Appendix 1

Regenerating Prentice Place

Options Briefing Paper

Purpose of report:

The purpose of this report is to outline the options that are available to regenerate Prentice Place and to understand the issues and barriers relating to each option in order that a decision can be made to move the project forward.

Background:

The Site:

Prentice Place is a retail hatch in Potter Street, Harlow. It composes three blocks, two of which are currently owned by Harlow Council, (the third is owned by Harlow Health Trust.) A site layout plan is attached as Appendix 2, and a selection of photos of the existing site as Appendix 6, for reference.

On the ground floor of the two blocks owned by Harlow Council are 12 retail units currently fully let to 8 retailers. Above the retail units are two floors with 12 residential units (10 x 2 bed maisonettes and 2 x bedsits) that are currently empty. The residential units are serviced by external stairwells and external landings. The residential units were emptied after the decision to regenerate the block was made. All the units have been empty since before 2014.

The third block is Osler House. The block is owned by the Harlow Health Centres Trust Ltd, with the ground floor occupied by the Health Centre. The two upper floors currently have four empty properties, (2 x one bed flats and 2 x two bed flats). The flats in Osler House are let to Harlow Council on a long term lease. The pharmacy next to the Health Centre is owned by Harlow council.

The three blocks are arranged in a horseshoe shape around a public realm area that includes a large hard landscaped courtyard, car parking, benches and a tree. To the rear and the side of the three main blocks are several outbuildings such as sheds and 24 garages. Both the sheds and the garages are now in a poor state of repair, and are currently underutilised, with only 9 out of the 24 garages being let.

The site is now in a poor state of repair, as there has been a lack of maintenance since the decision to regenerate the area, as result there has been a marked deterioration in the state of the buildings. However, the brick built buildings are still in a sound and structurally good condition.

History of the scheme:

Prentice Place was identified as one of the Harlow Growth Area Funding round 2 (GAF 2) projects funded by the Programme of Development (POD) funding in 2006. Harlow Renaissance undertook a series of consultation events regarding potential redevelopment schemes of Prentice

Place that suggested that the retail and flat units would be demolished and rebuilt. A Development Agreement between Harlow Council and Moat was signed in 2011 which covered all the GAF2 regeneration schemes (including Old Harlow, Carters Mead and Clifton Hatch which have since been developed out). The Development Agreement has now lapsed.

For a number of reasons of which the majority were external to the Council, it was not possible to progress the initial plans for regenerating Prentice Place. The flats are now empty and the garage area behind the shops is in disrepair and underused. A decision is required on the future approach to regenerating Prentice Place to ensure that work can begin to improve the area. This will stop the buildings and area deteriorating further, and ensure that the Council's asset is effectively managed. Any decision needs to be realistic and achievable, given the practicalities and current funding situation.

Key issues for regeneration schemes:

There are a number of key issues that any regeneration scheme for the area will need to take into account. These are summarised below:

1. **Funding issues:**

The issue of funding is central to unlocking the regeneration opportunities for this site. Understanding how a regeneration scheme will be paid for, and whether it will achieve a return, is key in the process of deciding which option to take forward.

Four regeneration options for the Prentice Place site have been investigated and costed. They are summarised in the option tables provided later in the report.

Assumptions behind costings:

The funding costings included within the option table summaries are based on the following assumptions:

Constructions costs:

Over the past 5 years there has been a boom in construction across the South East of England. As a result, the new build costs have increased from £1,000 to £1,200 m2 to its current level of £1,800 to £2,100 m2. This increase in build costs has had a serious impact on the viability and affordability of schemes.

A realistic construction cost estimate has been developed for each of options reflecting the various components that make up the option. This has used current market values as quoted in February 2016. The following summarises the cost assumptions for each component:

- build costs of new residential at rates of £2,100 m2
- new retail build costs (option 1 in block 3) at a rate of £1,250 m2
- retail refurbishment rates of £1,500 linear meter
- New shop fronts for the retail units at a rate of £700 m2
- Residential refurbishment at a rate of £1,700 m2

- Allowances have also been made for legal costs, design fees, consultants costs, contingency, and potential compensation payments to retailers and the cost of relocating the Health Centre temporarily where appropriate.

A full breakdown of how the construction cost of each option has been built up has been provided in appendix 3, for reference.

The construction costs are guide prices only and are subject to change. It is not possible to fully cost any option until a clear decision has been made on the way forward. At this point these construction costs will be fully reviewed to check that they continue to be viable.

What is included in the Residential refurbishment costs:

It is important to note that the "residential refurbishment costs" include costs associated with regenerating the whole site, and therefore should not be read as a "per unit cost" without understanding the full range of costs that this incorporates. This reflects the ethos of all the options, which is to opt for an approach that does not simply undertake works that could be delivered through a "major works" programme, (e.g. focusing on installing new kitchen and bathrooms to bring the empty properties back into use). Rather, all options are looking to add value by regenerating the whole site, improving the physical environment and the aesthetics of the area, and creating a uniform and pleasing space to live, shop and work. The aim is also to create buildings with lower maintenance requirements, through the careful use of materials and design, which will increase the longevity of the buildings.

The work undertaken to each flat would ensure that the insulation of the fabric of the building is upgraded, thus reducing the fuel costs for heating the properties. Where appropriate, the layout of the flats will be realigned and new fixtures and fittings, including bathrooms, kitchens, central heating, windows and doors would be installed.

The residential refurbishment costs also includes costs associated with upgrading the communal areas such as the stairwells, adding new facades to each block, and changing the flat roof on each block to a pitched roof. In addition, the costs of upgrading the public realm areas are included within this aspect of the costs. Improvements to the public realm, such as 1) improving the hard surfacing, 2) removing underutilised buildings such as sheds, 3) adding new planting schemes, 4) providing a safer parking court, and 5) increasing and adapting the private amenity area to the maisonettes allowing for natural security to all areas and giving the residents comfortable homes, are all necessary to create a pleasant environment across the whole footprint of the site. Also included in the costs will be the introduction of a central satellite/communication system, this will help restrict individual systems being erected on the building, to ensure that the external facade is kept clear of unsightly dishes and cables. This will mean that the buildings will be improved from all angles, with the public being encouraged to park and walk at both the rear and front of the site. This will help improve the surveillance of the area and open up the site.

Harlow Council Property and Facilities Team will be consulted on the final specifications for the refurbishment to ensure they are in line with the council's standards, and that the specification will help to reduce any on-going maintenance costs. One such example of this is introducing a pitched roof which will not only reduce annual cost of inspections but also increase the life expectancy of the properties.

Available funding;

There is £2.2m available now funding for this regeneration project. It is notable that all of the proposed schemes for regenerating Prentice Place cost in excess of £2.2m and as a result there is a shortfall in the funding for the schemes. The cost of the schemes range from £3.1m for option 4 through to £8.3m for option 1.

Two methods of paying back the shortfall of funding have been explored (as highlighted in the options tables). The first is through selling all the residential units owned by Harlow Council after the regeneration scheme has been completed. It is notable on both option 3 and 4 that a profit is made if this approach is used to pay for the scheme. However, Harlow Council would lose its asset. The main reason for including this approach is to demonstrate a cost comparison for all four of the options. This report is not proposing to sell the properties after they are refurbished (or built) as this would result in the Council losing the value of the assets, and reduces the control the Council has over the buildings and site generally in the longer term.

The second method for paying back the funding shortfall is to use the rental income that can be achieved from the residential units (in Harlow Council's ownership or control) to pay off the debt that has been incurred to undertake the option. It should be noted that it is assumed that these units are rented on a commercial rent rather than an affordable rent. This is to allow for a like for like comparison of each of the options. If alternative tenures, such as affordable or social rent are required for, some or all, of the residential units, this would affect the financial modelling scenarios.

Financial models have been produced for each of the options which are calculated on a 3% borrowing rate (the level at which the Council is currently able to borrow at) and reviewed as to whether they produce a return at year 30 or, if necessary, year 40.

It is notable that option 1 (full regeneration of the scheme with new build), which costs £8m, does not pay back even by year 40.

There are two potential additional approaches that could be considered in relation to considering funding of any regeneration scheme. The first is to view the capital required as an investment into the buildings and area which is not expected to be repaid. The site has not had on going investment made into to it over the past few years, and part of the investment required in order to regenerate the area could be viewed as a capital investment required similar to capital bids for major works. The other approach to funding is to consider whether there is any potential for any regeneration schemes to receive grant funding. No grant funding would be available for undertaking refurbishment of existing units. Therefore this would only be available if new build is included within the scheme.

Potential additional funding routes:

The current financial models for the options have only taken into account an income from commercially renting the properties. There may be other income streams that could be investigated that could be included in any financial modelling which could help pay back the cost of the regeneration schemes.

Additional retail rental income: The existing 12 retail units currently bring in an annual income of £71,300 which is paid into the General Fund. There is an assumption that after any regeneration scheme, this amount of income would continue to go into the General Fund. Once the regeneration scheme has been completed there is an expectation that each of the retailers will have a rent review and potentially new leases would be signed, which it is expected will generate increased rental income. There could be a case for arguing that the additional rental income achieved through the regeneration scheme should be used to help pay off the debt associated with the regeneration.

Commercial Garage rental: In options 2, 3 and 4 there is a possibility of demolishing the existing garage units and erecting a block of 20 new garage units which could be let on a commercial rent. New garage units would be lower maintenance than the existing units with concealed gutters and downpipes reducing the maintenance costs and repairs in the future. The rent on a block of 20 new garages has the potential to pay back the initial capital investment of £60k required within 10 years. Part of the rental income from year 10 onwards could be used to help pay off the debt for the regeneration scheme as a whole, whilst also using part of the rental income to fund the replacement of these garages at the end of their lifetime.

2. Health Centre

Osler House (block 3) is owned by the Harlow Health Centre Trust Limited. The uncertainty over the future of the Health Centre, and difficulties associated with its potential re-location as part of any regeneration scheme was a key factor that prevented the previous GAF 2 scheme regenerating this site. An Option Agreement has been agreed between Harlow Council and the Harlow Health Centre Trust, which was signed on January 2016 and gives Harlow Council the option to buy Osler House within a 4 year option period (up to January 2020) in accordance with the terms of the agreement. The terms include purchasing Osler House for the market value, whilst providing temporary accommodation for the Health Centre, and then developing an appropriately sized building for the Health Centre within the redevelopment of Prentice Place. Option 1 and 2 include the costings to implement this Option Agreement.

The purchase and re-provision of the Health Centre and pharmacy would enable the whole site to be redeveloped, with the rebuilding of a third block nearer to the boundary of the site enabling a road to be developed through the site.

If the Option Agreement is not implemented, Harlow Council will still be able to undertake regeneration schemes of Prentice Place as outlined in options 3 and 4.

It is likely that the Health Centre Trust will continue to operate the Health Centre out of Osler House even if the Option Agreement is not acted upon. There is potential for the Health Centre to be expanded at the rear of the building (on to Harlow Council land) to increase its size, if they so desire.

3. Retailers

Current retailers:

Despite the deterioration in the general environment, and the uncertainty caused by having no concrete plans for regenerating the area, the retail units continue to operate and are well supported by the local community. The retail units are managed by the Council's Property and Facilities Team. The 12 units are fully let to 8 retailers with some retailers renting more than one unit. Many of the retailers have been located at Prentice Place for many years , with the longest running leases being for the Jennings bookmakers and Dorringtons bakers, who have been in situ since the building's construction. The length of all the retailers' tenancies suggests a long term commitment to the local area providing some stability to the area.

Lease arrangements and rental income:

The current retailers have five year leases that all (except one) have elapsed and been allowed to "roll over". The other lease will complete its initial five year period in May 2016. The Property and Facilities Team expect to undertake a rent review of all the retailers once the site has been regenerated. They expect that the rents on all units will increase as a result of both the general market increase of rental prices locally, and the fact that each unit will command a higher rent as they have been improved as a result of the regeneration work.

The retail units currently bring in an income of £71,300 per year. This income goes directly into the General Fund. It is expected, that after any regeneration scheme, that this amount as a minimum would continue to go into the General Fund.

The existing retail leases' arrangement does not allow for a service charge or a sinking fund to be built up on an on- going basis. Rather, retail tenants are recharged for the cost of major works once they have been undertaken to their property. Clarity will be needed on which aspects of the refurbishment to the building are able to be recharged to the retailers. In particular it is unclear whether the retailers can be recharged any part of the cost of changing the roof from a flat roof to a pitched roof. Retailers may dislike this approach as they may not have the cash flow to fund large repair bills retrospectively.

The Property and Facilities team would like to move towards a situation where leases enable them to charge tenants an amount to establish a sinking fund which allows tenants to spread the cost of repairs evenly throughout the lifetime of their tenancy. However, if the retailers remain in situ whilst the works are undertaken, their existing leases will rollover, and any changes to the leases will need to be negotiated.

Consideration needs to be given as to whether additional retail rental income achieved as a result of any regeneration scheme can be used to help pay off the cost of the regeneration works. In addition, there is an opportunity to investigate the feasibility of introducing service charges (to help pay for maintaining the area after any regeneration works have taken place) and a sinking fund payment into the lease arrangements.

Commitment to existing long term retailers:

During the public consultations regarding the GAF 2 regeneration schemes in 2006 there was strong support for keeping the existing retailers as they were seen as a key part of the local community. Residents wanted “assurances that the needs of the existing residents and businesses would be the prime consideration in the regeneration of the neighbourhood as opposed to the demands of any developers”.[1] It is expected that there will be continuity of trade for the retailers during any regeneration scheme.

Providing continuity of trade for the retailers creates additional complications and costs to any regeneration scheme. The need to provide continuity of trade rules out the possibility of demolishing the whole site and rebuilding a new scheme unless temporary accommodation is found for the retailers. Instead, one of two methods will need to be adopted. Either a) the retailers stay in their existing location whilst the building is refurbished, with access to the shops being maintained and the public protected during works, or b) a phased approach is adopted that enables new retail units to be built in one part of the site which the retailers are relocated into on completion in order to release their existing site for regeneration works.

Whichever approach to providing continuity of trade is adopted, there are potential cost and time implications for the Council. For instance, the Council may need to compensate retailers for loss of trade (which may outweigh the cost constructing on a clear site), or extra costs may arise from the longer build period due to the phased approach. Scaffolding will need to be erected for longer periods around the blocks during the works, to allow safe access to the shops for the public, which will add to the refurbishment costs.

Understanding the future vision for the provision of retail in the area:

One approach to any regeneration scheme would be to re-provide retail space that matches the existing provision for each retailer. This assumes that the current retailers will continue to lease space at Prentice Place, and that the existing space best meets their needs. However, this approach may restrict any scheme (possibly unnecessarily). Any form of regeneration of Prentice Place is likely to result in increased rents for the existing retailers. Some retailers may not wish to continue with a lease if the rent increases are too high. Further consultations with retailers are required to understand what their plans are for the next five years and how they would react to rent increases.

One possibility is that a regeneration scheme could result in a different configuration of retail units. Consideration will need to be given as to whether it is acceptable to reduce the number of retail units, or whether there is a wish to accommodate an anchor tenant. Provision for an anchor tenant may be a good long term option for the site as it could ensure the long-term commercial viability, and may add greater value to any regeneration scheme by making the area more attractive to local residents. An anchor tenant, (such as a convenience store), would require a greater flexible space and would need to be located in a key location with the appropriate infrastructure (such as suitable arrangements for deliveries).

Design details in regeneration schemes could limit the layout of any new retail units that are created. For instance, providing residential space above retail units could require the residents’ stairwells to be accessed from the front of the building. This could limit the layout and space of the retail units below and reduce the potential for units to be merged easily into larger units.

[1] UrbanCanada Regenerating Harlow public consultations 2006 report, page 11.

4. Planning requirements

Any regeneration scheme will need to gain planning approval, including providing the appropriate number of car parking spaces for both the retail and residential requirements of the scheme. Previously, architects and consultants have looked at designing schemes for this site, and it has proven to be a difficult site to deliver a workable scheme which delivers appropriate regeneration outcomes whilst meeting all the planning requirements. One previously designed scheme was rejected as it contravened the ‘no back land’ planning policy. It is hoped that by adopting a holistic approach to the design of the site that concerns regarding this issue can be overcome.

Prentice Place was linked via the Development Agreement to the other GAF 2 sites (which have been built out). There are no planning conditions (or expectations) linking the Prentice Place site to these other sites. Each site had its own planning agreement which was fulfilled.

5. Physical condition of the buildings and infrastructure issues:

The existing three main blocks of the site are all brick built buildings. They are currently in a sound and structurally good condition. The brick work is in good condition with a few small areas requiring repairs to make good. The roof is still water tight, although as a flat roof construction built in the 1960’s it is at the end of its natural lifetime and should be replaced. Within all the options, costs have been included to change the roofs to a pitched roof. This will reduce the on-going maintenance costs and improve the longevity of the scheme. Note that a new flat roof is deemed to have a 30 year lifetime, whereas a pitched roof is deemed to have over a 50 year lifetime.

The existing flats in block 1 and 2 do not meet Decent Homes standards. Two of the existing units are bedsits, which will be converted into a maisonette, which will be more desirable. The flats are serviced by communal staircases and walkway. There is also external amenity space outside of the maisonettes. All of this shared space needs to be upgraded to improve the environment.

At the rear of the site are 24 garages (with only 9 currently let). The garages are in a poor state of repair and in need of maintenance. The roofs of these garages are likely to be asbestos, which would add to any demolition costs.

The public realm areas of the site are also in need of upgrading, as the current condition of hard standings and surfacing across the site is very poor. Repairs are therefore needed across the site to the car parking surfaces, paving and kerbs. It should be noted that much of the public realm areas of the site is adopted, and therefore, negotiations will need to take place with Essex County Council regarding any work to these areas.

Across the site there are existing facilities, such as a public toilet and an old BT phone box, that will also need to be dealt with under any regeneration scheme.

The site has fallen into a level of disrepair that means that is not acceptable to leave it as it currently is. There are health and safety risks around the site resulting from the lack of maintenance. Investment is required to bring the site up to an acceptable standard. The minimum required would be investment in order to undertake the basic level of repairs. However, even this would require a programme of works to be drawn up as there are so many issues in the physical environment that need to be brought up to an acceptable standard. Any regeneration scheme would seek to ensure that the whole site is rejuvenated, with all aspects of the physical environment addressed to ensure they are all in good condition, and give a welcoming feel. It is expected that the refurbishment of the flats would result in them meeting a ‘Decent Homes plus’ standard. To meet this standard the units would be reconfigured, and supplied with new bathrooms and kitchens, new windows and doors and good levels of thermal insulation. The communal areas would be improved, with additional lighting and security measures.

The regeneration schemes would also look to improve the public realm areas, and create environments that are welcoming, and design out crime, with appropriate lighting and natural overlooking, and improvements the street scene.

6. Local residents and Councillors expectations

Since the public consultations, local residents and Councillors have continued with the expectation that Prentice Place will be regenerated. The regeneration of Prentice Place has continued to be a priority for the Council. It is essential that a decision on the nature of the regeneration that is to take place in made now and that this is implemented as soon as possible in order to prevent further deterioration of the area. It will be important to consult on any plans, but at the same time to manage expectations by presenting a realistic regeneration scheme that demonstrates that it is able to be implemented within a reasonable timeframe.

Regenerating Prentice Place remains a high priority. The current situation cannot continue. Investment is required to enable the existing buildings to be repaired and brought up to a decent standard and then maintained on an on-going basis. The empty flats must be brought back into use. The demand for housing locally (both affordable and market rent or sale) means that we need to ensure that these existing assets are optimised. Regenerating this site will improve the local residents and retails environment and quality of life, make best use of the Council’s assets and optimise the use of underused land.

Prentice Place regeneration options:

Outlined below in the Option Summary Tables are the 4 main options that are available to regenerate Prentice Place. All the options presented are felt to be feasible and realistic solutions to the current situation at Prentice Place.
These are summarised in Appendix 1.

Option 1 (Full redevelopment of the site with additional residential accommodation at the rear) was developed by consultants during 2015. This option attempts to accommodate the majority of the desired outcomes that are required from the regeneration scheme for Prentice Place. The scheme would see the refurbishment of Block 1 and 2 and the demolition and relocation of block 3. The Health Centre would be relocated to block 2. A new road through the site and improved public realm would improve access. A block of new build residential units could be built to the rear of the site. The site layout and an illustrative visual for option 1 and 2 are provided as Appendix 4.

The other options offer alternative schemes that deliver some, but not all, of the desired regeneration outcomes.

Option 2 is similar to Option 1 in that a full redevelopment of the site is undertaken, but enables the retailers to stay in their existing location. This prevents any disruption to their trading or the need to reduce the number of retailers that can be accommodated in the new layout. The Health Centre would be located in the rebuilt block 3 which, as this block would need to be bigger than is planned in Option 1, would reduce the space available on site for car parking. This would mean that under option 2, there would not be room for new build residential units on the site.

Option 3 would regenerate the whole site to create a unified scheme to all three existing blocks, refurbishing the buildings, bringing all the flats back into use and delivering improvements to the public realm around the whole site. This option does allow for continuity of trading for all the retailers and is a more affordable option that would regenerate the whole site.

Option 4 would enable the partial refurbishment of the site, focusing only on the areas that the Council owned. Block 3 (Osler House) would not be refurbished in this option as it is not owned by the Council. Option 4 would result in block 1 and 2 being fully refurbished and public realm improvements to the area. However, the site would not be unified, as block 3 would remain in its current condition.

The site layout and an illustrative visual for option 3 and 4 are provided as Appendix 5.

Appendix 8 is a summary of the indicative timelines that each option would take to be delivered.

Opportunities for the rear of the site:
Within option 2, 3 and 4 there is the opportunity to utilise the land at the rear of the site in a variety ways. This will help use the whole site and create additional income generating assets for the Council. This area at the rear of the site could be developed at a later stage as a stand-alone part of the redevelopment but there may be economies of scale and the benefit of limiting disruption and time that the site is being redeveloped that could be considered.

The main opportunities that could be developed at the rear of the site are a) new commercial garages, b) small business units, c) residential units and d) additional car parking. The issues relating to each of these opportunities are briefly outlined below.

a) New commercial garages - an additional investment of £60k would be required to erect 20 new commercial garages. This would be paid back within 10years. As the new garages would be replacing the existing garages, it would be deemed as a like-for-like development and therefore, although planning permission will be required, getting planning approval should not be an issue.

b) Small business units - It may be possible to erect four small business units in the space at the rear of the site. This would be subject to planning permission and it is likely that each unit would require several car parking places allocated to them (which require additional space). Careful consideration as to the type of businesses that such units can be rented to would be needed, in order to reduce any potential nuisance (noise, visual etc.) or unnecessary competition with the existing retailers businesses Further research may be required into the demand and viability for small business units in this location. If these new units are single storey units it would cost £475k to build them. If two storey units were to be erected (potentially small business units on the ground floor with second floor linked flats) then the build cost would be £1.2m. If there is an appetite for this option to be pursued, further investigation into the potential rents that could be achieved for these units needs to be undertaken. However, this option is not financially viable as the rental income would not pay back the investment required.

c) Residential units – Option 1 suggests that 4 new houses could be developed at the rear of the site. This opportunity could be explored as to the feasibility of incorporating new build in the other options. The cost of building 4 new build properties is estimated to be £1.2m.

d) Additional car parking – by removing the existing garages and clearing the existing under-utilised buildings around the site, there is an opportunity to add a number of car parking spaces to support the site. Feedback on the current site suggests that there is a desire for additional car parking spaces for the site. This option would not lead to any additional assets or income generation for the Council, but it would be cheap to deliver.

An indication of which, if any, of the opportunities, or, an order of preference of which of the opportunities it is felt should be explored further, is requested in order that this preference can be explored further in the detailed design process. Any list of preferences should consider the indicative funding required for the option and an understanding of how the option would be funded.

Other possible options:

There are other possible options in addition to the four outlined that could be considered, some of which it is felt do not provide a realistic solution at this point. In particular, the options of a) doing nothing, b) taking only a major works approach and c) clearing the whole site for redevelopment are explored below to help explain their implications.

a) Why doing nothing is no longer an option:

In effect, the lifetime of the option of "doing nothing" has already expired, as this is what has already happened over the past few years. Over recent years, little maintenance and repairs have been undertaken across the site and, as a result, the area has declined both physically and as part of the Council's asset portfolio. Repairs have been limited as the site has waited to be regenerated, and as a result there are now potential health and safety risks that need to be managed which require a significant financial investment. The Council has been losing potential income as the existing 12 flats in Block 1 and 2 are empty. At the same time the Council is paying for the Council Tax and other overheads for having these as empty homes. This is an issue when there is such a shortage of housing generally. The retail units have not had rent reviews, as the reviews have been delayed on the assumption that the site will be regenerated. Consequently the additional retail rental income that could have been commanded from the site is being foregone. With the Council undertaking limited repairs, it leaves the Council in a more difficult position in attempting to enforce any of the retailers' lease terms as, it could be argued, that the Council is not meeting its own obligations.

b) Why regenerate rather than just undertake major works?

All the options outlined enable the whole of Prentice Place to be regenerated. The option of restricting the project to simply a major works programme focusing on bringing the flats back into use has not been considered, as such as scheme would not deliver the environmental improvements and wider added benefits to the local area. This approach recognises the importance of investing in regenerating the area that will not only bring housing stock back into use, but will improve the quality of the built environment, ensuring that the public realm is improved. The design of the layout will encourage greater surveillance and makes best use of the land available. The value of the existing Health Centre and the established retail businesses to the local community are acknowledged as key community assets. The regeneration of the area is required to improve the physical layout and to rejuvenate the tired appearance of the area which, unfortunately, has deteriorated as a result of the lack of investment in the maintenance over the past few years. Investment in a regeneration scheme is required to halt the decline that the area is experiencing and so improve the area so that it becomes more attractive to local residents and businesses, which in turn will help the area prosper.

c) Clearing the whole site for redevelopment:

In order to clear the whole site there are two key issues that would need to be addressed.

I. It would involve reneging on the promise previously made to the retailers that any regeneration scheme would ensure their continuity of trade. In order to clear the site all the 8 traders would need their tenancies terminated. This would involve legal fees in order to compulsorily purchase and pay compensation to the traders for the loss of their business. This is a process that is lengthy (predicted to be at least 2 years) and could result in negative publicity for the Council. The Council would also lose the retail rental income (currently at over £70K per year) and its on-going asset. This would have a local economic impact, resulting in the loss of at least eight businesses and would change Prentice Place as a hub of the local community. There is an opportunity to include within any redevelopment an anchor retail unit. However, it is unclear how the Planners would react to the suggestion of changing the area from a retail hub to a housing site with a Health Centre and possible anchor store.

II. Harlow Health Centres Trust own Osler House and would be unwilling to sell unless the terms of the Option Agreement are met to their satisfaction. Therefore, further consultation would be required with the Health Trust. It is unknown at this point whether Health Trust would be prepared to move back into Prentice Place if the area does not have the current mixture of retail which creates a feeling of a community hub but instead was to move back to an area of housing with an anchor store. Further consultation would delay the process of gaining a clear site and have additional financial implications.

Both of the above two issues would result in additional costs and time delays adding to the uncertainty of when the site could be redeveloped and the financial viability of any scheme.

An estimated figure (using current prices) suggests that the option of clearing the site for redeveloping the site with 30 residential units, appropriate car parking provision, re-provision of the Health Centre and pharmacy and an anchor store would cost in the region of £8.6m. The estimated sales value of the residential units would be approximately £5.3m which would still leave a shortfall of over £1m that would need to be funded. The Council's only remaining asset would be the anchor retail store and the Health Centre. (Note that this estimate figure does not include the cost of purchasing Osler House which would be at market value).

For reference, details of the costs for clearing the site of all building for redevelopment, as described above, are referred to as Option 5 in the Summary table in Appendix 1 and in the Cost Summary breakdown in Appendix 3.

Option 1 **Full Redevelopment of the site with additional residential at the rear**

Description: Regeneration of the whole site and reconfiguration of most of site. Block 1 & 2 would be completely refurbished including pitched roof and cladding. Block 3 would be demolished and re-sited further back to allow new through road and additional parking. The Health Centre would be located on ground floor of Block 2. Retail Units would be provided on the ground floor of Block 1 & 3. Potential to introduce new retail strategy seeking an anchor tenant to be located in block 1 allowing for future proofing of the building and therefore asset.
New build houses at back of site (potential for market sale to fund part of scheme) which will provide additional security to rear of block 1 and enhanced streetscape.

Summary of key features of finished scheme

Existing facility	**Proposed new facilities** (on location)
Block 1	**Ground floor** – Refurbished retail units on ground floor –5 small units or potential to consider creating an **anchor tenant** (such as a supermarket). Anchor tenant only suitable for block 1 due to flexibility of reconfiguration and delivery arrangements to be available to rear of block. **Floor 1 & 2** – refurbished to create 5 x two bed maisonettes
Block 2	**Ground floor** - Refurbished to create appropriate space for **Health Centre and pharmacy** (relocated from Osler House). An extension of the block is required to fit this in. **Floor 1 & 2** – refurbished to create 6 x two bed maisonettes
Block 3 (Osler House)	Demolished New block built further back nearer to the boundary enabling a through road to be created through the scheme that opens up access through the scheme. New block: **Ground Floor** – 5 x retail units (note units are limited by locations of stair cases to maisonettes on upper floors and therefore little flexibility to merge units) **Floor 1 & 2** – New 2 bed maisonettes x 5
Garages	Demolished Space used to enable the through road Additional 5 x new build houses built (possibly for market sale to help fund scheme). Residential units to rear of scheme will help increase natural security and enhance street scape.
Out buildings	Demolished
Hardstanding at front	Changed to become road Loss of large tree
Car parking at front	Reduced to 16 units Layout reconfigured to create through road
General appearance	Unified visual appearance for the whole site with unified shop facade, new windows and cladding designs. Health Centre moved to block 2 ensure it becomes key focus.

Existing v New scheme nu of units

	Existing	**New scheme**	
Retail nu of units	12 units (8 retailers)	Likely to result in a loss of retailers as smaller Sqm and potential anchor store taking several units	
Retail units m²	544.30m²	527.6m²	
Nu of residential units (owned by HDC)	12	21 (including the new build below)	
Nu of new build properties		5 x 2 bed houses 5 x 2 bed maisonettes (in Block 3)	
Car Parking Spaces	21 at front	16 at front 26 at rear	42 total
Garages	24	0	

Key opportunities
Refurbish whole site.
Anchor tenant could revitalise area and increase desirability of site in future.
Reconfigure site to improve through flow and environmental improvements. Better use of the public realm area

Key Risks
Greater financial investment required with shortfall of £2m if sell all residential units
Opting for anchor tenant will result in losing existing Retailers leading to financial compensation and poor publicity.
Proposed new layout for retail units results in less retail space and fewer retail units resulting in needing to reduce number of existing retailers.

	Potential for pitched roof to be added to block.			
Funding required		**Sources of future income**		
Total Funding required for scheme	Construction costs - **(£8.3m)** (see cost summary in Appendix) This does not include the cost of purchasing Osler House at market value.	Sell 100% of refurbished maisonettes and new build properties.	**£4.3m**	Scheme is not profitable just by selling all residential units. Debt of £1.7m remains
Existing Funding available	GAF funding - £2.2m	Potential **residential rental income** (Market rents)	£230,409 p/yr for all 21 units	
		Debt / Profit at year 30 if debt just paid back by residential rental income	£5.1m debt remains at year 30 At year 40 scheme still makes a loss of over £3m Does not break even by year 40	
Total shortfall to be funded	£6,052,410.00 **(£6m)**	**Retail income** (current retail rent of £71,300 p/a expected to be retained into General Fund)	Rent reviews and potential for **new anchor tenant** expected to **increase this income.** But note rental income will be from reduced number of tenants due to reduced amount of retail space in new scheme.	
Timeframes				
Lead in time to commence on site	18 months	Time required to: - consult with retailers & health centre trust & public; finalise drawings and planning & tendering; relocate Health Centre etc		
Construction period	18 to 24 months	Complexity of decanting retailers in phases		
Proposed quickest date for handover	**3.5 years**			
Scheme scores				
Complexity of scheme (Scored out of 5; 1 least complex and 5 most complex)	5	- consultations required with Health Trust -consultation with retailers (Note possible reduction in & change in retailers could result in compensation payable to retailers) -phasing and decanting of both Health Centre and retailers		
Regeneration Added Value score (scored out of 5: with 1 provided the least added value and 5 resulting in the best outcomes for area)	4	-fresh layout to area making better use of existing redundant area around the garages and introduction of new through road - potential to introduce retail strategy creating anchor tenant but introducing an anchor tenant will result in fewer retail units over all - Additional new build houses - But requires substantial additional funding – are the added value features worth the money and disruption investment?		

Option 2 – **Full redevelopment of the site with the Health Centre moving back into block 3 and no residential to rear**

Description: Regeneration of the whole site and reconfiguration of most of site. Block 1 & 2 would be completely refurbished including pitched roof and cladding. Block 3 would be demolished and re-sited further back to allow new through road and additional parking. The retail units in Block 1 & 2 would have external refurbishments undertaken whilst retailers continued to trade. Health Centre would be relocated on a temporary basis whilst block 3 is demolished and rebuilt.
No new build houses at the rear (as there would not be the room).
Potential for new commercial garages to be included to rear of site as potential income stream which is financially viable and could pay back within 10 years

Summary of key features of finished scheme

Existing facility	**Proposed new facilities** (on location)
Block 1	**Ground floor** – Refurbished retail units on ground floor–(allowing existing retailers to remain trading on site throughout refurbishment). Retail units to have new windows and doors and external facades. **Floor 1 & 2** – refurbished to create 5 x two bed maisonettes
Block 2	**Ground floor** –– Refurbished retail units on ground floor – allowing existing retailers to remain trading on site throughout refurbishment. Retail units to have new windows and doors and external facades. **Floor 1 & 2** – refurbished to create 6 x two bed maisonettes
Block 3 (Osler House)	Demolished. New block built further back nearer to the boundary enabling a through road to be created through the scheme that opens up access through the scheme. New block: **Ground Floor** – Purpose built **Health Centre shell and pharmacy unit.** Larger block built than option 1 in order to accommodate expansion of Health Centre which would impact on land available for car parking and new build properties at rear of scheme. **Floor 1 & 2** – New 2 bed maisonettes x 5
Garages	Demolished Space used to enable the through road and car parking to rear of scheme.
Out buildings	Demolished
Hardstanding at front	Changed to become road Loss of large tree
Car parking at front	Reconfigured to enable new road.
General appearance	Uniformed appearance to the three blocks created through a refurbishment of facades and windows.

Existing v New scheme nu of units

	Existing	**New scheme**	
Retail no. of units	12 units (8 retailers)	As existing	
Retail units m²	544.30m²	544.30m²	
Nu of residential units (owned by HDC)	12	11 refurbished in Block 1 & 2 5 in Block 3	
Nu of new build properties	Nil	5 in Block 3 (included above)	
Car parking spaces	21 (at front)	16 at front 26 at rear	42 total
Garages	24	Potential for 20 garages at rear of site	

Key opportunities:
Creates unified scheme for whole site.
All 3 blocks become HDC assets
Health Centre gets required expansion in block 3
New through road improving flow through site and opening up of the rear of the site.

Key Risks:
Cost of scheme does not breakeven after 40 years.
Negotiations with the Health Centre Trust.
Loss of opportunity to develop additional new build properties at rear and therefore not maximising housing potential from site.

Funding required	**Sources of future income**

Total Funding required for scheme	Construction costs **- £5.9m** (see cost summary in Appendix) This does not include the cost of purchasing Osler House at market value	Sell 100% of refurbished maisonettes	**£3.2m**	Shortfall of £0.5m remains after assets sold.
Existing Funding available	GAF funding - £2.2m	Potential **residential rental income** (Market rents)	£170,893 p/a	
		Debt / Profit at year 30 if debt just paid back by residential rental income	Debt of £2.5m still at year 30. **At year 40 loss of £0.8m**	
Total shortfall to be funded	**£3.7m**	**Retail income** (current retail rent of £71,300 p/a expected to be retained into General Fund)	Rent reviews expected to **increase this income** from existing tenants in existing units.	
		Garage income (commercial rent)	Potential to add 20 new garages at rear of site that if let commercially and well managed would break even by year 10. Additional income from garages could then support funding of scheme.	

Timeframes		
Lead in time to commence on site	18 months	Negotiating and relocating of Health Centre: Negotiations with retailers Drawings, planning and procurement
Construction period	18 months	
Proposed quickest date for handover	**3 years**	

Scheme scores		
Complexity of scheme (Scored out of 5; 1 least complex and 5 most complex)	3	Retailers can continue in existing units and continue trading throughout works. (easier consultations) Consultation required with Health Centre to ensure agree scheme and to return to block 3 and arrange temporary relocation. Health Centre relocated during works and moves back to existing unit.
Regeneration Added Value score (scored out of 5: with 1 provided the least added value and 5 resulting in the best outcomes for area)	3	Reconfigured site with improved environment. Demolition of existing brick built building (in sound condition) to relocate a short distance.

Option 3: **Full refurbishment of Blocks 1, 2 & 3, garages at the rear and the public realm**

Description: Refurbish all 3 blocks to create unified appearance including pitched roof and cladding. Refurbishment of flats in block 1 and 2 (Council owned) to bring back empty flats into use which would be let at market rent to support paying for the scheme. Refurbishment of Block 3 (Osler House) to create a unified frontage to whole scheme and refurbishing of 4 flats in upper floors to bring back empty properties into use. (Note refurbishment of Block 3 only possibly if negotiations with Harlow Health Trust (current owners of building) are successful). Note- costings have been included for these works to block 3 have been included within this option.
Environmental improvements including the demolition of underused buildings that are currently in a poor state and adding to the sense of neglect. Opportunity to increase car parking for scheme (at rear) and erect 20 new (commercially let) garages (which should pay back their cost within 10 years and help subsidise the full scheme).

Summary of key features of finished scheme

Existing facility	**Proposed new facilities** (on location)
Block 1	**Ground floor** – refurbishment of retail shop fronts and external facades, (retain existing retailers in current unit) **Floor 1 & 2** – refurbished to create 5 x two bed maisonettes
Block 2	**Ground floor** – refurbishment of retail shop fronts and external facades, (retain existing retailers in current unit) **Floor 1 & 2** – refurbished to create 6 x two bed maisonettes
Block 3 (Osler House)	**Ground Floor** – Health Centre and pharmacy remains in location. Note – arrangement with Health Centre to undertake this work on their building needs to be negotiated. Note – Possibility that Health Centre could expand to land at back of their property if they wish to increase footprint of facility. **Floor 1 & 2** – refurbished to create 4 x 2 bed maisonettes to bring back into use.
Garages	Demolished existing to create clean space at rear of blocks. Additional parking of at least 10 spaces created to rear. Note there is an option to replace with 20 additional new garages (for £60k investment) whose rental would pay for within 10 years and additional income could supplement income for whole scheme. This costing is not included in the financial appraisal below.
Out buildings	Demolished
Hardstanding at front	Reconfigure of the existing layout Visual improvements
Car parking at front	Reconfigure of the existing layout
General appearance	Uniformed appearance as all 3 blocks with refurbished facades. Tidied up area with underused or unnecessary buildings demolished.

Existing v New scheme nu of units

	Existing	**New scheme**
Retail nu of units	12 units (8 retailers)	12 units (8 retailers – remaining in existing units)
Retail units m²	544.30m²	544.30m²
Nu of residential units	12	15
Nu of new build properties	Nil	Nil
Car parking spaces	21 (at front)	21 at front 10+ at rear
Garages	24	Potential to add 20 new garages

Key opportunities:
Unified scheme created that brings empty buildings back into use and removes worst aspects of neglect.
Continuity of trade ensured for retailers.

Key Risks:
Requires negotiations with Health Centre Trust to enable refurbishment of their block to standardise appearance..
Paying for works to a property that is not owned by Harlow Council.

Funding required		**Sources of future income**		
Total Funding	Construction costs - **£3.99m**	Sell 100% of refurbished maisonettes	**£2m** (making a	Profitable scheme if residential units sold.

required for scheme	(see cost summary in Appendix)		**surplus of £229,893**)	
Existing Funding available	GAF funding - £2.2m	Potential **residential rental income** (Market rents)	Block 1,2 &3 (15 units) - **£146,099 p/a**	
		Debt / Profit at year 30 if debt just paid back by residential rental income	**Debt of £600k at year 30.** (NB 3% and 11units) Scheme would break even at year 40	
Total shortfall to be funded	**£1.79m**	**Retail income** (current retail rent of £71,300 p/a expected to be retained into General Fund)	All units would undergo Rent Reviews which are expected to **increase retail rental income** from scheme. Opportunity to explore possibility of utilising additional retail rental generated from refurbishment to help pay off cost of refurbishment and to create sinking fund for repairs and future planned major works.	
		Garage income (commercial rent)	Potential to add 20 new garages at rear of site that if let commercially and well managed would break even by year 10. Additional income from garages could then support funding of scheme.	
		Health Centre Trust contribution	Depending on negotiation with HCT there could be a possibility of funding to pay for work undertaken to Osler House which they own. Unclear at this stage if they will be receptive to this.	

Timeframes		
Lead in time to commence on site	12 months	
Construction period	12 months	
Proposed quickest date for handover	24 months	
Scheme scores		
Complexity of scheme (Scored out of 5; 1 least complex and 5 most complex)	2	Continuity of trade ensured for retailers who will remain open whilst work undertaken. The hardest part of this option will be negotiating a workable agreement with the Health Centre to undertake work on their building.
Regeneration Added Value score (scored out of 5: 1 provides the least added value and 5 resulting in the best outcomes for area)	3	General area improved viability; Empty properties brought back into use; Unsightly aspects removed and improved

Option 4: **Partial refurbishment – Blocks 1 & 2, the garages at the rear and the public realm**

Description: Refurbishment of only the areas that are owned by Harlow Council – including the retail unit facades, the residential units in Blocks 1 & 2 and the garage area to the rear. Cladding and a new pitched roof would be put on Blocks 1 and 2.
No work undertaken to the Block 3 as owned by the Health Centre Trust. No new build element.

Summary of key features of finished scheme

Existing facility	**Proposed new facilities** (on location)
Block 1	**Ground floor** – refurbishment of retail shop fronts and external facades, (retain existing retailers in current unit) **Floor 1 & 2** – refurbished to create 5 x two bed maisonettes
Block 2	**Ground floor** – refurbishment of retail shop fronts and external facades, (retain existing retailers in current unit) **Floor 1 & 2** – refurbished to create6 x two bed maisonettes
Block 3 (Osler House)	**Ground Floor** and **Floor 1 & 2** – remain as is. The building belongs to Health Centre Trust who may opt not to participate in refurbishment scheme. As the building remains their asset, if we opted to refurbish at our cost, we do not get the required return on the scheme (yet the value of their asset increases).
Garages	Existing garages demolished. Option of adding a block of 20 new garages to rear of site which are not included in costings for scheme but would pay for themselves within 10 years in appropriately managed.
Out buildings	Demolished
Hardstanding at front	General environmental improvements to the public realm using existing design. Reconfigure of the existing layout
Car parking at front	Reconfigure of the existing layout
General appearance	Loss of uniformity to area as not including Block 3. Block 1 & 2 refurbished facades, windows and shop fronts.

Existing v New scheme nu of units

	Existing	**New scheme**
Retail no. of units	12 units (8 retailers)	12 units (8 retailers – remaining in existing units)
Retail units m²	544.30m²	544.30m²
Nu of residential units (owned by HDC)	12	11
Nu of new build properties	Nil	Nil
Car Parking spaces	21 at front	21 at front 10 at rear
Garages	24	Potential to add 20 new garages

Key opportunities:
Quickest, easiest and cheapest option.
Quick solution to this site which allows the retail tenants to remain on site trading in their existing units.

Key Risks:
Resulting site is not unified as Health Centre not included in the scheme.
Missed opportunity to get better scheme for area that results in better community facilities such as larger Health Centre.
Previously raised expectations of the public not met.
Poor outcome of none unified site resulting in bad publicity.

Funding required		**Sources of future income**		
Total Funding required for scheme	Construction costs - £3.1m (see cost summary in Appendix)	Sell 100% of refurbished maisonettes	**£2m** (resulting in **surplus o**f **£1.1m**)	Profitable scheme if all units sold
Existing Funding available	GAF funding - £2.2m	Potential **residential rental income** (Market rents)	Residential units in block 1 & 2 **- £146,099 p/a**	
		Debt / Profit at year 30 if debt just paid back by	By **year 30 breaks even** and creates a surplus **of £1.3m by year 40.**	

		residential rental income	
Total shortfall to be funded	£0.9m	**Retail income** (current retail rent of £71,300 p/a expected to be retained into General Fund)	All units would undergo Rent Reviews which are expected to **increase retail rental income** from scheme. (as site not unified may result in slightly less rental income that option 3. Opportunity to explore possibility of utilising additional retail rental generated from refurbishment to help pay off cost of refurbishment and to create sinking fund for repairs and future planned major works.
		Garage income (commercial rent)	Potential to add 20 new garages at rear of site that if let commercially and well managed would break even by year 10. Additional income from garages could then support funding of scheme.

Timeframes		
Lead in time to commence on site	8 months	
Construction period	10 months	
Proposed quickest date for handover	18 months from decision point	

Scheme scores		
Complexity of scheme (Scored out of 5; 1 least complex and 5 most complex)	2	Easiest scheme to implement
Regeneration Added Value score (scored out of 5: with 1 provided the least added value and 5 resulting in the best outcomes for area)	2	Focus on tidying up site and refurbishing our properties. Brings flats back into use.

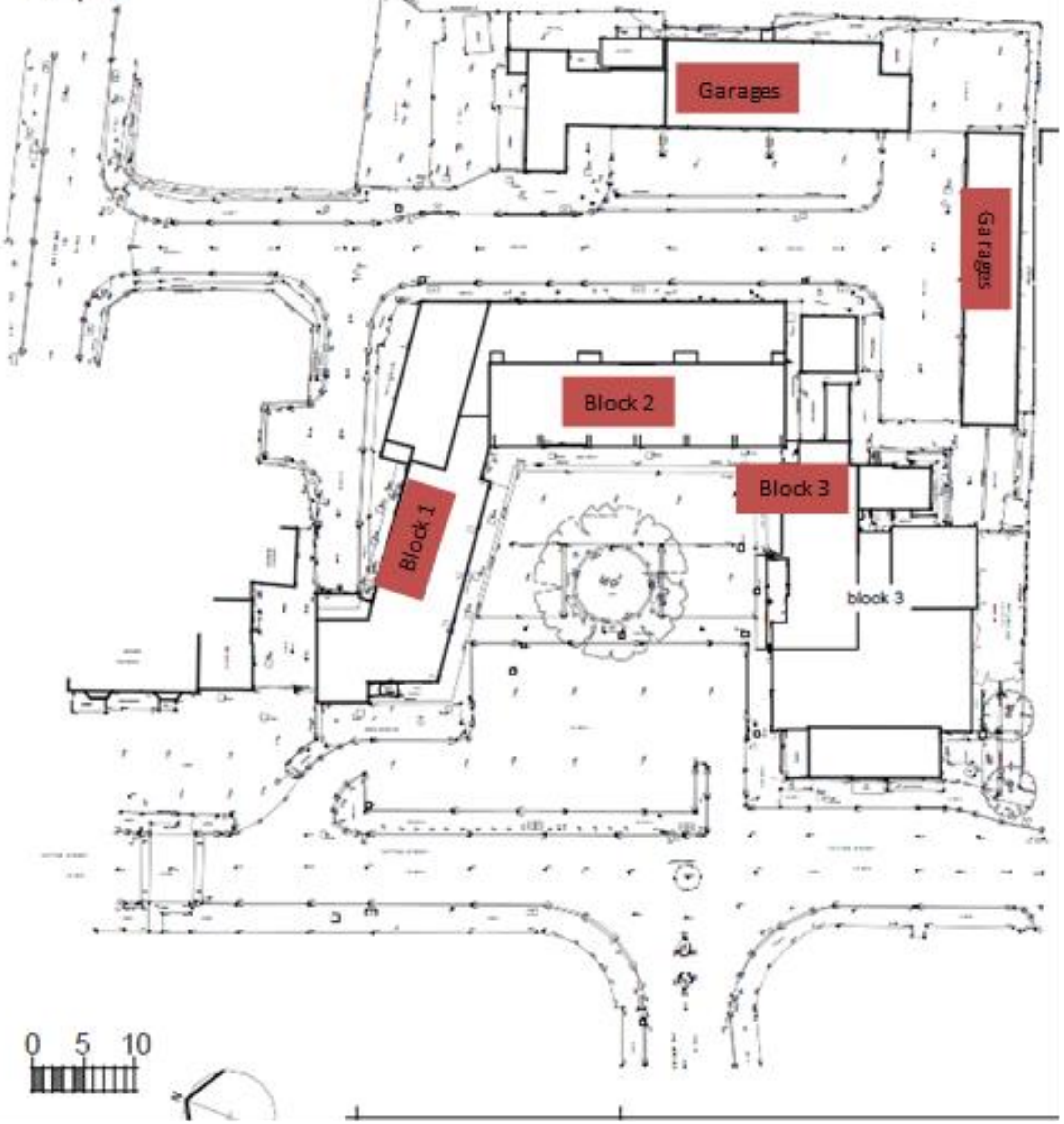
Appendix 1 – Summary of 4 Options

Option	Description	Costs – Total construction costs	Does the scheme make a profit if all the residential units are sold once works completed? (To be used for benchmarking purposes)	Position at year 30 and year 40	Timeframe
Option 1	Full Redevelopment of the site with additional residential at the rear	£8.3m Plus the cost of purchasing Osler House at market value.	Shortfall of £1.7m remains	£5.1m debt remains at year 30 At year 40 scheme still makes a loss of £3.4m Does not break even by year 40	3.5 years
Option 2	Full redevelopment of the site with the Health Centre moving back into block 3 and no residential to rear	£5.9m Plus the cost of purchasing Osler House at market value.	Shortfall of £0.5m remains after assets sold.	Debt of £2.5m still at year 30. At year 40 loss of £0.7m	3 years
Option 3 (11 residential)	Full refurbishment of Blocks 1,2 & 3, garages at the rear and the public realm	£3.9m	Profit of £273,209	Debt of £600k at year 30. Creates a profit of £0.6m by year 40	24 months
Option 4	Partial refurbishment – Blocks 1 &v 2, the garages at the rear and the public realm	£3.1m	Profit of £1.1m	By year 30 breaks even and creates a profit of £1.3m profit by year 40	18 months from decision point
Option 5	Clear site and redevelop the whole site and	£8.6m plus the cost of purchasing Osler House at market value.	Shortfall of £1m remains after the assets sold	Limited assets to fund debt (only assets would be anchor store and Health Centre)	2 years minimum to get a clear site. 3 years plus for redevelopment
Option 3 A (19 residential)	Full refurbishment of Blocks 1,2 & 3, garages at the rear and the public realm	£5.2m	Shortfall of £0.2m remains after the assets sold	By year 30 breaks even and creates a profit of £2.45m profit by year 40	3 Years

Appendix 2- Location & Site Plan

location plan

site plan



Appendix 3 Cost Summary

Option 1 - Full Redevelopment		
Retail:		£
Health / Pharmacy (383m² @ £1500/m²)		574,500
Retail Refurb (196m² @ £1500/m² + shop fronts)		418,500
Retail NB (335m² @ £1250/m²)		418,750
Residential:		
NB Houses (404m² @ £2100/m²)		848,400
Refurb Flats (748m² @ £1700/m² + £110,000 for stairs)		1,381,600
NB Flats (411m² @ £2000/m²)		822,000
Demolition/Externals		
Allowance (F&G)	****	1,043,000
Sub Total		**5,506,750**
Prelims (15%)/OHP (4%)		£ 1,079,323.00
Vat	*	474,920
Design Fees/Contingency	**	1,101,350
Compensation/Legal/consultant fees for retail	***	90,067.50
TOTAL		**8,252,411**
* assumed at 20%		
** assumed at 20%		
*** assumed 0.5% for consultant; 0.5% for legal and £5k each compensation		
**** enhanced demo costs, CCTV, Surface works to car park, street lighting, street furniture, Utilities connections and S38 works.		
NB: Construction costs for a 2 bed house (81m²) = £170,100, with a sales value of £230,000, and a rental of £1100 p/month		
NB: Construction costs for a 2 Maisonette (82m²) = £17200, with a sales value of £210,000, and a rental of £1000 p/month		
NB: Refurbishment costs for Maisonettes (65m²), which include roof, kitchen, bathroom, heating, insulation, amenity space and stairwells = £110,500 with a sales value of £190,000, and rental of £850 p/month		
Please note there is an addition cost to purchase the Healthcare Centre at 'current market value' which has not been allowed for in the above figures.		

Option 2 - Full Redevelopment, healthcare to same location		
Retail:		£
Health / Pharmacy (m^2 @ £1500/m^2)		-
Retail Refurb (shop fronts only 166m^2 @ £750m^2)		124,500
Retail NB (523m^2 @ £1250/m^2 no design so additional space allowance made)	*** **	653,750
Residential:		
NB Houses (0m^2 @ £2100/m^2)		-
Refurb Flats (748m^2 @ £1700/m^2 + £110,000 for stairs)		1,381,600
NB Flats (411m^2 @ £2000/m^2)		822,000
Demolition/Externals		
Allowance (F&G)	****	1,043,000
Sub Total		**4,024,850**
Prelims (15%)/OHP (4%)		£ 788,870.60
Vat	*	301,220
Design Fees/Contingency	**	804,970
Compensation/Legal/consultant fees for retail	***	-
TOTAL		**5,919,911**
* assumed at 20%		
** assumed at 20%		
*** assumed 0.5% for consultant; 0.5% for legal and £5k each compensation		
**** enhanced demo costs, CCTV, Surface works to car park, street lighting, street furniture, Utilities connections and S38 works.		
NB: Construction costs for a 2 bed house (81m^2) = £170,100, with a sales value of £230,000, and a rental of £1100 p/month		
***** please note additional floor area has been allocated as the current design has restrictive stairs to maisonettes and the shape does not allow useful use for the Healthcare Trust		
NB: Construction costs for a 2 Maisonette (82m^2) = £17200, with a sales value of £210,000, and a rental of £1000 p/month		
NB: Refurbishment costs for Maisonettes (65m^2), which include roof, kitchen, bathroom, heating, insulation, amenity space and stairwells = £110,500 with a sales value of £190,000, and rental of £850 p/month		
Please note there is an addition cost to purchase the Healthcare Centre at 'current market value' which has not been allowed for in the above figures.		

Option 3 - Refurbishment Blocks 1, 2 & 3; Public Realm and Garages		
Retail:		£
Health / Pharmacy (m² @ £1500/m²)		-
Retail Refurb (shop fronts only 300m² @ £750m²)		225,000
Retail NB (523m² @ £1250/m²)		-
Residential:		
NB Houses (0m² @ £2100/m²)		-
Refurb Flats (975m² @ £1700/m² + £170,000 for stairs)		1,827,500
NB Flats (411m² @ £2000/m²)		-
Demolition/Externals		
Allowance (F&G)	****	448,000
Sub Total		**2,500,500**
Prelims (15%)/OHP (4%)		£ 490,098.00
Vat	*	500,100
Design Fees/Contingency	**	500,100
Compensation/Legal/consultant fees for retail	***	
TOTAL		**3,990,798**
* assumed at 20%		
** assumed at 20%		
*** assumed 0.5% for consultant; 0.5% for legal and £5k each compensation		
**** Surface works to car park, street lighting, street furniture.		
NB: Construction costs for a 2 bed house (81m²) = £170,100, with a sales value of £230,000, and a rental of £1100 p/month		
NB: Construction costs for a 2 Maisonette (82m²) = £17200, with a sales value of £210,000, and a rental of £1000 p/month		
NB: Refurbishment costs for Maisonettes (65m²), which include roof, kitchen, bathroom, heating, insulation, amenity space and stairwells = £110,500 with a sales value of £190,000, and rental of £850 p/month		

Option 4 -Partial Refurbishment Blocks 1 & 2 only; Limited Public Realm and Garages		
Retail:		£
Health / Pharmacy (m² @ £1500/m²)		-
Retail Refurb (shop fronts only 166m² @ £750m²)		124,500
Retail NB (523m² @ £1250/m²)		-
Residential:		
NB Houses (0m² @ £2100/m²)		-
Refurb Flats (975m² @ £1700/m² + £110,000 for stairs)		1,381,600
NB Flats (411m² @ £2000/m²)		-
Demolition/Externals		
Allowance (F&G)	****	448,000
Sub Total		**1,954,100**
Prelims (15%)/OHP (4%)		£ 383,003.60
Vat	*	390,820
Design Fees/Contingency	**	390,820
Compensation/Legal/consultant fees for retail	***	
TOTAL		**3,118,744**
* assumed at 20%		
** assumed at 20%		
*** assumed 0.5% for consultant; 0.5% for legal and £5k each compensation		
**** Surface works to car park, street lighting, street furniture.		
NB: Construction costs for a 2 bed house (81m²) = £170,100, with a sales value of £230,000, and a rental of £1100 p/month		
NB: Construction costs for a 2 Maisonette (82m²) = £17200, with a sales value of £210,000, and a rental of £1000 p/month		
NB: Refurbishment costs for Maisonettes (65m²), which include roof, kitchen, bathroom, heating, insulation, amenity space and stairwells = £110,500 with a sales value of £190,000, and rental of £850 p/month		

Option 5 - Full Redevelopment - New build with 1 anchor store, Health care centre and pharmacy		
Retail:		£
Health / Pharmacy (383m² @ £1500/m²)		-
Retail Refurb (196m² @ £1500/m² + shop fronts)		-
Retail NB (335m² @ £1250/m²)		812,500
Residential:		
NB Houses & Flats (404m² @ £2100/m²)		4,095,000
Refurb Flats (748m² @ £1700/m² + £110,000 for stairs)		
NB Flats (411m² @ £2000/m²)		-
Demolition/Externals		
Allowance (F&G)	****	1,043,000
Sub Total		**5,950,500**
Prelims (15%)/OHP (4%)		£ 1,187,858.00
Vat	*	-
Design Fees/Contingency	**	1,190,100
Compensation/Legal/consultant fees for retail	***	298,515.00
TOTAL		**8,626,973**
* assumed at 20%		
** assumed at 20%		
*** assumed 0.5% for consultant; 0.5% for legal and £5k each compensation		
**** enhanced demo costs, CCTV, Surface works to car park, street lighting, street furniture, Utilities connections and S38 works.		
NB: Construction costs for a 2 bed house (81m²) = £170,100, with a sales value of £230,000, and a rental of £1100 p/month		
NB: Construction costs for a 2 Maisonette (82m²) = £17200, with a sales value of £210,000, and a rental of £1000 p/month		
NB: Refurbishment costs for Maisonettes (65m²), which include roof, kitchen, bathroom, heating, insulation, amenity space and stairwells = £110,500 with a sales value of £190,000, and rental of £850 p/month		
Please note there is an addition cost to purchase the Healthcare Centre at 'current market value' which has not been allowed for in the above figures.		

Option 3A- Refurbishment Blocks 1, 2 & 3; Public Realm and light commercial with apartments above to the rear.		
Retail:		£
Health / Pharmacy (m^2 @ £1500/m^2)		-
Retail Refurb (shop fronts only 300m^2 @ £750m^2)		225,000
Retail NB (523m^2 @ £1250/m^2)		335,000
Residential:		
NB Houses (0m^2 @ £2100/m^2)		-
Refurb Flats (975m^2 @ £1700/m^2 + £170,000 for stairs)		1,827,500
NB Flats (411m^2 @ £2000/m^2)		560,000
Demolition/Externals		
Allowance (F&G)	****	448,000
Sub Total		**3,395,500**
Prelims (15%)/OHP (4%)		£ 665,518.00
Vat	*	500,100
Design Fees/Contingency	**	679,100
Compensation/Legal/consultant fees for retail	***	
TOTAL		**5,240,218**
* assumed at 20%		
** assumed at 20%		
*** assumed 0.5% for consultant; 0.5% for legal and £5k each compensation		
**** Surface works to car park, street lighting, street furniture.		
NB: Construction costs for a 2 bed house (81m^2) = £170,100, with a sales value of £230,000, and a rental of £1100 p/month		
NB: Construction costs for a 2 Maisonette (82m^2) = £17200, with a sales value of £210,000, and a rental of £1000 p/month		
NB: Refurbishment costs for Maisonettes (65m^2), which include roof, kitchen, bathroom, heating, insulation, amenity space and stairwells = £110,500 with a sales value of £190,000, and rental of £850 p/month		

Appendix 4

Option 1 or 2 - Proposed front elevation view of Prentice Place allowing for the demolition of Block 3, opening up of the front public realm with a through road to the rear. 4 new houses to the rear, new retail units/ or health care to the front with 5 new maisonettes above.

Appendix 4 –

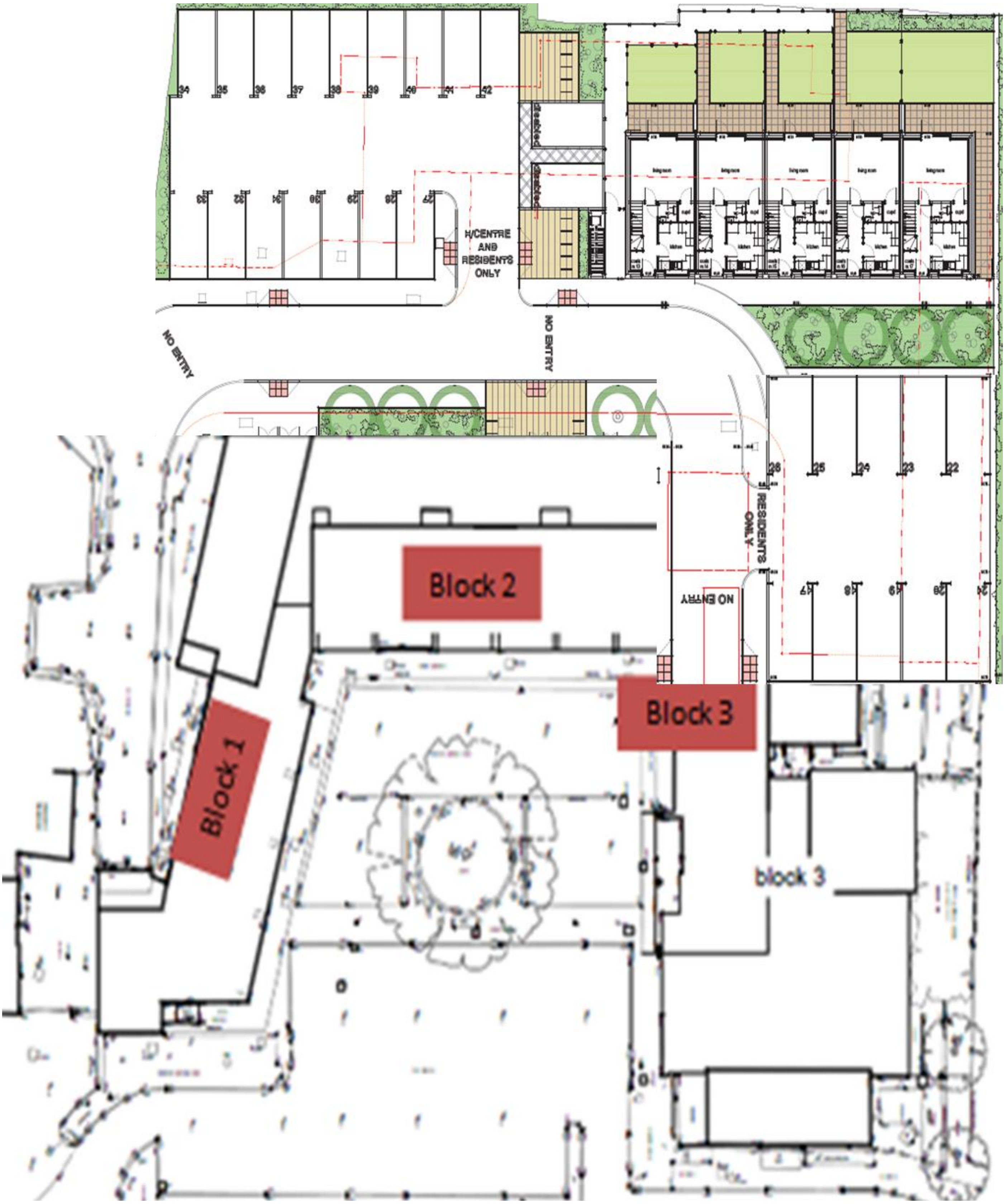
Option 1 or 2 Site Layout highlighting the through road and development to the rear.

Appendix 5

Option 3 - Proposed front elevation view of Prentice Place allowing for refurbishment of all 3 blocks. Introducing a pitched roof, parapet walls, new cladding, alterations to the car parking and creating a uniformed shop front.

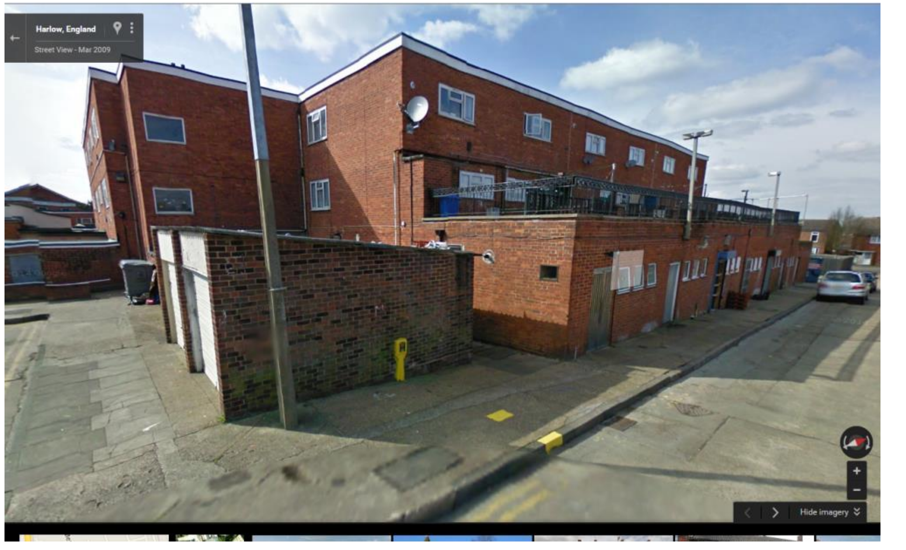
Appendix 6

Option 3 –Site Layout highlighting existing development with proposed 5 houses to the rear and additional car parking. This plan highlights there are numerous options – older persons flats; private flats; commercial units, additional retail units possibly a health care unit to the rear – all subject to planning

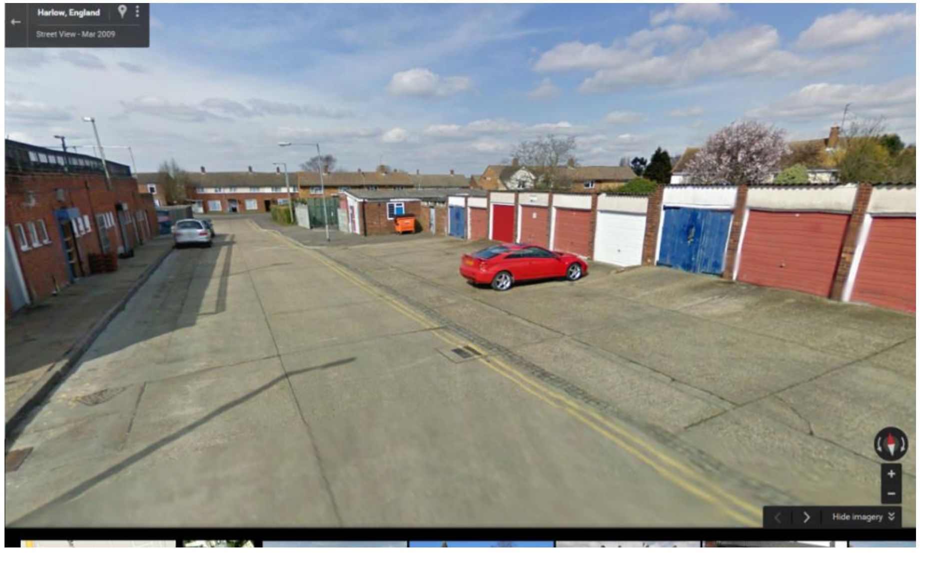


<u>Appendix 7</u> - Current roadside view of Prentice Place

Front, Potter Street view



Rear view of Prentice Place



Estimated Timeline

	Month 1-6	Month 7-12	Month 13 - 24	Month 24-36	Month 37-42	Month 43-60
Option 1 (3.5 Years)	Detailed design, consultation with residents and retailers, planning application, decanting of the Health Centre facility' terminating selected retail tenancies.					
		Tender works through OJEU				
			Start on site			
			Works in progress dependent on the Health Centre and retailers giving vacant possession			
Option 2 (3 Years)	Similar to Option 1 but not such a risk with terminating tenancy agreements.					
Option 3 (2 Years)	Detailed design, consultation with residents, Health Centre and retailers, planning application.					
	Tender works through OJEU					
		Start on site	Works in progress			
Option 4 (1.5 Years)	Similar to Option 3 but slightly reduced completion time					
Option 5 (5 Years)	Detailed design, consultation with residents and retailers, planning application, decanting of the Health Centre terminating selected retail tenancies.					
			Tender works through OJEU			
				Start on site		
				Works in progress dependent on the Health Centre and retailers giving possession vacant		
Option 3 A (3 Years)	Similar to Option 3 with slightly increase completion time to construct garages to the rear					