

Bringing the upper floors of the Arcade in Bognor Regis back into use as new homes

Outline Feasibility Study & Investment Case for Arun District Council

Contents

1.	Executive summary	1
1.1.	Introduction	1
1.2.	Context and potential of the Arcade's upper floors	1
1.3.	Proposed scheme	4
1.4.	Viability of the proposed scheme	5
1.5.	Benefits of the proposed scheme	7
1.6.	Delivering the proposed scheme	9
2.	Introduction	10
2.1.	Background	10
2.2.	Report scope and structure	10
2.3.	Clarifications to the report scope	10
2.4.	Information sources	11
2.5.	The team preparing this report	11
2.6.	Sharing of this report	12
2.7.	Queries	12
3.	Context and potential of the Arcade's upper floors	13
3.1.	Location of the Arcade	13
3.2.	History and evolution of the Arcade	13
3.3.	Current use and condition of the Arcade	14
3.3.1.	<i>Ground floor</i>	14
3.3.2.	<i>Upper floors</i>	15
3.3.3.	<i>Building exterior and outdoor space</i>	16
3.4.	Potential future use of the Arcade's upper floors	16
3.4.1.	<i>Offices</i>	16
3.4.2.	<i>Retail</i>	17
3.4.3.	<i>Residential</i>	17
4.	Proposed scheme	20
4.1.	Scheme brief	20
4.2.	Potential scheme options	21
4.3.	Design proposals	22
5.	Viability of the proposed scheme	24
5.1.	Development income	24
5.2.	Development costs	25
5.3.	Bridging the viability gap	27
5.3.1.	<i>Council acting as developer</i>	27
5.3.2.	<i>Securing OPE BLRF grant funding</i>	28
5.3.3.	<i>Applying for additional grant funding</i>	29
5.3.4.	<i>Value engineering</i>	30
5.3.5.	<i>Council capital contribution</i>	31
6.	Benefits of the proposed scheme	32
6.1.	Monetisable benefits of the proposed scheme	32

Bringing the upper floors of the Arcade in Bognor Regis back into use as new homes
Outline Feasibility Study & Investment Case for Arun District Council

6.2.	Non-monetisable benefits of the proposed scheme	34
6.3.	Policy alignment of the proposed scheme	35
7.	Delivering the proposed scheme	39
7.1.	Securing Council approvals	39
7.2.	Remediating asbestos damage	39
7.3.	Accepting OPE BLRF grant funding	40
7.4.	Preparing a Detailed Feasibility Study including RIBA Stage 2 designs and an enabling works specification	40
7.5.	Identifying and applying for additional grant funding	41
7.6.	Other steps	42
Appendices		
	Appendix 1 - Information reviewed	43
	Appendix 2 - Architect's Design Pack	See attached
	Appendix 3 - Cost plan	See attached
	Appendix 4 - High level planned maintenance plan	See attached
	Appendix 5 - Long-term revenue projection and valuations (Draft)	See attached
	Appendix 6 - Updated asbestos survey	See attached
	Appendix 7 - Development appraisal (incl Programme & Risk Assessment)	See attached

Bringing the upper floors of the Arcade in Bognor Regis back into use as new homes

Outline Feasibility Study & Investment Case for Arun District Council

1. Executive summary

1.1. Introduction

Arun District Council (the Council) acquired the Arcade in Bognor Regis for investment and regeneration purposes in November 2017. The Council's early focus was on improving the ground floor retail experience and some initial emergency repairs. Consideration then moved to how the upper floors, which are derelict and have largely been unused since acquisition, can be brought back into use.

The Council's preference is residential accommodation and, whilst feasibility studies were prepared in 2019, viability was a barrier to reuse at that time. However, an opportunity recently arose to access grant funding from the One Public Estate (OPE) Brownfield Land Release Fund (BLRF). An application was submitted in March 2023, with the outcome expected shortly.

The Council appointed Jon Sawyer Consultancy Limited in October 2022 to prepare this Outline Feasibility Study & Investment Case and submit a OPE BLRF grant funding application. Please see the main body of the report for clarifications to the scope of this report, assumptions made and information sources relied upon. It is also important that the Council gives careful consideration to the findings of a recent updated asbestos survey, which are also noted in the main body of the report.

1.2. Context and potential of the Arcade's upper floors

The Arcade lies in a central, prominent location in Bognor Regis town centre, with car parking, buses and trains all within walking distance. High Street forms the northern boundary, Belmont Street lies to the south and part of the Arcade's western wing also extends to York Road. A red line plan is contained in the Architect's Design Pack (see Appendix 2).

The Arcade's distinctive northern facade forms the terminating view at the end of London Road. Immediately to the south of the Arcade are the recently improved Place Saint-Maur public square and the Regis Centre & Alexandra Theatre, for which improvements are planned. Beyond these lie the seafront. Any proposals to bring the Arcade's upper floors back into use need to complement this wider context.

With construction starting in 1901 and completing and opening in July 1902, the Arcade is a handsome early Edwardian building. With its distinctive three storey turrets either side of the High Street entrance, brick construction and pitched glazed roof, it originally had 24 retail units in two eastern and western wings along with offices and a caretaker's flat above.

Any proposals to bring the Arcade's upper floors back into use need to be mindful of both its own historic significance and the wider heritage setting. Whilst not listed or located within a Conservation Area, the Arcade is a valued historic building and is locally listed. Unlike listed buildings, there is not a specific 'listing' for locally listed buildings indicating the specific features which need to be protected. Therefore, local planning policy is the key starting point.

Bringing the upper floors of the Arcade in Bognor Regis back into use as new homes

Outline Feasibility Study & Investment Case for Arun District Council

Policy HER DM2 of the Arun Local Plan states that “*proposals for the alteration or extension of buildings on the Local List will be expected to relate sensitively to the building or structure and its setting and respect its architectural, landscape or historic interest. The Local Planning Authority will seek to preserve features of such buildings which contribute to that interest*”.

Clearly the northern facade of the Arcade is its most distinctive feature, the retention and preservation of which is critical. It is also important to be mindful that there are also other locally listed buildings opposite the Arcade on York Road. Whilst perhaps less well known than the distinctive northern facade, the southern facade is also original to the Arcade, architecturally handsome in its own right and should be preserved and enhanced.

Two significant changes have occurred to the exterior of the Arcade since it was built:

- Between 1912 and 1934, a single storey building was added to the Arcade’s south east corner. In the 1950s, several retail units appear to have been combined within this newer building into a single unit. This is now known as 10 Belmont Street, which is understood to be occupied on a short-term flexible lease by Citizens Advice. Post-dating the original Arcade, this large, prominent and unattractive extension is incongruous with and does not complement the locally listed character of the original Arcade. Its demolition and replacement are proposed; and
- In 1930, a fire caused significant damage to the retail and also led to a large part of the second floor of the eastern wing being removed. Fortunately, the distinctive turret on High Street survived the fire. Subject to structural engineer advice, this creates an opportunity to rediscover the original design by replacing accommodation on the second floor of the eastern wing, increasing the number of homes and bringing other benefits.

Over time, several of the ground floor retail units have been merged, particularly for food and beverage (F&B) uses. There are now 19 retail units, 15 of which were occupied by local independent retailers at the time of the last inspection. This includes a strong and growing F&B offer. The Council is understood to be in dialogue with several parties about occupying the vacant retail units, including the existing Caribbean restaurant, which is potentially about to grow into a large corner unit on the corner of Belmont Street / York Road.

The upper floors above the eastern and western wings are currently physically separate, touching at the southern end. The space comprises a warren of rooms off a central corridor on each side, with numerous staircases connecting into the Arcade or externally. Whilst most of the upper floors are weatherproof, following some emergency repairs completed by the Council after the building’s acquisition, there remain some significant roof repairs to complete to prevent water ingress, damage to the building structure and potential health & safety risks. This comprises an area of flat roof on the eastern wing, for which works have been planned for some time, and the pitched roof to the western wing turret, for which a quote had been obtained.

The interior of the entire upper floors is in very poor condition. This, combined with the presence of asbestos and planning and building control requirements prevent any comprehensive reuse of the upper floors without significant investment in refurbishment. As a

Bringing the upper floors of the Arcade in Bognor Regis back into use as new homes

Outline Feasibility Study & Investment Case for Arun District Council

result, most of the upper floor space is vacant - with small areas currently used as trader toilets and storage by the Council. There is also upper floor storage space for the clothes shop, which is accessed from within the unit. A recent updated asbestos survey identifies several Medium risks and one part of the building which should not be accessed without remedial work being undertaken.

There is also evidence of concrete spalling to the columns at the Arcade's southern facade. This appears to be as a result of water ingress leading to corroded and, hence, expanding steels. Initial non-intrusive structural investigation indicates that this requires prompt repair to prevent long-term damage to the building structure.

Further details about the building condition are contained in the main body of the report and accompanying appendices.

A service yard/bin store is located behind the eastern wing, which is essential for the Arcade's retailers and would need to be retained. However, this area is unsightly and not particularly clean, with the potential to attract vermin. Reuse of the upper floors, which would overlook and make use of these facilities, requires improvements to be made to this area. There is no on-site car parking currently or proposed as part of the development project.

Office and retail uses have been discounted on viability, demand and deliverability grounds, with more detail contained in the main body of the report. No demand for other potential uses (e.g. hotel or health) has emerged during the course of this study, partly because of the constraints of an upper floor refurbishment.

A variety of residential tenures have been considered. Some, such as affordable housing and supported living, have been ruled out as they would not maximise the full potential of the Arcade and its contribution to the wider town centre. Strong demand has been identified for market sale and rent. However, a high developer's profit to reflect the risk of market sale contributes to the viability challenges faced by the project and make this a challenging development to deliver for market sale, even with OPE BLRF grant. Whilst a developer's profit would also apply for market rent, this would be lower.

In summary, it is believed that bringing the Arcade's upper floors back into use as market rent accommodation is the strongest option, potentially developed by the Council to support viability. If market rent is developed by the Council, there is the opportunity to capitalise on rental value growth over time. There is also the potential for the Council to act as a progressive landlord offering various letting options to meet the full range of local demand, including 12 month+ leases and Airbnb style holiday lets, as well as standard 6 month tenancies.

1.3. Proposed scheme

The proposed scheme needs to meet the following brief:

Bringing the upper floors of the Arcade in Bognor Regis back into use as new homes

Outline Feasibility Study & Investment Case for Arun District Council

- It needs to generally minimise adverse impact on the existing downstairs retail trade, including retaining a trader toilet throughout the works period and preserving access for ground floor retailers in the Arcade (and adjacent Cubitt & West in respect of fire egress) to the service yard/bin store behind the eastern wing. However, some works may be needed to both the occupied and vacant retail units. Additionally, the unit in the south east corner of the site (Unit 10 Belmont Street) is proposed for demolition and Citizens Advice, which is understood to be on a flexible lease, will need to relocate prior to this;
- Any new ground floor accommodation created in place of this demolished unit should be principally retail to animate the street scene. Upper floor accommodation should be high quality residential accommodation suitable for market rent.
- The development needs to meet both Planning and Building Regulations requirements. It is assumed that flexibility would exist around Nationally Described Space Standards (NDSS) and separation distances and that a lift would not be required and Part M4(2)/M4(3) requirements would not be applied due to this being both a three-storey building and primarily a refurbishment project. Informal discussions have begun with the Council's planning and building control teams;
- Cubitt & West and Savills advise to adopt a dwelling mix of c.70% one-bedroom apartments and c.30% two-bedroom apartments, with the exact mix determined by the building layout. Studio and three-bedroom apartments would only be incorporated where the building layout necessitates it. It is expected that car parking would not be included within the proposals;
- The service yards/bin store will be improved for retailers and new residents. Rooftop outdoor amenity space will be created for all apartments, as well as additional private amenity space and sea views for some apartments, to enhance rental income;
- To score highly on innovation - and maximise the potential to secure OPE BLRF grant funding - it is proposed to consider the use of Modern Methods of Construction (MMC) for new build elements and use sustainable technology for the new homes's energy; and
- As with the current use of the site, it is expected that car parking would not be included within the proposed scheme.

The previous feasibility studies commissioned by the Council in 2019 retained two separate wings at the upper floor level and added a floor to the existing building in the south east corner of the site (Unit 10 Belmont Street). However, this fails to realise the full potential of the Arcade's upper floors. Therefore, the following options have been considered:

- Option 1 - use of the eastern and western wings individually, to align with the previous feasibility studies;
- Option 2 - connect both wings at the first floor by punching through where they touch at the southern end of the Arcade;
- Option 3 - demolish the retail unit in the south east corner of the site (Unit 10 Belmont Street) and create a new three storey building connecting to the two existing wings; and
- Options 4 - as Option 3, plus potential light weight new build on the eastern wing flat roof where fire damage previously occurred.

The design layout options in the Architect's Design Pack in Appendix 2 result in the following number of potential new homes for each option:

Bringing the upper floors of the Arcade in Bognor Regis back into use as new homes

Outline Feasibility Study & Investment Case for Arun District Council

	Studio apartment	1 bedroom apartment	2 bedroom apartment	Total
Option 1	1	16	6	23
Option 2	1	14	7	22
Option 3	0	21	7	28
Option 4	0	28	7	35

By combining the two wings in Options 2-4 the building is more straightforward to manage. Of these, Option 4 creates additional homes, allowing fixed management costs to be shared between more occupiers, lowering service charge costs and in turn improving the scope for rental growth. More homes are also attractive to OPE from a value for money perspective. Therefore, Option 4 is preferred over Option 3, subject to structural engineering advice.

The design proposals contained in the Architect's Design Pack (see Appendix 2) fully deliver the proposed scheme brief outlined above. Initial dialogue with the Council's planning team indicates support in principle for a high-quality residential development of the nature and scale proposed subject to the more detailed discussions outlined above along with the interface between the new build elements and the existing building (particularly the southern facade) and materials selection.

The proposed demolition and new extension in the south east corner of the site (Unit 10 Belmont Street) moves the current building line back and complements and celebrates the southern facade of the Arcade, creates a new second front for the Arcade to access new homes from on Belmont Street (where this currently feels like a back) and delivers a more modern and appropriately sized c.70 sq m ground floor retail unit. A potential F&B use would complement the proposed improvements to the Regis Centre & Alexandra Theatre.

1.4. Viability of proposed scheme

Viability of the proposed scheme has been assessed using a development appraisal (see Appendix 7). This initially assumes delivery by a Developer. In addition to drawing on previous experience and standard industry allowances, these are informed by advice from estate agent Cubitt & West (residential rental income), the Council's retained retail agent (retail income), Savills (investment yield) and Wearesum (construction costs). It is assumed that all apartments would be to a higher standard than market sale to appeal to rental occupiers (carpets, white goods etc). Two apartments would also be furnished to allow potential occupiers to fully visualise the benefits of letting at the Arcade whilst the works are completed. It is assumed that the Council can plan to recover all VAT. Other detailed assumptions are contained in the main body of the report.

Based on the resulting development income (of c.£5.523m) and costs (of c.£9.829m), there is a significant viability gap for a Developer to bring the upper floors of the Arcade back into use (of c.£4.306m). However, there are a number of steps that the Council is uniquely placed to take to successfully bridge this viability gap:

Bringing the upper floors of the Arcade in Bognor Regis back into use as new homes

Outline Feasibility Study & Investment Case for Arun District Council

- The Council acting as developer - this improves scheme viability for various reasons, including: the Council is not acquiring the upper floors as it already owns them, creating a land payment/ development agreement saving compared with a Developer; the Council can access finance more affordably through the Public Works Loan Board (PWLB); and the Council does not require a short-term developer's return, with the preference to seek a long-term investment return instead after borrowing costs are repaid; the Council can manage the completed upper floor residential asset more affordably than a more remote developer/investor; the residential refurbishment should enhance the value of the ground floor retail; and the Council is not intending to sell the asset in the short-medium term, so purchaser's costs don't need to be allowed for. These improvements could reduce the viability gap considerably by c.£2.851m – from c.£4.307m to c.£1.456m.
- Securing OPE BLRF grant funding - a bid of c.£628k was submitted in March 2023 towards the costs of an enabling contract to tackle many of the issues highlighted above about the poor condition of the building. This will then create a 'blank canvas' to undertake the main new build and refurbishment works contract in due course. Should this grant be secured, this would reduce the viability gap from c.£1.456m to c.£828k;
- Applying for additional grant funding - potential grant sources are identified in relation to town centre regeneration, heritage and sustainability in the main body of the report. Some can be accessed directly by the Council and others through partners, such as the Local Enterprise Partnership Coast to Capital. A realistic target of £100k has been identified. Should this grant be secured, this would reduce the viability gap from c.£828k to c.£728k;
- Value engineering - a target of c.£278k has been identified. The first priority would be to seek to maximise income. A second priority would be to draw on the expertise of the Council, future contractors and design team to identify potential cost savings which are practical and deliverable, acceptable to the Council's planning and building control teams and would not impact the attractiveness of the proposed scheme to potential residential and retail occupiers. If this level of value engineering is successful secured this would reduce the viability gap from from c.£728k to c.£450k; and
- The Council making a capital contribution - Parts of the Arcade are in very poor condition, requiring urgent short-medium term remedial investment in repairs to two areas of the roof and the spalling concrete at the southern facade to mitigate further damage to the building. The costs of undertaking these items outside the project is significant, whereas by incorporating them into the proposed scheme savings can be made (e.g. avoiding significant scaffolding costs on two separate occasions). At present a c.£450k Council capital contribution is assumed, pending more detailed designs and costings.

1.5. Benefits of the proposed scheme

The proposed scheme would deliver a range of important monetisable benefits for the Council and District including:

- The High Level Planned Maintenance Programme by Ridge identifies the need for c.£1.276m of expenditure on urgent and major works over the next 3 years. If the Council is able to limit its investment to feasibility funding and c.£450k of capital it will have

Bringing the upper floors of the Arcade in Bognor Regis back into use as new homes

Outline Feasibility Study & Investment Case for Arun District Council

realised a significant saving on this figure. It must be noted that the c.£1.276m figure relates only to the entire building fabric and upper floor interior. The ground floor retail units have not been surveyed by Ridge and it is possible that there are works needed to improve those (e.g. around mechanical and electrical equipment);

- The Long Term Revenue Projection and Valuations by Savills identifies the potential to pay back the borrowed funding over 17 years and generate a net present value of c.£3.23m over a 40 year period when the positive impact of the upper floor residential on the ground floor retail rents and occupancy is taken into account. These figures exclude the initial £450k capital contribution, with the Council's underlying net present value being c.£2.78m. This could increase if rent inflation exceeds the 2.5% for residential and 1.5% for retail assumed. Residential rental growth has typically exceeded 5% in recent years and with the current pressures in the mortgage market this is likely to stay at a high level for some time. For comparative purposes Savills have identified a value for sale of the property today of c.£3.32m for retail downstairs and storage upstairs. Deducting the c.£1.276m of urgent and major works arrives at a net figure of c.£2.01m. The enhancement of c.£770k for undertaking the development represents a developer's profit of c.10%. As noted above this excludes any works to the ground floor retail and a sale today would not guarantee reuse of the upper floors and in turn may not deliver the Council's regeneration objectives and other benefits below. Having completed the works to the upper floors, the Council would also have the option to dispose of the Arcade once upper floor residential lettings have stabilised. Whilst this would typically be possible from around Year 3, given the Council's wider seafront regeneration plans it may be prudent to hold the asset for longer to maximise its value;
- Securing c.£628k of OPE BLRF investment - and potentially also securing at least £100k of additional grant funding - into the District. If the Council is offered and accepts the OPE BLRF grant and is making positive progress with delivery it will be in a stronger position to apply for further grant funding in the next OPE BLRF round in March 2024;
- Realising a saving of c.£30k per annum on empty rates currently incurred on the upper floors by the Council;
- Generating c.£60k per annum of Council Tax revenue and a one-off payment of c£51k for New Homes Bonus from the 35 new apartments;
- Securing net additional rent of c.£14k per annum from a potential F&B use in the new retail unit;
- The residents of 35 new apartments should support c.£412,500 of additional business income in Bognor each year. This will support the local economy in the daytime and evening, including the soon to be improved Regis Centre & Alexandra Theatre. Additional local spend from the residents of 35 new apartments should also help the Council to fill vacant units within the Arcade and, over time, raise rents across the ground floor, thereby increasing the rent roll and asset value and enabling greater recovery of ground floor management and maintenance costs.

The proposed scheme would also deliver a range of important non-monetisable benefits for the Council and District including:

- Avoiding further deterioration of the building fabric, which could otherwise lead to reduced ground floor retail rents. Without undertaking emergency works, the Council could also

Bringing the upper floors of the Arcade in Bognor Regis back into use as new homes

Outline Feasibility Study & Investment Case for Arun District Council

face health and safety risks, e.g. if water came through one of the damaged roofs and got into the electrics. There is also a higher risk of anti-social behaviour, which is more common with vacant buildings. Longer term, failure to treat the spalling concrete at the southern end of the Arcade could also impact the building's structural stability;

- Supporting the local construction industry by hiring enabling and main works contractors to deliver the proposed scheme. These will draw on a local supply chain and create c.129 annual construction jobs as well as training opportunities (e.g. apprenticeships);
- Meeting local housing need by delivering 35 new high-quality homes for market rent;
- 35 new sets of residents (which may be individuals, couples, friends or families) should spend within the shops in the Arcade and the wider town centre in the day and evening, including the Regis Centre & Alexandra Theatre;
- Up to 5 new Full Time Equivalent (FTE) jobs would be created in the new commercial unit, along with the spending power of these new employees and supply chain employment. It is assumed that the Citizens Advice would be relocated elsewhere within the town, protecting the associated jobs and ensuring that local people will continue to be able to access its valuable services;
- Replacing the over-sized, unattractive single storey building in the south east corner of the site (Unit 10 Belmont Street) with a high quality new three-storey building, would improve the appearance of the southern end of the Arcade, complementing and celebrating the building's locally listed heritage. It will also act as a benchmark encouraging the future high quality restoration of other listed and locally listed buildings in the town and wider District. Finally it will complement the high quality public realm in the vicinity, including Place Saint-Maur as well as High Street/London Road and the Esplanade. It is assumed that the Citizens Advice would be relocated within the town and local people will continue to be able to access its valuable services;
- Local people having greater confidence in the appearance and offer of the town centre (including an emerging F&B offer) should lead to a growing number visiting the town centre to shop, eat and drink, compared with other local alternatives such as Chichester;
- Greater custom from 35 new residents and other visitors to the town should help to fill the 4 vacant retail units, generating rent and rates for the Council and creating additional employment opportunities.
- The success of the Arcade should act as a catalyst to other developers to invest in further local schemes, such as the planned mixed-use redevelopment of the car park adjacent to the Regis Centre & Alexandra Theatre and wider regeneration planned for the town;
- Achieving climate change benefits arising from the proposed sustainable technology (such as the proposed communal Air Source Heat Pump); and
- Potentially making use of MMC for the new build elements could provide useful experience that could be applied to other Council (both residential and non-residential) construction projects.

The Arcade project also links fully to local Council and national Government priorities. This includes alignment with the Local Plan Core Strategy, Economic Development Strategy, Housing Strategy and Carbon Neutral Strategy.

1.6. Delivering the proposed scheme

Bringing the upper floors of the Arcade in Bognor Regis back into use as new homes

Outline Feasibility Study & Investment Case for Arun District Council

A number of immediate next steps are needed to move the proposed scheme forwards, including:

- Securing Council approvals - to accept OPE BLRF grant funding and to commit funding of c. £xxk to prepare the enabling works specification, prepare a Detailed Feasibility Study (to RIBA Stage 2) and apply for other complementary grant funding. Further Council approval would be sought in due course to work up a planning application, go out to tender for the enabling works and to accept any additional grant offers;
- Remediating asbestos damage - an updated asbestos survey has been undertaken of the upper floors and associated lobby areas. Three areas of Medium risk have been identified, one of which prevents access to part of the upper floors until it is addressed. These should be remediated as soon as possible and a quote of £xxk has been obtained.
- Accepting OPE BLRF grant funding - subject to an award being made for the full (or majority of) the c.£628k OPE BLRF grant funding applied for, the Council needs to give approval to accept the offer. This requires the Council to enter into an enabling works contract by March 2024 (and start on site with the main new build and refurbishment works by March 2027). Both dates are achievable. As outlined above, accepting the OPE BLRF grant funding is essential to the strategy of overcoming the viability gap with the proposed scheme. Assuming the OPE legal agreement is reviewed internally there are no costs associated with entering into it;
- Preparing the enabling works specification - Designs will be updated to RIBA Stage 2 and an enabling works specification will be prepared. These will draw on a number of surveys outlined above and engineering and other technical advice. Costs and the development appraisal will be updated to provide updated advice on viability prior to going to tender for the enabling works and prior to a planning application being worked up for the main new build and refurbishment works. The professional fees for this are estimated at £xxk.
- Identifying and applying for additional grant funding - in the areas of town centre regeneration, heritage and sustainability, as outlined above. The professional fees for this are estimated at £xxk.

To maintain momentum and deliver the above benefits as soon as possible, it is essential to undertake these activities in parallel. Other detail on next steps are outlined in the main body of the report.

2. Introduction

2.1. Background

Arun District Council (the Council) acquired the Arcade in Bognor Regis for investment and regeneration purposes in November 2017. The Council's early focus was on improving the ground floor retail experience and some initial emergency repairs. Consideration then moved to how the upper floors, which are derelict and have largely been unused since acquisition, can be brought back into use.

The Council's preference is residential accommodation and, whilst feasibility studies were prepared in 2019, viability was a barrier to reuse at that time. However, an opportunity recently

Bringing the upper floors of the Arcade in Bognor Regis back into use as new homes

Outline Feasibility Study & Investment Case for Arun District Council

arose to access grant funding from the One Public Estate (OPE) Brownfield Land Release Fund (BLRF). An application was submitted in March 2023, with the outcome expected shortly.

2.2. Report scope and structure

The Council appointed Jon Sawyer Consultancy Limited in October 2022 to prepare this Outline Feasibility Study & Investment Case and submit a OPE BLRF grant funding application.

The remainder of this report considers the:

- Context and potential of the Arcade's upper floors (see Section 3);
- Proposed scheme (see Section 4);
- Viability of the proposed scheme (see Section 5);
- Benefits of the proposed scheme (see Section 6); and
- Approach to delivering the proposed scheme (see Section 7).

2.3. Clarifications to the report scope

This report only refers to a limited extent to the existing ground floor retail for context and because structural repair is proposed in one location and demolition and replacement of part of it is proposed. Retail leases have not been reviewed and the report does not consider the Council's approach to retail asset management. However, some opportunities to enhance the retail alongside reuse of the upper floors have been suggested (e.g. heating improvements).

Various inspections of the upper floors have been undertaken with a view to understanding the Arcade's constraints and potential, to inform the recommendations made. This report or the appendices do not represent a formal condition or structural survey. It is important that the Council gives careful consideration to the findings of a recent updated asbestos survey.

The residential layout options, cost plan, development appraisal and long-term revenue projections and valuations are based on the information currently available and various stated assumptions. Neither the development appraisal, nor Savills' valuations, represent a formal Red Book valuation. This Investment Case is not a 5-case HM Treasury Business Case.

2.4. Information sources

The preparation of this report has been informed by:

- Various meetings and discussions with Council officers responsible for business and economy, regeneration and technical services;
- Reviewing information supplied by the Council and sourced online (see Appendix 1);

Bringing the upper floors of the Arcade in Bognor Regis back into use as new homes

Outline Feasibility Study & Investment Case for Arun District Council

- Inspecting the accessible areas of the Arcade's upper floors on 3rd November 2022, 1st December 2022, 15th February 2023 and 19th April 2023¹; and
- Reviewing OPE's BLRF grant funding guidance and informal discussions with OPE staff.

2.5. The team preparing this report

The team preparing this report has been led by Jon Sawyer, who has been a Chartered Planning and Development Surveyor for over 20 years. He has:

- Advised another local authority on improving a Victorian retail arcade, including an enhanced retail asset management strategy and realising the potential of its upper floors;
- Advised a number of local authorities and other clients on the feasibility and successful delivery of a wide variety of high-quality residential developments of all tenures, including refurbishment schemes; and
- Secured OPE grants on three occasions for another local authority.

A multi-disciplinary consultancy team has also been subcontracted to provide key support:

- Nick Moss Architects has prepared an Architect's Design Pack including site context, residential layout options and a CGI created with Ambiente (see Appendix 2);
- We Are Sum cost consultants has prepared a cost plan for the abnormal enabling works and main refurbishment and new build works (see Appendix 3);
- Ridge surveyors and engineers has prepared advice on ground, structural and mechanical & electrical engineering (see Section 4) as well as a high level planned maintenance plan for the upper floors (see Appendix 4);
- Savills property consultants has recommended an appropriate investment yield for the development appraisal (see Section 5) and prepared a long-term revenue projection and valuations (see Appendix 5);
- Darren Wisher has advised on the economic benefits of bringing the Arcade's upper floors back into use, monetising these where possible (see Section 6);
- A revised asbestos survey has been commissioned (see Appendix 6)

Drawing on the above, a development appraisal has been prepared (see Appendix 7), which has also been informed by informal advice from Cubitt & West estate agents.

2.6. Sharing of this report

This report is private and confidential and is only to be shared with the Council's Elected Members, officers and, if necessary, other advisors assisting the Council to bring the Arcade's upper floors back into use. It is not intended to be shared with OPE or other grant funders, though information has been drawn from it to prepare the BLRF grant funding application and similarly information could be drawn from it to prepare future applications.

¹ Initial inspections did not provide access to the full upper floors. After the Council arranged for the bricked-up space above Howard's Coffee Shop to be opened up, later inspections enabled the full upper floors to be inspected.

**Bringing the upper floors of the Arcade in Bognor Regis back into use as new homes
Outline Feasibility Study & Investment Case for Arun District Council**

2.7. Queries

Any queries about this report can be directed to:

Jon Sawyer
Jon Sawyer Consultancy Ltd
E: jonsawyer123@icloud.com
M: 07976 358553

DRAFT

Bringing the upper floors of the Arcade in Bognor Regis back into use as new homes

Outline Feasibility Study & Investment Case for Arun District Council

3. Context and potential of the Arcade's upper floors

This section would be read in conjunction with the Architect's Design Pack (see Appendix 2), which contains a red line plan, historic photos and maps, current photos of the Arcade as well as details of existing site constraints and the wider regeneration context.

3.1. Location of the Arcade

The Arcade lies in a central, prominent location in Bognor Regis town centre, with car parking, buses and trains all within walking distance². High Street forms the northern boundary, Belmont Street lies to the south and part of the Arcade's western wing extends to York Road.

The Arcade's distinctive northern facade (see below) forms the terminating view at the end of London Road. Immediately to the south of the Arcade are the recently improved Place Saint-Maur public square and the Regis Centre & Alexandra Theatre, for which improvements are planned³. Beyond these lie the seafront. Any proposals to bring the Arcade's upper floors back into use need to complement this wider context.

3.2. History and evolution of the Arcade

The Arcade's construction started in 1901 and it was completed and opened in July 1902. It is a handsome early Edwardian building, with distinctive three storey turrets either side of the High Street entrance, brick construction and a pitched glazed roof. It originally had 24 retail units in two eastern and western wings, with offices⁴ and a caretaker's flat above.

Any proposals to bring the Arcade's upper floors back into use need to be mindful of both its own historic significance and the wider heritage setting. Whilst not listed or located within a Conservation Area, the Arcade is a valued historic building and is locally listed. Unlike listed buildings, there is not a specific 'listing' for locally listed buildings indicating the specific features which need to be protected. Therefore, local planning policy is the key starting point.

Policy HER DM2 of the Arun Local Plan states that *"proposals for the alteration or extension of buildings on the Local List will be expected to relate sensitively to the building or structure and its setting and respect its architectural, landscape or historic interest. The Local Planning Authority will seek to preserve features of such buildings which contribute to that interest"*.

Clearly the northern facade of the Arcade is its most distinctive feature, the retention and preservation of which is critical. It is also important to be mindful that there are also other locally listed buildings opposite the Arcade on York Road⁵.

² The Arcade has postcodes PO21 1LH, PO21 1LW and PO21 1BJ.

³ The Council has secured grant funding towards the latter through the first round of the Government's Levelling Up Fund (LUF). A planning application will be submitted imminently.

⁴ The former offices in the eastern wing were previously known as 'Arcade Chambers'.

⁵ Both 6 and 8-10 York Road are locally listed buildings.

Bringing the upper floors of the Arcade in Bognor Regis back into use as new homes

Outline Feasibility Study & Investment Case for Arun District Council

Whilst perhaps less well known than the distinctive northern facade, the southern facade is also original to the Arcade, architecturally handsome in its own right and should be preserved and enhanced.

Two significant changes have occurred to the exterior of the Arcade since it was built:

- Between 1912 and 1934⁶, a single storey building was added to the Arcade's south east corner. In the 1950s, several retail units appear to have been combined within this newer building into a single unit. This is now known as 10 Belmont Street, which is understood to be occupied on a short-term flexible lease by Citizens Advice. Post-dating the original Arcade, this large, prominent and unattractive extension is incongruous with and does not complement the locally listed character of the original Arcade. Its demolition and replacement are proposed (see below); and
- In 1930, a fire caused significant damage to the retail and also led to a large part of the second floor of the eastern wing being removed. Fortunately, the distinctive turret on High Street survived the fire. Subject to structural engineer advice, this creates an opportunity to rediscover the original design by replacing accommodation on the second floor of the eastern wing, increasing the number of homes and bringing other benefits (see below).

3.3. Current use and condition of the Arcade

3.3.1. Ground floor

Over time, several of the ground floor retail units have been merged, particularly for food and beverage (F&B) uses. There are now 19 retail units, 15 of which were occupied by local independent retailers at the time of the last inspection. This includes a strong and growing F&B offer comprising:

- A Turkish restaurant, which has grown successfully in recent years;
- A Caribbean restaurant, which is potentially about to grow into a large corner unit on the corner of Belmont Street / York Road;
- A new burger restaurant; and
- The established and well used Howard's Coffee Shop.

Other retailers include:

- Hair/beauty salon;
- Newsagent/vaping;
- Jewellers;
- Clothes;
- Gifts;
- Phone shop;
- Charity shop; and
- Citizens Advice.

⁶ The exact date is not known, but historical maps narrow it down to this range (see Appendix 2).

Bringing the upper floors of the Arcade in Bognor Regis back into use as new homes

Outline Feasibility Study & Investment Case for Arun District Council

In addition to the Caribbean restaurant, the Council is understood to be in dialogue with a number of parties about occupying the vacant retail units. As well as taking steps to improve retail occupation and mix, the Council has also improved the Arcade's asset management⁷.

3.3.2. Upper floors

The upper floors above the eastern and western wings are currently physically separate, touching at the southern end. The existing gross internal areas are c.1,550 sq m⁸.

The space comprises a warren of rooms off a central corridor in each wing, with numerous staircases connecting into the Arcade or externally.

The interior of the entire upper floors is in very poor condition, including:

- Roof damage - whilst most of the upper floors are weatherproof, following some emergency repairs completed by the Council after acquisition, some significant roof repairs are needed to prevent water ingress, damage to the building structure and potential health & safety risks. This comprises an area of flat roof on the eastern wing, for which works have been planned for some time, and the pitched roof to the western wing turret, for which a quote had been obtained;
- Water damage/damp - arising both from the current roof damage, particularly in the area above Howard's Coffee Shop where the western wing turret roof has been leaking for some time, as well as other reasons (e.g. the absence of cavity trays);
- An asbestos survey revealed the presence of asbestos in a number of locations throughout the upper floors, with a recent update identifying several medium risks, one of which necessitates access being prevented to an area of the building;
- Outdated mechanical & electrical equipment, which, if the building were to be used again, would need to be removed and replaced to comply with modern health and safety / Building Regulation requirements; and
- Old, single glazed windows, which would need to be improved/replaced to align with any proposed new use and comply with its local listing.

The above and planning and building control requirements (see below), prevents any comprehensive reuse of the upper floors without significant investment in refurbishment.

As a result, most of the upper floor space is vacant with small areas currently used as:

- Toilets for some traders - it is understood that this use would need to remain somewhere within the Arcade, though it could be relocated, and a ground floor location would be more practical and release space on the upper floors;
- Storage by⁹:

⁷ The Council has appointed Stiles Harold Williams as property manager for the Arcade. This includes managing service contracts, including security, fire, cleaning, waste and pest control.

⁸ This comprises c.760 sq m in the eastern wing and c. 790 sq m in the western wing.

⁹ It is understood that an area used for storage in 2022 by the Turkish restaurant is no longer used.

Bringing the upper floors of the Arcade in Bognor Regis back into use as new homes

Outline Feasibility Study & Investment Case for Arun District Council

- The Council for a small number of old / unused Christmas decorations - it is assumed that, if needing to be retained, these would be stored elsewhere; and
- The clothes shop - this is currently accessed from a staircase within the retail unit, with no access at the upper floor level. However, the potential to bring this space into the upper floor proposals is explored further below.

3.3.3. Building exterior and outdoor space

There is evidence of concrete spalling to the columns at the Arcade's southern facade. This appears to be because of water ingress leading to corroded and, hence, expanding steels. Initial non-intrusive structural investigation by Ridge indicates that this requires prompt repair to prevent long-term damage to the building structure.

A service yard/bin store is located behind the eastern wing, which is essential for the Arcade's retailers and would need to be retained¹⁰. However, this area is unsightly and not particularly clean, with the potential to attract vermin. Reuse of the upper floors, which would overlook and make use of these facilities, requires improvements to be made to this area.

There is no on-site car parking currently or proposed as part of the development project¹¹.

3.4. Potential future use of the Arcade's upper floors

3.4.1. Offices

Offices have the potential to create/retain jobs. As the upper floors have previously been used for offices, this may simplify approvals. However, to provide modern office accommodation, significant investment would be needed. Given office values in the town, this would be unviable on a commercial basis.

Therefore, to reuse the upper floors for offices, the Council would realistically need to:

- Make a capital contribution - it is understood that the Council is willing, in principle, to invest capital in preserving the Arcade asset;
- Take office space itself or take development risk / enter into a head lease with a developer – it is understood that the Council has no need for office space itself nor the appetite to develop speculative office space or to take a head lease and lettings risk. Initial discussions with local agents have not identified any occupier interest for office

¹⁰ A gate on the eastern side of the service yard suggests that at least one adjacent retailer may have explicit / acquired rights and that such access may need to be preserved. Background information supplied by the Council suggests that this has historically been used by both the adjacent Cubitt & West estate agents and Barclays (adjacent to Cubitt & West). Informal discussions with Cubitt & West indicate that the gate is for their fire egress only and Barclays has no access. Whilst further legal checking is needed in due course (see below), the working assumption is the gate needs to stay.

¹¹ Traders / visitors make use of existing town centre car parking / public transport. There is not space within the service yard to provide car parking for the upper floors, so future occupiers would need to do the same.

Bringing the upper floors of the Arcade in Bognor Regis back into use as new homes

Outline Feasibility Study & Investment Case for Arun District Council

space for c.1,500 sq m in a town centre location and have indicated that there are better locations for businesses with more modern space and on-site car parking; and

- Secure grant – it is understood that if a third LUF round or other funding targeting job creation/retention is launched, the Council is likely to have other strategic priorities.

Therefore, as demand is unproven and it is unlikely to be commercially viable, office use of the upper floors has been discounted.

3.4.2. Retail

Discussions with local agents indicate that retailers requiring upper floor trading space is unlikely. A small number of retailers may welcome some upper floor back-of-house space for storage, as was the case with the Turkish restaurant and currently with the clothes shop. However, it is unlikely that this would either make full use of the c.1,500 sq m, upper floor space at the Arcade. Moreover, it is equally unlikely that the cost of works to create such space would generate an investment return, given the limited additional rent created¹².

Whilst there are grant schemes that support office and residential uses, they don't typically support retail. Therefore, retail reuse of the upper floors has been discounted as it neither realises the full potential of the upper floors nor is it likely to be commercially viable.

3.4.3. Residential

Having discounted office and retail - and as no demand for other potential uses (e.g. hotel or health) has emerged during the course of this study, partly because of the constraints of an upper floor refurbishment. A residential use creates the most obvious and practical solution for the Arcade's upper floors. Potential tenure options include:

- Market sale – from discussions with local estate agent Cubitt & West, it is understood that there is strong demand for new and second-hand homes for sale in the town¹³. However, a high developer's profit to reflect market sale risk contributes to the viability challenges faced by the project and makes this a challenging development to deliver for market sale, even with OPE BLRF grant. Sales are also one-off, limiting the scope of the Council to capitalise on value growth over time;
- Market rent – it is also understood that there is strong demand for new and second-hand homes for market rent in the town, with Cubitt & West reporting a waiting list. Again, a developer's profit contributes to the viability challenges faced by the project - although a developer's profit for market rent would be lower than market sale. If developed by the Council, there is the opportunity to capitalise on rental value growth over time. There is

¹² Other considerations include how the retailer would access the upper floor space - installing stairs in their unit could affect their tradeable area and rent payable. As part of recent advice given to a local authority on a Victorian arcade they owned, all of the upper floors are vertically configured with the retail units below, making it sensible to support retailers to make use of the upper floors (e.g. a florist has explored using the upper floor in its unit as a floristry training room). However, at the Arcade the upper floors are configured horizontally, making it sensible to retain them as a single use.

¹³ The latter is demonstrated at Mountbatten Court adjacent to the Arcade and overlooking Place Saint-Maur and the seafront.

Bringing the upper floors of the Arcade in Bognor Regis back into use as new homes

Outline Feasibility Study & Investment Case for Arun District Council

also the opportunity for the Council to act as a progressive landlord, offering various letting options to meet the full range of local demand (including 12 month+ leases and Airbnb style holiday lets, as well as standard 6 month tenancies);

- Student housing - the Arcade is some distance from the University of Chichester's Bognor Regis campus and, from previous experience and discussions with Savills and local agents, it is not believed that this location would be of strong interest to student housing operators. The Council reached a similar conclusion itself in the previous feasibility studies undertaken in 2019, initially considering student housing and then moving away from this to apartments for market sale/rent;
- Affordable housing - OPE BLRF grant funding can be blended with Homes England Affordable Homes Programme (AHP) grant or Right to Buy receipts. Whilst the Council manages its own existing Council housing, it is understood that it does not currently have the appetite to deliver new Council housing. Local Registered Providers (RPs) have not been contacted as, whilst meeting local housing need, RP's would face similar viability challenges to developers, even with a higher value shared ownership product;
- Older people's accommodation - whilst there is scope to add a lift to the new building proposed for the south east corner of the site (Unit 10 Belmont Street)(see below), the layout of the existing upper floors still contains some stairs between the first and second floors on the western wing and within the two turrets. Therefore, the Arcade is not well suited to being specialist older people's accommodation for people with mobility issues. However, there is still likely to be good demand from older people not facing mobility issues given the proximity to the High Street and seafront. Therefore, it would make sense to target such older people within a scheme which is available to all age groups;
- Supported living - it is understood from the Council that there has previously been interest from the adjacent Aldingbourne Trust in refurbishing the western wing of the Arcade for supported living. However, this would leave the smaller eastern wing, which would not be of a sufficient critical mass to be of interest to developers/investors. It would also be sub-optimal as a potential development for the Council. Therefore, splitting the wings would not realise the Arcade's full potential. In addition, whilst helping to meet housing need, along with the Trust's existing accommodation on York Road, a further concern would be a concentration of supported living in a single location;
- Holiday accommodation - whilst the Borough/town have a wide tourism offer, holiday accommodation is unlikely to guarantee full accommodation throughout the year. This need would be better met through a diverse market rent offer;
- Specialist accommodation, such as key worker or former military accommodation - no demand for these specialist uses has emerged through this study; and
- Self-finish - whilst the Council does operate a register evidencing demand for self-build and finish homes - and OPE does offer BLRF grant funding towards it - this would be complex to implement. It is unlikely that the Council would be able to prioritise the necessary staff capacity.

In summary, it is believed that bringing the Arcade's upper floors back into use as market rent accommodation is the strongest option, potentially developed by the Council to support viability (see below).

Bringing the upper floors of the Arcade in Bognor Regis back into use as new homes
Outline Feasibility Study & Investment Case for Arun District Council

DRAFT

Bringing the upper floors of the Arcade in Bognor Regis back into use as new homes

Outline Feasibility Study & Investment Case for Arun District Council

4. Proposed scheme

4.1. Scheme brief

The proposed scheme needs to meet the following brief:

- Generally minimising adverse impact on the existing downstairs retail trade, including:
 - Retaining a trader toilet somewhere within the proposed scheme, preferably on the ground floor, which should be available throughout the works period;
 - Preserving access for ground floor retailers in the Arcade (and Cubitt & West in respect of fire egress) to the service yard/bin store behind the eastern wing;However, it is acknowledged that:
 - Some works may be needed to both occupied and vacant retail units (see below);
 - The unit in the south east corner of the site (Unit 10 Belmont Street) is proposed for demolition and Citizens Advice, which is understood to be on a flexible lease, will need to relocate prior to this (see below);
- Any new ground floor accommodation created in place of this demolished unit should be principally retail to animate the street scene. Upper floor accommodation should be high quality residential accommodation suitable for market rent;
- The development needs to meet Planning requirements. This should include achieving a high design quality and respecting the building's locally listed heritage and the wider context, including Place Saint-Maur and the Regis Centre & Alexandra Theatre (both now and following planned improvements). It is assumed that flexibility would exist around Nationally Described Space Standards (NDSS) and separation distances due to this primarily being a refurbishment project. Informal discussions have begun with the Council's planning team (see below);
- The development also needs to meet Building Regulations requirements. This should include fire protection, acoustic separation and energy. From an access perspective, it is assumed that a lift would not be required and Part M4(2)/M4(3) requirements would not be applied, due to this being both a three-storey building and primarily a refurbishment project. Informal discussions have begun with the Council's building control team (see below);
- Responding to advice from both Cubitt & West and Savills, adopting a mix of c.70% one-bedroom apartments and c.30% two-bedroom apartments, although the building layout (e.g. window locations) may impact the exact mix¹⁴;
- Creating rooftop outdoor amenity space for all apartments, as well as additional private amenity space and sea views for some apartments, to enhance rental income. The service yard/bin store should also be improved for retailers and new residents;

¹⁴ Studio and three-bedroom apartments, which are in relatively less demand, should ideally be avoided unless the layout of the building necessitates it.

Bringing the upper floors of the Arcade in Bognor Regis back into use as new homes

Outline Feasibility Study & Investment Case for Arun District Council

- To maximise the potential to secure OPE BLRF grant funding, Modern Methods of Construction (MMC) should be explored for the new build elements¹⁵ and sustainable technology should be adopted to provide energy to all new homes; and
- As with the current use of the site, it is expected that car parking would not be included within the proposals.

4.2. Potential scheme options

The previous feasibility studies commissioned by the Council in 2019 retained two separate wings at the upper floor level and added a floor to the existing building in the south east corner of the site (Unit 10 Belmont Street). However, this fails to realise the full potential of the Arcade's upper floors. Therefore, the following options have been considered:

- Option 1 - use of the eastern and western wings individually, to align with the previous feasibility studies;
- Option 2 - connect both wings at the first floor by punching through where they touch at the southern end of the Arcade;
- Option 3 - demolish the retail unit in the south east corner of the site (Unit 10 Belmont Street) and create a new three storey building connecting to the two existing wings; and
- Options 4 - as Option 3, plus potential light weight new build on the eastern wing flat roof where fire damage previously occurred.

The design layout options in the Architect's Design Pack in Appendix 2 result in the following number of potential new homes for each option:

	Studio apartment	1 bedroom apartment	2 bedroom apartment	Total
Option 1	1	16	6	23
Option 2	1	14	7	22
Option 3	0	21	7	28
Option 4	0	28	7	35

In Option 1¹⁶, two separate wings with separate entrances are likely to lead to management challenges and higher operating costs. This option could possibly work if there were two parties each seeking to develop/manage only the accommodation in a single wing. However, whilst it is understood that Aldingbourne Trust has expressed an interest in taking on the western wing, a concern would be that the smaller eastern wing would not be a sufficient scale to be of interest to developers/operators or to be viable as a potential development for the

¹⁵ MMC involves elements of the new build construction being manufactured off-site in a factory and then erected on-site. This approach typically improves both the quality and speed of construction.

¹⁶ Option 1 delivers fewer homes than the previous feasibility studies, which considered primarily one-bedroom apartments in one case and studio apartments in another. The proposed scheme provides for a broader accommodation mix, including two-bedroom apartments, to maximise the prospect of letting the new homes.

Bringing the upper floors of the Arcade in Bognor Regis back into use as new homes

Outline Feasibility Study & Investment Case for Arun District Council

Council. It is not believed that keeping the two wings physically or operationally separate would realise the Arcade's full potential.

Option 2 is a better scheme than Option 1 from a management / operational perspective, with improved connectivity between the two wings. However, connecting the two wings at the southern end results in the loss of a home compared with Option 1. The likely primary entrance on the eastern wing on High Street (the 'Arcade Chambers' entrance) would also lead to a long walk to the western wing above Howard's Coffee Shop. This would potentially necessitate a further entrance(s) on Belmont Street and/or York Road for the western wing, which would again introduce management / operational challenges and negate some of the benefits of joining the two wings in the first place.

Option 3 delivers five additional homes compared with Option 1, with a single entrance where the wings join making access into and through the upper floors straightforward. This also delivers a more modern and appropriately sized commercial unit and a number of additional benefits (see below).

Option 4 further improves on Option 3 by introducing a further seven additional homes by adding back accommodation on the second floor of the eastern wing where this was previously lost due to fire damage. Additional homes allow fixed management costs to be shared between more occupiers, lowering service charge costs and in turn improving the scope for rental growth. More homes are also attractive to OPE from a value for money perspective. Therefore, Option 4 is preferred over Option 3, subject to structural engineering advice (see below).

4.3. Design proposals

The design proposals contained in the Architect's Design Pack (see Appendix 2) fully deliver the proposed scheme brief outlined above.

Initial dialogue with the Council's planning team indicates support in principle for a high-quality residential development of the nature and scale proposed. Discussions need to continue about several key points including the application of NDSS, overlooking distances and a Section 106/CIL waiver on viability grounds (see below). Dialogue is also needed about the interface between the new build elements and the existing building (particularly the southern facade) and materials selection.

The proposed demolition and new extension in the south east corner of the site (Unit 10 Belmont Street):

- Moves the current building line back and complements and celebrates the southern facade of the Arcade.
- Creates a new second front for the Arcade to access new homes from on Belmont Street, where this currently feels like a back; and

Bringing the upper floors of the Arcade in Bognor Regis back into use as new homes

Outline Feasibility Study & Investment Case for Arun District Council

- Delivers a more modern and appropriately sized c.70 sq m¹⁷ ground floor retail unit in the new extension in place of the existing c.120 sq m space currently occupied by Citizens Advice¹⁸. A potential F&B use would complement the proposed improvements to the Regis Centre & Alexandra Theatre. The potential to use the area created when the building line is moved back for outside seating for the F&B unit should be explored.

Preliminary engineering advice indicates:

- It should be possible to accommodate the new homes on the eastern wing roof. Any solid internal walls that are removed within the existing building will reduce weight on the existing structure. To the extent that the weight of the new accommodation exceeds this reduced weight, the existing structure will need to be strengthened. This could take several forms, with one option involving strengthening the columns within the existing retail units (see below).
- Acoustic and fire separation works (i.e. introduction of insulation) will need to be undertaken between the existing retail units and apartments. It is more straightforward to undertake these works from below within the retail units, although the potential to do so from above is being explored to minimise disruption to the retail trade; and
- A communal air source heat pump would be an appropriate energy solution, delivering and exceeding Building Regulations requirements. This has the benefit of avoiding extracts for each apartment in the locally listed building facade. However, further consideration needs to be given to:
 - If and how this would interface with the energy infrastructure for the retail units; and
 - The location for the equipment.

¹⁷ On a gross internal area basis.

¹⁸ Whilst this unit is currently let temporarily to Citizens Advice, this is on soft, flexible terms and it may otherwise be a challenging unit to let on a commercial basis. In its current configuration it is more suited to an office use, which would not animate the street in this important town centre location.

Bringing the upper floors of the Arcade in Bognor Regis back into use as new homes

Outline Feasibility Study & Investment Case for Arun District Council

5. Viability of the proposed scheme

Viability of the proposed scheme has been assessed using a development appraisal (see Appendix 7). This initially assumes delivery by a Developer with the associated assumptions outlined in sections 5.1 & 5.2. Potential steps to overcome the associated viability gap, including development by the Council, are considered in section 5.3.

5.1. Development income

The development appraisal makes the following income assumptions:

- Residential rental income - Local estate agent Cubitt & West, whose office is immediately adjacent to the Arcade, has been involved throughout the design process, identifying individual rents for each apartment based on their unique characteristics (see the Accommodation & Rental Schedule within the Development Appraisal). At the anticipated release date they would recommend a base rent of £995pcm for 1-bedroom apartments and £1,295pcm for 2-bedroom apartments. This would then be uplifted by £50pcm for a private terrace, £50pcm for sea views and £100pcm for furnished accommodation in two show homes (see below). They have taken account of the fact that car parking is not available as part of the scheme and have assumed an enhanced fit out relative to market sale homes (carpets, white goods etc - see below).
- Residential operational expenses - This reflects operational costs (such as management and rent collection) and potential loss of income (from rent arrears / void units). A standard industry allowance of 25% of residential rental income is adopted.
- Retail rental income - The projected rent of £215psm and a 6 month rent free period is based on recent Council lettings and current enquiries within the Arcade. This unit is particularly suited to F&B in terms of its size and location, with a small cafe/bakery/deli envisaged. The rent is applied to 90% of the c.70 sq m area¹⁹. No income is assumed from the estate management office on the ground floor of the eastern wing.
- Investment yield - Savills estimate that an appropriate investment yield for the residential accommodation only would be 6%²⁰. However, the residential development has the potential to enhance the value of the retail below (e.g. by reducing the risk of weather damage and bringing 35 new people/families who will spend in the Arcade as well as wider town centre - see below). As a result, the combined asset would have a 'marriage value' for the Council. This is assumed at this stage as a 0.25% improvement to the yield on the residential accommodation to 5.75%²¹;
- Purchaser's costs - 6.15% is deducted from the Gross Development Value to meet an

¹⁹ This gross: net assumes the addition of a toilet at the rear of the unit.

²⁰ The yield reflects the multiplier that a purchaser would pay for this income stream, having regard to potential rental growth and other factors, such as potential arrears/voids. A yield of 6% equates to a multiplier of c.16.7 (i.e. 1 divided by the yield).

²¹ Longer term, the Council's planned refurbishment of the Regis Centre & Alexandra Theatre and wider area could enhance the Arcade's asset value, although this is not currently considered.

Bringing the upper floors of the Arcade in Bognor Regis back into use as new homes

Outline Feasibility Study & Investment Case for Arun District Council

- investor's SDLT, legal and agent costs; and
- An assumed 6 month rent free for the retail unit is deducted to assist the first tenant with its fit-out costs²².

The appraisal excludes any modest rental loss from the Citizens Advice letting in Unit 10 Belmont Street during the construction period and assumes no disruption to ground floor retail trade during the construction works, other than that identified below.

5.2. Development costs

The development appraisal makes the following cost assumptions:

- Land acquisition cost - £180k is assumed for a Developer to acquire the upper floors. This is based on the Existing Use Value prepared by Savills, which assumes limited storage given the current very poor condition. £35k for a Development Agreement is also assumed;
- Vacant possession cost - Except for the clothes shop, which has its own access from within the unit and is not currently incorporated into the proposed scheme, there are no tenants within the upstairs space. It is understood that Citizens Advice occupies the ground floor unit in the south east corner of the site (Unit 10 Belmont Street) on flexible terms. As a result, no vacant possession costs are envisaged;
- Planning costs - These comprise £75k for additional surveys²³, £25k for a planning/heritage consultant (which includes allowance for support with any other grant application, particularly where this has a heritage focus, and a S106/CIL viability waiver, which will be led by the development manager), £7k for stakeholder engagement, £3k for additional CGIs, £1,630 for pre-application advice (based on the Council's rates, including conservation officer attendance) and £16,664 for the planning fee for the 35 apartments and commercial unit (calculated through the Planning Portal);
- Construction cost - The cost consultant Wearesum has prepared an elemental cost plan (see Appendix 3), which is informed by the Architect's Design Pack and engineer Ridge's advice. This includes an abnormal cost schedule and inflation, using BCIS, to start on site in line with OPE's requirements and the accompanying programme. The enabling works contract, for the BLRF grant funded activity, is assumed to be 6 months and the main refurbishment/new build works contract to be 18 months on a traditional construction basis (although if MMC is confirmed as viable/deliverable a 3 month saving is anticipated). Both contracts include a 5% retention, with 2.5% released at practical completion and 2.5% when the 12 months defects liability period has passed;

²² As the scheme is worked up and further agent's advice is obtained it may be that the scope of works to the unit is increased in lieu of a rent free.

²³ An updated asbestos survey and desktop site investigation have already been completed. Whilst there is no visual evidence of bird or bad occupation of the building these surveys will need to be completed prior to planning along with a transport study to demonstrate that there is adequate nearby on street parking to meet the needs of the development. Party wall and rights to light surveys will be needed. An intrusive site investigation, which represents most of the cost, will also be required to inform the detailed structural engineering advice and detailed design.

Bringing the upper floors of the Arcade in Bognor Regis back into use as new homes

Outline Feasibility Study & Investment Case for Arun District Council

- Development contingency - 2.5% has been added to construction costs to allow for any unforeseen costs during the project (e.g. the scope and cost of works to accommodate new apartments on the eastern wing roof being higher than anticipated). £75k – equating to an average of £5k per retail unit - has also been allowed should access be needed and, therefore, compensation be due for works within ground floor retail units;
- Professional fees - 10% of construction cost (excluding inflation as fees will be fixed at the outset of the project) is assumed in total²⁴. This comprises budgets of 2% for development management, 3% for architect/landscape/principal designer, 2.5% for structural/groundwork, mechanical and electrical and any other engineering, 2.25% for employer's agent/cost consultant and 0.25% allowance for any other advice required (e.g. fire and transport consultant);
- Statutory costs - Whilst the Council has both Section 106 and CIL requirements for residential schemes, it is envisaged that an application would be submitted along with the planning application to waive these on viability grounds. No off-site Section 278 works are needed as aside from increased bin collections the proposed scheme should not give rise to additional transport movements due to the lack of on-site car parking²⁵;
- Legal costs - £60k is assumed for drafting the construction contract, initial lease (the cost of individual lettings is covered under the operational expenses budget) and management contract. £15k allowance is also made for any other legal advice needed²⁶;
- Other development costs - These comprise a NHBC or similar warranty²⁷ (£1,500 per home), Energy Performance Certificate (EPC) (£150 per home), a Building Control fee of £15k (based on an estimate from the Council's Building Control team), £30k for fixtures & fittings (mailbox, wifi, seating on communal terrace etc) and apartment fit out (carpets/white goods)(£1,750 per home). In addition £12,500 is budgeted for fitting out two show homes²⁸ (£5,000 for a one bedroom and £7,500 for a two bedroom apartment) and a further £12.5k for marketing collateral (Rightmove listing, a microsite, brochure etc). A retail letting fee of 12 months' rent is also included;
- VAT - The assumption made is that VAT will be incurred in full on the enabling and main works contracts as, whilst there are some new build elements, the project is primarily

²⁴ This is a higher level than a new build scheme, which might typically be around 7%, to reflect the additional work associated with refurbishment and heritage projects.

²⁵ It is assumed that the minor improvements to the pavement where the front building line is moved back in the south east corner of the site (Unit 10 Belmont Street) would not require an agreement.

²⁶ For example, if any party wall agreements or other agreements need to be reached with the ground floor retailers and/or an agreement is needed with Cubitt & West to formalise its fire egress arrangements through the service yard/bin store.

²⁷ Whilst warranties are not strictly required for market rental homes, securing these preserves flexibility should the Council seek to sell the investment in the future, as an investor may require them.

²⁸ Estate agent Cubitt & West recommend two show homes (a one bedroom and a two-bedroom apartment) are created to allow potential occupiers to fully visualise the benefits of letting at the Arcade whilst the works are completed. This should accelerate lettings and minimise any early void period. Once lettings are completed these two show homes can then be let as furnished apartments.

Bringing the upper floors of the Arcade in Bognor Regis back into use as new homes

Outline Feasibility Study & Investment Case for Arun District Council

refurbishment. VAT would also be incurred on professional fees, surveys etc. It is anticipated that the Council should be able to plan to achieve full VAT recovery. However, this will require further discussion with the Council's finance team (see below);

- Finance costs - an all-in rate of 8% per annum is assumed inclusive of arrangement fee and legal costs, which is reflective of current deals in the market. This is applied to the cashflow, which is informed by the cost consultant's advice on the likely length of the enabling and main works contracts; and
- Developer's return - 10% of all the above development costs is assumed, based on forward funding for a market rent end use by an investor (along with the Developer receiving a 2% development management fee under the professional fee heading).

The appraisal excludes consultancy costs and staff time associated with this feasibility report and preparing the OPE BLRF application.

5.3. Bridging the viability gap

Based on the resulting development income (of c.£5.523m) and costs (of c.£9.829m), there is a significant viability gap for a Developer to bring the upper floors of the Arcade back into use (of c.£4.306m). However, there are a number of steps that the Council is uniquely placed to take to successfully bridge this viability gap²⁹:

- The Council acting as developer;
- Securing OPE BLRF grant funding;
- Applying for additional grant funding;
- Value engineering; and
- The Council making a capital contribution.

5.3.1. Council acting as developer

The Council acting as developer improves scheme viability for various reasons, including:

- The Council can manage the asset more affordably than a more remote developer/investor, at an assumed 20% rather than 25% level of operating costs³⁰;
- The Council is not intending to sell the asset in the short-medium term, so purchaser's costs don't need to be allowed for;
- The Council is not acquiring the upper floors as it already owns them, creating a saving of £215k for land payment and development agreement compared with a Developer;

²⁹ It is understood that the Council is also currently exploring the scope to recoup Stamp Duty Land Tax (SDLT) from the original 2017 acquisition. However, this is not included in the assumptions at this stage.

³⁰ Initial discussions with adjacent estate agents Cubitt & West and nearby Falcon Homes, which both offer residential management services, has identified that 20% is an adequate assumption given the management could be bolted onto existing local management arrangements.

Bringing the upper floors of the Arcade in Bognor Regis back into use as new homes

Outline Feasibility Study & Investment Case for Arun District Council

- The Council can access finance through the Public Works Loan Board (PWLB) more affordably at c.5%³¹, compared with the c.8% available to a developer; and
- The Council does not require a short-term developer's return, with the preference to seek a long-term investment return instead after borrowing costs are repaid.

These improvements could reduce the viability gap considerably by c.£2.851m – from c.£4.307m to c.£1.456m.

5.3.2. *Securing OPE BLRF grant funding*

As part of its goal to support the public sector make better use of its assets, OPE has operated a brownfield housing fund under various names for a number of years. The BLRF is the latest iteration, for which £180m has been pledged over three funding rounds. There is up to £60m available in the second round, under which the Council made a grant funding application in March 2023.

The application³² was for c.£628k, which represents c.£17,950 per unit for the proposed 35 apartments³³. If secured, the grant is specifically to be spent on meeting most abnormal costs³⁴ associated with the development under an enabling contract.

The Council would receive the OPE BLRF grant funding shortly after entering into the Funding Agreement (see below). It would then have to:

- Enter into an enabling contract for the relevant abnormal works by 31st March 2024; and
- Start on site with the main works contract by 31st March 2027.

Quarterly monitoring reports would then need to be submitted throughout the development.

³¹ PWLB rates vary daily and are currently c.5% for borrowing over an assumed 30-year period. The exact level will need to be determined nearer the time the development is ready to proceed. Whilst the Government has recently announced a 0.4% lower concessionary rate for affordable housing, this would not apply to market rent.

³² The application contained OPE's Technical Annex (which ensures its minimum value for money threshold is achieved), the Architect's Design Pack, initial pre-application planning feedback, the cost plan and development appraisal, a programme and risk assessment, title details and a letter of support from Nick Gibb MP.

³³ Although OPE generally encourages applications for £10-15k per home, it informally indicated that a higher level would be considered in this case given the proposed scheme's complexity and high abnormal costs.

³⁴ OPE only funds the actual works and not contractor's overheads, profits and preliminaries or contingencies. Whilst abnormal, relocation of the trader toilet and refurbishment/replacements of windows to meet local listing planning requirements are not eligible for OPE BLRF grant funding. Any associated staff costs/professional fees and costs of securing vacant possession are also ineligible. These may represent opportunities to apply for additional grant funding in due course (see below).

Bringing the upper floors of the Arcade in Bognor Regis back into use as new homes

Outline Feasibility Study & Investment Case for Arun District Council

The Council has a strong prospect of securing the full (or majority of³⁵) grant applied for as:

- It has a good place-based need (representing a score of up to 50%) with a score of 31³⁶.
- A positive strategic case (representing a score of up to 35%) has been demonstrated, outlining many of the benefits and policy fit articulated in Section 6 below.
- Several innovation ideas (representing a score of up to 10%) have been proposed, including:
 - Potentially making use of MMC for the new build elements;
 - Use of environmental technologies, such as a combined Air Source Heat Pump;
 - Working closely with local builders/supply chain, including offering apprenticeship opportunities; and
 - A hybrid approach to stakeholder engagement comprising both in person and online consultation.
- The Council commits to comply with its Equality Act obligations (representing a score of up to 5%), for example ensuring that lettings material and signage promote equal access for all residents³⁷.

Delivery of the works funded with OPE grant will then create a 'blank canvas' to undertake the main new build and refurbishment works contract in due course. Should this grant be secured, this would reduce the viability gap from c.£1.456m to c.£828k;

5.3.3. *Applying for additional grant funding*

To further enhance the proposed scheme's viability and minimise the level of value engineering / Council contribution (see below), the Council could also consider applying for additional grant funding.

The OPE BLRF Funding Agreement should not preclude applying for additional grant. However, it will be necessary to avoid applying for:

- Other grant funding sources for which the primary output is housing delivery, as outputs cannot generally be claimed twice; and
- Funding for the same works, e.g. asking two funders to meet the demolition costs.

For a project of this nature and scale there are likely to be three types of potential types of grant available:

- Town Centre Regeneration - such as future rounds of funding available through the Local Enterprise Partnership (LEP) Coast to Capital (e.g. Shared Prosperity Fund) and funding available to bid for directly (e.g. LUF, Towns Fund or Future High Street Fund). The

³⁵ OPE may award a lower amount than applied for if it decides part of the proposed works are not eligible for grant funding. Whilst informal discussions took place with OPE prior to application this remains possible.

³⁶ This uses a metric developed by the Government to promote levelling up. In the previous OPE BLRF round, grants were awarded to a number of local authorities with a lower place-based need than Arun.

³⁷ The one exception acknowledged in the OPE BLRF grant funding application is that a lift would not be incorporated into the proposed scheme, due to the levels constraints of the existing building.

Bringing the upper floors of the Arcade in Bognor Regis back into use as new homes

Outline Feasibility Study & Investment Case for Arun District Council

Arcade project itself would probably be too small to bid alone for most of these funding sources so would need to become part of a programme bid for a wider package of town centre regeneration projects, which has the potential to introduce delay (see below);

- Heritage - such as the Architectural Heritage Fund or Heritage Lottery Fund; and/or
- Sustainability - such as the Heat Networks Investment Project (HNIP).

From preliminary investigations and discussions (e.g. with the LEP) it is believed that there is a good possibility of securing at least £100k of additional grant within the timescales of the project being delivered. Technically, under the OPE BLRF Funding Agreement, the Council has until March 2027 to start on site with the main works contract. However, it is important to identify, apply for and secure additional grant funding relatively swiftly in order to:

- Avoid undermining the proposed scheme's momentum; and
- Realise the benefits outlined below (including leaving the Council exposed to maintenance and rates costs).

Should this grant be secured, this would reduce the viability gap from c.£828k to c.£728k.

5.3.4. Value engineering

The development appraisal identifies a potential value engineering target of c.£278k.

The first priority for value engineering is through generating additional income. For example:

- There is the possibility of seeking to vary the clothes shop lease to remove the upper floor, which could enable the adjacent apartment to switch from 1 bedroom to 2 bedroom³⁸;
- Provided that this does not reduce the number of apartments included in the OPE bid, there might be the potential to introduce one or more duplex apartments in the western wing to add variety to the accommodation mix; and
- There might also be scope for additional income from offering more facilities (e.g. a gym in place of the estate management office, with the latter being provided off-site) or for more furnished apartments, providing additional services (e.g. concierge, dry cleaning etc) or permitting pets.

The second priority for value engineering is through drawing on the experience of the Council, design team and contractor to generate construction cost savings (and knock on finance savings). This may involve revising the specification and/or delivering the proposed scheme in a more efficient way. An example of the latter is that, through using MMC to create the new build apartments, it may be possible to both save c.3 months of time and bring lettings forward, hence reducing finance costs. This would also deliver the benefits associated with the proposed scheme sooner (see below).

³⁸ This could generate c.£50k of additional development value net of any construction costs and fees negotiating the lease variation with the clothes shop tenant.

Bringing the upper floors of the Arcade in Bognor Regis back into use as new homes Outline Feasibility Study & Investment Case for Arun District Council

Whilst the cost plan identifies potential cost saving opportunities of over £300k (i.e. in excess of the c.£278k target figure), it will be important in the next stage of design to assess potential cost savings with several factors in mind:

- The practical ability to deliver the proposed design change - e.g. if it would be acceptable from an engineering perspective;
- The acceptability of the change to the Council's planning and building control teams - particularly where it relates to the appearance of the locally listed building; and
- Whether the change would potentially affect the income generated from the scheme - if a change leads to the scheme being less attractive for potential residential and retail occupiers this could negate the saving.

Hence it is believed that the target level of c.£278k at this stage is about right. If this level of value engineering is successfully secured this would reduce the viability gap from from c.£728k to c.£450k.

5.3.5. Council capital contribution

Parts of the Arcade are in very poor condition, requiring urgent short-medium term remedial investment in repairs to two areas of the roof and the spalling concrete at the southern facade to mitigate further damage to the building. The costs of undertaking these items individually is significant, whereas by incorporating them into the proposed scheme savings can be made (e.g. avoiding significant scaffolding costs on two separate occasions). At present a c.£450k Council capital contribution is assumed, pending more detailed designs and costings.

Bringing the upper floors of the Arcade in Bognor Regis back into use as new homes

Outline Feasibility Study & Investment Case for Arun District Council

6. Benefits of the proposed scheme

Bringing the Arcade's upper floors back into use by delivering the proposed scheme would create a range of important monetisable and non-monetisable benefits for the Council and District, which are considered in turn.

6.1. Monetisable benefits of the proposed scheme

Key monetisable benefits for the Council and District would include:

- The High Level Planned Maintenance Programme by Ridge (see Appendix 4) identifies the need for c.£1.276m of expenditure on urgent and major works over the next 3 years. If the Council is able to limit its investment to feasibility funding and c.£450k of capital it will have realised a significant saving on this figure. It must be noted that the c.£1.276m figure relates only to the entire building fabric and upper floor interior. The ground floor retail units have not been surveyed by Ridge and it is possible that there are works needed to improve those (e.g. around mechanical and electrical equipment);
- The Long Term Revenue Projection and Valuations by Savills (see Appendix 5) identifies the potential to pay back the borrowed funding over 17 years and generate a net present value of c.£3.23m over a 40 year period when the positive impact of the upper floor residential on the ground floor retail rents and occupancy is taken into account. These figures exclude the initial £450k capital contribution, with the Council's underlying net present value being c.£2.78m. This could increase if rent inflation exceeds the 2.5% for residential and 1.5% for retail assumed. Residential rental growth has typically exceeded 5% in recent years and with the current pressures in the mortgage market this is likely to stay at a high level for some time. For comparative purposes Savills have identified a value for sale of the property today of c.£3.32m for retail downstairs and storage upstairs. Deducting the c.£1.276m of urgent and major works arrives at a net figure of c.£2.01m. The enhancement of c.£770k for undertaking the development represents a developer's profit of c.10%. As noted above this excludes any works to the ground floor retail and a sale today would not guarantee reuse of the upper floors and in turn may not deliver the Council's regeneration objectives and other benefits below. Having completed the works to the upper floors, the Council would also have the option to dispose of the Arcade once upper floor residential lettings have stabilised³⁹. Whilst this would typically be possible from around Year 3, given the Council's wider seafront regeneration plans it may be prudent to hold the asset for longer to maximise its value;
- Securing c.£628k of OPE BLRF investment - and potentially also securing at least £100k of additional grant funding - into the District. If the Council is offered and accepts the OPE BLRF grant and is making positive progress with delivery it will be in a stronger position to apply for further grant funding in the next OPE BLRF round in March 2024⁴⁰;

³⁹ The OPE BLRF Funding Agreement should not impose a restriction on the Council about sale of the building in the future following the upper floor refurbishment.

⁴⁰ Up to £80m is expected to be available in the next round. OPE has already informally encouraged the Council to apply for BLRF grant funding towards the mixed use development on the car park site.

Bringing the upper floors of the Arcade in Bognor Regis back into use as new homes

Outline Feasibility Study & Investment Case for Arun District Council

- Realising a saving of c.£30k per annum on empty rates currently incurred on the upper floors by the Council;
- Generating c.£60k per annum of Council Tax revenue⁴¹ and a one-off payment of c.£51k for New Homes Bonus from the 35 new apartments⁴²;
- Securing a net additional rent of c.£14k per annum from a potential F&B use in the new retail unit⁴³. It is assumed that the rateable value will increase as a result of the higher rent that can be secured from a high quality, modern and appropriately sized unit that meets the needs of an F&B business. Therefore, over the long-term it is not anticipated that there will be a material impact on the Council's rates income from this unit⁴⁴; and
- The residents of 35 new apartments should support c.£412,500 of additional business income in Bognor each year⁴⁵. This will support the local economy in the daytime and evening, including the soon to be improved Regis Centre & Alexandra Theatre. Additional local spend from the residents of 35 new apartments should also help the Council to fill vacant units within the Arcade and, over time, raise rents across the ground floor, thereby increasing the rent roll and asset value and enabling greater recovery of ground floor management and maintenance costs.

6.2. Non-monetisable benefits of the proposed scheme

⁴¹ Assuming a Band B property, at Arun's current rate of c.£1,720 per annum, which is the case for many 1 and 2 bedroom properties in the Town.

⁴² The Government's New Homes Bonus scheme is currently under review but is highly likely to remain in place. Legacy payments (which support payments over multiple years) are to be discontinued and there will be other modifications but the main architecture of the scheme is likely to remain in place. The scheme will continue to provide an income stream to local councils in return for housing delivery. New Homes Bonus payments are made on 'Band D equivalent' properties. The national New Homes Bonus Calculator advises multiplying all Band B properties by 78% to arrive at Band D equivalents. The 35 Band B properties therefore equate to 27 Band D equivalent units. Each Band D equivalent property generates New Homes Bonus of £1,898, i.e. £51,250.

⁴³ This represents the projected rent of c.£14k per annum for the potential F&B use less the nominal rent from Citizens Advice. Whilst the size of unit is proposed to reduce from c.120 sq m to c.70 sq m.

⁴⁴ Using the HMRC Business Rate Checker, an example would be that whilst the rateable value of Unit 10 is c.£145psm the c.72 sq m Unit 5 has a rateable value of c.£189psm.

⁴⁵ This is based on:

- The *UK Living Costs and Food Survey* for 2019, which shows expenditure at £592 per week for 2019, inflated to £677 in 2023 prices. 2020 and 2021 data is available, but is distorted by COVID lockdowns;
- 67% of this household expenditure – to reflect the average household size in the scheme – equates to £454 per week in 2023 prices. Assuming 1.5 residents for each one-bedroom apartment and 2 residents for each two-bedroom apartment yields 56 new residents and average household size in the development of 1.6 persons per unit. An average household size of 1.6 persons equates to 67% of the size of the current UK average household of 2.4 persons per residential unit. This average household size relative to the UK typical household size is important when calculating household expenditure.
- Over a year and across 35 apartments, this totals annual household expenditure of c.£825k. Whilst there is no definitive data source on local retail/service sector expenditure retention, a figure of 50% for Bognor is considered reasonable given the range of outlets and services based in the town.

Bringing the upper floors of the Arcade in Bognor Regis back into use as new homes

Outline Feasibility Study & Investment Case for Arun District Council

The proposed scheme would also deliver a range of important non-monetisable benefits for the Council and District including:

- Avoiding further deterioration of the building fabric, which could otherwise lead to reduced ground floor retail rents. Without undertaking emergency works, the Council could also face health and safety risks, e.g. if water came through one of the damaged roofs and got into the electrics. There is also a higher risk of anti-social behaviour, which is more common with vacant buildings⁴⁶. Longer term, failure to treat the spalling concrete at the southern end of the Arcade could also impact the building's structural stability;
- Supporting the local construction industry by hiring enabling and main works contractors to deliver the proposed scheme. These will draw on a local supply chain and create c.129 annual construction jobs as well as training opportunities (e.g. apprenticeships)⁴⁷;
- Meeting local housing need by delivering 35 new high-quality homes for market rent;
- 35 new sets of residents (which may be individuals, couples, friends or families) should spend within the shops in the Arcade and the wider town centre in the day and evening, including the Regis Centre & Alexandra Theatre⁴⁸;
- Up to 5 new Full Time Equivalent (FTE) jobs would be created in the new commercial unit, along with the spending power of these new employees and supply chain employment.⁴⁹ It is assumed that the Citizens Advice would be relocated elsewhere within the town, protecting the associated jobs and ensuring that local people will continue to be able to access its valuable services;
- Replacing the over-sized, unattractive single storey building in the south east corner of the site (Unit 10 Belmont Street) with a high quality new three-storey building, would improve the appearance of the southern end of the Arcade, complementing and celebrating the building's locally listed heritage. It will also act as a benchmark encouraging the future high quality restoration of other listed and locally listed buildings in the town and wider District. Finally it will complement the high quality public realm in the vicinity, including Place Saint-Maur as well as High Street/London Road and the Esplanade;
- Local people having greater confidence in the appearance and offer of the town centre (including an emerging F&B offer) should lead to a growing number visiting the town centre to shop, eat and drink, compared with other local alternatives such as Chichester;
- Greater custom from 35 new residents and other visitors to the town should help to fill the 4 vacant retail units, generating rent and rates for the Council and creating additional employment opportunities.

⁴⁶ There is evidence within the upper floors of the Arcade of this having taken place in the past. The presence of asbestos in the building makes the risk more acute.

⁴⁷ The former Homes and Communities Agency's Cost Per Job Guidance Best Practice Note (3rd Edition, 2015) suggests that, for the housing sector, every £1m of construction spend will generate 20 annual jobs. In the case of this project the estimated construction cost is c.£6.435m leading to an estimated c.129 jobs.

⁴⁸ The latter should contribute to the visitor number growth envisaged arising from the planned improvements.

⁴⁹ The former Homes and Communities Agency's Employment Density Guide (3rd Edition, 2015) suggests 15-20 sq m per job for the retail/café sector.

Bringing the upper floors of the Arcade in Bognor Regis back into use as new homes

Outline Feasibility Study & Investment Case for Arun District Council

- The success of the Arcade should act as a catalyst to other developers to invest in further local schemes⁵⁰, such as the planned mixed-use redevelopment of the car park adjacent to the Regis Centre & Alexandra Theatre and wider regeneration planned for the town⁵¹;
- Achieving climate change benefits arising from the proposed sustainable technology (such as the proposed communal Air Source Heat Pump); and
- Potentially making use of MMC for the new build elements could provide useful experience that could be applied to other Council (both residential and non-residential) construction projects.

It is assumed that the Citizens Advice would be relocated within the town and local people will continue to be able to access its valuable services.

6.3. Policy alignment of the proposed scheme

The Arcade project represents a significant housing market and economic opportunity for Bognor Regis and links fully to local Council and national Government priorities. The following text is an extract from the OPE BLRF grant funding application.

The project meets up-to-date Local Plan objectives

Arun's Local Plan Core Strategy, adopted in July 2018 ([Arun Adopted Local Plan](#)), is up-to-date (adopted within the last 5 years) and fully aligned with the National Planning Policy Framework.

The project is informed by and fully aligns with the Local Plan's aspirations:

'The vision for Bognor Regis is to provide a new role for the town in the 21st Century ... [to] ... build upon its assets and create a series of new attractions for residents and visitors alike. At the heart of the vision will be a viable town centre with a richness of urban form and a quality of architecture that will reposition Bognor Regis as a first-class coastal destination' (p32).

'The council wish to see Bognor Regis town centre become a regional visitor destination with a bold and vibrant community heart ... where a rich mix of uses and high-quality town centre living contribute to a diverse retail offer, excellent public realm and a thriving economy' (p68).

'Residential development shall be distributed across the district at sustainable locations ... focused on the two main towns and their associated hinterlands ... to support their role as the two main service, employment, retail and social centres' (p120).

The Local Plan also stresses the importance of enhancing the built heritage of Arun. It states *'development will be supported which protects, conserves and enhances built heritage' (p42).*

It also lists a series of strategic objectives for Transport, the first of which (p34) is to *"reduce the need to travel and promote sustainable forms of transport"*. The project will locate housing

⁵⁰ A report from the leading UK think tank Centre for Cities *What Investors Want - A Guide for Cities (2017)* identified that "Investors often use current levels of investment activity as an indication of ease of investment". This means a pro-investment planning system, a team with development knowledge and access to other forms of investment (e.g. grant) and a willingness on the part of the Council to intervene where necessary to successfully unlock development. This is equally applicable in a town as a city.

⁵¹ The Bognor Regis Regeneration website outlines £1bn of planned investment.

Bringing the upper floors of the Arcade in Bognor Regis back into use as new homes

Outline Feasibility Study & Investment Case for Arun District Council

in the heart of the town centre and reduce the need to travel. We will also promote sustainable forms of transport by not including car parking spaces and also including charging infrastructure for e-scooters.

The project meets all of these objectives. The high quality architectural intervention will improve the fabric of the town centre, enhance the Arcade's heritage and provide town centre living that will support the town centre's attractiveness and vibrancy (see below).

The project meets Council regeneration and placemaking strategies

Arun's regeneration and placemaking ambitions are principally set out in the 'Creating our Future Arun: Economic Development Strategy 2020-2025' ([Arun Economic Devt Strategy](#)). This was approved by Cabinet in 2019 and an Action Plan approved in 2021 ([Action Plan](#)). These provide a clear policy rationale for the project. The Strategy (p18) states we will 'support repurposing of buildings to provide new homes in strategic locations, e.g. redundant retail in upper storeys or on the periphery of town centres where this will help to bring new life into town centres'. The Action Plan (p2) repeats these goals and specifically identifies 'Bognor Regis Arcade upper floors' as a prime example of how this will be achieved.

The project will also complement and align with numerous other regeneration investments the Council has made in Bognor Regis Town Centre in recent years. Implementation of our public realm masterplan ([Overview of Public Realm Works](#)). In particular this has included high quality public realm works on High Street in front of the Arcade northern entrance and on the adjacent London Road precinct, the improvements to Place St-Maur adjacent to the Arcade's southern entrance and the Esplanade. These works were prioritised by a partnership of Bognor Regis Business Improvement District (BID), Bognor Regis businesses, Bognor Regis Town Council and Arun District Council.

The planned revitalisation of the adjacent Regis Centre / Alexandra Theatre with £12.19 million of LUF Round 1 investment ([Levelling Up Round 1 bid](#)) and an adjacent hotel and residential development represent the next phase of the Council's regeneration plans. As the physical connection between the High Street and seafront, the revitalisation of the Arcade is 'glue' in our comprehensive regeneration plans for this part of the town centre.

The project will help delivery of the Council's Housing Strategy

The Arun Housing and Homelessness Strategy ([Arun Housing Strategy](#)) 2019-2021. The Foreword to the Strategy states 'the high demand for housing and limited supply of it causes hardship for many local people and threatens the local economy' (Section 1). Objective 1 (section 4) of the Strategy is to 'increase housing supply across all tenures' and to 'supply the housing that Arun residents need'.

The latest housing market evidence report was prepared by GL Hearn in the Local Plan Housing Needs Evidence report ([Housing Needs Report](#)). The report shows that there is considerable opportunity to grow the private rental market locally. Para 7.1 of the report states:

'the Private Rented Sector has been a key growth sector in the housing market over the last 10-15 years' and at Para 7.6 identifies that 'there is some potential for this (private rented) sector to grow in Arun... particularly through development in town centre locations'.

The project helps alleviate the housing need identified in the Strategy and capitalises on the opportunity identified by GL Hearn by providing high quality homes for market rent. While the Strategy is being updated we have worked closely with the Council's housing team to ensure the emerging Arcade proposal reflects the most up to date housing position. In particular these

Bringing the upper floors of the Arcade in Bognor Regis back into use as new homes

Outline Feasibility Study & Investment Case for Arun District Council

discussions have highlighted the breadth of market rent demand. Therefore, Alongside standard 6 month lettings, we will explore offering a broad range of letting opportunities from stable longer-term lettings at one end (e.g. 12 months+) through to shorter holiday lets at the other end. Careful management by an experienced local agent will ensure that this breadth can be successfully combined.

The project will help deliver other key Council/partner policies

Numerous other local policy linkages are evident, including:

- The Council's Capital Strategy 2022/23 to 2026/27 (democracy.arun.gov.uk/documents/s10453). The Arcade's successful regeneration will represent a successful outcome for the Council's property investment policies which aim, in part, to protect and care for strategically important regeneration locations;
- The Arun Carbon Neutral Strategy 2022-2030 ([Carbon Neutral Strategy](#)). 'The Council has considered climate change to be a sufficient threat to declare this an emergency and has set out in this strategy its approach to achieving carbon neutrality for its core emissions by 2030' (p2). The project makes use of an existing building to meet housing and regeneration needs and makes this existing building fundamentally more energy efficient. As such, the project recognises the importance of not overlooking embodied carbon in climate change adaptation strategies;
- The findings of the recent Arun Tourism Hospitality & Visitor Economy Study ([Visitor Economy Study](#)). The study recommended that the district needed to develop new visitor accommodation to not miss out on growth markets (p22). As identified above, there is the potential that some of the apartments within the Arcade development could be used to service this need; and
- The Vision of the West Sussex Transport Plan 2022 to 2036 ([Transport Plan](#)) states that "the transport network will be on a pathway to achieve net zero carbon emissions by 2050 through more local living, increased use of electric vehicles and reduced use of fossil-fuels". The project is fully aligned with this Plan by including provision for e-scooter charging and through the promotion of car-free living in a central town centre location.

The project will support local economic recovery

The project will help improve the economic vibrancy of Bognor Regis town centre through additional town centre living. There is lots of research to demonstrate that town centre living encourages more people to use local retail facilities - especially those on the Arcade ground floor - and specifically helps build the night-time and leisure economy - which is important given the LUF1-funded plans for the adjacent Regis Centre / Alexandra Theatre.

The Council has a strong track record of working closely with local employers and education institutions to promote construction apprenticeship opportunities. Through working with SME's these can be maximised, along with the wider economic multipliers which flow from maximising a local supply chain (see below).

The project will also meet a range of national policies

The project is also fully aligned with various national Government policies, including:

- The 2018 Build Back Better High Streets strategy ([Build Back Better High Streets](#)) that states successful high streets should consist of 'a mix of commercial and residential uses that complement each other' (p6). The Arcade project does exactly this.
- The 2022 Levelling Up White Paper ([Levelling Up WP](#)) that includes within its 12 Missions the goal of Pride in Place, such as people's satisfaction with their town centre, having

Bringing the upper floors of the Arcade in Bognor Regis back into use as new homes

Outline Feasibility Study & Investment Case for Arun District Council

risen in every area of the UK (Exec Summary p.xviii). The Arcade project will improve Pride in Bognor.

- The 2021 Net Zero Build Back Greener Strategy (Net Zero Strategy BEIS) that includes major objectives around decarbonising the ways in which we heat and power our buildings (see Chapter 3iv) and sustainable construction methods. The Arcade project will include a range of energy efficiency measures (see below).

DRAFT

Bringing the upper floors of the Arcade in Bognor Regis back into use as new homes

Outline Feasibility Study & Investment Case for Arun District Council

7. Delivering the proposed scheme

A number of immediate next steps are needed to move the proposed scheme forwards, including:

- Securing Council approvals;
- Accepting OPE BLRF grant funding;
- Preparing the enabling works specification;
- Preparing the planning application; and
- Identifying and applying for additional grant funding

To maintain momentum and deliver the above benefits as soon as possible, it is essential to undertake these activities in parallel.

7.1. Securing Council approvals

At this key stage, Council approval is needed to:

- Accept OPE BLRF grant funding; and
- To commit funding to:
 - Remediate asbestos damage;
 - Prepare the enabling works specification;
 - Prepare a Detailed Feasibility Study to RIBA Stage 2; and
 - Apply for other complementary grant funding.

These will require a total commitment of £xxk as outlined further below. The Council can fund this either through its own resources or through the OPE BLRF funding once it has arrived⁵².

Further Council approval would be sought in due course to work up a planning application, go out to tender for the enabling works and to accept any additional grant offers.

7.2 Remediating asbestos damage

During the latest inspections of the building a damaged door was identified by the building surveyor who recommended that an updated asbestos survey was prepared. This has been completed and identified three areas of Medium risk⁵³. The asbestos surveyor's advice is that one of these would necessitate access to be restricted to part of the building. Given the need to undertake further surveys to prepare for the enabling and main construction works, continued access is essential. Several quotes to address the three Medium risk items have been obtained of which the best quote is £xxk.

7.3. Accepting OPE BLRF grant funding

⁵² However, if the latter option is adopted the Council should recognise that, if planning permission is not secured in due course, it would need to refund the grant to OPE and in turn meet these costs itself. In addition the Council will need to commit funding to the enabling works alongside the OPE investment (see below).

⁵³ It is important to note that the updated asbestos survey only relates to the upper floors and associated ground floor lobby areas. Access was not available to the ground floor retail units.

Bringing the upper floors of the Arcade in Bognor Regis back into use as new homes

Outline Feasibility Study & Investment Case for Arun District Council

Subject to an award being made for the full (or majority of) the c.£628k OPE BLRF grant funding applied for, the Council needs to give approval to accept the offer (see below). This requires the Council to progress with an enabling works contract - and in due course enter into it - by March 2024⁵⁴. As outlined above, accepting the OPE BLRF grant funding is essential to the strategy of overcoming the viability gap with the proposed scheme.

To prepare for OPE BLRF grant funding potentially being awarded, the Council should review the model OPE BLRF Funding Agreement⁵⁵. The Council can then ensure it is comfortable with the general terms before it is personalised for the proposed scheme.

An offer of grant will be made via the OPE Partnership (West Sussex Council). The first step is to establish if this is for the full amount or if any adjustment has been made. In the latter case, any impact on the scheme viability will need to be carefully considered. It is hard to pinpoint an exact time when an award will occur as announcements are usually timed by the Government for maximum Political impact. It is assumed that this will be late June/early July. Around three weeks are usually given to Councils by OPE for accepting the offer.

Once an offer has been made, OPE will supply a scheme-specific Funding Agreement, which should be checked to confirm it aligns with the key features of the application and other points raised in this report. Once the Funding Agreement is signed, funding should be received by the Council within about a month.

Assuming the OPE legal agreement is reviewed internally there are no costs associated with entering into it.

7.4. Preparing a Detailed Feasibility Study including RIBA Stage 2 designs and an enabling works specification

Designs will be updated to RIBA Stage 2 and an enabling works specification will be prepared. These will draw on a number of surveys outlined above and engineering and other technical advice. Costs and the development appraisal will be updated to provide the latest picture of viability prior to going to tender for the enabling works and prior to a planning application being worked up for the main new build and refurbishment works.

As part of this stage the consultant team should:

- Continue to hold informal discussions with the planning team as the designs evolve;
- Identify, explore and prioritise the most feasible value engineering proposals;
- Undertake a transport survey to confirm that car parking is not required;
- Develop a stakeholder engagement plan for implementation at the next (planning) stage;
- Establish the best strategy for structurally strengthening the building to accommodate the additional apartments on the eastern wing roof;

⁵⁴ As outlined above, there is also an obligation to start on site with the main contract by March 2027.

⁵⁵ This can be accessed via the link in Appendix 1.

Bringing the upper floors of the Arcade in Bognor Regis back into use as new homes

Outline Feasibility Study & Investment Case for Arun District Council

- Continue to explore whether MMC is feasible for the new build elements and the associated costs/benefits;
- Clarify the extent of any works required within the retail units (both in relation to structural strengthening and fire/acoustic separation) and the best way to undertake these if required. Whilst, as identified above, an allowance is included in the development appraisal, further thought will need to be given to the potential terms of such payments. Importantly, the Council's legal rights to gain access to undertake such works also needs confirming (as these may otherwise be reliant on voluntary agreements with each tenant);
- Determine the location of the Air Source Heat Pump equipment and ascertain whether it represents value for money to renew the equipment servicing retail units at the same time;
- Undertake a building control review of the emerging design proposals, including fire protection, acoustic separation and energy. From an access perspective, as identified above, it is assumed that a lift is not required due to both the building height and because the proposed scheme is primarily refurbishment; and
- Continue to engage with local estate agents to ensure their expertise is captured.

Given the significant presence of asbestos within the upper floors it is advisable to retain the asbestos surveyor to comment on the proposed survey and works specifications and to maintain an up to date asbestos register throughout the pre-construction phase, handing this responsibility over to the main contractor in due course.

The professional fees for this stage are estimated at £xxk.

7.5. Identifying and applying for additional grant funding

As outlined above, to help bridge the proposed scheme's viability gap it would be beneficial for the Council to secure additional grant funding. Further time now needs to be invested:

- Identifying potential suitable grant funding opportunities - in the areas of town centre regeneration, heritage and sustainability, as outlined above;
- Shortlisting the most appropriate sources - based on the proposed scheme's strategic fit with the grant funder's criteria, level of funding available, timetable for application/award and any other considerations (e.g. whether an application needs to be part of a wider package of projects, which may increase the scale of grant potentially available but might delay the application/award); and
- Working up a bid and applying for the most suitable grant funding source(s).

The level of time - and hence cost - required to apply for further grant funding is not clear at this time. Therefore, the professional fees for this are estimated at £xxk.

Bringing the upper floors of the Arcade in Bognor Regis back into use as new homes Outline Feasibility Study & Investment Case for Arun District Council

7.6. Other steps

In addition to the above, the Council should:

- Update the capital programme and consider the VAT planning requirements of the project in more detail;
- Develop a detailed delivery strategy through to scheme completion and occupation;
- Identify the preferred procurement approach for the enabling and main works contracts - ideally making use of frameworks in each case to simplify and accelerate procurement;
- Check the legal access rights of the adjacent retail unit(s) on High Street over the yard/bin store area;
- Ascertain whether the Clothes Shop is willing to vary its lease to release the upper floor for redevelopment. The associated costs also need to be identified to confirm that this represents value for money; and
- Keep Citizens Advice updated about the timetable for delivering the proposed scheme – recognising that they will also need to be consulted as part of the stakeholder engagement for the planning application in due course.

Bringing the upper floors of the Arcade in Bognor Regis back into use as new homes

Outline Feasibility Study & Investment Case for Arun District Council

Appendix 1 - Information reviewed

Information supplied by the Council⁵⁶

- Sales particulars and title details for the 2017 purchase of the Arcade;
- Existing floorplans;
- Drone exterior and interior photos and an asbestos survey showing property condition;
- Previous residential feasibility studies undertaken in 2019.

Arun planning information

- <https://www.arun.gov.uk/adopted-local-plan/>
- <https://www.arun.gov.uk/planning-application-search>
- https://arun.cloud.cadcorp.com/Webmap/Map.aspx?mapName=Public_Main&dataLayers=Arun%20District,Listed%20Buildings
- https://arun.cloud.cadcorp.com/Webmap/Map.aspx?mapName=Public_Main&dataLayers=Arun%20District,Conservation%20Areas
- <https://www.arun.gov.uk/download.cfm?doc=docm93jjm4n1724.pdf&ver=1373>
- <https://www.arun.gov.uk/cil/>

Arun place based information

- <https://www.arun.gov.uk/place-st-maur>
- <https://alexandratheatre.co.uk/>
- <https://www.bognorregisregeneration.com/>
- <https://www.brbid.org/>

Historic information about the Arcade

- <https://www.pinterest.ch/pin/424886546097629641/>
- https://www.francisfrith.com/bognor-regis/bognor-regis-the-arcade-1903_50202
- <https://www.gravelroots.net/history/storebognor/247.html>
- <https://www.bognorregispost.co.uk/2018/09/changing-times-towns-arcade-has-reflected-changing-times/>
- <https://www.theargus.co.uk/news/15584833.council-to-give-the-arcade-a-big-boost/>
- <https://www.facebook.com/arcadebognor/>
- <https://www.sussexexpress.co.uk/news/the-arcade-thats-stood-test-of-time-in-bognor-regis-916122>
- <https://www.sussexexpress.co.uk/news/people/new-company-takes-over-management-of-bognor-regis-arcade-3624936>
- <https://www.v2radio.co.uk/news/west-sussex/new-company-takes-over-management-of-bognor-regis-arcade/>
- <https://bognorregistrails.co.uk/>

More recent photos/images of the Arcade

⁵⁶ Other information, including retail lease details, has also been useful for broader context.

Bringing the upper floors of the Arcade in Bognor Regis back into use as new homes

Outline Feasibility Study & Investment Case for Arun District Council

- <https://www.alamy.com/stock-photo-the-arcade-high-street-bognor-regis-west-sussex-england-united-kingdom-29183572.html>
- <https://www.alamy.com/stock-photo-the-arcade-high-street-bognor-regis-west-sussex-england-united-kingdom-29183406.html>
- https://www.tripadvisor.co.uk/Restaurant_Review-g504216-d14901608-Reviews-The_Mezze-Bognor_Regis_Arun_District_West_Sussex_England.html

Local property market information

- Cubitt & West advice and comparables
- <https://www.rightmove.co.uk>

Information about the OPE BLRF

- <https://www.gov.uk/government/news/derelict-land-to-be-transformed-into-new-homes-in-boost-for-local-regeneration>
- <https://www.gov.uk/government/news/thousands-of-new-homes-to-be-built-on-regenerated-brownfield-land>
- <https://www.local.gov.uk/topics/housing-and-planning/one-public-estate/one-public-estate-brownfield-land-release-fund-1>
- <https://www.local.gov.uk/topics/housing-and-planning/one-public-estate/one-public-estate-brownfield-land-release-fund-2>
- <https://www.local.gov.uk/topics/housing-and-planning/one-public-estate/one-public-estate-brownfield-land-release-fund-3>
- https://www.local.gov.uk/sites/default/files/documents/230118_BLRF2.2_Basic%20Details%20Form_Final.xlsx
- <https://www.local.gov.uk/sites/default/files/documents/BLRF2%20R2%20Application%20form.docx>
- https://www.local.gov.uk/sites/default/files/documents/230117-Brownfield%20Land%20Release%20Fund%20-%20Technical%20Annex_Final.xlsx
- <https://www.local.gov.uk/sites/default/files/documents/BLRF2%20R2%20Place%20Based%20Scores%20List.pdf>
- <https://www.local.gov.uk/sites/default/files/documents/BLRF2%20R2%20Draft%20Grant%20Funding%20Agreement.pdf>

Public Works Loan Board information

- <https://www.dmo.gov.uk/data/pdfdatareport?reportCode=D7A.2>
- <https://www.insidehousing.co.uk/news/spring-budget-discounted-hra-rate-for-pwlb-borrowing-announced-80713>

Bringing the upper floors of the Arcade in Bognor Regis back into use as new homes Outline Feasibility Study & Investment Case for Arun District Council

Benefits of the proposed scheme

- <https://www.gov.uk/government/statistics/council-tax-stock-of-properties-2021/council-tax-stock-of-properties-statistical-summary>
- <https://www.arun.gov.uk/council-tax-bands/>
- <https://www.gov.uk/find-business-rates>
- <http://www.nwueu.ac.uk/NWUEU/LatestUpdates/PDF/CPJ%20BPN%20%202015%203rd%20Edition%20-%20Final.pdf>
- https://www.kirklees.gov.uk/beta/planning-policy/pdf/examination/national-evidence/NE48_employment_density_guide_3rd_edition.pdf
- <https://www.centreforcities.org/wp-content/uploads/2017/07/17-07-18-What-Investors-Want-A-Guide-For-Cities.pdf>

DRAFT