

Report to: Cabinet

Date of Meeting: 3rd April 2023

Report Title: Town Living Project

Report By: Victoria Conheady, Director of Place

Purpose of Report

To obtain approval to progress the first phase of the Town Living project.

Recommendation(s)

That Cabinet recommends that Full Council approves:

1. to progress Phase 1 of the Town Living project;
2. to establish a capital budget of £1,037,615 (to be funded via the Town Fund programme) for the Town Living project;
3. to delegate authority to the Managing Director to complete Phase 1 of the Town Living project, including any associated procurement; and
4. to source a property/properties for Phase 2 of the Town Living project.

Reasons for Recommendations

1. The Hastings Town Fund Programme has awarded the Town Living project £1,037,615. Phase 1 has been awarded £794,000 which is the estimated cost of completing this phase.
2. The project will provide a best practice example of how to renovate and retrofit a listed building, increase the supply of permanent affordable housing in the town centre, support reductions in carbon emissions and energy costs and provide training and employment opportunities in whole house retrofitting.
3. A Council owned Grade II listed property will be fully restored, energy efficient and converted to Affordable Rent housing.

Background

1. The Town Living project was one of the projects identified in the Hastings Town Investment Plan. The project was awarded £1million grant funding following confirmation that the Hastings Town Deal programme had been awarded £24.3m. This funding was allocated subject to the development and approval of a full business case on the basis that the project would retrofit and repurpose 12 homes in Hastings' town centre.
2. The town centre has an ageing housing stock with many homes being built pre-1919. This has contributed to a higher proportion of homes in the town centre being poorly insulated, suffering from excess cold and failing to meet the Decent Homes standard and the Minimum Energy Efficiency Standards (MEES). These factors are contributing to a higher prevalence of fuel poverty and poor health outcomes.
3. Retrofitting improves the quality and energy efficiency of homes which is vital to help the town meet its net zero commitments and tackle climate change in the local area.
4. The 'Hastings Town Deal programme update' report was taken to Cabinet on 1st November 2021. One of the recommendations approved was that up to 5% of the allocated funding for Town Fund projects could be used towards the early development of projects to assist them in obtaining professional advice and preparing clear design concepts and indicative costings.
5. The Town Living project used its 5% allocation to progress a proposal for the redevelopment of a Council owned, 5 storey, Grade II listed building in Wellington Square which would deliver 5 homes. This included procuring the completion of a RIBA Stage 1 Design Report and obtaining indicative development costs which could be used to inform a business case.

Business Case

6. The Town Living project's business case is based on the Treasury's Green Book guidance. It sets out a range of different options for restoring the Wellington Square property based on whether the existing building layout is retained or restored/reconfigured, the level of improvements made to the building fabric and the types of interventions used to reduce energy consumption,
7. The most efficient model which meets the project aims and evidences cost efficiencies is estimated to cost £794,000. This is based on restoring the building layout, repairing and upgrading the fabric of the building, introducing internal wall linings and adding roof insulation, internal secondary glazing and insulated floorboards. The building energy changes include heating controls, energy efficient lighting, air source heat pumps and PV solar panels. Proposals being subject to planning approval.

Hastings Town Fund Programme

8. Following the submission of the business case, the Town Living project was awarded grant funding of £1,037,615 from the Hastings Town Fund programme.

9. Phase 1 has been allocated £794,000 which is the estimated cost of completing this phase.
10. A further £243,615 has been allocated to support the acquisition of an additional building for Phase 2. An additional 7 units need to be identified and additional funding secured to deliver Phase 2 of the project and a further report will set out proposals for bringing this forward.

Current Use

11. The property has been owned by the Council for circa 3 years and is currently being used as temporary accommodation.
12. The building will continue to be used as temporary accommodation until works commence. At that time, the tenants will be supported to move into more permanent housing or alternative temporary accommodation.
13. The Council's Housing Management team will liaise closely with the tenants so that they understand the timescale involved in the work commencing and the moving process.

Redevelopment

14. There are significant works needed to the property which are particularly costly given it is a listed building. The Council doesn't have a budget to carry out these works and piecemeal repairs will continue to be a drain on Council resources.
15. The proposed redevelopment will ensure that the property will provide highly sustainable, energy efficient, affordable housing for local people. The redevelopment will provide a best practice example of how to renovate and retrofit listed buildings in Hastings and test how this can be supported by the planning process.
16. In collaboration with other Town Fund projects, the redevelopment will provide employment and training opportunities in whole house retrofitting.
17. Once redeveloped, the property will provide five flats which will be let on Affordable Rent and provide much needed new homes for local residents.
18. Discussions on the details pertaining to the letting and management of properties are being progressed between the Council's Housing and Legal Teams.

Procurement

19. Following Cabinet approval to progress Phase 1, a procurement exercise will be undertaken with the East Sussex Procurement Hub to procure an Architect led Multidisciplinary Team. They will be employed initially to take the project through to planning and then to tender for the construction phase. If the successful tender is within budget the appointed Team will then manage the project through construction and to completion.
20. The procurement of the works will be subject to a separate tender process.

Economic/Financial Implications

21. As above, the project has been allocated £794,000 for Phase 1, which is based on the RIBA Stage 1 Design Report completed in May 2022. In light of the current economic volatility, which has seen increases in interest rates and construction costs, this is very much an indicative cost and will need to be tested through the contractor procurement process.
22. Should the project not be deliverable on budget, various options could be considered including amending the scope of works so that it remains within budget, seeking alternative gap funding, requesting additional funding from the Town Deal or ceasing to progress with the project. Any amendments would however be subject to approval from the Town Deal Board.
23. There will be a financial cost to the Council whilst the property is under development due to the property being vacant and the associated loss of revenue from rental income together with holding costs. However, it is likely that there would be a sustained revenue loss in the future without some degree of works as the property will not be suitable to let.
24. If the Council does not take this opportunity to refurbish and repurpose the property, the costs of repairing and maintaining the property will become a significant burden to the Council.
25. Once the property is refurbished, it will produce revenue income for the Council which will be based on rental income less property costs such as management and maintenance.

Risk Management

26. In addition to the financial risks, there are a number of planning and listed building related risks, including not being able to progress all of the energy efficiency or design proposals due to the property's listed building status. All planning related risks will be mitigated where possible through a pre-application process.
27. Any modifications required to the original proposal will be discussed and agreed with the Town Living Board.

Environmental Issues

28. The project gives us an opportunity to provide a best practice example for how listed properties can be retrofitted to improve sustainability and energy efficiency and supports the Council's carbon reduction ambitions.

Equalities and Community Cohesiveness

29. The project will support the development of a diverse and sustainable community in the town centre.
30. The Council has adopted the East Sussex Temporary Accommodation Policy which sets out the Council's approach to placing homeless households in emergency and temporary accommodation. The policy requires temporary

accommodation offers to take account of the Public Sector Equality Duty and describes how we will meet our obligations under the Equalities Act 2010.

Local People's Views

31. Consultation will be carried out as part of the planning process.

Anti-Poverty

32. This proposal supports objectives set out in the Council's Corporate Plan including recognising and meeting people's needs and tackling homelessness, poverty and ensuring quality housing.

Timetable of Next Steps

Action	Key milestone	Due date (provisional)	Responsible
Tender exercise for Architect led Multidisciplinary Team	Procurement of consultant	TBA	Housing Development Manager/ESPH
Progress RIBA Stage 1-4	Consultant appointed Planning & Listed Building Consent obtained	TBA	Housing Development Manager
Tender for construction	Procurement of contractor	TBA	Housing Development Manager/ESPH
Progress works to completion	Contractor appointed	TBA	Housing Development Manager/Contractor

Wards Affected

Castle

Implications

Relevant project tools applied? Yes

Have you checked this report for plain English and readability? Yes

Climate change implications considered. Yes

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness Y

Crime and Fear of Crime (Section 17) N

Risk Management Y

Environmental Issues Y

Economic/Financial Implications Y

Human Rights Act N

Organisational Consequences N

Local People's Views Y

Anti-Poverty Y

Additional Information

Officer to Contact

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