

Report to: Cabinet

Date: 2 July 2018

Title: Regeneration of Newhaven Town Centre

Report of: Ian Fitzpatrick, Director of Strategy, Regeneration & Planning

Cabinet Member: Cllr Andy Smith, Regeneration and Business
Cllr Bill Giles, Finance

Ward(s): Newhaven Valley

Purpose of report: To provide an overview of the potential redevelopment of Newhaven town centre, as well as the scheme's role in successfully delivering the aims of the Newhaven Enterprise Zone.

Decision type: Key-decision

Officer recommendations:

- (1) To note the progress on the business case outlining the investment potential and opportunities within the Newhaven Town Centre area.
- (2) To approve the allocation of funding of up to £500,000 from the property acquisition and development budget in respect of consultancy, professional fees, and surveys to fund the project up to the letting of the construction contract.
- (3) To delegate authority to the Director of Regeneration and Planning in consultation with the Director of Service Delivery and the Portfolio Holder for Environmental Impact (and where appropriate the Chief Finance Officer and Assistant Director – Legal and Democratic Services) to progress the project through the Energy & Sustainability Joint Venture if they consider it appropriate and at an appropriate future stage to decide the project should be put forward to the JV Steering Board for inclusion as a Part 1 and/or Part 2 project.
- (4) Delegate authority to enter into an agreement for lease of the property to the Director of Regeneration and Planning on the basis of the conditions and terms that are no worse than those set out in this report; such delegation to include authorisation not to dispose by auction or invitation of tenders following public advertisement (sought under Contract Procedure Rule

18.1) for those leases.

- (5) To approve the proposal to allow free parking of up to 30 minutes in both Lower Place and Dacre Road multi-storey car parks to support the regeneration strategy for Newhaven and that authority be delegated to the Director of Service Delivery to implement the decision.**
- (6) To delegate authority to the Director of Service Delivery to request that East Sussex County Council amends the Traffic Regulation Order and associated on-street and off-street parking places orders to ensure enforcement against nuisance parking, and that parking violations on Denton Island may also be enforced.**
- (7) That Cabinet approves the commissioning of a feasibility study to regularise parking at Railway Quay to provide additional parking in advance of the redevelopment of the town centre.**

Reasons for recommendations:

- (1) Newhaven has substantial physical capacity for growth, including large brownfield sites in and around the waterfront and the town centre. The town is planning for 28% of all housing growth within the District over the lifetime of the Local Plan (ie. to 2030). Newhaven is also home to 40% of the district's B-Class employment space, and the designation of the Enterprise Zone emphasises the town's central role in delivering sustainable economic growth.**
- (2) Newhaven town centre is one of the key redevelopment sites within the town and will be the anchor playing a critical role in delivering new housing, employment space, and other community benefits. The redevelopment of the town centre links closely with delivery of the Newhaven Enterprise Zone that commenced in April 2017 and seeks to address a range of development barriers that are inhibiting effective investment delivery.**
- (3) In November 2017, Cabinet approved the allocation of £1.2m from the property acquisition and development budget to develop the proposed scheme in order to submit a planning application. At the same time, Cabinet requested that the Director of Strategy and Planning develop a business case for Cabinet to consider in 2018.**
- (4) A well-designed parking scheme is one of the factors that can support a successful high street. The Council wishes to offer limited free parking to improve footfall**

and interest in the town centre in advance of the regeneration plans.

- (5) Nuisance parking is having a detrimental effect within Newhaven and this report makes recommendations to regularise enforcement and to improve the parking facilities.

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Information

(1)

Business Case

- 1.1** The designation of 8 key sites in Newhaven as an Enterprise Zone is the next step in ongoing regeneration activities in the town and is a major proposal of regional significance. Having commenced in April 2017, the Enterprise Zone is forecast to create around 55,000m² of new commercial floorspace, refurbish a further 15,000m² of commercial floorspace and create / sustain around 2,000 jobs over the zone's 25-year lifespan.
- 1.2** The Council has been proactively planning for this with the securing of town centre lease in April 2016 and more recently acquiring the Railway Quay site in March 2017. Funding has been secured from Coast to Capital and there is further development at Eastside South with 7,733 sq metres of commercial space underway.
- 1.3** This proposed development would assist with meeting the commitments outlined in para 1.1.
- 1.4** The town centre of Newhaven has experienced decline over a number of years. Whilst the presence of retail provision on the eastern side of the River Ouse has increased, the level of retail activity in the town centre has significantly diminished. In turn, this has led to an increase in the number of vacant units and a decrease in the level of activity and footfall experienced in the area.

- 1.5** In 2016, the Council bought back leases within the Newhaven Square area of the town centre and has commenced works to refurbish one of the blocks, which is now almost fully let. Newhaven Square is a key part of the Council's property portfolio, and includes the former Co-op supermarket, the Seahaven Swim & Fitness Centre and the Dacre Road multi-storey car park, as well as other retail units. The Council's early intervention on securing the headlease of the town centre site, allows for high quality development to be delivered in a timely manner.
- 1.6** The Council has recognised that services which benefit the community are an important element of the town centre regeneration and has completed the refurbishment of accommodation for Citizens Advice Bureau, which will also help to generate footfall.
- 1.7** Newhaven Square covers an area of around 1.22 hectares and comprises a mix of land uses, with the main focus being predominantly retail. However, shopping habits have changed and high streets up and down the country have struggled. For any development scheme to be successful in a high street location, there should be a mix of uses which will attract different types of footfall that will support primary or secondary activities. This approach also considerably de-risks development.
- 1.8** The development proposals are limited to land within the control of Lewes District Council (With the exception of a small area in the mall which we are trying to acquire from The Crown). This is a key factor in the ability to take the scheme forward.

The development proposals are split across three sites (see Appendix A):

- Site 1 - Newhaven Square shopping centre,
 - Site 2 - Seahaven leisure centre
 - Site 3 - Lower Place Car Park Site.
- 1.9** The new scheme will be anchored with a 23,000sqft food store. This will be served by a 200-space car park at the upper levels accessing the main trading floor via lift and travellators. LDC are in discussions with a national food store operator.
- 1.10** 4 new retail units are proposed adjacent to the food store entrance. (circa 4,000sqft). It is anticipated that these will be let to nationally branded retailers and food/coffee operators.
- 1.11** The introduction of the food store anchor will also support and underpin the existing retail units within the shopping centre.
- 1.12** The relocation of the existing leisure facilities releases a prominent ring road site for commercial development. This site has been designed to provide a 69-bedroom hotel with a food and beverage offer. The hotel will be served by 50 no. car spaces accessed from Bridge Street. Heads of Terms have been agreed with a national hotel chain (see Appendix C).

- 1.13** Discussions on the lease terms have progressed to the stage where the hotel operator wish to enter into an Agreement for Lease (AFL). AFLs place certain obligations on both parties, particularly in relation to building out a scheme, complete with a specification and long-stop date. Usually AFLs work on the basis that they become completely unconditional upon the grant of satisfactory planning permission and resolution of legal title issues, following which the landlord (here the Council) is obliged to enter into a building contract and grant a lease on completion of construction. However, the relationship with the operator is mature enough that they are prepared to enter into an AFL which is based upon certain conditions being met:
- o the discharge of the Planning Condition pursuant to the provisions contained in the Schedule and
 - o resolutions of the Landlord's executive which have been made in accordance with the Landlord's local government executive arrangements as defined in Schedule 2 of the Localism Act 2011 authorising both of the following:
 - a) entry into the Building Contract
 - b) grant of the Lease
- 1.14** It is therefore recommended that the Council enters into an AFL in respect of the Newhaven site 2, pursuant to the conditions set out in 1.13 (a) and (b) being met.
- 1.15** The development will form an integral part of a larger Masterplan which will include the other areas marked on Appendix A.
- 1.16** The scheme includes the provision of a new leisure facility on an alternative site - the Lower Place car park (site 3). The scheme proposes a cut and fill exercise to the site to utilise the two-storey change in level across the site. This enables the development to incorporate a lower level leisure facility – ground level car park (High Street/ Library level) and a new 20,000sqft health hub to the upper floor levels. The re-provision of the leisure on an alternative site offers the benefit of providing continuity of use of the pool for the community. The aim is to provide an integrated and holistic approach to health and wellbeing within one location with the operators working closely together
- 1.17** The scheme includes 3,000sqft of community space. LDC are already in discussion with local organisations to occupy the space and enable them to provide support to the local community from a central and easily accessible location
- 1.18** As noted above, the proposals for Newhaven Town Centre will help to redress decades of under-investment and deliver up to 110 new residential units. Given the range of commercial and community facilities also being proposed, it is highly likely that this scheme will indirectly

support delivery of further sites within Newhaven – a number of which have unimplemented planning consents.

- 1.19** LDC are in advanced discussions with a prominent national Social Housing provider to deliver the housing element of the scheme. It is anticipated that the scheme will provide a 100% affordable housing provision – 23 units for social rent and 87 units for shared ownership.
- 1.20** The scheme will be well served by public transport and will re-provide 250 town centre car parking spaces. The configuration of the proposed development will provide safe and secure parking and community facilities will have improved access by public and private transport with public transport links.
- 1.21** The development will create significant employment during the construction period and an estimated 100+ permanent new local jobs when completed.
- Hotel – 30 Jobs
 - Food store – 40 full time jobs
 - New Retail Units – 6 full time and 20 part-time jobs
 - General maintenance/cleaning - 6
- 1.22** The proposals will also safeguard a considerable number of existing jobs within the town centre as it is hoped the step change in provision will halt the spiralling decline
- 1.23** Using the industry standard “GLEK Consulting Multiplier” of £2.84 of economic activity investment for every £1 of construction cost – the project represents £102m of activity within the local economy.
- 1.24** The Council has explored a range of options for the development including full demolition or refurbishment of the current assets. It is proposed that in order to achieve the step change required, and to ensure it is viable, we will work with the existing shell of the asset as much as possible as well as some new build.
- 1.25** The exact configuration of the space is subject to change and will be partly informed through the consultation process. To date, there has been informal consultation with Ward Councillors, Wave Leisure, officers from Newhaven Town Council, the Enterprise Zone Programme Board, and the Strategic Property Board, resulting in broad support from each. Informal public consultation is planned for late June/early July prior to the submission of the detailed scheme for planning.
- 1.26** The proposed scheme is designed to regenerate the town centre and to give residents the facilities they need now and in the future. The hotel proposal would not only provide new accommodation for visitors to the town, but would also result in other food and drinks interest into the town

centre and increase footfall. Gauging interest in pre-lets in this manner considerably de-risks the proposal and strengthens the investment case.

- 1.27** The construction contract will be procured via the council's Clear Futures framework that will ensure that a significant proportion of local companies and suppliers are included as part of the procurement strategy.
- 1.28** By developing commercial and community use "anchors" to both the north and south side of the High the connectivity between the two will create a pedestrian flow and activity through the High Street and offer wider scale economic benefits to the town centre generally.

Programme

The target milestone dates for the project are:

1. Public Consultation – September 2018
2. Planning Application – November 2018
3. Planning Approval – April 2019
4. Start on site (Leisure/Health Hub and Retail) - July 2019
5. New Leisure/Health Hub operational – Jan 2021
6. New retail/residential commences – Feb 2021
7. Retail/Residential completes – Feb 2023
8. Hotel construction starts – Feb 2021
9. Hotel Opens – Feb 2022

Parking Strategy to Support Regeneration

- 1.31** In 2016, LDC undertook a review of parking in Newhaven town centre and consulted with a working party of Newhaven Town Councillors who were also looking at the problems arising from nuisance parking. LDC commissioned an independent report into ways the town centre could be improved to encourage cars in with limited free parking and to enable enforcement to take place as appropriate.
- 1.32** The study concluded that it would be possible to create a limited number of on-street bays, and to zone the High Street so that it could be enforced to prevent the nuisance parking, which poses a risk to pedestrians.
- 1.33** However, the amount of on-street parking that could be generated would be very limited and the optimum solution would be to allow limited free parking in Lower Place and the multi-storey car park, of up to 30 minutes.

- 1.34** The Council's plans to develop the town centre are at an advanced stage and there is benefit in introducing limited free parking to encourage footfall and stimulate interest in the area. It is recommended that Cabinet approve the proposal to allow free parking of up to 30 minutes in both Lower Place and Dacre Road multi-storey car parks to support the regeneration strategy for Newhaven and to discourage nuisance parking. The financial implications are set out under paragraph 2.
- 1.35** Additionally, the road through Denton Island is adopted, but does not appear in any of the Traffic Regulation Orders which are in force in Newhaven. As a result, parking violations cannot be enforced and there is a persistent problem with caravans and motorhomes parking overnight.
- 1.36** The nuisance parking described above is having an impact on businesses on Denton Island who find it difficult to park, and there is anecdotal evidence that some customers have been put off visiting at least one business there.
- 1.37** In 2017, the Council purchased Railway Quay in Newhaven as a strategically important site, given its visibility and proximity to the town. Additionally, the site is one of the seven designated Enterprise Zone sites. The Council has been undertaking a review of the potential uses of the site and discussions are advanced with a number of parties to deliver an exemplar eco-manufacturing site with flexible, creative space.
- 1.38** The northern part of the site has been used informally for parking for some time, but it is not enforceable and the motorists are technically trespassing on the land. To regularise the position, it is recommended that the area is brought into the Traffic Regulation Order. Further, it is recommended that officers commission a feasibility study to turn the northern part of Railway Quay into temporary parking, to regularise the current position and to provide additional parking during the redevelopment of the town centre.
- 1.39** It is also further recommended that the Council undertakes to have the Traffic Regulation Order for the area amended to ensure that the pedestrianised area of the town centre can be enforced to prevent nuisance parking.

(2) Financial Appraisal

- 2.1** It is recommended that funding be allocated of up to £500,000 from the property acquisition and development programme in respect of consultancy, professional fees, and surveys to develop the regeneration scheme in more detail. It is proposed that the resultant options will be the subject of a future Cabinet report.
- 2.2** The majority of tickets purchased for Dacre Road and Lower Place are for 30 to 60 minute stays and the revenue from the two car parks amounts to £59,414 (2017-2018 full year total) per annum. Offering free

parking for up to 30 minutes would have a revenue cost of approximately £25,000 - £30,000 per annum, which would be met from the existing service budget.

- 2.3** There is cost to amending or making a Traffic Regulation Order. It is proposed that the sum of up to £15,000 be allocated from the current service budget to cover the costs of the new Traffic Order(s).
- 2.4** The fee for the feasibility study for additional temporary parking at Railway Quay will also be met from the existing service budget and is estimated at £5,000.

(3) Legal Implications

- 3.1** The Council cannot dispose of land held in the general fund for a consideration less than the best that can be reasonably obtained in the market, except with the express consent of the Secretary of State. Disposal includes leasehold sales where the lease term exceeds seven years. The lease mentioned in paragraph 2.8 will be let at an open market rent advised by expert valuation. This satisfies the requirement to obtain best consideration.
- 3.2** In disposing of any land or interest in land the Council must ensure that it does so in accordance with State aid rules. The European Commission's Communication on the Sale of Land (the "Land Communication") sets out an automatic assumption that no State aid is present in a sale of land and buildings provided its terms are followed. The Land Communication requires the sale of land for "market value" through (i) an open and unconditional bidding process or (ii) an expert valuation. The lease mentioned in paragraphs 2.8 will be let at market value rents advised by expert valuation. This satisfies the requirement to dispose of land in accordance with State aid rules.
- 3.3** The conditionality arrangements covered in paragraph 1.13 mean that the Council will not be obliged to build the hotel and grant the lease until it is satisfied that the larger Masterplan can be delivered.
- 3.4** Recommendation (4) seeks authority to enter into a lease without going to auction or inviting tenders or expressions of interest following appropriate public advertisement. Cabinet has power to authorise leases without going to auction or advertisement (CPR 18.1).
- 3.5** Contracts for the supply of works, goods and services should be procured in accordance with the Council's Contract Procedure Rules (CPRs) and procurement obligations. It is proposed that the construction element of the project will be progressed through the Energy & Sustainability Joint Venture (JV) if this is considered appropriate. Compliance with CPRs and procurement obligations will be achieved if procurement is carried out in accordance with the terms of the JV.

(4) Risk Management Implications

- 4.1 The risk management implications will be determined through the project risk register.

(5) Equality Screening

- 5.1 An equality impact assessment will be carried out prior to reaching the point where the construction contract is ready to be let.

(6) Background Papers

- 6.1 None

(7) Appendices

- 7.1 Appendix A: Proposed Development Sites
Appendix B: Indicative plans for sites 1, 2, and 3
Appendix C: Heads of Terms (Exempt)