

ADDENDUM REPORT

Application Number:	AWDM/1906/22	Recommendation - To APPROVE subject to completion of a planning obligation
Site:	Development Site At Former Debenhams Store 14 To 20 South Street And Iceland Car Park, Marine Place, Worthing	
Proposal:	Redevelopment of the former Debenhams Building (including site over existing Iceland Car Park) to comprise a mixed use development including commercial floor space (Use Class E) at ground, part first and part second floor level, and 80 residential 1-2 bedroom flats from first floor to upper levels including the addition of two floors above Debenhams and Iceland sites with amenity spaces including sky lounge, home-working suite, storage lockers and bike store for residents.	
Applicant:	Craig Developments Ltd	Ward: Central
Agent:	ECE Planning Limited	
Case Officer:	James Appleton	

Additional Information on Viability

The applicant's agent has provided additional information in relation to the extra build cost involved with the second staircase and submit that,

'The changes to the scheme as you are aware included the introduction of a second stair, required for Fire Safety. The increase in built form resulting from the additional height of the north-east stair core has allowed the creation of an additional flat in this location, leading to an uplift from 80 to 81 units. The increase in flat area GIA is however only 59sqm.

The attached cost plan identifies the additional cost associated only with the additional stair, equating to approximately £145,000. On this basis, there is no cost benefit of the additional unit of accommodation.

Utilising a simple review of the new unit build costs and revenue generated, there would be no profit generated by these changes. In our view the new scheme produces an amended GDV value of circa £700k for the 2 x 1 bed flats created, as opposed to the previous value of £540k generated by Flat 80 in isolation. (a large 2 bed with terrace)

For this reason, we have not sought to update the overall project viability as the position presented previously has worsened in our view in relation to build costs, borrowing costs and sales values. Build costs are continuing to increase and even

since our last submissions in June 2023, the cost has inflated. We have always been clear also that the sales revenues are optimistic and in this regard, current advice indicates a stagnation and potential decline in property prices in 2023/24, which aligned with increasing build costs will worsen the financial situation further for the project. Borrowing costs as submitted in June 2023 will now be in excess of 7.5%, adding additional cost burden to the scheme.

Therefore, the current financial position for the amended scheme is no better than the previously presented information in June 2023. Therefore, the scheme can still only sustain a contribution of £150k and any further cost burden would render the scheme unviable due to the significant financial risks presented at this time. The applicants are however committed fully to building out the project and seeing the former Debenhams store restored visually to the wider benefit of the town, whilst providing much needed, high quality town centre accommodation.

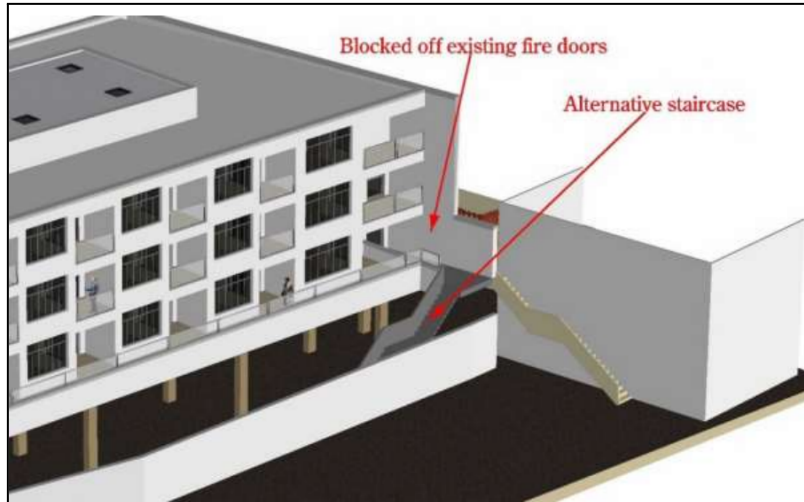
Furthermore, it must be noted, that any approval will secure a financial review mechanism on completion, that allows for the potential additional profit (in excess of the agreed 17.5%) to be apportioned to Affordable Housing or other infrastructure enhancements in the town'

Additional Representation

One additional representation has been received raising similar concerns to the Seaspray Residents Association. In particular the following points were made:

- i) the original Committee report included comments by the Private Sector Housing team which identified that the flats have '*an incredibly poor layout with bedrooms only accessed through high risk kitchen areas.....*
- ii) Rather than addressing the Committees Fire Safety concerns the applicant says that he will deal with the matter at the Building Control stage.
- iii) The further comments of the HSE do not address the Private Sector Housing Teams comments and are factually incorrect and relies on a staircase that is owned by Seaspray.
- iv) Seaspray owns the staircase and it is disputed that the applicant has any ownership rights over the external staircase. A copy of the Seaspray lease is attached to the objection letter and any access rights over the staircase would have to be negotiated with Seaspray residents.
- v) The residents maintain that there are viable alternatives which have been mentioned before which would not impinge on the ground floor car park. See illustrations below:

Planning website Submission 16 Jan 23



Planning website Submission 13 Aug 23



Planning Assessment

Your Officers have reviewed the additional viability evidence and accept that the financial position has not improved with the addition of one flat due to the corresponding reduction in overall floorspace and additional build costs. As the applicant's agent indicates even if there was a dramatic change in circumstances (ie reduction in build costs or sales values) the Council would still have the ability to clawback any additional profit over a normal commercial profit margin. Whilst, sometimes a profit share has been agreed, in this instance where no affordable housing is being provided it would be appropriate to require any additional profit to come to the Council towards additional off site affordable housing.

Recommendation

It is recommended that planning permission be GRANTED subject to the completion of a s106 agreement as set out in the main report.