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Via email only.

12th September 2022

Dear Mr Isherwood MS,

Town Centre Regeneration

We very much welcome the opportunity to contribute to the Inquiry into town centre regeneration in Wales.

We recognise the important role which town and city centres play within our communities and the scale and pace of change by which virtually all of them are being affected.

Our response is based on our extensive experience of town and city regeneration projects which include:-

- Vibrant & Viable Places (VVP) – Pobl delivered over 160 new homes under this programme
- Pillgwenlly Partnership
- Penderi Energy Project
- City & County of Swansea Strategic Sites
- Social Housing Grant funded regeneration projects

The Audit provides an excellent summary of the current situation and how we have arrived at this point and the challenges which affect the delivery of regeneration projects. We will briefly comment on a number of these later in our response.

It feels important to start with some views on what we consider to be the role of towns and cities within our communities.

The audit includes lots of useful information and Exhibit 6 is of particular interest in demonstrating some of the diversity of uses which already exist.



The audit reflects on sentiment from some quarters that there will be quite a significant return to pre-pandemic uses in some locations. We believe that this is very unlikely and that the reduction in retail will continue, and this is something which needs to be accepted and embraced to allow local authorities to embark on a meaningful vision of the future use with local stakeholders. As a significant owner of office space we also see how this use has been hugely impacted by the pandemic. We are keen to hold onto a proportion of our office space as we increasingly seek to promote and encourage the business and wellbeing benefits of collaboration in a physical space. However, we know from robust survey data from our colleagues that there has been a dramatic change which will not reverse to the pre-pandemic approach.

Even though the Audit was only issued in September 2021, circumstances have changed dramatically in the intervening period with the serious impact the massive hikes in energy prices will have on so many of the businesses in our towns and cities and beyond.

Exhibit 6 may surprise many in terms of the extent and proportion of residential use which already exists in so many town centres.

As a housing provider we see the opportunities which the expansion of this use can provide, if approached in the right manner.

Before looking at the expansion of the residential offer in more detail we would also comment on the relatively small proportions of community and leisure uses in the table. We would support and encourage growth in both of these areas. We agree with the policy driver of town-centre first in terms of 'non-digital' public services.

We also feel strongly that the leisure offer should be expanded and a key element here is the quantum and quality of the public realm and particularly green infrastructure and pedestrian and cycling linkages. This activity should focus on maximising the specific characteristics which make many of our towns and cities unique. Examples such as Swansea's desire to reconnect the city centre with the coast. The greening of the Kingsway in Swansea is another good example. On a much smaller scale we were also actively engaged with WG and Caerphilly CBC in regeneration activity in Bargoed which saw buildings demolished to improve legibility to parking and other facilities.

Increasing the residential offer:-

- Current pressures - homelessness, Ukraine – speed of response offered by repurposing existing assets.



- Challenge is avoiding a situation where we have an over-concentration of 'people in need' in our towns and cities (Swansea's city centre living allocation policy is a good example in seeking to provide a balance by giving a degree of priority to people working in the city who are unable to afford market rents}.
- The Swansea example also assists with the need to encourage more economically active people to live in our towns and cities.
- Creating more opportunities for families to live in town and city centres.
- Supported living opportunities which promote independence.
- Owner options feel challenging on conversions with complications for leaseholders. Newbuild helps with these options and particularly the use of a robust shared ownership offer which provides protection in terms of overall affordability by controlling service charges. Pobl's shared ownership offer has helped numerous people onto the property ladder, people rightsizing or starting over after a relationship breakdown.
- Major benefit in sustainability terms of re-utilising existing resources but combined with the technical challenge and cost of achieving near net-zero.
- Consider incentives such as 'minimum heat guarantee' as planned in Pillgwenlly. The principle of 'minimum heat guarantee' proposes to include the cost of heating the home to 18°C from 6am to 10pm as part of the rent, and to 16°C overnight from 10pm to 6am. The cost of the energy to achieve this would be met by the landlord, health and/or by wider government but from a residents' perspective the basic level of heating is inclusive within the cost of their housing. The resident then pays for any optional uplifts from that minimum level of heating to whatever levels they wish to heat their home to. This division of "basic heat" from optional uplifts is possible due to more sophisticated metering within the home. This possible though installation of Intelligent Energy System (IES). If applied to city centre residential quarters could this model of affordable city centre living be persuasive for those considering a change in lifestyle or living experience. Notwithstanding the obvious benefit to health, education, and property.
- The flexible and pragmatic approach to standards which WG have set out for consultation under the Transitional Accommodation Capital Programme (TACP) provides a practical way forward.
- There are also new approaches emerging under TACP which will benefit the regeneration process – these include an acceptance that some funding will facilitate a shorter-term use but with a recognition of further financial support for re-purposing further down the line and/or assistance with risk management on other options if for example disposal is considered the best



- solution. The latter point could be because of the dynamic way in which use and demand will continue to evolve in our towns and cities.
- TACP also appears to recognise the importance of revenue funding associated with some of the interim uses where greater support will be required for residents.
 - The audit recognises that lack of evaluation of previous regeneration activity. Pobl can help in this regard by surveying the numerous residents we have helped to live in our towns and cities plus working with stakeholders to gather wider impact data.

We have appended a small number of cases studies to our response and the following help to demonstrate the impact of increasing the residential offer in towns and cities:-

- Central View, Newport
- Orchard House, Swansea
- Biophilic Living, Swansea

During our extensive work on the above projects we encountered first hand many of the practical challenges highlighted in the audit and we would comment in further detail on the following:-

Programme periods & processes

While the VVP funding was impactful, the short time periods caused particular difficulties with regard to property acquisitions. Vendors were aware of the time periods and too often felt emboldened to hold out for unrealistic values. Their view on values were often not just a commercial position, there were many factors at play. For some they would have paid a price which was higher than achievable in what the current market was at that time, as demand had changed. There was also ineffective use of the levers which could 'encourage' owners to be realistic on price. The audit draws out the lack of enforcement activity in respect of property condition.

In conjunction with a stronger approach to enforcement there does need to be greater clarity on the financial assistance available to help owners consider their options.

We would also encourage the introduction of a property acquisition fund for Registered Social Landlords along the lines of the very successful Welsh Government Land for Housing scheme.

There will have been learning from the VVP Programme in terms of processes and in particular the rigidity of the budget allocation process. Costs were often put together in short time periods with limited information. The process really struggled to adapt as



projects evolved and costs changed. VFM is essential and that this a big driver in the above approach to property acquisition to allow the money to be spent on the conversion and not overpaying for the property. Also, in the current market we are seeing a volatility in construction prices which would have been extremely difficult to deal with under the processes employed for VVP.

Conversion costs are going to be a major factor, not just due to the market but also increasing requirements in respect of aspects such as fire compartmentation and the Renting Homes Act and the Fitness For Human Habitation legislation.

Resources

This is definitely an issue for local authorities although we have seen really positive examples of joint working across departments to deliver major improvements.

At a practical level there are lots of areas which can be improved, the role of conservation officers is a good example. We absolutely support the preservation of the important heritage within our towns and cities but the processes we too often experienced during VVP were far too long with a lack of pragmatism or responsiveness to programme pressures.

Increased awareness of enforcement powers and in particular the potential use or ability to use CPO is welcomed.

Comments on the topics set out in the Inquiry letter

National Policy and legislation that is critical to the regeneration of towns to enable them to thrive and survive

The key here is ensuring that the policy agendas are joined up and working towards a 'Placemaking' agenda. For example, if creating more housing in our town and city centres is part of the national plan then we need to ensure that the infrastructure is available to support that. This would include easy access to primary health care, transport links to schools, leisure offers and some retail. This is identified clearly in the Welsh Governments 'Town Centre First' plan, which now needs to be acted on in terms of incentivising local decision making.

There is a need for longer term planning around the regeneration priorities by local authorities in a similar way to the requirements around creating a LDP for new housing supply. The plan needs to be specific to enable the targeting and prioritisation of private and public funding.



Creating and sustaining local coalitions of change

Our experience from two very large regeneration projects, Penderi and in Pillgwenlly, emphasises the importance of developing strong stakeholder relationships with shared, clear vision for the change that will work for that community/area. Stakeholders working proactively together with a 'shared endeavour' mindset with a willingness and determination to invest time, money and resources in making change happen.

Both projects have a Project Board made up of stakeholders from health, public health, police, housing and other agencies. Importantly, both Boards have representation from senior officers and members of the local authorities to ensure the commitment and leadership from the top. The purpose of the Board is to support the development and execution of the vision in partnership with the local community.

Developing the clarity around the vision is critical. A master-planning approach has been taken in both of these examples involving high levels of community consultation and input. The Penderi master plan has been appended for information. The master plan sets the overall vision and direction of travel from which the specific projects and investment proposals can be developed.

Taking a regeneration approach which merely focusses on 'problem buildings' does not deliver a coherent and sustainable regeneration proposition. There has to be a clear strategic plan to regenerate an area, high street or zone.

Non-domestic rates, town centre incentives and taxes

The use of fiscal measure to incentivise private sector investment is something we would very much support. Incentives which enable business owners to locate and remain sustainable in our high streets such as reductions in non-domestic rates, affordable energy guarantees, tax breaks to encourage investment in housing for letting by companies and individuals have proven highly effective in the past.

The availability, management and impact of Welsh and UK Government funding for town centre regeneration

Pobl's town and city regeneration activity has been undertaken using VVP and Social Housing Grant. Although some of the VVP processes could have been more streamlined, we believe that it did have a major impact. It allowed us to progress complex, challenging projects which would not have been possible using SHG at that time. The SHG programme is constantly evolving and there are some very



experienced members of the WG team who are now very well placed to manage an expansion of regeneration activity. Of course, this would require additional resources and support due to the size of the SHG programme and the extent of the housing need and decarbonisation agendas it is seeking to address. The WG SHG team are also well versed in working with local authorities to identify strategic priorities.

The future of regeneration funding also needs to build upon the progress which WG are making in more effective integration of housing, health and care funding and the recognition of the vital importance of revenue support in addition to the capital funding of projects.

Funding for adequate resources within local authorities to progress the required regeneration activities will also need to be addressed.

Clarity over the quantum of funding to be ringfenced for regeneration over longer periods will support longer terms thinking.

As stated earlier we would also encourage the use of a version of WG's Land for Housing approach, which will support more timely acquisition of properties and land.

City Deals and Regional Partnerships, and Corporate Joint Committees

The success and prosperity of our towns and cities has to be a priority for the CJC's. This plays back to the need to ensure that policy and investment decisions are joined up and benefit local areas in a tangible way.

Some of the strategic shifts and asks that will facilitate progress:

- **Each local authority should have a 10-year plan, created in partnership, which identifies the regeneration priorities and plans for the authority. Acknowledging not everything can be tackled at once. Some authorities already have this kind of approach e.g. Swansea.**
- **WG to create the expertise to support LAs with their Local Regeneration Plans and the funding options, both public and private. Plus, the specific skills and expertise necessary to follow through with executing the vision. This is set out very clearly in the Audit Report along with the support which may be needed to exercise the enforcement powers which already exist.**



- **The Audit Report provides a comprehensive articulation of the challenges, the opportunities and critical role of LAs with a 4 'I's' approach (Intent, Involve, Inform, Intervene).**

Please let us know if you require any further details on any of the points we have covered in our response.

We wish you well with the inquiry and look forward to receiving further information in due course.

Kind regards

Neil Barber
Executive Director Property & Investment

Appendices

Case studies

- Central View, Newport (Appendix 1)
- Orchard House, Swansea (Appendix 2)
- Biophilic Living, Swansea (Appendix 3)

Master planning example

- Penderi Energy Project (Appendix 4)

Appendix 1

Case Study

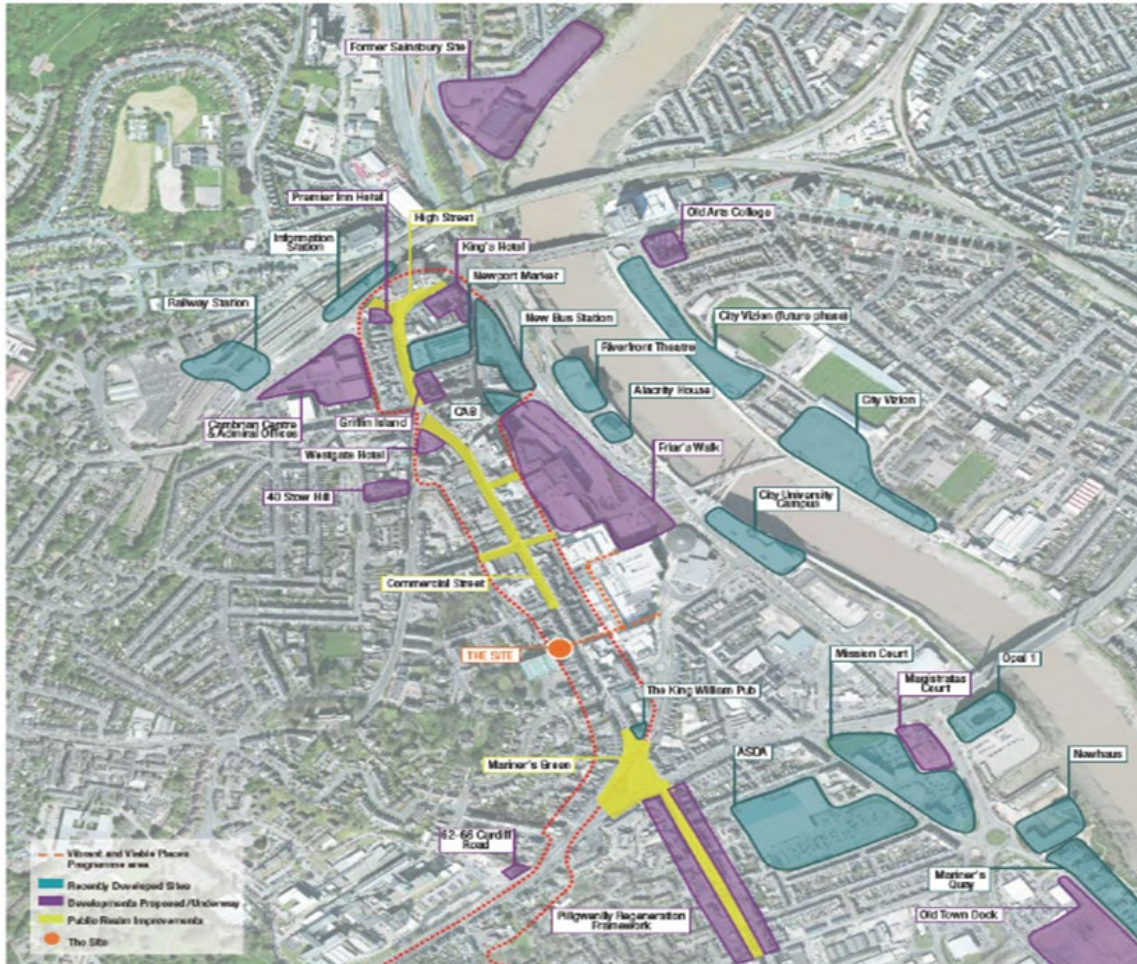
Central View, Newport



The Scheme

Central View is a newbuild development comprising 38 apartments for older persons in the centre of Newport developed via WG's Vibrant and Viable Places funding programme.

Site History



The lower end of Commercial Street in Newport is in great need of regeneration and links the current Friars Walk development with the High Street. Newport City centre has undergone considerable transformation and regeneration in recent years and Pobl's proposals for the development of 123-129 were integral to the planned work at the lower end of Commercial Street.

This area of Newport City centre was blighted with anti-social behaviour and drug users activity was very high.



The Vision

The redevelopment of 123-129 Commercial Street was one of the largest and most complex schemes within WG's Vibrant & Viable Places Regeneration Programme. As NCC and Pobl started on the journey to assemble this transformational development there was an acknowledgement that multiple funding streams would be required in the form of VVP and SHG. VVP alone has had a huge impact on Newport City Centre and 123-129 is seen as the most important of all the schemes which have been developed via this funding stream.

Pobl underwent a complicated land assembly of the derelict properties through various avenues, including purchases from private owners through negotiation, auction and a compulsory purchase order which eventually resulted in a negotiated settlement. Pobl realised that there was a real desire for many older people to live in a quality, affordable safe environment close to all the facilities which are now on offer in the heart of Newport.

The development is an iconic statement in the heart of Newport providing a mix of 38 one and two bedroom homes. Newport City Council and Pobl were absolutely convinced of the demand for these homes and the transformational impact this development would have on what until recently had been a neglected area of the City. Pobl's commitment to creating a flagship, landmark building was clearly a major driver regarding the selection of materials, which are of a high quality. The initial capital investment in the external materials were not just aesthetic but they also respond to the whole life cycle costs associated with building.



The development also ties in with the proposed demolition of 68 – 72 Commercial Street, which sits directly opposite and sees the creation of public open space at Emlyn Walk. The roof top garden spaces and green areas that have been incorporated into our scheme and developed by a landscape architect have been designed to dovetail with the proposed public space opposite. Unfortunately, the Emlyn Walk development has still not started demonstrating the need for a comprehensive masterplan for run down areas requiring comprehensive regeneration.

Emlyn Walk – Existing



Emlyn Walk – Proposed



The development also includes:-

- Permeable screen to the front elevation, keeps the continuity of the streetscape
- Roof top gardens, internal and external community spaces
- Internal courtyard
- New entrance to Park Square car park
- Small commercial unit to the ground floor
- 19 Parking spaces
- Bike and scooter storage with charging points
- Wheelchair compliant homes
- Communal areas
- Guest suite
- Lift access
- Photovoltaic panels
- Sprinklers



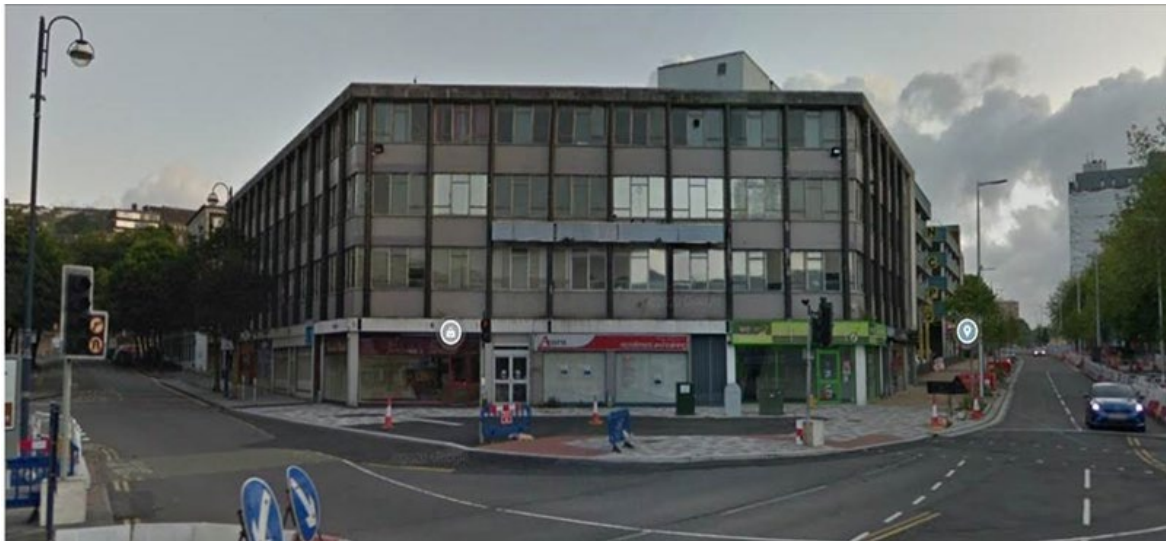
Appendix 2

Case Study

Orchard House, Swansea

Orchard House occupies a key location in Swansea City Centre at the eastern end of the Kingsway which has been the focus for considerable investment by Swansea Council as part of the wider regeneration programme in the City Centre. Pobl purchased the building which was in a neglected condition and housed vacant office space on the upper floors and partially occupied retail units to the ground floor.

Pobl converted and refurbished the upper two floors of the existing building into new residential homes, together with building two additional floors of newbuild residential above. The refurbished building provides 52 affordable one and two bed apartments over the four floors. All homes are now all let at social rent, helping to meet the housing demands of the city. Importantly, the Council utilises a city centre living allocation policy which provide a balance of tenants by giving a degree of priority to people working in the city who struggle to afford market rents. The contract included the refurbishment of the externals of the ground and first floors. These floors have now also been refurbished internally by the head leaseholder. The project cost was £8m and was supported by Welsh Government and Swansea Council.





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Appendix 3

Case Study

Biophilic Living Development, Swansea

The Biophilic Living development is a mixed-use scheme which is being developed by Hacer Developments. The project combines retail, commercial and residential space within the context of an Innovative Housing Programme funded scheme which introduces the concept of Biophilic Living to city centre housing. Pobl will be taking the residential element of the build which will comprise of 50 one, two and three bedroom apartments.

What is Biophilic Living?

Biophilic living means re-thinking how humans living in an urban environment can keep and improve their relationship with nature. The scheme explores ways of enabling the connection to happen by incorporating nature in space, creating natural analogues, and considering the nature of the spaces provided.

The project is designed following the principles of Biophilic Design aiming to restore people's connection to the natural world, improving environmental, human and economic health.

For the development, this means the incorporation of green spaces to a mixed use development in the centre of Swansea. The residents of Pobl's apartments will have full access to these spaces and the opportunity to become part of the Community Interest Company (CIC) that will be set up to manage them.

Tenure and mix of apartments

Pobl will be taking the residential element of the build which will comprise of 50 apartments.

- 34 x 1 bed apartments
- 12 x 2 bed apartments
- 2 x 2 bed Duplex apartments
- 2 x 3 bed Duplex apartments



All apartments are very generously sized and have private amenity space, the mix of one, two and three bed homes will make the development an attractive and exciting option for individuals, couples and families.

Financial Information

The cost to Pobl for these 50 homes is £7,229,886.09 and all residents will also benefit from the £4.65M in IHP grant which will fund the elements of biophilic design including a vertical green farm serviced by a soilless aquaponics system, roof top gardens and amenity space, planters for each residential balcony. The funding also covers the costs of the innovative technologies, which are used to store and reuse natural resources where possible, such as a PV system on the roof, heat pumps and battery storage to reduce the running cost for the building users.

Build and Programme

Demolition work started on site in January 2022, piling and foundations are now complete and work to the concrete frame will commence shortly. Project completion is programmed for Spring 2024.





Appendix 4

Penderi Energy

Supported by £3.5m EU funds from the European Regional Development Fund (ERDF) Pobl and Sero Energy are working together to deliver a renewable energy retrofit project. The ambition of the project is to go beyond technology installation and create a sustainable energy community that shares in the generation to enable lower bills for all.

The project supports innovation, from a transition to low carbon economy, through the integration of battery technology harnessing Solar PV generated power from within the community. With the addition of aggregated grid service capability, the scheme will meet the requirements for Smart specialisation. The investment priority for the production and distribution of renewable energy is the core feature through the Solar PV generation.

Market failure to deliver community based effective generation and storage stems from the prohibited cost of battery storage and until now the absence of aggregated grid services. Working with Sero Energy, who through their energy management capability, will enable the project to become a virtual power station. It is this aspect of the project that is truly innovative and offers the most benefit to residents and the community.

The operation will contribute to the increase in community energy schemes in Wales by retrofitting 644 homes with solar PV and battery storage technology and in doing so will:

- Reduce energy consumption and thus CO2
- Create an aggregated network in the community that will provide equal benefit to the residents irrespective of orientation
- Reduce fuel poverty of households in one of the most deprived wards in Swansea in providing a low fixed monthly electricity bill
- Provide discrete monitoring service for vulnerable residents through energy use patterns
- Provide targeted training and employment opportunities for the community throughout life of the project
- Provide a community benefit fund that shares a proportion of the revenues from demand side response with the community
- Provide opportunity to enhance and strengthen the supply chain in the sector



- Anticipated to be able to demonstrate a degree of scale (e.g. greater than micro-generation and of benefit to entire communities, regions, or urban areas)

Within the wider regeneration ambition for Penderi there is a desire to embed energy efficiency as its unique selling point. Energy efficiency is also central to the wider ambition of **Penderi Regeneration** in which Pobl and Swansea Council are working in collaboration for this reason the operation directly seeks to demonstrate scale that goes beyond one community.

The proposal will support the creation of a scheme from which the community will benefit. It is envisaged that the development and implementation of a low Carbon strategy will be brought about as a result of the operation.

Table 1 – Result indicator and output indicators

	Outcomes	Indicator	Target	Cross Cutting Themes		
				Equal Opportunities	Sustainable Development	Tackling Poverty
1	Number of enterprises receiving non-financial support*	(No.)	8	X		
2	Number of enterprises supported to introduce new to the firm products*	(No.)	5			
3	Number of pilot projects completed	(No.)	1	X	X	X
4	Community energy schemes	(No.)	1	X	X	X
5	Number of homes fitted with PV systems	(No.)	437	X	X	X



6	Number of homes with installed battery systems, individual or communal	(No.)	644	X	X	X
7	Number of homes with Smart Meters, new thermostats and smart heating controls	(No.)	644	X	X	X
8	Reduction in imported energy (metered)	%	50		X	
9	Total installed PV Capacity	MW	1.4		X	
10	Total MWh of electricity generated (annual)	MWh	1,100		X	
11	Total proportion of generated electricity used on site (annual)	%	60		X	
12	CO ₂ saved per annum	T	350		X	
13	Number of properties sharing generation as an embedded benefit within the community	(No.)	644	X	X	X
14	Tenant satisfaction (Construction Phase)	%	90		X	X
15	Tenants satisfaction (Operational Phase)	%	90	X	X	X



16	IRR requirements for equity investors (match funder)	%	10			
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Working with our successful contractor Everwarm, 140 homes have received and are benefitting from technology installed to date, see <https://www.itv.com/news/wales/2022-08-26/the-community-going-off-grid-to-save-money-as-energy-bills-spiral>