

SECTION 5

Action and Implementation Plan

This section sets down the implementation mechanisms that will be required to move from ideas to action on the ground and starts by setting down the general principles we have adopted and against which we have considered the various implementation options.

The section then considers each of the character areas and their development proposals and makes recommendations as to how each might be brought forward. The following are the principles that we have used to guide our consideration of the implementation options and upon which we have based our recommendations.

Viability

The important principle is to endeavour to create development opportunities which represent, within themselves, commercially viable schemes. The development proposals contained within this Masterplan are underpinned by market research and viability appraisals. Whilst schemes may contain elements which are non-commercial i.e. the proposed theatre within the development, it is envisaged that this will be financed by cross-subsidising commercial and residential development on the site.

Suitability

The next principle is to seek to establish the most appropriate mechanism for the task in hand and not to apply a common formula to every situation. Each opportunity has its unique characteristics and therefore will require an implementation mechanism that relates to its specific circumstances.

Early Win

The Masterplan provides a long term vision for the next 20 years. However, it is also recognised that a degree of expectation has built up and there is a need for proposals to be implemented in the short-term. Mechanisms have been considered that will allow an early start to happen on certain projects and initiatives without frustrating the establishment of long-term arrangements.

Meeting Community Expectations

Consultation has been a key principle in the development of the Masterplan. It is therefore accepted that as a guiding principle there will be a need to continue to seek community participation during the implementation phases and to meet the expectations drawn from earlier exercises.

Market Realism

Many of the initiatives and proposals considered will require private sector investment to enable delivery. The implementation mechanisms adopted will need to reflect this situation. The mechanisms will need to ensure that developers and investors have certainty, clarity, and speed of decision making in the public sector and a process that is understandable and familiar to them.

Development Appraisal Assumptions

General Assumptions

The viability analysis should be read in accordance with the assumptions as outlined below. We would stress that a full valuation exercise has not been undertaken at this time. The figures provided herein are indicative and may be subject to variation whereby further, detailed, cost, value and floor area information is received.

To enable a clearer view on project viability a further detailed scheme design would be required for the specific proposals for each of the site.

We have assumed planning permission for the proposed developments but each submission should be considered on its merits and how it accords to the final adopted development brief, SPG and adopted Local Plan.

We have assumed vacant possession of all third party land interests unless otherwise stated.

We have assumed that gas, water, electricity and sewerage are provided to the site and there are no services on the site in a position which would inhibit development or make it unduly expensive.

We have assumed affordable housing equating to 25% of total residential units on each of the sites.

The construction costings indicated are based on initial cost assumptions provided from the Building Cost Information Service (BCIS) and Donaldsons building surveyors. A further detailed review of construction costs by a QS / Building Surveyor would need to be undertaken once a detailed scheme design has been worked up.

We have adopted the profession accepted standard fees for both professional fees and disposal fees (as appropriate).

We have adopted a design contingency rate of 10.0 % on build costs.

An indicative value has been included in relation to Landscaping and promotional costs.

We have assumed that a developer profit on cost of 20% would be sought in order to reflect the likely risk and associated returns a developer would require for developing out the proposals.

Interest charged in respect of the development option has been assumed as 6.0 % to reflect the risk margin involved and is a function of the base interest rate set by the Bank of England as at the date of the appraisal.

An estimated construction period has been incorporated for the appraisal to reflect the nature of the proposed development. A more detailed programme would be required in relation to specific proposals, also facilitating cash flow appraisals and analysis once a detailed scheme design has been worked up.

The next part of the implementation section takes each of the seven main area based proposals and sets down against each what we believe to be the right mechanism to make them happen.

1. The Leisure Heart

Overall Approach

The Regis Centre site is within Arun District Council freehold ownership. Financial appraisal of the mixed-use proposal indicates development which should be commercially viable. This is therefore considered to be an opportunity, which could be progressed immediately. The main initial issues to be resolved in respect of this site are as follows: -

- Whitbread leasehold interest
- Theatre leasehold interest
- Need for a new theatre on the site and specification of the theatre
- Future use of the Town Hall building

We have outlined below an action plan for the implementation of development on this site with an estimated timescale following adoption of the master plan.

Commercial rationale and viability analysis

Given the locational qualities of this site, a mixed-use development incorporating commercial and non-commercial uses was felt to be appropriate. The focus was to create a family-led leisure activity, A1/A3 uses at ground and first floor, with residential on the upper storeys. It is clear through the market and viability analysis that the residential sector is the key value driver. It is apparent therefore that the residential sector is the key factor in creating a viable scheme. As a result the incorporation of residential uses potentially enables the delivery of less viable uses / public benefits in creating a more vibrant mixed-use scheme.

As highlighted in the property market review significant premiums are placed on residential units with sea views, as a result it was felt that this site gave the opportunity to capitalise financially on its location. Although clearly having leisure and A1/A3 uses on site would not be as viable as having a 100% residential scheme. It was felt that an active ground floor use would create a vibrant destination on what is a key site in Bognor Regis, and in addition would help to improve the linkage from the town centre to the sea front.

A hotel use has also been incorporated to reflect an identified requirement, although this could potentially be replaced by residential.

Viability analysis

Estimated total development cost	Estimated total development value	Gross residual land value after developer profit
£19,689,772	£23,627,184	£1,344,000

Note:-

- Estimated Total Development Cost reflects construction costs, all legal, agents, consultants and finance charges.
- Estimated Total Development Revenue reflects the income achievable from the development as described.
- Gross Residual Value provides the level of value achievable through undertaking the development option as described or the level of funding required to secure development of the site, as appropriate

The appraisal includes circa 5,574 sq m (60,000 sq ft) of family leisure and A3 / retail use, a community office and community theatre / multi-space in addition to a 98-bed hotel and 70 residential units which are subject to a 25% affordable housing requirement.

Based on the above description the scheme is viable, with the appraisal showing a site value of £1,344,000. This, however, should be considered in conjunction with the attached assumptions and in addition, it is important to highlight that the appraisal does include the provision of a community theatre / multi space at a cost of circa £2.1m to the scheme.

Action Plan

1. Council to prepare detailed planning and development brief (2 months)
2. Marketing of development opportunity
 - Initial expressions of interest (1 month)
 - Analysis of submissions and approval of short-list (1 month)
 - Detailed submissions (2 months)
3. Analysis of detailed submissions, developers presentations and selection of preferred developer (2 months)
4. Agreement of Heads of Terms (1 month)
5. Negotiating Legal documentation (4 – 6 months)
6. Satisfying development agreement conditions – 12 months)
7. Commencement of development
8. Construction period (24 months)
9. Completion of development

Total period: 43 - 51 months

2. Retail Quarter

Overall approach

This proposal involves a major development in the heart of the town centre. It is the largest of the developments contained in the Masterplan. Initial viability assessment indicates that there is currently insufficient retail demand to support development of this scale but that it could potentially come forward in the longer term.

Safeway, the current owners of the store and car park at the heart of this area, have indicated an interest in expanding their store. Development will require the agreement and involvement of Safeway and the owner of Queensway or the use of compulsory powers by the local authority to achieve development. If the latter option was to be pursued, this would have substantial timescale implications.

It is important to create the necessary planning framework and policy statements relating to this site so that as retail capacity and demand improves over time the framework is in place for this development to potentially come forward.

Commercial rationale and viability analysis

This site comprises the largest of the developments contained in the Masterplan, and is also seen as the most difficult site to bring forward given the ownership constraints. The site comprises the Safeway site as well as the properties fronting Queensway. Despite the constraints of this site it potentially

offers the best long-term opportunity to make a significant positive impact on the image and attraction of Bognor Regis.

The site is located in the heart of the town, in close proximity to the prime retail pitch, therefore it was felt that the site would be best suited for expansion / improvement of the town's retail offer. That said currently there is insufficient retail demand in terms of quantity and quality of potential occupiers to support development of this scale. However, this situation may gradually change over time as the population of Bognor Regis expands and expenditure in the town centre increases and on this basis this opportunity could come forward in the long term.

Viability Analysis

Estimated total development cost	Estimated total development value	Gross residual land value after developer profit
£39,874,341	£41,279,987	- £6,568,000

Note:-

- Estimated Total Development Cost reflects construction costs, all legal, agents, consultants and finance charges.
- Estimated Total Development Revenue reflects the income achievable from the development as described.
- Gross Residual Value provides the level of value achievable through undertaking the development option as described or the level of funding required to secure development of the site, as appropriate

Comprehensive Redevelopment

This option includes circa 12,077 sq m (130,000 ft) of retail, 160 residential units subject to a 25% affordable housing requirement and a 9,000 sq m (96,875 sq ft) 300 space decked car park. The proposed decked car park adds a cost of circa £2.9 m to the overall development costs. Although this is clearly necessary it does have a significant impact on viability. We felt that the Queensway properties were better suited to be considered within this comprehensive redevelopment option, as it would require the acquisition of the retail and residential units fronting Queensway. Our appraisal of the option indicates a funding deficit of circa £6.5 m, which primarily is due to the acquisition of Safeway's interest as well as the properties fronting Queensway.

Small scale / in fill development

The appraisal indicates this option is marginally viable, however, concerns remain over Safeway's (or future owners) willingness to agree to such a scheme given the loss of their valuable surface parking. From previous conversations with Safeway, surface car parking was vital to compete with other operators whom benefit from better transport communication linkages.

Action Plan

On the assumption that an agreement can be reached between the respective landowners, we have outlined below an action plan for the implementation of development on this site with an estimated timescale following adoption of the Masterplan and when the market conditions are ready for this development.

- 1 Council to prepare detailed development brief (3 months)
- 2 Marketing of development opportunity
Initial expressions of interest (1 month)
Analysis of submissions and approval of short-list (1 month)
Detailed submissions (2 months)
- 1 Analysis of detailed submissions, developers presentations and selection of preferred developer (2 months)
- 2 Agreement of Heads of Terms (1 month)
- 3 Negotiating Legal documentation (4 – 6 months)
- 4 Satisfying development agreement (6 – 12 months)
- 5 Commencement of development
- 6 Construction period (24 months)
- 7 Completion of development

Total period: 43 - 51 months

3. Healthy Living

Overall approach

This site is mainly in the ownership of the Council, but it also includes the adjoining Health Trust site and the subsequent phase may involve the re-development of the west side of Queensway, which is in private ownership.

Viability analysis indicates that the re-development of the west side of Queensway is not currently viable and therefore it is recommended that this phase of development is brought forward within the medium to long-term (5 years +). The development of the car park site and adjoining Health Trust site for the mix of uses proposed is potentially viable and could be brought forward in the short-term. . The main initial issues to be resolved in respect of this site are as follows: -

- Agreement for joint disposal with Western Sussex Primary Care Trust
- Agreement of Western Sussex Primary Care Trust and County Council accommodation requirements

We have outlined below an action plan for the implementation of development on this site with an estimated timescale following adoption of the Masterplan.

Healthy Living Quarter

- We have assumed a demolition cost of £200,000 for the existing properties.
- We have assumed a gross to net efficiency ratio of 90% for the office and health centre accommodation.

We have assumed 100% surface car parking equating to 150 car park spaces.

Commercial rationale and viability analysis

This site is situated in a key gateway location on one of the main vehicular approaches to the town centre. It was felt that this site would be best suited as a mixed-use office based development, incorporating public open space with an appropriate mix of commercial uses. The office market in Bognor Regis is particularly poor with limited commercial requirements. However given the County Councils requirement it was felt that this requirement could be put on this site and would also potentially be the catalyst in attracting other office occupiers to the town in the future. In addition to the office use the relocation of the health centre and the incorporation of public open space will create a civic core for the town centre.

Other uses on the site include high-density residential units. Given the height of the surrounding buildings it was felt that this should be capitalised on in creating a high-density residential development on site. It was felt this would be appropriated if incorporated in a well-designed landmark building given the

gateway location of this site. From a financial perspective, given the current buoyant residential market, this again will be a key value generator. Given the proposed height of development the units on the upper levels will also benefit from having sea views, which as previously mentioned are likely to command premiums, this clearly will aid overall viability by off setting the lower value uses.

Viability analysis

Estimated total development cost	Estimated total development value	Gross residual land value after developer profit
£16,958,705	£20,350,526	£1,794,000

Note:-

- Estimated Total Development Cost reflects construction costs, all legal, agents, consultants and finance charges.
- Estimated Total Development Revenue reflects the income achievable from the development as described.
- Gross Residual Value provides the level of value achievable through undertaking the development option as described or the level of funding required to secure development of the site, as appropriate

This scheme includes a total of 3,716 sq m (40,000 sq ft) of office accommodation. We have appraised an additional 1,394 sq m (25,000 sq ft) of offices for likely office requirements coming to the market resulting from the relocation of an element of the County Council operation. In order to accommodate an additional 15,000 sq ft it was felt that the proposed library, which

was a non-income generating use, could be replaced on the basis that the current facility provided adequate accommodation for library services. The scheme also includes a 1,207 sq m (13,000 sq ft) health centre and 95 residential units subject to a 25% affordable housing requirement with associated car parking.

On this basis the scheme is viable showing a site value of circa £1.8 m subject to the assumptions attached.

Action Plan

- 1 Council to prepare detailed development brief (2 months)
- 2 Marketing of development opportunity
Initial expressions of interest (1 month)
Analysis of submissions and approval of short-list (1 month)
Detailed submissions (2 months)
- 1 Analysis of detailed submissions, developers presentations and selection of preferred developers (2 months)
- 2 Agreement of Heads of Terms (1 month)
- 3 Negotiating Legal documentation (4 – 6 months)
- 4 Satisfying development agreement conditions (6 – 12 months)
- 5 Commencement of development
- 6 Construction period (24 months)
- 7 Completion of development

Total period: 43 - 51 months

4. Urban Living

Overall Approach

This site is not in public ownership. However it is understood that the private owner of the site may be considering relocation and therefore it is appropriate to consider the future alternative uses for the site.

Commercial viability will be the key to the delivery of this site in order to generate a significantly high land value for the owner to release the site for development. Implementation will then be relatively straightforward as the proposed mix of uses is not complex. Subject to the current landowner being prepared to dispose of its interest and relocate, we have outlined below an action plan for the implementation of development on this site with an estimated timescale following adoption of the master plan.

Urban living Quarter

- An indicative £200,000 demolition cost has been included.
- An indicative cost of £200,000 has been included for the provision of a small bus interchange.
- A cost for the relocation of the Covers operation has not been included.
- An indicative cost for the provision of a 50 space station car park and bus drop off point has been included
- We have assumed a 50 / 50 split between office and workshop units with a gross to net efficiency ratio of 85%.

- We have assumed the affordable housing requirement is located in block two and 10 units within block 3.
- We have assumed a car parking ratio of one space per two dwellings.

Commercial rationale and viability analysis

This site is located in close proximity to the railway station. It was felt that a high-density residential scheme would optimise the links to the public transport and the facilities in the town centre. Although the residential units would not benefit from sea views, and therefore not receive the attached premium, we are of the opinion residential in this location would be very attractive to the market. There remains a possibility of incorporating an office element which would benefit from routes through to the Station, however as previously mentioned given the state of the office market this would have a negative impact on viability and we would recommend that this option is demand driven.

Viability analysis

Note:-

Estimated total development cost	Estimated total development value	Gross residual land value after developer profit
£23,336,513	£28,003,655	£3,044,000

- Estimated Total Development Cost reflects construction costs, all legal, agents, consultants and finance charges.
- Estimated Total Development Revenue reflects the income achievable from the development as described.

- Gross Residual Value provides the level of value achievable through undertaking the development option as described or the level of funding required to secure development of the site, as appropriate

This option provides 193 residential units, which comprises a mix of one and two bed flats and three bed townhouses. This site, as with all the sites incorporating a residential element, is subject to a 25% affordable housing requirement. The scheme also includes 2,879 sq m (31,000 sq ft) of workshop / office accommodation and a small bus interchange. Based upon the site-specific assumptions, the scheme is viable, showing a site value of circa £3.0 m, although it should be noted that there has been no allowance made for the relocation of the Covers operation.

Action Plan

- 1 Council to prepare detailed development brief (3 months)
- 2 Marketing of development opportunity
Initial expressions of interest (1 month)
Analysis of submissions and approval of short-list (1 month)
Detailed submissions (2 months)
- 1 Analysis of detailed submissions, developers presentations and selection of preferred developers (2 months)
- 2 Agreement of Heads of Terms (1 month)
- 3 Negotiating Legal documentation (3 months)
- 4 Satisfying development agreement (6 months)
- 5 Commencement of development
- 6 Construction period (24 months)
- 7 Completion of development

Total period: 43 months

5. The Seafront

Overall approach

The proposals for this area involve environmental improvements, which can take place in the short term and also the promotion of the development of Gloucester Road Car park site. This site is in joint ownership between the Council and Butlins Holiday Centre (Bourne Leisure) and could be brought forward for development within a relatively short timescale. The development proposals themselves are also not complex and potentially implementable relatively quickly.

Commercial rationale and viability analysis

Gloucester Road Car Park benefits from having sea views as well as its proximity to Butlins Holiday Centre however, the site is divorced from the town centre. It was felt that an A3 / family use would complement the uses within the Holiday camp as well as those proposed for the Regis Centre site. From a commercial perspective there are a number of A3 operators requiring sites for standalone units currently active in the market place. It is felt that if this site is brought to the market it would potentially attract good interest from this market.

Viability analysis

We believe this site would be a viable development opportunity if taken to the market. There are a number of operators currently looking for such site for stand-alone development. Additionally, through discussion with our in house agents we do not foresee an issue with the site being located in close proximity to the Butlins operation. We are of the opinion this site could achieve between £400,000 – 800,000 if brought to the market.

Action Plan

- 1 Council to prepare marketing particulars with planning guidance (1 month)
- 2 Marketing of development opportunity
Single stage submissions (2 months)
- 1 Analysis of submissions, developers presentations and selection of preferred developer (1 months)
- 2 Agreement of Heads of Terms (1 month)
- 3 Negotiating Legal documentation (3 months)
- 4 Satisfying development agreement conditions (6 months)
- 5 Commencement of development
- 6 Construction period (12 months)
- 7 Completion of development

Total period: 26 months

6. Café Quarter

Overall approach

The proposals for this area similarly are concerned with improvements to the area's environment and character as a catalyst to the development of this area as a commercial leisure led quarter. Improvements can be delivered in a relatively short timeframe and without significant cost.

Commercial rationale and viability analysis

Through our market research we have uncovered requirements from A3 operators who would potentially be interested to locate in these areas. Such improvements could act as a catalyst for future development and help to develop the evening economy in Bognor Regis. These Improvements can be delivered in a relatively short timeframe and without significant cost.

7. Old Town

Overall approach

The proposals for the old town comprise a number of improvements to enhance the environmental quality and emphasise the character of this area. These could be undertaken relatively quickly and effectively.

Commercial rationale and viability analysis

Through our market research we have uncovered requirements from A3 operators who would potentially be interested to locate in these areas. Such improvements could act as a catalyst for future development and help to develop the evening economy in Bognor Regis. These Improvements can be delivered in a relatively short timeframe and without significant cost.

Funding

The implementation and timing of the various development packages are subject to a range of issues and risks such as site acquisition, commercial viability and planning consent. In addition, there are various alternatives in relation to design, functionality, use, cost and funding. The current action plan presents a package for realistic opportunities, many of which require further investigation. We believe that there are significant commercial opportunities in several locations – specifically the Regis Centre site and Hothamton car park site - to provide benefits in terms of financial cross subsidy and large-scale regenerative impact.

Nevertheless, it is likely that a level of public sector finance will be required to facilitate the delivery of the overall strategy as well as funding some of the key projects which are non-commercial. There are a number of potential sources of public sector funding that may aid the delivery of these projects and these may include: -

- Financial support from SEEDA
- Financial support from Arun District Council
- Financial support from West Sussex County Council
- Financial support from Bognor Regis Town Council

- Single Re-generation budget
- Section 106 contributions from developers
- Area Investment Framework
- European Funding
- National Lottery Funding

Most of the external funding opportunities are highly competitive and further work by the development partnership will be required to establish the validity of pursuing of such sources of funding for individual projects.

Delivery

Urban regeneration project delivery almost invariably includes some form of public/private partnership arrangement. Where the objective is to secure maximum private interest, leverage to central requirements are likely to be:

- An effective and positive partnership culture
- A flexible approach balancing certainty of land use with the need to respond to changing market instances
- Clear definition of the roles of public and private sectors in delivering an investment

- Clear priorities and targets in terms of key opportunities and prospects for 'early wins'
- Clear identification of how and by whom all elements of the regeneration package can be delivered

This Masterplan is an important first step in the delivery process. It identifies distinctive development opportunities and the need for bespoke delivery arrangements reflecting the scale and complexity of the opportunities and varied land ownership position. Delivery issues and arrangements have been identified earlier in this report.

The promotion and co-ordination of development activity will provide the most tangible early signal to private investors of a new and dynamic approach in Bognor Regis. Creating a positive facilitation culture towards developers and investors is a prerequisite for any development strategy.

The formulation of this Masterplan is an important signal to the private sector of the priority areas for investment. It provides a robust framework for engagement with developers, with clarity and certainty on land use preferences in key locations.