

Regeneration; Queensway Stevenage

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Queensway Stevenage

	<p>Stevenage Borough Council, Facilitator and Tenant</p>
	<p>Aviva investors, Funder Aviva Investors is an asset management company and is part of the Aviva group. It has global assets under management of over £315 billion, including equities, fixed income, investment solutions, multi-asset, and property investments.</p>
	<p>Reef Group, Developer Reef are primarily a property developer specialising in mixed use urban regeneration throughout most sectors including retail, leisure, residential, student housing, office and hotel. The end value of Reef's portfolio is in excess of £3bn (either privately owned or under fund management).</p>

Agenda

1. Context
2. Regeneration
3. Site Identification
4. Before
5. After
6. Impact Assessment
7. Managing the Council's risk
8. Legal Structure

Stevenage - Context

Location



KING'S CROSS PLATFORMS



Stevenage - Regeneration

Regeneration plan

- Six regeneration areas over 15 years
- £1bn+ GDV
- New leisure and culture
- Public realm
- Office space
- Transport
- 3,600 new homes



Stevenage – Site Identification



BEFORE - Queensway Stevenage

- Limited evening economy
- As with other towns, real challenges with retail and void rate
- Ambitions to create a place to work, enjoy, eat and spend time
- Impact of loss of key department stores such as M&S
- Need to demonstrate pace and confidence



AFTER - Queensway Stevenage

The Scheme

- Reef Group (Developer) created a scheme proposal
 - **116 Residential Units**
 - **Refurbished Office Space**
 - **Re-based retail rents**
 - **Leisure space brought in.**
- Council enter into a long term agreement for lease on the residential and a lease on the office, retail and leisure.
- Fully funded by Aviva Investors.
- During development, Reef Group and Aviva Investors take on the development risk.
- At the end of the lease term, the asset reverts to the Council.
- During the operational phase, the council take on the demand risk, and benefit from a profit rent.
- Rent payable by the Council generates an on-going profit rent.



AFTER - Queensway Stevenage

Ground Floor Plan



AFTER - Queensway Stevenage

Queensway Facade improvements



AFTER - Queensway Stevenage

Proposed view - Queensway



AFTER - Queensway Stevenage

Proposed View - Queensway / The forum

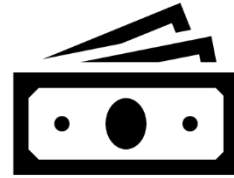


Queensway Stevenage

Impact assessment



116 New Homes



Generating long-term return
for the Council



New restaurant and gym space
alongside improved retail



10,000 sqft of newly
refurbished working space



200 new jobs during construction,
Engagement with local Job Centre



Circa 80 jobs created
post construction

Queensway Stevenage

Managing the Council's risk

- **Whole life assessment of income generated versus lease obligations**
 - using external consultants to verify assessments.
 - sensitivity analysis around uplifts, noting the Aviva Investors funding inflates at RPI.
- **Understanding the Council's development exposure** - structure discussions and legal due diligence used to understand and manage the construction risk. The highest risk development areas managed by the Developer with no Council exposure until practical completion.
- **Adequate expertise** - Council needed to understand the expertise required to manage the asset and run a private residential scheme.
- **Section 151 officer** – input into decision process; comparison of different funding methods.
- **Third Party Advice** – input and sign off for the Council from Cushman and Wakefield.
- **Aviva Investors** – our global investment committee (board), requires us to have assessed the affordability of the project for the Council, adding a layer of protection.

Queensway Stevenage

Legal documents and considerations

- **Structural consideration** – important that sub tenancies are at market value, specification input limited.
- **Freehold purchase** by Aviva from multiple sources (none owned by the Council).
- **Development Funding Agreement** – governs the relationship between Aviva and the Developer, Reef Group. Ensuring delivery of the residential units.
- **Construction contract** between Reef Group and chosen contractor (signed off by Aviva Investors)
- **Agreement for lease and lease** between the Council and Aviva Investors. Care given to repair obligations, particularly on the refurbished retail (safe and no worse than current state of repair).
- **Deed of covenant** between Council and Aviva governing step in arrangements should there be a problem during the construction phases.
- Council has an **Option** to purchase the freehold at lease expiry.