

Report to: Cabinet

Date of Meeting: 2 November 2015

Report Title: Former Bathing Pool Site at West Marina

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Purpose of Report

To seek approval to progress with marketing of the Former Bathing Pool site at West Marina

Recommendation(s)

- 1. That Cabinet agrees to add the site to the Land and Property Disposal Programme for disposal in 2017/18; and**
- 2. That Cabinet agrees to Agents being appointed to market the site.**

Reasons for Recommendations

This is the last large vacant waterfront site in Hastings and it has long been an objective of the Council to see it regenerated. The site is not included in the disposal programme, and would ultimately be disposed of in part or potentially as a whole. The timescale for any disposal is not yet clear but estimated to commence in 2017/18.

This report is simply looking for authority to market the site. Any disposal, and method of disposal i.e. in whole or in part, would ultimately be made by Cabinet.

Introduction

1. The former Bathing Pool site has remained empty for over 30 years since the West Marina swimming pool and subsequent holiday camp closed down.
2. Since that time there have been many studies carried out on bringing the site forward for development but all have concluded it was not viable.
3. The land remains within the Council's ownership and there is now the opportunity to develop the site.

The Site

4. As consultants have stated:-

An excellent site at the end of the waterfront promenade, however its considerable distance from the town centre puts it at a disadvantage. London road and warrior square are approximately 1.5km away (20 minute walk). Hastings old town is some 3km away, so any prosperity in the town centres is a long way from the site, making it very much the far end of the seafront conurbation. It is a quiet area with a transitional character which is reinforced by the surrounding land uses and character of Bulverhythe seafront – Territorial Army, Sea Scouts, fishing boats.

In terms of sustainability credentials it is hard to better, being less than 3 minutes walk from West St Leonards railway station, a minute walk from the shops, post office, Bo Peep pub and buses on the Bexhill Road (A259) and with a national cycle path running along the seafront.

5. Any development will need to address the potential sea defence and flooding issues given the exposed position. The costs of changing this part of the seafront could be prohibitive and as such the developable area is generally that part north of the cycle path. The different levels across the site will result in different development opportunities and solutions. Given that much of the site is generally higher than housing sites along seaside Road there is a reasonable chance of achieving agreement to residential development on the site.
6. There are On-Site service Constraints

Approximately 50% of the site is undevelopable for conventional building development because of underground constraints or sea defence issues, with the Eastern part being relatively unconstrained, and even here there is a back filled swimming pool beneath the surface. These issues and constraints need to be fully investigated before any land sale or joint venture can be agreed since they may affect the potential financial return on developing the site.

The constraints are numerous and complex. The principal one is the large surface water holding tank in the centre of the site which does not allow any development over it but does allow open space to be sited above it. It is surrounded by culverts, access vents and chambers in a complicated arrangement which is best left well

alone. The western part of the site is constrained by a variety of services and their exact location and identity is not clear.

Feasibility

7. In 2014 the Council sought proposals from consultants for advising on options for bringing the site forward for development.
8. The submissions were appraised and Carter Jonas LLP was appointed. They are one of the UK's largest firms of property consultants and operate from offices in central London and key regional centres.
9. The work they were instructed to undertake included the following:
 - a. An initial strategy workshop.
 - b. Site investigations and obtaining engineer's advice.
 - c. Produce a masterplan of two scheme variations.
 - d. A market review of the schemes.
 - e. Financial appraisals of the schemes.
 - f. Issuing a masterplan report.
10. The masterplan report was issued to the Council in June and the findings were:
 - a. Now is a good time to bring the site to market, as the current political and funding environments are stable and supportive of development.
 - b. The best way of bringing the site to market is likely to be a straight sale of land (rather than a joint venture) but this can be considered further once market testing has been carried out.
 - c. Two scheme design options have been produced and financially appraised and are considered to be viable.

Council's Vision & Planning

11. The intention is to make this area an even more desirable place to live and visit, as well as helping to make the local economy more sustainable.
12. The site is allocated for a mixed use (residential and commercial) in the recently adopted Development Management Plan. There remains a critical need for housing within the Borough.
13. The development of the site sits comfortably with the Council's seafront strategy and with the wider review of the White Rock area.
14. Carter Jonas have suggested a development concept for the site but recommend producing a development brief to form part of the marketing materials. It is possible

that potential purchasers may require greater certainty on planning and it may be necessary for the Council to seek an outline planning consent.

15. The development concept they put forward was based on four key elements:

- A central square over the undevelopable waste water reservoir and adjacent services
- the retained seafront walkway/cycleway rethought and enclosed by timber buildings focused around a potential artists' colony and display space
- an informal and somewhat eclectic village of vertical timber town houses in the west;
- A more formal residential development in the east relating to the form and scale of the conservation area.

16. The design concept that the consultants have put forward was built on the vertical/horizontal aesthetics of Hastings Old Town fishermen's huts. The design concept builds in the use of shingle rather than more formal approaches.

17. The development brief will form a key part of the marketing materials. At this time the Council needs to keep an open mind on what may or may not be achievable on the site. It may be that developers may have views and funding opportunities for other developments on the site e.g. inclusion of a quality hotel. At this stage there is no requirement for the Council to restrict the ideas that may come forward within the boundaries set out within a development brief. Whilst it

Proposals for Marketing

18. Carter Jonas advise that potential purchasers will require some level of due diligence to be undertaken in order for them to form their bids. This would include site surveys such as pollution and contamination, services trace, topographical and flooding. These surveys although costly will help take out some of the uncertainties on the site and help developers assess what could go on the site and where.

19. On completion of the pre marketing preparation, including a development brief, it is proposed to take forward the marketing in two stages as follows:

- a. Marketing Stage 1 (Expression of Interest)
- b. Marketing Stage 2 (Informal Tender)

Local Peoples Views

20. Consultation with the community can only realistically take place on a meaningful basis when there is a development proposal put forward.

21. Carter Jonas would be engaged to assist in this consultation exercise.

22. A full report to members would then follow.

Maintaining Control of What is Built and When

23. The Council will need to ensure that any development proposal that it wishes to accept will be developed within an acceptable timeframe, that it will be built to the quality and to the standard and design that the Council had ultimately accepted, and that the Council is able to ensure that there is sufficient resource to complete the building out of the whole site. It is not known whether developers will put in proposals to build out the whole or just parts of the site.
24. The potential for a joint venture has been considered and the Council is currently advised that the costs would be prohibitive for a scheme of this size.
25. The Council will maintain the necessary control to ensure that we get the development that is appropriate for the site.
26. The Council will be able to determine whether it wishes to proceed with a sale and include conditions on the sale following consultation e.g. requirements to complete the construction within a set timescale.

Financial Implications

27. The Council agreed a sum of £40,000 in its 2015/16 budget to take the project forward. The total costs incurred to date in producing the masterplan report amount to £12,650 – a balance of £27,350 remaining.
28. The Council has also made a successful application to East Sussex County Council's Catalysing Stalled Sites (CaSS) fund for a £30,000 contribution towards the costs that will be incurred in developing the site.
29. The estimated costs for the next stage of surveys required for due diligence e.g. pollution and contamination, services trace and legal review, flooding, plus agents fees, is £60,000.
30. Thereafter, if surveys are positive and there are no showstoppers, costs will be incurred for Pre market preparation, Marketing Stage 1 (expressions of interest), Marketing Stage 2 (Informal tender), Evaluation and Completion. The costs of these next four stages are estimated at some £52,500. These costs to include an Environmental Impact Assessment screening report and the development brief.
31. In the event that a joint venture/development agreement route is taken, this would trigger European procurement rules and would incur significant additional fees including an estimated £50,000 of property consultancy fees in addition to specialist legal costs. The timescale would be extended significantly too. This route is not being proposed.
32. The costs of taking the site to the market are not insignificant if the Council is to “de risk” the sale as far as possible and thus maximise the value. The best estimate of likely fees (paragraphs 14 to 16 above) amount to £125,150 of which £30,000 would come from ESCC.

In summary the costs are:

	Cost Estimate (£)
Masterplan report	12,650
Surveys – due diligence	60,000
Pre-market preparation, Marketing Stage 1 (expressions of interest), marketing Stage 2 (Informal tender), Evaluation and Completion, Environmental Impact Assessment, Development Brief	52,500
Total	125,150

33. If outline planning consent is required then this would also incur additional costs estimated in the region of £30,000 plus costs of environmental and transport studies potentially which may also be significant. The Council would need to fund these sums until such time as the sale receipts are received.
34. The estimated net sale proceeds to the Council range from £1.7m to £4.8m. A significant proportion of this may be required to fund facilities in the central area e.g. play facilities. A further significant element could be required to develop the western area of the site if developers were only interested in the eastern end of the site. It is however premature to speculate on what developers may propose.
35. As stated elsewhere in the report the £30,000 ESCC money will be repayable to ESCC if the site is sold within 3 years.
36. The site may be developed in stages in which case some of the site could potentially be retained by the Council and developed using the proceeds from earlier stages. This very much depends upon the results of the marketing exercise and developer proposals received, and would be subject to further reports to cabinet.

Risk Management

37. Whilst the Council can undertake surveys to de-risk the site and hence maximise proceeds, there remains the risk that developers may not be forthcoming. As such the Council's outlay will remain at risk for some time.
38. The surveys undertaken, albeit costly, will however be of use for any future development/site disposal.
39. The use of ESCC monies helps reduce the financial risk should the scheme not proceed. If it does proceed the Council will need to repay the £30,000 to ESCC but will have the sale proceeds to finance this. The ESCC monies would then, no doubt, be used for other stalled sites within the county.
40. A steering group of lead members and officers will continue to oversee the marketing of the site and consideration of the development proposals.

Conclusion

41. The initial feasibility study shows that the site is potentially viable to develop.
42. In order to bring the site forward for development it is recommended that the site be added to the Council's land and property disposal programme and that Carter Jonas are appointed to market the site and manage the sale process.
43. At this stage of the process it is not known how developers will view the site and whether it will be developed as a whole or in lots. If it is the latter, and is purely speculation at present, the Council will need to ensure that there are sufficient receipts from the early phases to develop the later stages. There is also the potential for the Council to develop and maintain an income stream from some future developments on the site. This would need to be assessed following the receipt of proposals from potential developers through an informal tendering process.

Wards Affected

West St. Leonards

Policy Implications

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness	No
Crime and Fear of Crime (Section 17)	No
Risk Management	Yes
Environmental Issues	No
Economic/Financial Implications	Yes
Human Rights Act	No
Organisational Consequences	No
Local People's Views	Yes
Anti-Poverty	No

Additional Information

None

Officer to Contact

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