

Appendix 2: Proposal to seek a development partner for a mixed use development at South Quay, Paignton Harbour

1. Proposal and Introduction

- 1.1 On April 6 2017 the Council agreed a Transformation Strategy for Torbay's Town Centres, as an appendix to the 2013 – 2018 Economic Strategy, and the principles for delivery of that strategy. One element of that strategy included the delivery of a mixed use redevelopment at South Quay, Paignton Harbour, subject to approval by Council of a business case. This appendix sets out an outline business case, seeks support from the Council for a redevelopment that could include Roundham Car Park and to appoint a development partner for the redevelopment at South Quay, Paignton Harbour. The appointment of a development partner will allow a full business case, for a redevelopment proposal, to be presented to senior officers and the Town Centres Regeneration Programme Board in the next few months.
- 1.2 A number of plans and strategies, including the Council's Economic Strategy, Local Plan, the Ports Masterplan, emerging Destination Management Plan and emerging Paignton Neighbourhood Plan, recognise the need to improve Torbay as a destination and ensure Paignton Harbour becomes a better destination for visitors, residents and businesses.
- 1.3 Similarly, there is pressure in Torbay to provide more housing to meet increasing demand. This is recognised in the new Local Plan, which identifies sites and mechanisms to deliver new homes to meet Torbay's needs. The Local Plan identifies the development potential of this site to deliver new homes.
- 1.4 There are a number of existing tenants, of Council owned property at South Quay, including businesses, sports and social clubs. These provide value to the community and to the Harbour. The Council and TDA have met with each of those tenants, to ensure the needs of those tenants are reflected in any proposed redevelopment. Those meetings have been positive, with businesses and clubs supporting redevelopment in principle. A number of those businesses have already or plan to move away from Paignton Harbour; others wish to stay and are seeking better facilities than at present.
- 1.5 The Council's Town Centres Regeneration Programme Board has reviewed a range of development options against the town centres regeneration programme objectives. It has also assessed those options against the more specific requirements to retain and improve Paignton Harbour's offer; to ensure the Harbour becomes more of a destination; to ensure there is sufficient space for businesses and sports / social clubs that need the harbour location; and the potential for a redevelopment to contribute at least £250,000 towards other town centre regeneration projects in Paignton.
- 1.6 The Programme Board's preferred redevelopment option includes the provision of at least 1230 sq mts of commercial space, including business space, restaurant / café and shops and space for remaining sports / social clubs. The preferred redevelopment proposal necessarily includes 52 residential units, which includes the redevelopment of Roundham Car Park. The illustrative redevelopment scheme (attached as Appendix 2a) shows improvements to the public realm around South

Quay. This is the scheme that the Board wants to test with a development partner, as well as exploring opportunities – on and off site – for car parking provision to meet the needs of harbour users and a new development. Smaller redevelopment options, which exclude the car park, have been tested and are not considered to be viable.

1.7 The Council's Housing Company does not include a remit to build new homes and there is some risk, for the Council, associated with the construction and sale of new homes as part of this development. Consequently it is proposed that the Council seeks a development partner for this redevelopment. That partnership, and delivery of a redevelopment scheme, should be facilitated by options for the Council to:

- part fund a redevelopment, utilising part of the Town Centre Regeneration Programme Fund
- procure residential units within the development, perhaps via the Housing Company
- retain the commercial elements of the redevelopment,
- offer the option of a long lease (e.g. 127 year lease), including a maximum of 2 years in which to secure planning permission and commence the development.

1.8 Roundham Car Park provides for some business and storage space, at ground floor level, and 117 parking spaces at 1st and 2nd floor levels. The parking spaces generate £30,930 gross income per annum (according to 2014/15 data). There is around £32,000 work outstanding to manage / maintain the car park, according to the March 2012 conditions survey. The car park is used, on an annual basis, to less than 15% of its capacity. It is recognised that on some occasions, during Paignton Regatta for example, the car park is heavily used. The redevelopment proposals would result in loss of all public parking at Roundham Car Park, but this is necessary to deliver a viable redevelopment proposal. It is recognised that some parking is required to serve Paignton Harbour. Work with a development partner will include opportunities to secure on and off-site parking to serve the harbour.

1.9 Further work is needed, over the next few months, to procure a development partner, to produce more detailed designs and costs, to define the terms of a development partnership and to work with those existing tenants that want to remain on South Quay.

2. Reasons for Proposal

2.1 The proposal is in accordance with the Council's Policy Framework including the Corporate Plan, Local Plan, Economic Strategy, the Transformation Strategy for Torbay's Town Centres, the Ports Masterplan, the Paignton Town Centre Masterplan SPD and the emerging Destination Management Plan.

2.2 The proposal will help transform Paignton's town centre and ensure Paignton Harbour is a better destination, as part of a wider place making agenda, which includes change and growth in Torbay.

2.3 The proposal will generate additional footfall and spend in Paignton Town Centre and sea front, with the knock on benefit of attracting further investment in the town centre.

2.4 The proposal will generate significant revenue income to the Council, to help support town centre regeneration.

Appendices

Appendix 2a: Illustrative sketch drawings for the proposed redevelopment

Section 1: Background Information	
1.	<p>What is the proposal / issue?</p> <p>1.1 A mixed use redevelopment at South Quay, Paignton Harbour, is one of the priority / Phase 1 projects agreed by Council in its Transformation Strategy for Torbay's Town Centres. Such development is supported in principle by a range of plans and strategies, all of which have been subject to wide consultation and engagement.</p> <p>1.2 Pace and scale are critically important in the delivery of town centre regeneration. The Council has agreed (in April 2017) a strategy for transformation of Torbay's town centres, including a package of proposals for each town centre, to help deliver growth and change in accordance with the Economic Strategy, Culture Strategy, the Ports Masterplan, Destination Management Plan and Local Plan. This proposal is in accordance with those strategies. It is important to move forward with pace on the delivery of this project.</p> <p>1.3 The proposed redevelopment is sensitive, given its location and existing users. There is a need to achieve a balance between a viable redevelopment proposal, that is itself transformational, and meeting the needs of the harbour and its users.</p> <p>1.4 The Council's Town Centres Regeneration Programme Board has, over the last 12 months, reviewed a range of development options against the objectives of delivering successful town centre regeneration and generating income to the Council. It has also assessed those options against the more specific criteria to:</p> <ul style="list-style-type: none"> • retain and improve Paignton Harbour's offer, for example by providing space for those social / sporting clubs that provide value to the community; • to ensure the Harbour becomes more of a destination, for example providing restaurant, retail and business space; • to ensure there is sufficient space for businesses and sports / social clubs that need a waterside location, such as the sailing, rowing and sea scout clubs; and

- to deliver a viable redevelopment that can contribute at least £250,000 towards other town centre regeneration projects in Paignton.

- 1.5 The Programme Board's preferred redevelopment option meets the requirements set out in paragraph 1.4 above. It includes the provision of at least 1230 sq mts of commercial space, including business space, restaurant / café and shops and space for remaining sports / social clubs. The preferred redevelopment proposal necessarily includes 52 residential units, which includes the redevelopment of Roundham Car Park, to ensure the proposal is viable. The proposal includes improvements to the public realm around South Quay. It also complements the proposed re-use of the Harbour Lights restaurant.
- 1.6 There are risks associated with the construction and sale of residential properties. The Council is not resourced to deal with these risks and the newly established housing company does not have the remit to build new homes. Consequently, the Council should seek a development partner that can work alongside the Council in reducing the risks of development and deliver, at pace, a successful redevelopment. However, the Council should also seek to retain a significant stake in the redevelopment – financially and physically – to help de-risk the project, ensure pace in delivery and to secure revenue income. The soft market testing of town centre regeneration projects, that took place at the end of 2016 and early 2017, showed considerable investor / developer interest in this site.
- 1.7 Roundham Car Park is significantly underutilised, draws in relatively little in terms of income and has a backlog of repairs / maintenance relating primarily to weatherproofing. Use of the car park for development is critical to success of the redevelopment itself and to the generation of sufficient income to support other town centre regeneration projects. However, events – such as the regatta - based around the harbour and the success of a redevelopment that includes a restaurant do require some car parking provision. Consequently the successful delivery of this project should include provision of some car parking as part of the development and / or near the harbour.
- 1.8 The illustrative redevelopment proposal, attached as appendix 2a, is based on survey information and a good understanding of the site. It illustrates what could be achieved at South Quay, but should not be considered as a formal development proposal. Further detailed site investigation work will be required, alongside refinement of the design and costs, to ensure a successful redevelopment. That work should be undertaken in conjunction with a development partner and will support a planning application.
- 1.9 This report includes financial information and an impact assessment which shows the proposal is:

	<ul style="list-style-type: none"> • A commercially attractive proposition for the Council, in terms of income generation • An important project to support town centre regeneration, with no overall adverse impact on parking capacity • An important project that helps to deliver Council policy relating to the economy, planning and tourism. • Key to ensuring Paignton Harbour becomes a better destination in its own right.
<p>2.</p>	<p>What is the current situation?</p> <p>2.1 The Council has approved (April 2017) a strategy for transformation of Torbay's town centres. The delivery of a mix use redevelopment at South Quay, Paignton Harbour, is part of that strategy.</p> <p>2.2 The site has been the subject of soft market testing, since October 2016, with significant investor / developer interest.</p> <p>2.3 Existing, Council owned buildings on the site generate just over £73,000 gross income in rents and rates. They provide accommodation for a range of clubs and businesses. Over the last few months meetings have been held with each tenant, to better understand their needs. A number of businesses, for example those processing sea food, have recently moved from the site. Others, such as the coastal rescue service, want to find a different location that better serve their business needs. One or two businesses, such as Birchell Marine, want to be part of any redevelopment and support the redevelopment proposals. The sports and social clubs have growing membership and provide excellent community orientated services. They need, for the most part, a waterside location and they would all like better facilities than they have at present. A successful redevelopment will allow such facilities to be provided.</p> <p>2.4 Roundham Car Park provides 117 parking spaces at 1st and 2nd floor levels. The parking spaces generate £30,930 gross income per annum (according to 2014/15 data). An ambitious 20% growth in car parking demand would result in income rising to £37,100. There is around £32,000 work outstanding to manage / maintain the car park, according to the March 2012 conditions survey. The car park is used, on an annual basis, to less than 15% of its capacity.</p> <p>2.5 The Town Centres Regeneration Programme Board has sought to ensure that development at South Quay is capable of contributing at least £250,000 to deliver other town centre projects. That option is still desirable, but the first objective is to secure a viable development. Revenue from this project towards other town centre regeneration projects would be administered in accordance with recommendations 3.3 and 3.4 of the main covering report.</p> <p>2.6 The proposed redevelopment scheme has been estimated, by a local, experienced agent, as being able to deliver £148,000 per annum in commercial rents. This is likely to deliver around £75,000 in</p>

	<p>rates income, depending on the nature of end users, some of which would be income to the Council.</p>
<p>3.</p>	<p>What options have been considered?</p> <p>3.1 A number of options have been considered for this site, as part of the work of the Town Centre Regeneration Programme Board. These include:</p> <ul style="list-style-type: none"> • Do nothing – continued use of the buildings for various purposes land continued use of the car park. The Board is keen to ensure there is sufficient parking capacity to serve town centres, to support growth and regeneration. The Board recognises the importance of perception, by visitors and businesses, of a sufficient number of parking spaces. The Board is aware of the income generated from car parking, in this instance that gross income is around £31,000 per annum. However, the Board is also aware of significant capacity in a number of Council owned car parks serving town centres and the need to ‘sweat’ Council owned assets to achieve the objectives set out in paragraph 1.2 of the main report. Consequently the Council’s strategy for town centre transformation includes development on some Council owned assets, including South Quay, Paignton Harbour. • Smaller scale development – Smaller scale development options, which include around 30 – 40 residential units and exclude use of Roundham Car Park have been assessed. However, these options are either marginal or negative in terms of viability and would not provide sufficient income for a £250,000 contribution to Paignton town centre projects. Feedback from investors / developers during soft market testing was that, ideally, Roundham Car Park should be included in the redevelopment. <p>3.2 The Town Centre Regeneration Programme Board has explored a number of delivery mechanisms for the site, including sale, a joint venture partnership for packages of sites and development partnerships for individual sites. In April 2017 the Council agreed that, as a first principle, the Council should seek to direct deliver development on its own sites. Direct delivery, by the Council, is much more attractive when there is a single, defined end user. It is less attractive when there are a significant range of end users, such as for a multi-unit residential scheme, and where there are uncertainties in the residential sales market. Consequently the Programme Board has proposed that this redevelopment proposal should be delivered by the Council and a development partner.</p>
<p>4.</p>	<p>How does this proposal support the ambitions, principles and delivery of the Corporate Plan 2015-19?</p> <p>4.1 Town Centre Regeneration supports the ambition of creating a Prosperous and Healthy Torbay with the creation of vibrant and attractive town centres identified as a specific action in the Delivery Plan for “Working towards a more prosperous Torbay”.</p>

	<p>4.2 The proposed delivery of a mixed use redevelopment on this site accords with the Council's Strategy for Transformation of Town Centres.</p>
<p>5.</p>	<p>Who will be affected by this proposal and who do you need to consult with?</p> <p>5.1 The proposals for this site will have a direct impact on the occupiers of buildings on the site and on adjoining land owners / residents. There will be ongoing engagement with existing occupiers of buildings on site, as part of the detailed design and costing process leading up to a development agreement and planning application. Local residents and businesses will be consulted as part of the formal planning process.</p> <p>5.2 The proposals for this site will have an indirect and positive impact on property owners, tenants and investors in Paignton Town Centre. There has already been widespread engagement with residents, businesses and other organisations – resulting in significant support for town centre regeneration, as expressed through the previous masterplanning processes and now being expressed in emerging Neighbourhood Plans.</p>
<p>6.</p>	<p>How will you propose to consult?</p> <p>6.1 The proposal for this site is included within the Council's Strategy for Transformation of Town Centres. The Strategy flows from the adopted Town Centre Masterplans for Torquay and Paignton, and the concept plan produced by the community for Brixham Town Centre. There has been a huge amount of community and business engagement on all those plans.</p> <p>6.2 There will be informal engagement, with a range of council services and partners, on more detailed design work as it progresses over the next few months, subject to Council support.</p> <p>6.3 As firm proposals emerge for the site these will be subject to further engagement and consultation, specifically in the build up to and as part of the formal planning process.</p>

Section 2: Implications and Impact Assessment

7. What are the financial and legal implications?

Financial Implications

Rent and Rates Income

- 7.1 Existing, Council owned buildings on the site generate just over £73,000 gross income in rents and rates. They provide accommodation for a range of clubs and businesses.

Car Park Income

- 7.2 Roundham Car Park provides 117 parking spaces at 1st and 2nd floor levels. The parking spaces generate £30,930 gross income per annum (according to 2014/15 data), which would be lost as a result of development. An ambitious 20% growth in car parking demand would result in income rising to £37,100. There is around £32,000 work outstanding to manage / maintain the car park, according to the March 2012 conditions survey. The car park is used, on an annual basis, to less than 15% of its capacity.

Mixed use development

- 7.3 The proposed redevelopment scheme has been estimated, by a local, experience agent, as being able to deliver an initial rental income £148,000 per annum in commercial rents. This is likely to deliver around £75,000 in rates income, depending on the nature of end users, some of which would be income to the Council. Rental income will increase every 5 years.
- 7.4 The assessment of various development options included the testing of a loss of 60 parking spaces in Roundham Car Park. This showed that, even with the a 20% increase in demand for parking spaces, there would be a negligible impact on income. The £37,100 forecast under a 'no loss of parking' scenario would reduce to £36,500 under the 'loss of 60 spaces' scenario. This suggests that the re-provision of around 60 car parking spaces elsewhere, but close to the Harbour, will not only meet the demand for car parking but also maintain / improve car parking income levels.

Legal Implications

- 7.5 The TDA, acting on the Council's behalf, will ensure all proper procurement and legal requirements are followed in appointing consultants and contractors, including local labour supply, apprenticeships etc.

<p>8.</p>	<p>What are the risks?</p> <p>8.1 A full risk register will be produced as part of the project management process, if the Council supports the recommendations in this report.</p> <p>8.2 There are risks associated with seeking planning permission. It is a reasonably sensitive site, adjacent to listed buildings and close to the water. An inclusive design process will be followed, to reduce risks.</p> <p>8.3 There are risks associated with residential sales values. The use of a development partner will significantly reduce those risks to the Council.</p> <p>8.4 There are risks in relation to the timing and cost of construction. Financial support for the project from the Council, alongside the Council's retention of commercial space, will help secure delivery and reduce construction cost risks.</p>
<p>9.</p>	<p>Public Services Value (Social Value) Act 2012</p> <p>Not applicable.</p>

Equality Impacts

10	Identify the potential positive and negative impacts on specific groups			
	Positive Impact	Negative Impact & Mitigating Actions	Neutral Impact	
Older or younger people	The economic and social benefits of town centre regeneration are significant and well evidenced such that it is envisaged that there will be a positive benefit for all residents and all those with protected characteristics.			
People with caring Responsibilities	As above			
People with a disability	As above			
Women or men	As above			
People who are black or from a minority ethnic background (BME) <i>(Please note Gypsies / Roma are within this community)</i>	As above			
Religion or belief (including lack of belief)	As above			
People who are lesbian, gay or bisexual	As above			
People who are transgendered	As above			

	People who are in a marriage or civil partnership	As above	
	Women who are pregnant / on maternity leave	As above	
	Socio-economic impacts (Including impact on child poverty issues and deprivation)	As above	
	Public Health impacts (How will your proposal impact on the general health of the population of Torbay)	Town centre regeneration will improve the economy of Torbay. Economic prosperity helps create healthier communities and by supporting regeneration projects we will be able to improve health inequalities which currently exist across Torbay.	
14	Cumulative Impacts – Council wide (proposed changes elsewhere which might worsen the impacts identified above)	Town centre regeneration will take account of proposals which are being put forward in relation to integrated transport and other regeneration projects and capital investments to ensure that a coherent approach is taken to creating a prosperous and healthy Torbay. This project will encourage and support investment in Torbay.	
15	Cumulative Impacts – Other public services (proposed changes elsewhere which might worsen the impacts identified above)	Town centre regeneration will take account of issues which positively impact of reducing the amount of crime and disorder therefore making our town centres safer and more attractive places for residents, workers and businesses.	

Appendix 2a: Illustrative sketch drawings for the proposed redevelopment at South Quay, Paignton Harbour

