dependent upon the costs of the scheme as a whole and could be governed by any planning permission that was granted. Depending upon further detailed analysis of the scheme viability it may prove to be necessary to replace the hotel with residential units and make provision for the hotel elsewhere. It is clear from officer's extensive research that a sufficient amount of residential units will be required to make the scheme viable.

6.0 PLANNING APPLICATION

6.1 Therefore to confirm, it is proposed that the following be the core elements of the scheme for the Regis Centre site and the same to be the subject of a hybrid planning application:-

- I. A Cinema with 4 or 5 screens (either with or without parking underneath).
- II. A publicly accessible boardwalk parallel to the Esplanade with parking below and development above comprising of:
 - (a) a block of restaurants/public house with the potential for some limited non-food retail on the main level of the boardwalk, with residential over (likely to be 3 or 4 floors with the possibility of a number of additional floors in the South West corner) and;
 - (b) a block of restaurants with the potential for some limited non-food retail on the main level of the boardwalk in the South East corner of the site, with residential over (likely to be 3 or 4 floors)
- III. Residential units to the north of the Cinema facing Belmont Road.
- IV. New 'front of house' facilities for the Alexandra Theatre with either a hotel over or residential units (if the scheme viability requires) facing Place St Maur and Belmont Road.
- V. Upgraded public realm on Place St Maur and publically accessible toilets.
- VI. Demolition of more recent additions to the Town Hall and former Fire Station building and the upgrading of its parking and environment (relevant occupiers would need to be relocated). Account needs to be taken of the Grade II listed building status of the Town Hall and that any changes should not affect the character of the listed building.

These key elements are shown on the plan which is appended as Annex B.

6.2 With regard to the Hothamton Car Park Site the core elements to be subject to a hybrid planning application would be the following:-

- I. A1 food retail unit (ground floor).
- II. Decked car park (between 2 and 4 floors).
- III. Residential units flanking the above.
- IV. Residential units above the retail unit.

- V. Separate residential block in South East Corner facing towards the Pier (height to be determined as part of developing the scheme for public consultation).

These key elements are shown on the plan appended as Annex C.

- 6.3 At this time it is not possible to quantify the actual number of residential units in either scheme as this will be determined as schemes develop. However, a rough estimate would suggest that both sites will accommodate at least 100 units each.

Proposal as Recommended above.

Background Papers:

6.11.14 Report to Council Agenda Item 9 Development Agreement Extension for the Hothamton and Regis Centre sites

30.4.14 Report to Council Agenda Item 27 Regis Centre and Hothamton Car Park Regeneration Schemes – Update Report

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