

URN:

Subject: Housing Green Deal Update

Report to: ELT

4 May 2022

Housing and Neighbourhoods Committee

19 May 2022

Report by: Nicola Turner, Housing Director

SUBJECT MATTER/RECOMMENDATIONS

This report provides information on the Council's work to establish and agree with Homes England a Treasury Green Book compliant Housing Deal in order to support its interventions in the Great Yarmouth housing market to address market failure and issues of poor-quality housing.

Recommendations:

That Housing and Neighbourhoods Committee:

- 1. Note the report**

1. Introduction

- 1.1** This report provides information on the Council's work to develop a Treasury compliant Green Book Housing Deal in order to attract grant funding to support its interventions in the Great Yarmouth housing market addressing market failure and issues of poor-quality housing. This work reflects the differences in the Great Yarmouth housing market to other parts of the borough and the condition of housing stock across the town. Overall, the housing deal aims to ensure that Great Yarmouth has the right types of quality housing to meet housing needs and support the economic prosperity of the town and its residents whilst also improving the built environment and the attractiveness of the town. The Council's interventions will support

increases in land values and house prices making development of sites and particularly brownfield sites, more viable, increasing overall housing delivery in the town.

2. Great Yarmouth Housing Deal

2.1 Members previously received a report in 2018 setting out the Council's intention to develop a Treasury Green Book compliant bid to Homes England for funding to address a number of areas of market failure. A Treasury Green Book compliant bid requires five business cases to be completed:

- Strategic Case
- Economic Case
- Financial Case
- Commercial Case
- Management Case

Work continued throughout 2019 and 2020 to undertake the required financial appraisals of a number of interventions (see 2.2 below) with work on the Strategic Case, Economic Case and Financial Case completed in January 2021. In August 2021 an update document was completed which provided a commentary on market and other changes since the original financial work for these business case had been completed. These documents are combined in the document attached at Appendix 1.

2.2 The work completed presents a compelling and evidenced business case for Homes England grant funding to support the Council to intervene and improve housing conditions across Great Yarmouth across the following workstreams:

- Purchase and repair/conversion of redundant or vacant guest houses into new homes
- Redevelopment of The Conge creating new homes
- Redevelopment of Beach Coach Station to create new homes
- Acquisition of empty homes bringing them back into use
- Repurposing empty retail units
- Regeneration of the Middlegate Estate.

2.3 The business cases completed evidences a clear strategic need for the Council to intervene directly in the housing market as they demonstrate market failure. The document identifies the need for funding of at least £40m to deliver the full scale of interventions required. It should be noted that building costs have increased since 2021 and whilst there have also been some increases in sales values across Great Yarmouth, the identified funding gap will only have increased.

3. Current Position

3.1 As there is currently no appropriate Homes England funding available to provide for a Housing Deal which would, subject to approval, provide funding across all six interventions, it has not been possible to complete the commercial and management cases. The work done to date,

however, provides an evidenced and strategic case for funding which can and is being used to support bids for other funding.

3.2 Whilst there is currently no Housing Deal, the Council has continued to take action to deliver, as far as possible, the interventions set out at 2.2 by bidding for suitable funding. For example, successful bids to the Future High Streets Fund and the Town Deal have resulted in funding to:

- Meet facilitation costs associated with the redevelopment of the south side of The Conge
- Convert empty space above shops into new homes
- Support land assembly at North Quay.

This funding, whilst welcomed, does not address the full viability issues of the Conge or North Quay or provide funding of the scale required to address vacant space above shops. There remains a need for more funding.

3.2 To support the Council's ability to intervene in the housing market and especially to bring forward stalled brownfield sites in Great Yarmouth, in July 2020, Policy and Resources approved the procurement of a master developer to be the Council's Strategic Partner and for The Conge to be the first site developed by the Strategic Partner. The procurement of the Strategic Partner remains ongoing and is expected to conclude in June 2022. This enabling piece of work, will subject to resolution of remaining funding issues allow the site to be developed quickly, reflecting its importance in delivering a place making scheme which will support the redevelopment of North Quay by providing an attractive link between North Quay and the marketplace.

3.4 The Government has released the UK Shared Prosperity Fund which is an integral part of the Levelling Up White Paper published earlier this year. The Council has an opportunity to submit bids through Levelling Up Fund Round 2 for funding which address the strategic priorities of the fund. The Council is developing its proposals to bid for funding which will include The Conge – regenerating this area with new high-quality homes as well as North Quay. Final bids must be submitted by noon on 6 July 2022. The work on the Green Deal completed to date will support the business case for funding.

3.5 Whilst the business cases provide information on the gap funding required to redevelop the Middlegate estate this reflects initial modelling work which is now being reviewed. Currently, the Council is working with ARK who have updated the master plan and are undertaking a viability appraisal of the new masterplan to understand the costs and affordability of regenerating the estate to building regulation standards as well as a Net Zero Carbon scheme. Once this work is complete the Council will be able to update the financial case to reflect current costs.

4. Financial Implications

4.1 The work completed so far identifies a need for gap funding of at least £40m reflecting the level of grant funding required to deliver the identified scale of interventions across the six priority areas. This is in addition to the borrowing the Council will incur. Individual business cases and approvals will be required to approve any expenditure in relation to the individual interventions and projects.

- 4.2 Norfolk County Council provided revenue funding to support the work completed to date on the first three business cases. Once appropriate funding from Homes England has been identified there will be an additional cost to complete the final two business cases, should this be required or to produce the required funding specific business cases to access such funding. The cost of this additional work will need to be met from existing revenue budgets/reserves.

5. Risk Implications

- 5.1 There are no risk implications associated with this report. In progressing each of the interventions, risks will be fully considered and addressed as part of further approvals required or delivery programmes.

6. Legal Implications

- 6.1 There are no legal implications associated with this report. In progressing each of the interventions, the legal implications will be considered and the Council will use its powers to undertake the direct interventions identified in this report.

7. Background Papers

A Housing Deal for Great Yarmouth – Housing and Neighbourhoods Committee 26 July 2018

Procurement of Strategic Development Partner – Policy & Resources Committee 28 July 2020

Areas of consideration: e.g. does this report raise any of the following issues and if so how have these been considered/mitigated against?

Area for consideration	Comment
Monitoring Officer Consultation:	Via ELT
Section 151 Officer Consultation:	Via ELT
Existing Council Policies:	Acquisitions and Disposal Policy Corporate Plan Housing Strategy
Financial Implications (including VAT and tax):	Discussed in report
Legal Implications (including human rights):	Discussed in report
Risk Implications:	Discussed in report
Equality Issues/EQIA assessment:	Not applicable
Crime & Disorder:	Not applicable
Every Child Matters:	Not applicable



**GREAT
YARMOUTH**
BOROUGH COUNCIL



**AFTER
INTERVENTION**

**BEFORE
INTERVENTION**

GREAT YARMOUTH

HOUSING DEAL

2021

GREAT YARMOUTH HOUSING DEAL

DATE	April 2021
SUBJECT	Great Yarmouth Housing Deal Position Paper

Introduction

Great Yarmouth Borough Council (GYBC) recognises the critical importance of the local housing market to the socio-economic well-being of Great Yarmouth and its residents. Currently, the area is experiencing a decline in its housing market, coupled with a low appetite for investment in delivering quality homes particularly in the urban areas. The borough performs well below the national average in employment and education attainment, has some of the highest levels of deprivation in England. Local residents are not accessing the existing high value jobs in the area and conversely highly paid employees in the borough do not live in the borough.

To address the housing market challenges and realise the benefits of the opportunities for Great Yarmouth, GYBC has developed the Great Yarmouth Housing Deal. This sets out a range of housing interventions across six 'opportunities' that will stimulate growth in the housing market. Given the need for government funding to realise GYBC's housing growth ambitions, an Initial Business Case, consistent with HMT Green Book guidance, has been produced. This presents the Strategic, Economic and Financial Cases setting out the need for intervention, identified options and their economic and financial impacts.

Recent government policy announcements made since the work on the Initial Business Case was undertaken have emphasised the government's priorities for spending. GYBC's proposals strongly align with them given their focus on levelling up for communities who have been 'left behind' and are economically deprived and on meeting decarbonisation targets through increasing the energy efficiency of existing housing stock and new build homes.

GYBC is seeking to engage with Homes England and the Ministry of Housing, Communities and Local Government (MHCLG) to gain support for the strategic rationale for publicly funded intervention to meet the housing needs in Great Yarmouth and to agree the delivery approach, required governance structures and funding requirement.

Initial Business Case

The Initial Business Case sets out the strategic rationale for central government funding and the initially identified quantum of gap funding sought. It is intended to provide the basis for engagement with Homes England and MHCLG to establish a housing deal to realise the opportunities identified.

The current housing market in Great Yarmouth faces three key issues: the type and quality of housing stock, low land values leading to a low appetite for investment, and an overall lack of housing provision. There is a negative perception of the housing market in Great Yarmouth due to a quality deficit in the existing stock, characterised by high levels of disrepair and vacant properties. As a result, house price growth is lower than the regional and national averages.

This discourages private sector investment and further threatens the provision of high-quality housing to meet the needs of current and future residents. Low residential values in Great Yarmouth deter the private sector from bringing larger properties into high value use, which is leading to the conversion of many properties into Houses in Multiple Occupation. This affects the attractiveness of streets to other residents and so further depresses property values.

Viability assessments and discussions between GYBC and landowners/developers have evidenced local areas with very low or even negative post-development land values. This has contributed to a lack of development in these areas, significantly less than the needs of local residents and the targets set. Empty high street units have also negatively impacted streetscape in Great Yarmouth and its attractiveness as a place to reside.

These failures in the housing market negatively impact on the quality of life for residents and the economic growth for the area. Great Yarmouth performs poorly in terms of socio-economic indicators such as life expectancy, economic activity, skill levels and average wages, with the borough ranked in the 10% most deprived local authorities in England. Without addressing the market challenges, the housing market will continue to fail the needs of Great Yarmouth residents and not support the potential for the area.

The ambition for housing growth is related to a number of opportunities for investment in new jobs, homes and transport, as well as cultural facilities, which together have the potential to regenerate and revitalise Great Yarmouth. The area is attracting large scale investment as a key supply base for offshore renewable energy. The economic growth associated with this sector offers higher skilled and paid jobs for the area. To capitalise on this, Great Yarmouth needs to not only attract the investment and the jobs, but also offer an attractive place to live for those employed in the sector so that the local economy fully benefits. The provision of the right type of housing, delivered by a successful housing market, along with Great Yarmouth's heritage assets and coastal environment could achieve this.

GYBC's ambition is articulated in their overarching mission statement for local development and growth:

"By 2030, Great Yarmouth becomes a place of choice for people to live. It can sustain a commuter market and compete with Norwich for quality of life. Renewal of the housing stock creates an environment in which people choose to visit, stay, spend and invest, driving town centre regeneration and life chances for all"

Aligned with the mission statement are the aims of local, regional and national policies and strategies for housing. Each recognises the housing crisis that exists in terms of providing enough homes of the right type, affordable to those who need them reflecting the need for homes of all tenure. Additionally, there is recognition of the role that quality housing, or the lack of it, has on the quality of life and the economic growth of an area.

The proposed options developed for the Great Yarmouth Housing Deal are:

Opportunity	Description
Existing property purchase and repair scheme	Acquisition and conversion of 80 redundant or vacant guesthouses into c.160 new homes.
The Conge Redevelopment	Improvement of The Conge (including 89 new homes) – a key connection from Great Yarmouth's railway station to the marketplace.
Beach Coach Station	Redevelopment of car and coach park to provide 50-80 new homes.
Empty Homes	60 properties (96 homes) to be made available under the Shared Ownership and Affordable Homes Programme.
Town Centre Vacant Premises	Solutions for redevelopment / repurposing empty retail units.
Estate Regeneration	Improvement of the quality of Middlegate Estate

Initial assessment of the estimated construction costs and revenue or receipts indicates that there is a large funding gap for the project and that public funding will be required. GYBC does not have the resources to deliver the project without funding support from the government. GYBC has successfully applied for Future High Streets and Stronger Towns/Towns Deal funding to help address some housing issues, however the level of investment required is too large for these funding sources to fill reflecting also the wider focus of these funds. Significant additional Homes England or MHCLG investment will be required to help meet the funding gap.

Developments since the Initial Business Case

DEVELOPMENT OF HOUSING DEAL OPPORTUNITIES

Further work has been undertaken on the opportunities identified in the Initial Business Case to ensure they best meet the identified needs and are deliverable.

The proposals for the redevelopment of The Conge (see artist's impression to the right – source GYBC) have now received outline planning permission and funding to meet the viability gap was sought through the Future High Streets Fund (FHSF).

Following MHCLG's provisional FHSF award of £13.8m, out of a bid for £19.9m, GYBC has now allocated an element of funding to deliver this gateway redevelopment while ensuring the revitalisation of the historic covered market and transformation of the Market Place. The level of funding available will support the delivery of only part of the site. The



investment in the social, economic, cultural and urban fabric of the town centre facilitated by the FHSF funding is a critical enabler for the realisation of the vision for the town centre, which the Housing Deal proposals will build upon.

Further master planning work has also been undertaken for the proposals for the redevelopment of the Middlegate Estate. This has led to an evolution of the plans with the concept of densification replaced by a focus on quality of life and meeting the needs of residents by recognising the importance of providing open space and private gardens for all the houses. The implications on the viability of the revised proposals will need to be revisited along with the costs of regeneration of the estate delivering Net Zero Carbon homes.

5 YEAR HOUSING SUPPLY

In December 2020, GYBC published the Council's Five-Year Housing Land Supply Position Statement, which confirms 6.51 years supply of deliverable land for housing. This addresses the position in recent years of a lack of five-year supply. Historically, there has been a high non-implementation rate for consented planning permissions, leading to a gap between housing permissions and housing completions in the borough, and the targets for housing completions not being met for some years.

The latest position reflects a revision to the housing target, which is now based on the national standard method for local housing need, and an apparent increased appetite from developers to build-out their sites over the next five years. This is a positive development for the housing market in Great Yarmouth, but is based on new greenfield site homes. The private sector is still not taking a lead in investing in brownfield sites in the urban centres to deliver homes meeting modern needs and high levels of environmental sustainability. Public sector intervention is required to tackle the current poor quality and variety of housing stock, halt the decline of the town centres and establish an attractive environment for private sector investment in housing and jobs.

HM TREASURY GREEN BOOK UPDATE

Following the Spending Review in November 2020, the government published an updated Green Book, setting out the guidance applied by Her Majesty's Treasury for the appraisal of policies, programmes and projects. The updated guidance emphasises the considerations for assessing the merits of public sector intervention and aligns strongly with the strategic rationale for Great Yarmouth's proposed Housing Deal in terms of contribution to government policies for Levelling Up and Carbon Net Zero.

Central to the proposed Housing Deal is addressing housing issues which negatively impact on the quality of life for residents and the economic growth for the area. The borough ranks in the 10% most deprived local authorities in England and performs poorly in terms of a range of socio-economic indicators. GYBC's proposals also support decarbonisation directly through delivering energy efficient homes and indirectly by supporting the UK's offshore renewables sector by providing an attractive location for businesses to invest and employees to live.

The Ask

GYBC has carefully considered the challenges of its local housing market and the impacts of these on the socio-economic wellbeing of the area, exacerbated by the current COVID-19 pandemic which is disproportionately affecting those who are most deprived. Opportunities to address the current housing market failures and leverage the assets of the local area have been identified. These challenges and opportunities are articulated in the Initial Business Case and the proposals for the Great Yarmouth Housing Deal.

Recent government policy and guidance announcements, FHSF and Town Deal funding confirm the merit of the case for investing in Great Yarmouth. However, the level of investment required in the housing market is too great for GYBC to fund themselves and currently there are no suitable funding streams through which the council could seek funding for the Housing Deal.

GYBC is therefore seeking to engage with Homes England and the MHCLG to gain support for the case for intervention and for gap funding from Homes England and to agree the delivery approach, required governance structures and funding requirement in order to address the issues identified within the business cases completed to date transforming the housing market and delivering high quality mixed tenure homes.



Great Yarmouth Borough Council

GREAT YARMOUTH HOUSING DEAL

Initial Business Case





Great Yarmouth Borough Council

GREAT YARMOUTH HOUSING DEAL

Initial Business Case

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WSP

WSP House
70 Chancery Lane
London
WC2A 1AF

Phone: +44 20 7314 5000

Fax: +44 20 7314 5111

WSP.com

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CONTENTS

EXECUTIVE SUMMARY

1	INTRODUCTION	1
1.1	BACKGROUND TO THIS BUSINESS CASE	1
1.2	OVERVIEW	1
2	STRATEGIC CASE	7
2.1	INTRODUCTION	7
2.2	LOCAL CONTEXT	7
2.3	PROBLEM IDENTIFIED	17
2.4	DEVELOPMENT OF OBJECTIVES	28
2.5	IMPACT OF NOT CHANGING	30
2.6	MEASURES OF SUCCESS	34
2.7	BUSINESS STRATEGY	36
3	ECONOMIC CASE	45
3.1	INTRODUCTION	45
3.2	APPRAISAL METHODOLOGY & ASSUMPTIONS	45
3.3	SOCIO-ECONOMIC IMPACTS	46
3.4	ENVIRONMENTAL IMPACTS	50
4	FINANCIAL CASE	52
4.1	INTRODUCTION	52
4.2	SCHEME COSTS AND FUNDING GAPS	52
4.3	BUDGETS AND FUNDING COVER	63

TABLES

Table 1-1 - Illustrative Delivery Timeline for each Opportunity	5
Table 2-1 - Completions in Great Yarmouth by site size, 2017/18	20
Table 2-2 - Opportunities and Objectives	28
Table 2-3 - Mapping of 'SMART' Objectives	34
Table 2-4 - Occupation Structure, 2011	39
Table 3-1 - Cost Appraisal Process	45
Table 4-1 - Cost Estimate for Opportunity 1 (Purchase and Repair Scheme)	53
Table 4-2 - Funding Gap – Existing Properties Purchase and Repair – Private Sale	53
Table 4-3 - Funding Gap – Existing Properties Purchase and Repair – Rental Options	54
Table 4-4 - Cost Estimate for The Conge Redevelopment Opportunity	55
Table 4-5 - Funding Gap – The Conge – Market Sale	55
Table 4-6 - Funding Gap – The Conge – Rental Options	56
Table 4-7 - Cost Estimate for The Beach Coach Station Opportunity	56
Table 4-8 - Funding Gap Calculation for Beach Coach Station Opportunity – Sales Options	57
Table 4-9 - Funding Gap – Beach Coach Station – Rental Options	57
Table 4-10 - Cost Estimate for Empty Home Renovation Opportunity	58
Table 4-11 - Funding Gap for Empty Homes Renovation – Market Sale	59
Table 4-12 - Funding Gap – Empty Homes Renovation – Rental Options	59
Table 4-13 - Cost Estimate for Town Centre Residential Conversion	60
Table 4-14 - Funding Gap for Town Centre Residential Conversion – Market Sale	61
Table 4-15 - Funding Gap – Empty Homes Renovation – Rental Options	61
Table 4-16 - Initial Cost Estimate – Estate Regeneration	62
Table 4-17 - Funding Gap – Empty Homes Renovation – Formula Rent	62
Table 4-18 - Summary of Funding Gaps Opportunity 1-5 Only (Market Sale)	63
Table 4-19 - Summary of Funding Gaps (Market Rent and Affordable Rent)	64

FIGURES

Figure 1-1 - Great Yarmouth Borough	2
Figure 1-2 - Example of Great Yarmouth HMO	4
Figure 2-1 - Great Yarmouth's Performance against the Seven Domains of Deprivation	9
Figure 2-2 - Wards in Great Yarmouth Town	10
Figure 2-3 - IMD levels in Great Yarmouth Borough	11
Figure 2-4 - Monthly unemployment rate (%) with previous year	13
Figure 2-5 - Residential vs Working Weekly Wage £, 2012-2018	14
Figure 2-6 - Housing Completions and Permissions in Great Yarmouth	21
Figure 2-7 - Affordable Homes Completions in Great Yarmouth 2015/16 to 2019/20 (rent and affordable home ownership including s106 and use of Right to Buy receipts)	22
Figure 2-8 - The Conge – Indicative Redevelopment Area	26
Figure 2-9 - Key Housing Growth Sites in Norfolk	41

EXECUTIVE SUMMARY

GREAT YARMOUTH HOUSING DEAL

Great Yarmouth Borough Council (GYBC) is seeking funding support to develop and deliver its housing proposals. This document is an initial Business Case, which has been developed on behalf of GYBC to provide the basis for engagement with Homes England to establish a housing deal to realise the opportunities identified.

SCHEME DESCRIPTION

Great Yarmouth, on the Norfolk coast, is experiencing a decline in its housing market, coupled with a low appetite for investment. These pressures are impacting the local economy and causing the area to perform well below the national average in employment and education attainment. The Great Yarmouth Housing Deal has been developed to address the challenges by proposing a range of housing interventions across six 'opportunities' that will stimulate growth in the housing market.

Much of Great Yarmouth's housing stock is of poor quality, with a disproportionate number of Houses in Multiple Occupation (HMOs) and a high level of vacant properties. The area's relative unattractiveness is impacting the demographics of its residents; it has an ageing population and an increasing number of its higher earners are commuting into town from neighbouring areas.

The Housing Deal proposes to implement a series of interventions to target these issues, such as the refurbishment of existing housing stock and the conversion of empty homes. Collectively, the opportunities aim to improve the mix of housing available in Great Yarmouth, more suited to the needs of current and future residents. The table below provides a description of the six identified opportunities and the associated costs and maximum funding required.

The delivery of these opportunities will provide attractive residential units, achieving Land Value Uplift. However, due to the effects of market failure, this benefit in isolation is unlikely to justify the scheme's implementation. It is therefore important to recognise the wider socio-economic benefits which will be delivered (though are challenging to quantify) and will support economic growth in Great Yarmouth and encourage greater investment in the area.

Elements of the scheme will improve the area's townscape, encouraging a greater number of people to visit, stay and spend money. This will boost key sectors such as tourism and offshore energy. By renewing the stock of housing, GYBC also hopes to reverse the area's ageing population, encouraging not just a greater number of visitors, but also a greater number of residents.



Opportunity	Description	Costs	Funding required
Existing property purchase and repair scheme	Acquisition and conversion of 80 redundant or vacant guesthouses into c.160 new homes.	£29.0m	£14.7m
The Conge Redevelopment	Improvement of The Conge (including 89 new homes)– a key connection from Great Yarmouth's railway station to the marketplace – is a significant part of GY's Town Centre Masterplan.	£12.9m	£4.9m
Beach Coach Station	Redevelopment of car and coach park to provide 50-80 new homes.	£10.9m	£3.7m
Empty Homes	60 properties (96 homes) to be made available under the Shared Ownership and Affordable Homes Programme	£23.5m	£13.5m
Town Centre Vacant Premises	Solutions for redevelopment / repurposing empty retail units.	£23.8m	£14.8m
Estate Regeneration	Improvement of the quality of Middlegate Estate comprising 623 units, which includes 88 new homes.	£83.6m	£17.3m
Total		£183.7m	£68.9m

As there are currently no designated funds that the Council can bid for, and GYBC does not have the resources to deliver the project without support, funding from Homes England is sought to cover the funding gap in full.

KEY ISSUES

The current housing market in Great Yarmouth faces three key issues: the type and quality of housing stock, low land values leading to a low appetite for investment, and an overall lack of housing provision.

There is a negative perception of the housing market in Great Yarmouth due to a quality deficit in the existing stock, characterised by high levels of disrepair and vacant properties. As a result, house price growth is lower than the regional and national averages. This discourages private sector investment and further threatens the provision of high-quality housing. Low residential values in Great Yarmouth deter the private sector from bringing larger properties into high value use, which is leading to the conversion of many properties into HMOs. This affects the attractiveness of streets to other residents and so depresses property values.

Viability assessments and discussions between GYBC and landowners/developers have evidenced parts of town with very low or even negative post-development land values. This has contributed to a lack of sub-market, mixed tenure homes in the area, significantly less than the needs of local residents and the targets set. Empty high street units have negatively impacted streetscape in Great Yarmouth and its attractiveness as a place to reside. This discourages investment from the private sector as there is a low return on investment – further dampening surrounding land values. By returning properties to productive use the scheme will alleviate depressed land and property values.

Great Yarmouth's poor development landscape has resulted in a lack of the quantity, quality and mix of housing required to meet the needs of residents. It is recognised by the Council that economic growth and a

better quality of life for locals is dependent on these issues being addressed. The Great Yarmouth Local Plan Core Strategy has identified a target of 504 new homes per year between 2020-2030, which in part has been designed to make up for the housing shortfall in recent years. A central reason for the local housing market failure in recent years is a high non-implementation rate for consented planning permissions, and this can be attributed to landowners having unrealistic hoped-for values of land, among other things. These housing targets are unlikely to be met on time without public sector intervention.

SUMMARY OF THE STRATEGIC CASE

The Strategic Case describes why the proposed scheme is required and how it fits within the wider vision for Great Yarmouth. As detailed within the Case, socio-economic indicators such as skill levels and average wages show that Great Yarmouth performs badly compared to national averages. These measurements rank Great Yarmouth as the 25th most deprived of 354 local authority areas¹, which provides an indication of the quality of life in Great Yarmouth. In addition to this, Great Yarmouth displays high levels of unemployment and a low proportion of people with full-time jobs. The borough is one of the UK's most popular seaside resorts and consequently a large proportion of local employment is in the tourism sector (>30%). It also boasts several heritage assets. Therefore, there is a great opportunity for housing and regeneration schemes such as this to capitalise on the attractive assets that the area has to offer – this can boost the local economy and stimulate investment.

There are a number of local housing market issues, ranging from the poor quality of housing stock, to a disproportionate number of HMOs and the continued failure to meet housing delivery targets. The six opportunities developed by GYBC to target the various shortcomings of the local housing market align with the overarching objectives of the Council – these include the provision of a wide range of mixed tenure sub-market housing, the acceleration of housing delivery and the revitalisation of the town centre. The success of the scheme will be measured by its ability to deliver the opportunities against the wider objectives and in line with policy at a local, regional and national level.

In the absence of the proposed scheme, the current situation will likely worsen: a large proportion of properties will be vacant, HMOs will continue to be widely used, and the quality of housing stock will continue to be sub-optimal. By encouraging the high-quality development of these sites, the public sector can provide leadership over these developments and maximise their benefits, encouraging more private sector investment in the future.

SUMMARY OF THE ECONOMIC CASE

The Economic Case presents the impacts of the scheme and assesses its Value for Money (VfM). This involves the assessment of both qualitative and quantitative impacts, as well as the cost of the scheme's delivery. The Economic Case has been developed in line with HM Treasury's Green Book and the relevant guidance from MHCLG Appraisal Guide. A large proportion of the scheme centres around the provision of a greater number and mix of residential units, so Land Value Uplift – the change in land value as a result of change in land use type – captures much of the scheme's benefits.

The scheme as a whole however, is expected to generate a variety of socio-economic benefits. A summary of the anticipated qualitative benefits and sub-group impact are set out in the table below:

¹ The English Indices of Deprivation 2015, Department for Communities and Local Government (2015)

Additional Benefit	Qualitative Outcomes
Jobs creation	<ul style="list-style-type: none"> — Improvement in local economy — Improved skills levels — Reduced benefit dependency
Private residential units	<ul style="list-style-type: none"> — Improved housing conditions — Reduction of housing turnover — Satisfaction with accommodation and likelihood to remain in the area — Major contribution to the target for new housing locally — Helping to meet housing demand for current and future population — Increased attractiveness to higher income and more highly qualified residents — Encouraging greater private sector investment etc.
Sub-market mixed tenure residential units	<ul style="list-style-type: none"> — Improved housing conditions — Reduction of housing turnover — Satisfaction with accommodation — Major contribution to the target for new social housing locally — Helping to meet housing demand for current and future population
Healthcare facilities	<ul style="list-style-type: none"> — Improving local health outcomes
Open Space & Public Realm	<ul style="list-style-type: none"> — Green space growth — Environmental improvement — Improvement in visitor economy
Remediated land	<ul style="list-style-type: none"> — Enhanced quality of life — Not leaving land with planning permission under-utilised — Improved value of units — Environmental improvement

SUMMARY OF THE FINANCIAL CASE

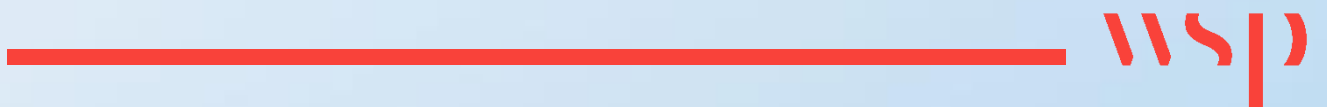
The Financial Case outlines the costs and revenues associated with each opportunity. The costs of each opportunity have been estimated using Building Cost Information Service (BCIS) cost data. For each opportunity two cost estimates have been produced; based on BCIS minimum cost data and BCIS average cost data. Expected revenues generated for each opportunity have been estimated based on whether the homes are to be sold or rented (sub-market and market value).

The resulting funding gaps vary depending on the scenario. The level of total funding shortage would be very significant if all properties (excluding opportunity 6 – estate regeneration where this is not an option) were sold on the market, ranging from £40.2m in the minimum cost rate scenario to £51.4m in the average cost scenario. Conversely, if the homes are rented out privately then a funding shortfall of £11.7m in the minimum cost scenario is estimated, with a shortfall of £23.1m in the average cost scenario (there is currently no private rented sector market interest in Great Yarmouth). If all the properties are affordably rented the funding requirement is £23.9m or £35.2m in the respective scenarios.

In reality, the configuration of how these properties will be presented to the market will combine a mix of tenure including market sale, market rent, affordable rent and formula rent homes. The assessment demonstrates that there is a funding gap for the project as a whole and that public funding will be required for the project.

1

INTRODUCTION



1 INTRODUCTION

1.1 BACKGROUND TO THIS BUSINESS CASE

- 1.1.1. This document is an initial Business Case for the proposed Great Yarmouth housing deal. It has been developed on behalf of Great Yarmouth Borough Council (GYBC) to provide the basis for engagement with Homes England. As there are currently no designated funds that the Council can bid for, and GYBC does not have the resources to deliver the project without support, GYBC is seeking funding support to develop and deliver the proposed opportunities.
- 1.1.2. This business case aligns with HM Treasury's 5-Case Model:
- The Strategic Case presents the robust 'case for change', closely aligned to wider strategic and public policy objectives
 - The Economic Case sets out the value for money assessment of the scheme when the benefits, quantified and unquantified, and costs are considered in the round
 - The Financial Case identifies how much the scheme will cost and how it could be funded
- 1.1.3. In advance of engaging with Homes England and agreeing appropriate delivery and management arrangements for the proposed housing deal, the Commercial and Management Cases have not been produced at this stage.

1.2 OVERVIEW

LOCATION OF THE SCHEME

- 1.2.1. Great Yarmouth is a seaside town in Norfolk in East Anglia. It is located 20 miles east of Norwich. The town is in the Borough of Great Yarmouth, at the mouth of the River Yare and has a resident population of nearly 30,000. The borough covers 17,000 hectares with 24 kilometres of coastline.
- 1.2.2. Great Yarmouth is connected to Norwich and Lowestoft by rail and by the A47, and to Bury St. Edmunds by the A143. There is a desire in the area to improve east/west connectivity to areas such as Cambridge and London, and the council is an active participant in the campaign to dual the A47. Great Yarmouth's outer harbour is also a freight route to European ports.
- 1.2.3. The borough of Great Yarmouth is a diverse coastal area, focused around two urban centres – Great Yarmouth and Gorleston – and surrounded by a rural hinterland of small villages on the edge of the Norfolk Broads. Great Yarmouth is the principle centre in the borough for retail, services and employment, including port related activities.



Figure 1-1 - Great Yarmouth Borough

THE NEED FOR A GREAT YARMOUTH HOUSING DEAL

- 1.2.4. The Great Yarmouth housing market faces a number of problems and these are having a negative effect on the local economy. The area performs below the English average for several key indicators such as unemployment and education qualifications amongst residents. The effects of the housing issues can also be seen in deprivation terms, with the town ranked the 25th most deprived of 354 local authority areas in the Index for Multiple Deprivation in 2019². The deprivation is highly concentrated in central wards such as Nelson and Central and Northgate, which stand in sharp contrast to more affluent areas such as Fleggburgh and Bradwell.
- 1.2.5. The housing issues identified are:
- Housing stock not meeting current and future needs of the local population; there is an ageing population and a high demand for one-bedroom flats
 - The conversion of larger properties into Houses in Multiple Occupation (HMOs)
 - Poor quality of the housing stock

² The English Indices of Deprivation 2019, Department for Communities and Local Government

- The failure to deliver new housing to meet the agreed targets
- The Council approving a number of unallocated/ 'outside settlement boundary' sites, as a result of the housing targets not being met
- Too many vacant properties (including empty homes and vacant businesses)
- Recent increase in homelessness
- High earners leaving the area

DESCRIPTION OF THE SCHEME

- 1.2.6. The scheme has been developed in response to these issues. The scheme involves a wide range of interventions to improve the housing situation in Great Yarmouth, this includes refurbishment of homes, conversion of empty homes and redevelopment of brownfield sites.
- 1.2.7. Six opportunities, each covering a different area, have been identified as potential solutions to address the local housing issues. Collectively the opportunities will help address the identified problems in the housing market.
- 1.2.8. The opportunities were considered against several criteria and an initial assessment of each opportunity was undertaken to show how they compare to each other. The assessment demonstrated that all the identified opportunities scored strongly against the criteria.
- 1.2.9. It should also be noted that all the opportunities identified are complementary, supporting the ambition that investment in all should be taken forward, rather than focused on just one or two of the identified opportunities.
- 1.2.10. The opportunities are:
- **Opportunity 1: Existing property purchase and repair scheme**
GYBC acquires redundant or vacant guesthouses and converts them into new homes.
 - **Opportunity 2: The Conge Redevelopment**
Mixed development on The Conge.
 - **Opportunity 3: Beach Coach Station**
Develop homes across undeveloped coach station site.
 - **Opportunity 4: Empty Homes**
Renovation of empty properties to create additional properties.
 - **Opportunity 5: Town Centre Vacant Premises**
Refurbishing empty retail space into flats.
 - **Opportunity 6: Estate Regeneration**
Rebuild and refurbishment of town centre housing estate to tackle deprivation and regenerate the area.



Figure 1-2 - Example of Great Yarmouth HMO

Benefits of the Great Yarmouth Housing Deal

- 1.2.11. The housing deal will create better quality homes that are financially accessible to current and future generations living in Great Yarmouth. This renewal of housing stock will create an environment in which people are more likely to visit, stay, spend and invest in the area. This will drive regeneration as it becomes a more attractive place for investment, and so increase the quality of life in Great Yarmouth.
- 1.2.12. The housing deal will have a positive effect on the local economy as it will assist key sectors such as tourism and offshore energy. Improved housing stock will encourage higher income earners to stay and spend in the town. Improvement of streetscape will encourage more tourism, as well as improve the perception of the area, encouraging more people to live and invest in the area.
- 1.2.13. A better quality housing stock will also drive growth in other areas of the economy. Better quality homes, less overcrowding and less homelessness has been proven to lead to better health, longer life expectancy and lower unemployment.
- 1.2.14. An illustration of the potential implementation of the opportunities is presented in Table 1-1 below.

Table 1-1 - Illustrative Delivery Timeline for each Opportunity

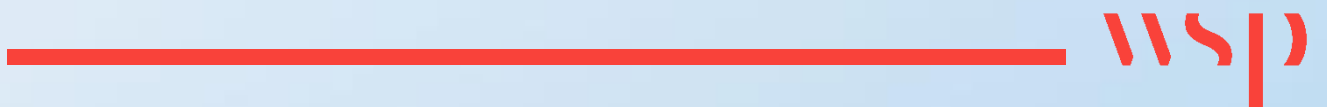
Opportunity	2021	2022	2024	2030
Existing Property Repair	Fund tranche 1 (including HE grant)	Sell to private operator & fund tranche 2	Sell to private operator & fund tranche 3	Sell to private operator - programme complete
The Conge Redevelopment	Fund studies and gain planning	Enter DP arrangement with developer	Phase 1 delivered	Project competed
Beach Coach Station	Fund studies and gain planning. Enter DP arrangement with developer	Project completed	-	-
Empty Homes	Fund tranche 1 (including HE grant)	Sell to private operator & fund tranche 2	Sell to private operator & fund tranche 3	Sell to private operator - programme complete
Town Centre Vacant Properties	Fund tranche 1 (including HE grant)	Sell to private operator & fund tranche 2	Sell to private operator & fund tranche 3	Sell to private operator - programme complete
Estate Regeneration	Gain planning and GYBC approvals to construct	Begin construction	Construction	Project completed

- 1.2.15. The above shows that the delivery of a significant number of new, high quality homes can be completed as part of a planned and coordinated programme to regenerate Great Yarmouth.



2

STRATEGIC CASE



2 STRATEGIC CASE

2.1 INTRODUCTION

- 2.1.1. The Strategic Case sets out the case for change, identifying the need for the Great Yarmouth Housing Deal (the scheme) to provide the 'right' solution to meet the rationale for intervention. This Strategic Case has been developed in line with HM Treasury's Green Book and relevant guidance from the Ministry of Housing, Communities and Local Government (MHCLG).
- 2.1.2. GYBC currently faces a range of challenges covering social to economic problems such as poor employment outcomes and low life expectancy. These challenges can be partly attributed to issues in the housing market, with poor quality, empty and overcrowded homes being identified as problems. Investing in the housing market will help to improve the current situation creating a better environment for residents to live in and support development by the private sector.
- 2.1.3. GYBC has set out a vision by 2030 that the area will become a place of choice for people to live and to sustain a commuter market whilst competing with Norwich. By improving the housing stock this can create an environment in which people will choose to visit, stay, spend and invest, this will drive town centre regeneration and improve quality of life.
- 2.1.4. The strategic case has the following structure:
- Local context
 - Problem identified
 - Development of objectives
 - Impact of not changing
 - Measures of success
 - Business strategy
 - Stakeholder engagement

2.2 LOCAL CONTEXT

- 2.2.1. This section addresses the area's socio-economic profile, the structure of its local economy, and opportunities to encourage growth with the implementation of the Housing Deal. With this housing intervention Great Yarmouth could be revitalised: becoming a place people choose to live, businesses choose to invest and tourists want to visit.

SOCIO-ECONOMIC INDICATORS

- 2.2.2. Great Yarmouth, like many other seaside towns, faces a changing socio-economic climate. Once the fifth richest town in the country, the town is now ranked the 25th most deprived of 354 local authority areas in the IMD as of 2019³. This measure aggregates performance of residents' skill levels, average wages, household income, education and other key measures of quality of life. As

³ The English Indices of Deprivation 2019, Department for Communities and Local Government

the area is scoring poorly across a range of indicators this demonstrates that the town has significant issues to address.

- 2.2.3. The ranking of Great Yarmouth is based on the amount of lower layer super output areas (LSOAs) in the Borough included in the most deprived 10%. The position to 25th most deprived local authority is an improvement on the 2015 position of 20th⁴. This shows that whilst the area is still deprived there is potential for improvements in the area which with the right intervention could revitalise Great Yarmouth.

Population and Deprivation

- 2.2.4. Great Yarmouth has a population of 99,370, it has been experiencing low population growth and has an increasing proportion of the population being over 65⁵. Furthermore, the current median age in Great Yarmouth is 45.3, this is higher than the national median age of 39.8. Population projections indicate this trend is set to continue with an increasing proportion of the local population being over 65.⁶
- 2.2.5. Within the borough there are pockets of significant deprivation, as identified by the IMD, which uses deprivation indices to rank Great Yarmouth's performance in certain areas against other local authority area. The sevens 'domains of deprivation' and their weighting are:
- Income Deprivation (22.5%)
 - Employment Deprivation (22.5%)
 - Education, Skills and Training Deprivation (13.5%)
 - Health Deprivation and Disability (13.5%)
 - Crime (9.3%)
 - Barriers to Housing and Services (9.3%)
 - Living Environment (9.3%)⁷
- 2.2.6. Figure 2-1 shows the performance of Great Yarmouth borough in each of the seven domains. Great Yarmouth ranks very poorly in Education, Skills & Training and Employment – being the 2nd and 9th poorest area respectively with regards to these indices. Combined, the two indices make-up 36% of the IMD's weighting, and so represent a large portion of the seven domains of deprivation.

⁴ The English Indices of Deprivation 2015, Department for Communities and Local Government

⁵ Great Yarmouth Borough Profile 2019

⁶ Ibid (2019)

⁷ Office for National Statistics,
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/579151/English_Indices_of_Deprivation_2015_-_Frequently_Asked_Questions_Dec_2016.pdf








Income Deprivation	Employment Deprivation	Education, Skills & Training	Health Deprivation & Disability	Crime	Barriers to Housing & Services	Living Environment Deprivation
						
35th	9th	2nd	45th	168th	172nd	74th

Figure 2-1 - Great Yarmouth's Performance against the Seven Domains of Deprivation

- 2.2.7. The areas of deprivation can be positively addressed by the proposed housing intervention. The scheme will make Great Yarmouth more attractive to current and prospective residents and employees, which in turn can encourage greater investment in the area's educational facilities and create jobs.
- 2.2.8. Figure 2-2 shows the wards in Great Yarmouth town, these are Central and Northgate, Nelson, Southtown and Cobholm and Yarmouth North.
- 2.2.9. Figure 2-3 illustrates the IMD at a more disaggregated level. It shows that within the urban core of Great Yarmouth several areas fall within the 10% most deprived in England⁸.

⁸ Great Yarmouth Borough Council (2018) Housing Strategy 2018 Final, page 3

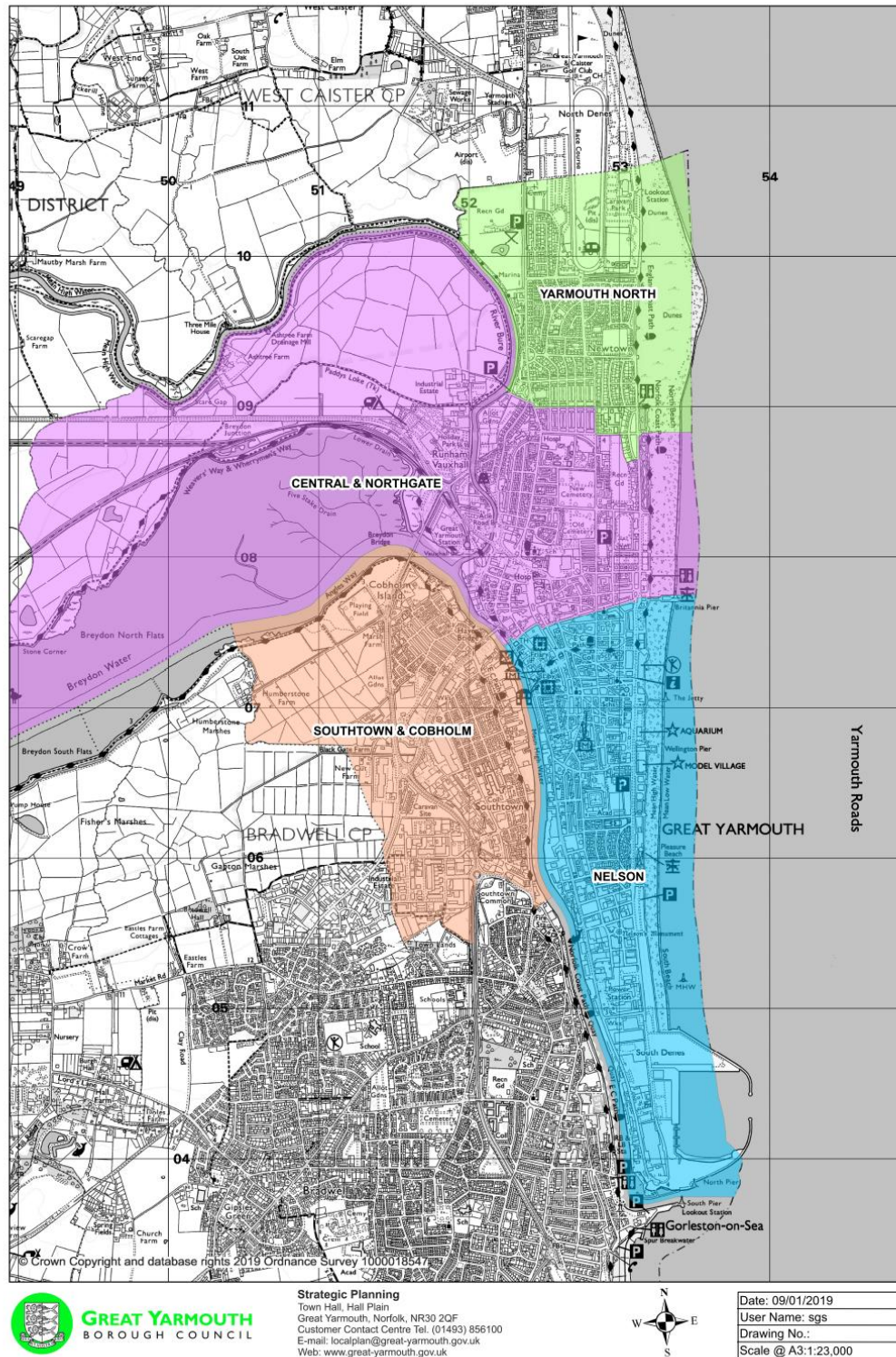


Figure 2-2 - Wards in Great Yarmouth Town

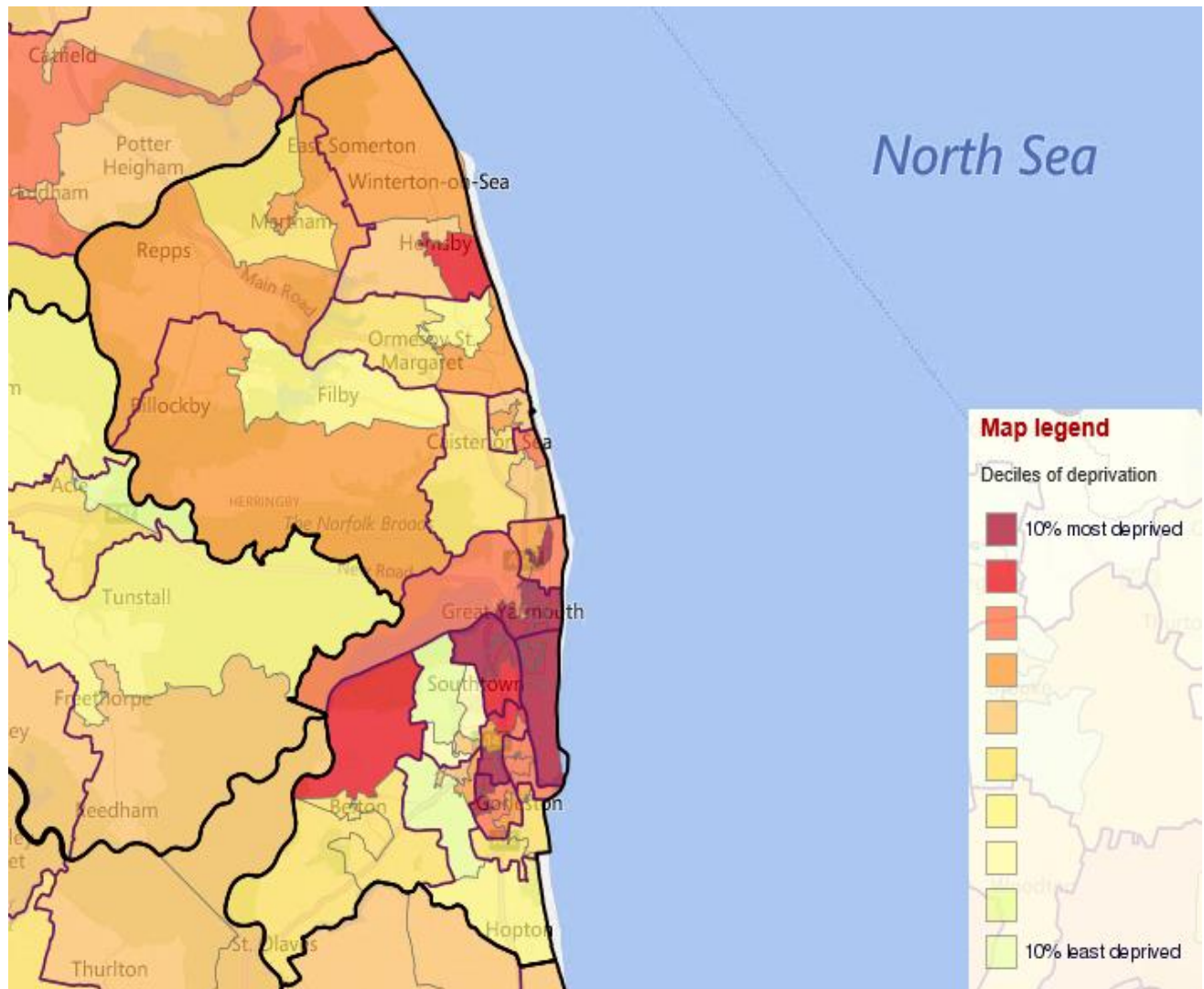


Figure 2-3 - IMD levels in Great Yarmouth Borough

- 2.2.10. The three most deprived wards in Great Yarmouth are Central and Northgate, Southdown and Cobholm and Nelson. The IMD considers both the physical and financial accessibility of housing and key local services and is broken down into two sub domains: 'geographical barriers' and 'wider barriers'.
- 2.2.11. Geographical barriers sub-domain consists of:
- Road distance to a post office
 - Road distance to a primary school
 - Road distance to a general store or supermarket
- 2.2.12. Wider barriers sub-domain consists of:
- Household overcrowding: The proportion of all households in a LSOA which are judged to have insufficient space to meet the households' needs
 - Homelessness: Local authority district level rate of acceptances for housing assistance under the homelessness provisions of the 1996 Housing Act

- Housing Affordability: Difficulty of access to owner-occupation or the private rental market, expressed as the inability to afford to enter owner occupation or the private rental market

2.2.13. The wider barriers are most directly relevant to the proposed housing intervention, though as described below, the affordability metric does not appropriately capture the challenges experienced by Great Yarmouth. These challenges are poor quality, overcrowded homes which are not suited to the needs of local people; these homes are often HMOs. Underpinning future levels of income deprivation will be future levels of educational attainment and employment. Achieving an improvement in these requires the housing infrastructure in Great Yarmouth town to be fit for purpose.

Education

- 2.2.14. Education is a leading driver of economic growth, employment and earnings. It is an important factor in driving higher earning jobs. All six of the borough's mainstream secondary schools are rated as 'good' or 'outstanding' in their latest Ofsted inspection. However, the borough's schools have consistently underperformed against Norfolk, the East of England region and England on GCSE pass rates for a number of years⁹. The GCSE achievement rate was 56.5% achieving 5 GCSEs graded A*-C in 2015. This is lower than the 63% and 61.4% for England and Norfolk respectively¹⁰.
- 2.2.15. Further education attainment is also lower compared to the region and England, with only 10.6% of residents having an NVQ Level 4 or higher (e.g. HND, Degree and Higher Degree level qualifications or equivalent)¹¹. In comparison, the figures are 35.2% for the East and 39.3% for Great Britain for having NVQ Level 4 or higher (January 2018-December 2018, ONS Nomis)¹².
- 2.2.16. Provisional results for 2019 show most of the schools in the borough have improved their pass rate in 2019. This means a provisional average for 2019 of 52.6%. However, overall the schools are failing to close the gap on the average national attainment level.

EMPLOYMENT/UNEMPLOYMENT

- 2.2.17. The lack of higher education attainment has implications for unemployment in an area. The unemployment rate for the borough in 2018 was 6%, significantly higher than the 3.5% and 4.2% for the East of England and Great Britain respectively¹³.
- 2.2.18. Figure 2-4 compares the unemployment rate for Great Yarmouth borough with East England and Great Britain. It shows the clear trend that unemployment has been higher in Great Yarmouth when compared both regionally and nationally. Moreover, the borough's unemployment rate has been increasing over recent years and the gap between it and the national level peaked in June 2018 at a 4.2% difference.

⁹ Ofsted, (www.compare-school-performance.service.gov.uk)

¹⁰ Great Yarmouth Borough Council (2017) Great Yarmouth Borough Profile, page 4

¹¹ ONS, <https://www.nomisweb.co.uk/reports/lmp/la/1946157234/report.aspx#tabqualls>

¹² ONS, <https://www.nomisweb.co.uk/reports/lmp/la/1946157234/report.aspx>

¹³ ONS, https://www.nomisweb.co.uk/reports/lmp/la/1946157234/subreports/ea_time_series/report.aspx?

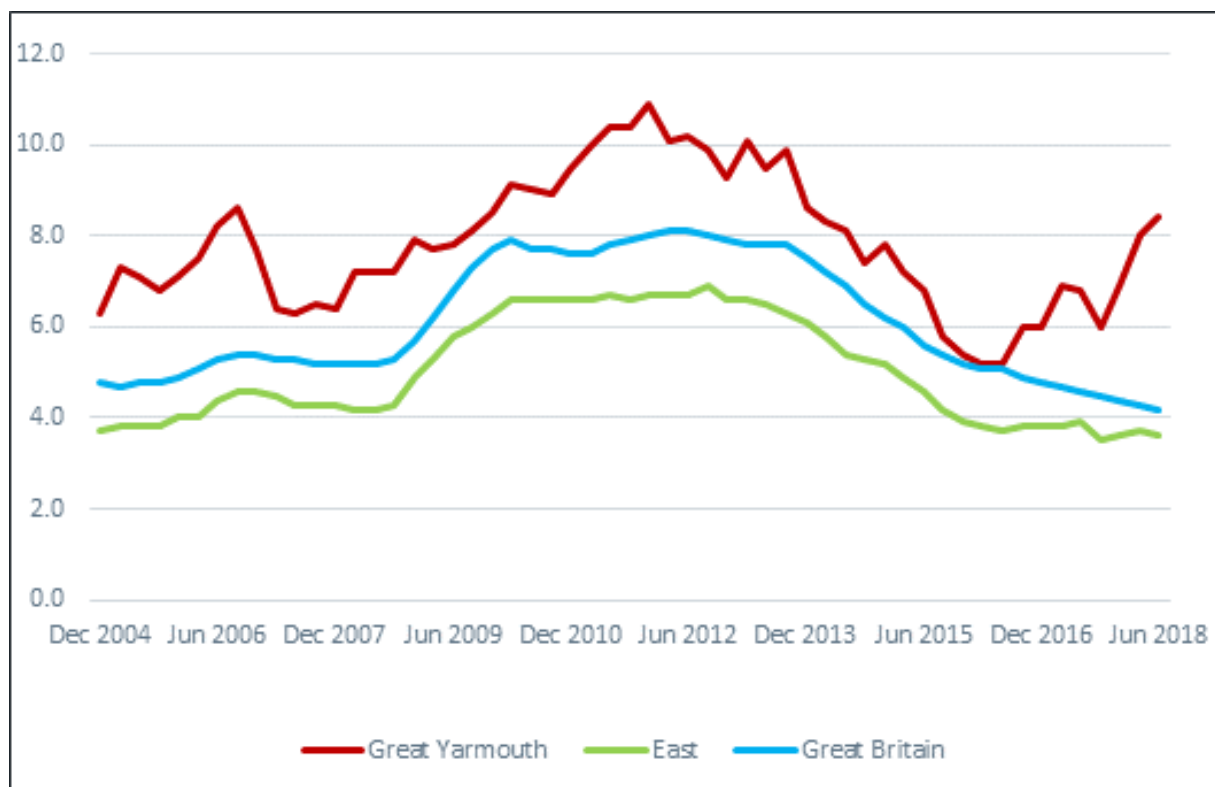


Figure 2-4 - Monthly unemployment rate (%) with previous year

- 2.2.19. Within this high level of unemployment, the level of young people claiming Universal Credit in Great Yarmouth has consistently been above that of East of England and Great Britain. As of 2016, the proportion of resident population (16-64) claiming Universal Credit was 3.2% in Great Yarmouth, compared to 1.2% for the East of England and 1.9% for the United Kingdom. Great Yarmouth ranks 14th for national local authority areas with the highest proportion of resident claimants¹⁴.

Full Time Employment and Earnings

- 2.2.20. The lack of employment opportunities is also highlighted by the low proportion of people with full-time jobs in the Borough. In 2017, the full-time employment rate was 59.5% and 40.5% for part-time jobs¹⁵. Full-time employment is significantly lower than the East of England and Great Britain, which average 65.2% and 67.5% respectively¹⁶.
- 2.2.21. Additionally, for those in work, the levels of gross weekly pay are low compared to the region and nationally. In the borough 43% of households have an income under £20,000 per year¹⁷. Comparing gross weekly wages in the period 2002-2018, Great Yarmouth has consistently been behind both

¹⁴ Unemployment Briefing. GYBC, October 2016 <https://www.great-yarmouth.gov.uk/CHttpHandler.ashx?id=1964&p=0>

¹⁵ <https://www.nomisweb.co.uk/reports/lmp/la/1946157234/report.aspx>

¹⁶ <https://www.nomisweb.co.uk/reports/lmp/la/1946157234/report.aspx>

¹⁷ Great Yarmouth Borough Council (2018) Appendix B Evidence Appendix, page 1

the East of England and Great Britain average for gross weekly pay. The difference was £83.20 and £60.00 in 2002 and this has increased by 2018 to £107.70 and £88.50 respectively¹⁸.

- 2.2.22. Consideration of the difference between residential and workplace wages in Great Yarmouth highlights the clear difference between the average weekly wage for those who live in the borough and those who work there, but do not live there. This is illustrated in Figure 2-5. This is significant, as the implication is that those working in the better paid jobs choose to live elsewhere and therefore will be likely to spend elsewhere and not support the Great Yarmouth economy.

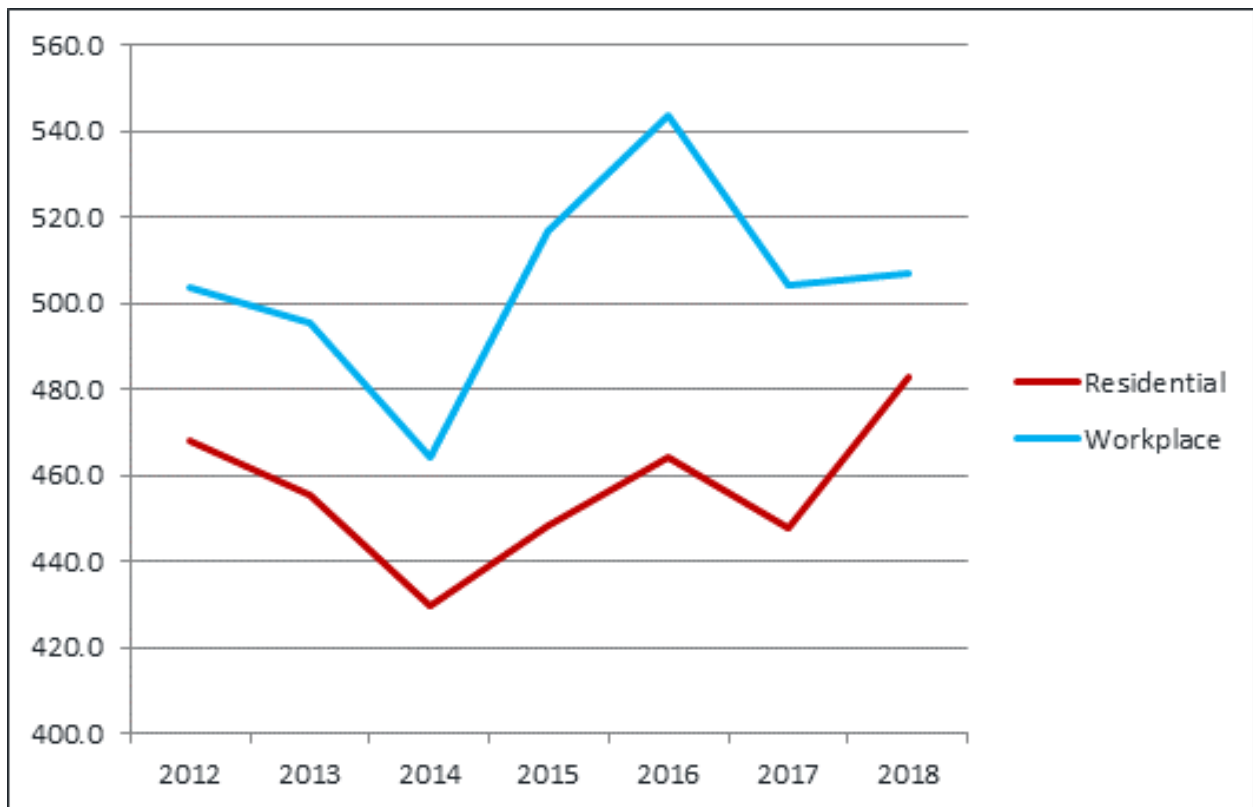


Figure 2-5 - Residential vs Working Weekly Wage £, 2012-2018

- 2.2.23. The difference between the workplace and residential wages in Great Yarmouth was £35.20 in 2012, but this has narrowed to £24.20, which is a positive trend¹⁹. With investment that encourages high earners to remain in Great Yarmouth the residential wage in the area will increase causing the gap between the two sets of wages to shrink. This will have a positive effect on the wider economy as these higher earners will live in Great Yarmouth and spend money in Great Yarmouth boosting the economy.

¹⁸ <https://www.nomisweb.co.uk/reports/lmp/la/1946157234/report.aspx>

¹⁹ ONS, <https://www.nomisweb.co.uk/reports/lmp/la/1946157234/report.aspx>

Health

- 2.2.24. Alongside the evident economic deprivation in the area, the population also suffers from poor health outcomes. On average men have four years lower life expectancy than the national average and females have 3.7 years lower than the national average.
- 2.2.25. In the most deprived areas of Great Yarmouth borough life expectancy is 10.8 years lower for men and 6.7 years lower for women than in the least deprived areas in the borough²⁰. This highlights the stark differences between different areas of Great Yarmouth.

LOCAL ECONOMY

- 2.2.26. Great Yarmouth is one of the UK's most popular seaside resorts, with visitors contributing £591m to the local economy annually (a 2.4% increase since 2014). Due to its large presence in the local economy a large proportion of local employment is made up by tourism, with over 30% of the area's employment coming from this sector.
- 2.2.27. Great Yarmouth is seen as an enterprising town, with small businesses (10-49 employees) better represented in Great Yarmouth than they are regionally.
- 2.2.28. The area is also attracting large scale investment. It is a key supply base for offshore renewable energy, gas and oil. Peel Ports, Siemens and the Gardline Group all have a significant presence in the area. This is developing the region's capacity to construct and maintain offshore windfarms, with the potential to become a nationally significant hub for these activities.
- 2.2.29. Great Yarmouth has several heritage assets important to the area, these are:
- A town centre layout unique in the UK and traced back to Scandinavian town plans which date back a thousand years
 - The largest medieval marketplace in Britain
 - A wide variety of statutory listed buildings, for commercial and residential use
 - One of the most complete town walls in England
- 2.2.30. Over the past decade, GYBC has facilitated major investment in regenerating these heritage assets, drawing on public and private sector contributions. This is demonstrated by the recent restoration and reopening of the Venetian Waterways, using a £2.7m Heritage Lottery grant to bring this key asset back into active use, sending a message that the town is 'on the up'.
- 2.2.31. There are planned investments to infrastructure in Great Yarmouth. £120 million is being invested in a third river crossing over the River Yare to reduce congestion around Haven Bridge and Breydon Bridge. Works are scheduled to commence in January 2021 and the scheme will open key employment sites for investment.²¹ Great Yarmouth is connected to Norwich by the A47 with over

²⁰ Public Health England – Great Yarmouth Health Profile 2018

²¹ Great Yarmouth Borough Profile 2019

21,000 vehicles using this route every day²². The government has recently committed to upgrade the A47 as well as railway infrastructure improvements²³.

- 2.2.32. Improved infrastructure will support the regeneration in the area by enabling easier access to and around Great Yarmouth. If the housing interventions proposed as part of this business case were paired with the investment in transport infrastructure, this could lead to significant improvements in land values in Great Yarmouth and help to encourage more private sector development.
- 2.2.33. Public realm improvements throughout the town have also been prioritised by GYBC. Through this focus, St George's Park has been entirely refurbished, achieving Green Flag status (the highest standard available for publicly accessible parks and green spaces in the United Kingdom).
- 2.2.34. A town centre masterplan is being delivered, which aims to maximise the quality of the street environment. This provides a long-term framework for improvements to the quality of the urban realm. The implementation of the masterplan is dependent on additional funding, therefore encouraging wide-ranging private and public-sector investment, over the long term, is crucial to maintaining the town's current regeneration trajectory.

INVESTMENT OPPORTUNITIES

- 2.2.35. The vision for growth is not just aspirational; it is related to a number of opportunities for investment in new jobs, homes and transport, as well as cultural facilities, which together have the potential to regenerate and revitalise Great Yarmouth.
- 2.2.36. The investment opportunities that can be realised through the development and delivery of the appropriate housing intervention, include:
 - Economic growth associated with the offshore renewables sector bringing investment to the area and higher skilled and paid jobs
 - Broadening the tourism, leisure and retail offer of the town to boost the tourism economy of the town and stimulate investment
 - Capitalising on the unique heritage assets and coastal environment of the area as attractions for both tourists and potential residents
 - Developing the available under-utilised land for housing
 - Delivering benefits from the council's extensive ownership of housing and infrastructure assets
 - Increasing the current relatively low residual value of land
 - Revitalising existing housing stock to restore low quality multiple-occupancy dwellings into single occupier housing
 - Ensuring the wider benefits from new major transport infrastructure projects are realised for Great Yarmouth
 - Meeting the needs of the ageing population with appropriate housing and wider support services
 - Building on the track record of the council to successfully bring empty homes back into use

²² Ibid (2019)

²³ Sustainable Coastal Community: A Housing deal for Great Yarmouth (2018)

2.2.37. The following sections will discuss how the proposed GY Housing Deal will specifically enhance many of these opportunities.

2.3 PROBLEM IDENTIFIED

HOUSING MARKET

- 2.3.1. As outlined in the previous section, there is significant potential for Great Yarmouth to grow and improve its attractiveness and performance, becoming a more significant regional centre. However, there are issues in the local housing market preventing the region from growing to its full potential.
- 2.3.2. The town suffers significant challenges in terms of market perception exacerbated by a quality deficit in some existing stock, with disrepair and vacancy a common problem. These factors lead to lower house prices and therefore make developments less viable for private sector developers. This leads to less provision of high-quality new housing and contributes to more properties becoming HMOs, further worsening the town's housing market perception. The current issues in the Great Yarmouth housing market are discussed below, as well as resulting social and economic outcomes.
- 2.3.3. The housing issues include:
- Poor quality of the housing stock
 - Housing stock does not meet current and future needs of the local population (overcrowding, ageing population, need for social rented accommodation)
 - The conversion of larger properties into HMOs
 - Failure to deliver new housing to meet the agreed targets
 - The council approving a number of unallocated/'outside settlement boundary' sites, as a result of the housing targets not being met
 - Rise in homelessness
 - Lack of sub-market housing for local residents
- 2.3.4. These housing issues have contributed to the following outcomes:
- A lower proportion of the population being economically active than in the rest of the region
 - A concentration of deprivation in Great Yarmouth town centre
 - High income earners leaving the area to live in places such as Norwich
 - Poor economic performance (high unemployment, low pay, low stock of skilled workers)
 - The decline of the high street economy

Quality of homes and meeting the needs of local population

- 2.3.5. The greatest housing need in the area is for more social rented accommodation. The borough owns 5,766 rented homes²⁴ located primarily in the urban areas of Great Yarmouth and Gorleston. Flats and maisonettes make up the largest proportion of borough owned housing followed by terraced housing²⁵.

²⁴ As of April 2020, Great Yarmouth Borough Council

²⁵ GYN (2017) Stock Condition Survey

- 2.3.6. There is a need for more flats in the town, the most common household composition is 'one person: other' in urban Yarmouth followed by 'married couple: no children' across the borough. In 2013 an examination of the local housing market found there was a need for one-bedroom dwellings to meet demand, at the time this accounted for 68% of the shortfall in dwellings in Great Yarmouth²⁶.
- 2.3.7. In 2017 a full review of each borough-owned dwelling was undertaken. This review highlighted the problem in the quality of homes in Great Yarmouth. The findings showed that 16% of all the housing (representing 865 properties) did not meet the Government's 'decent homes standard'²⁷. In some cases, dwellings exhibited multiple components which were classified as 'non-decent'²⁸. As a result of this survey, the Council has increased its capital investment in its stock and the current level of non-decency is 7%, is in line with the 5-7% national average.
- 2.3.8. The local housing market is currently failing the needs of the local population and the proposed housing intervention aims to improve the quality of sub-market housing stock (affordable rent, social rent and affordable home ownership).

Empty Homes

- 2.3.9. There are over 511 empty homes in Great Yarmouth, this creates two problems. Firstly, there is a reduction in the number of high-quality homes to reside in, this may deter higher earners living in the area. Secondly, the view of empty homes has a negative impact on the streetscape, this puts people off from living in the area as empty homes make the area look undesirable.
- 2.3.10. Bringing back empty homes is seen as a key government objective to target housing affordability as they are seen as "wasted resource"²⁹. Information collected by MHCLG shows that in Great Yarmouth in 2014, 1,679 dwellings across all tenures were vacant and in 2016 this figure was estimated to be 1,621³⁰. This represented a vacancy rate of approximately 4% in the borough; this, however, includes very short-term emptiness (i.e. stock turnover). When looking at long-term vacancy (i.e. 6 months or more) the figure is 1% of dwellings.

Houses of multiple occupancy

- 2.3.11. Due to the current low residential values in the Great Yarmouth housing market, there is very limited private sector ability to bring these larger properties into high value use. This is leading to the continued decline in the quality of some larger properties, including the conversion of many to HMO, with there being currently in excess of 500 HMOs. This brings its own problems, as many local HMO landlords do not invest enough to cover necessary maintenance, exacerbating the decline of individual houses. This leads to people living in poor quality, overcrowded homes which can negatively affect the health and well-being of residents.

²⁶ Strategic Housing Market Assessment (2013)

²⁷ GYN (2017) Stock Condition Survey

²⁸ GYN (2107) Stock Condition Survey

²⁹ BRE Dwelling Level Housing Stock Modelling and Database for Great Yarmouth Borough Council, June 2017

³⁰ BRE Dwelling Level Housing Stock Modelling and Database for Great Yarmouth Borough Council, June 2017

2.3.12. In aggregate, the increasing proportion of HMO properties also affects the attractiveness of streets to other residents, which in turn lowers property values further, creating a downward cycle. Increasing the proportion of HMOs also increases the strain on public services to meet the (on average) more complex needs of their residents and higher resident density than family/private housing.

2.3.13. Other problems with HMOs are that they can attract anti-social behaviour, transient and vulnerable populations and poor environmental health issues that can bring down what were previously desirable locations.

Lack of delivery of new homes

2.3.14. There are also problems with the identification and delivery of homes. The Great Yarmouth Local Plan Core Strategy initially identified a need for 7,140 homes over the period 2013-2020. Given that this target is now a few years old and the Government has since changed its methodology, the emerging Local Plan Part 2 will seek to amend this to 5,297. However, GYBC is allocating sufficient sites in the Local Plan to provide for the delivery of 7,208 units.

2.3.15. In the period April 2013 to March 2019 a total of 1,800 new homes were expected to be completed, however 1,310 were completed meaning there was a shortfall of 490 new homes. To address this shortfall the 490 dwellings will be spread out over the next five-year period of 2019-2024. With the five-year housing supply target, making up for the housing shortfall between 2013-2019 and a 20% buffer of these two, the housing target for the period 2019-2024 is 3,367.

2.3.16. Work undertaken by GYBC to identify the basis for a persistent shortfall in new housing supply has demonstrated market failure in the local housing market. Consultants Urban Delivery also noted a high non-implementation rate for consented planning permissions, with 300 units the subject of unimplemented planning consents, and an additional 246 units unimplemented but allocated at Great Yarmouth Waterfront. The following reasons were identified:

- Unrealistic hoped-for values on the part of landowners
- Viability impacted by the need for site remediation (e.g. flood defence, archaeological and decontamination costs)
- An ongoing perception that Great Yarmouth Town Centre is not a desirable residential location

2.3.17. Without public-sector intervention, it is consequently unlikely that private sector development will accelerate in time to meet Great Yarmouth's housing targets. GYBC is seeking to intervene in the housing market to create a network of attractive, vibrant and well-connected neighbourhoods and to establish a new gateway into the town centre, thereby:

- Enhancing place-making
- Fostering a sense of community
- Prompting higher investment from the private sector, retaining funds locally and increasing Great Yarmouth's economic growth

2.3.18. Actively intervening to transform the broken local housing market is a priority for GYBC. The council is developing a plan and seeking support from Government to achieve this. It is seeking to facilitate and coordinate the significant public and private sector investment needed to create a local market that delivers quality homes and makes Great Yarmouth a better place to live for its residents.

Extant Planning Permissions

- 2.3.19. There is a growing gap between housing permissions and housing completions in Great Yarmouth borough, and targets for housing completions have not been met for some years, leading to a situation where there is not currently the required minimum five-year supply of housing land³¹.
- 2.3.20. Since 2000, the peak number of housing completions in Great Yarmouth was 376, achieved in 2009/10³². Apart from the period 2004/5 to 2009/10, delivery has been below the required level, and in recent years by a more significant amount. The council's published housing land supply figure fell below five years at the end of 2017/18. 47% of completions in 2017/18 were by small housebuilders and a national housebuilder, Persimmon, accounted for 39% of completions.
- 2.3.21. Table 2-1 shows that 55% of houses were built on 'smaller sites' in the same year. The rest of completions on larger sites were mainly built by Persimmon on a single site.

Table 2-1 - Completions in Great Yarmouth by site size, 2017/18

Site size	Completions in 2017/18	Percentage
Small (less than 1ha)	115	55%
Large	93	45%
Total	208	100%

- 2.3.22. There has been a steep increase in housing commitments in Great Yarmouth recently. These are mainly sites with planning permission or allocated in the Local Plan for housing. However, the council has approved a significant number of unallocated and 'outside settlement boundary' sites in recent years, and since the supply of houses fell below five years. Figure 2-6 shows that this increase has not been matched by a significant upturn in housing completions. It is expected that there is a degree of lag as sites with outline planning permission cannot be constructed until a reserved matters application has been submitted and approved, however it would have been hoped that the area experienced an increase in the rate of completions.

³¹ Great Yarmouth Borough 5 Year Housing Land Supply Position Statement (2019)

³² Great Yarmouth Borough 5 Year Housing Land Supply Position Statement (2019)

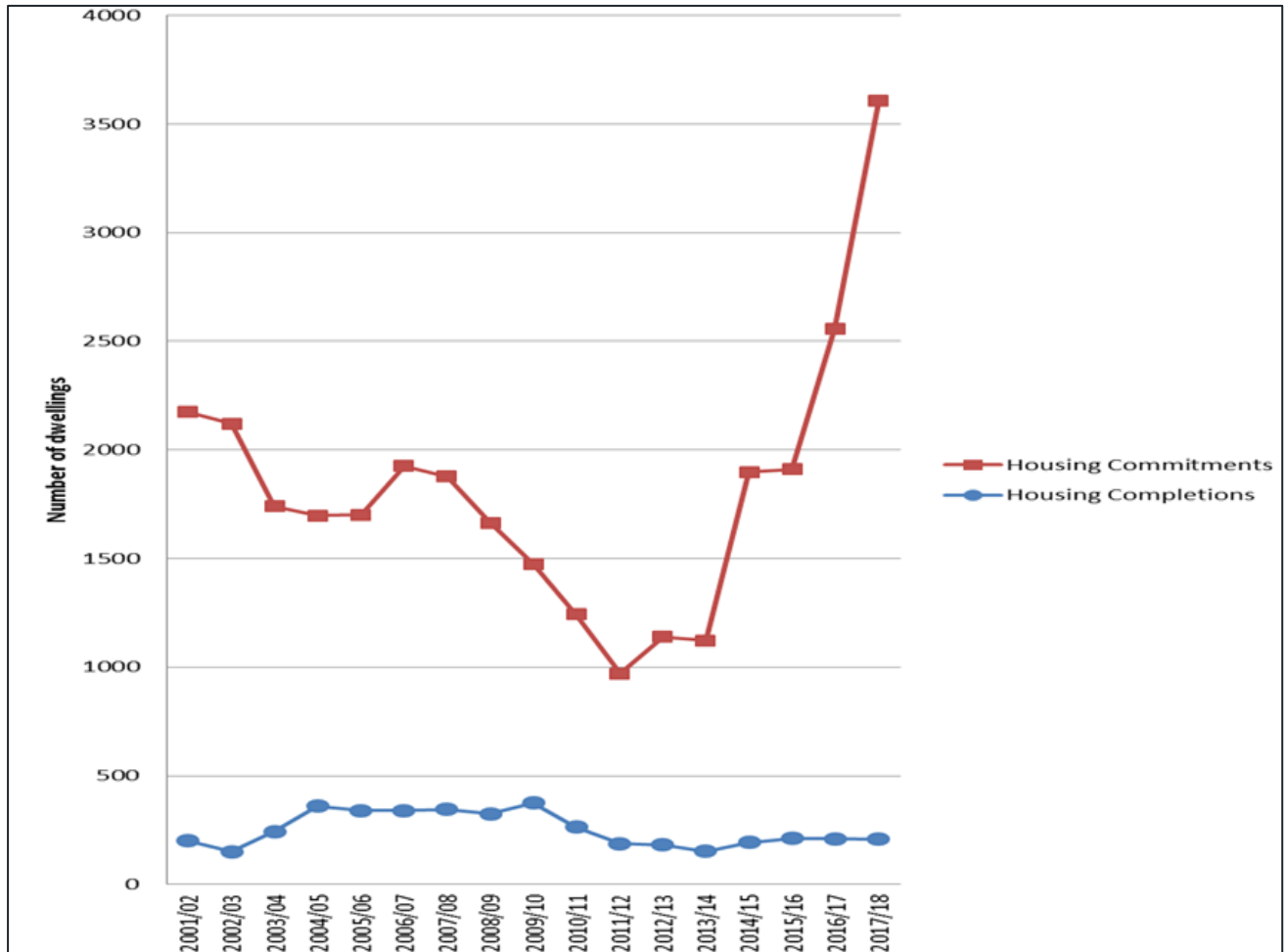


Figure 2-6 - Housing Completions and Permissions in Great Yarmouth

- 2.3.23. Overall, there are a total of 308 separate sites with planning permission for housing. The larger sites (50+ dwellings) constitute the majority of supply, at about two-thirds of the total (1,873 out of 2,878), but the smallest sites (1-9 dwellings) constitute the majority of total permitted sites (275 of 308).
- 2.3.24. A review of outline planning approvals in the Borough shows that for the period 2014 to 2018, 61% of homes that received planning permission did not submit Reserved Matters for approval following approval at outline stage. This value is skewed upwards by one development site in particular. The Halls site is a large site which makes up a high proportion of the properties which made Reserved Matters applications. The total number of homes that submitted Reserved Matters with the Halls site included is 228 compared to 124 without the Halls site, reflecting the large nature of this site. Removing the Hall site, the lapse rate falls to 27%, which shows a more common average of properties which submit Reserved Matters. This shows that despite the Borough's intent to accelerate housing delivery by approving outline permissions, a large proportion of these houses are not actually being built.

Housing Affordability

- 2.3.25. The lack of affordable home ownership and other sub-market housing options in Great Yarmouth present significant challenges for the area.

- 2.3.26. The affordability ratio of average house prices to average earnings across the borough is 6.2:1³³, which is below the national average. However, this overall metric masks significant issues within the borough and is skewed by high wage workers in the energy sector living outside of Great Yarmouth. In the most deprived wards, the affordability ratios are greater. For Nelson ward and Southtown & Cobholm ward the lower quartile income level to lower quartile house price level ratios are 7:1³⁴. For Central & Northgate ward and North Yarmouth ward they are 8:1 and 10:1 respectively. The affordability metric does not consider if the homes are poor quality, unattractive homes or conversion of single occupancy to multiple occupancy homes.
- 2.3.27. Affordability needs to be addressed in order to achieve the council's aspirations to improve the quality of life for local residents. The supply of housing has been far below the level of demand in recent years across affordable home ownership, affordable rent and social rent tenure types. Figure 2-7 shows the limited number of additional affordable homes (rent and affordable home ownership) including via s106 and use of Right to Buy receipts delivered over the past 5 years (period 2015/16-2019/20)³⁵.

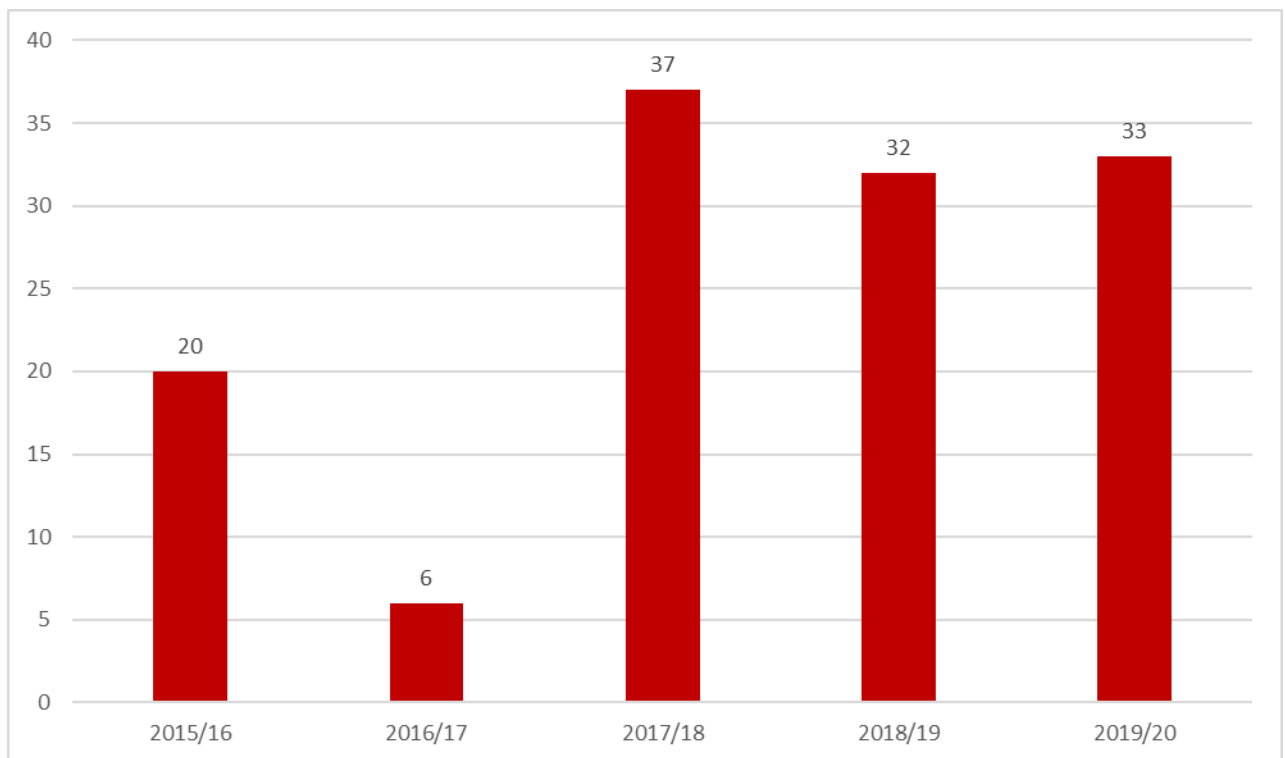


Figure 2-7 - Affordable Homes Completions in Great Yarmouth 2015/16 to 2019/20 (rent and affordable home ownership including s106 and use of Right to Buy receipts)

³³ Office for National Statistics, 2017

³⁴ Office for National Statistics, 2017

³⁵ Great Yarmouth Borough Council, Housing Services Directorate, February 2021

- 2.3.28. During the last five years only 128 affordable homes have been completed in the borough. This is significantly lower than both the needs of the local residents and the targets set for the number of affordable homes.
- 2.3.29. There is provision within the Core Strategy that housebuilders can use viability assessments to prove that building the required number of affordable homes in a development will negatively impact profits. Therefore they do not have to build affordable homes if they can show doing so will cause their profit margin to fall below 20% on the project. There is evidence from viability assessments and the council's discussions with landowners and developers that there are parts of the town with very low or even negative post-development land values. As a result, the council has had to help facilitate some development by reducing affordable housing requirements, where it is justifiable.
- 2.3.30. With the decrease in affordable housing provision, there has been an increase in homelessness in Great Yarmouth. Homelessness rose from 596 in 2014 to 843 in 2017. Therefore, one of the targets of the proposed intervention is to stop low income individuals being priced out of the market.
- 2.3.31. GYBC has regular update meetings with local Registered Providers (RP) at an operational level and has recently been undertaking soft market testing for a strategic partnership, along with procuring legal advice around this. This demonstrates a strong working relationship with RPs, however these providers struggle in terms of the viability of sites in Great Yarmouth.

IMPACT OF HOUSING PROBLEMS ON GREAT YARMOUTH

- 2.3.32. The impact of the housing problems is connected to the challenges set out in the local context section. The implications and effects of these problems is described below.

Low proportion of economically active residents

- 2.3.33. In Great Yarmouth the proportion of the workforce that is economically active lags behind East of England and Great Britain. In 2018, 69.3% of Great Yarmouth residents were economically active, this is lower than the British average of 78.5% and it lagged further behind the regional average of 80.8% for the East of England. The level of Job Seeker Allowance (JSA) claimants is higher than regional and national averages across all age groups, but in particular across 18-24 years olds. This shows some of the challenges facing young adults in Great Yarmouth.
- 2.3.34. Due to the poor quality and an unsuitable housing stock Great Yarmouth is unable to retain the higher earning workers who prefer to live outside Great Yarmouth and commute to work. With better quality homes higher earners will choose to live in Great Yarmouth and boost the local economy with their spending.

Poor economic performance

- 2.3.35. Gross Value Added (GVA) is a measure of the increase in the value of the economy due to the production of goods and services. Great Yarmouth's GVA performs poorly compared to East of England, England and United Kingdom, with its GVA 31%, 49% and 46% lower respectively.
- 2.3.36. The housing market in Great Yarmouth has had a detrimental effect on the local labour market. Overall, economic activity is lower than East of England, and as highlighted earlier the unemployment rate far exceeds the national (UK) and regional (East England) levels, with JSA

claimants higher across all age groups³⁶. Alongside this, full time employment has been significantly below the regional and national average whilst weekly wages have consistently lagged behind East of England and Great Britain. The difference was £60.00 and £83.20 in 2002 and has since increased to £107.70 and £88.50.

- 2.3.37. Human capital in Great Yarmouth lags behind the regional and UK averages with below East of England and Great Britain averages across all NVQ qualification grades (NVQ 1-4).³⁷
- 2.3.38. Without housing improvements, younger and more economically active people will continue to look to other areas to live and work. Additionally, private sector investment in the area will continue to be deterred.

Concentration of deprivation

- 2.3.39. The accumulation of the above problems is leading to greater rates of deprivation in Great Yarmouth. High unemployment and low rates of educational attainment lead to poor health of residents which lowers quality of life. In turn, worsening health can lead to unemployment and lower rates of education, perpetuating the situation.
- 2.3.40. High levels of deprivation indicate that people in Great Yarmouth, and especially in the most deprived boroughs (where deprivation is significantly worse), are experiencing a low quality of life. There is a particular concern with regards to Employment Deprivation and Education Skills & Training as Great Yarmouth performs very poorly in these categories in the IMD.
- 2.3.41. As identified earlier, there is a high proportion of homes that do not meet the Government's 'decent homes standard'. This has a negative impact on health, with issues such as safety problems and excess cold. This has contributed to the life expectancy in the area being lower than UK average.

Town Centre Deprivation and High Street Decline

- 2.3.42. Great Yarmouth is the 25th most deprived of 354 local authority areas in the Index for Multiple Deprivation in 2019³⁸. These deprivation factors include barriers to housing and services, crime, living environment, income, employment, education, health deprivation.
- 2.3.43. The effect of the social and economic challenges in Great Yarmouth are clearly evident in the town centre, as low footfall levels and limited spending power have resulted in its decline. Around 15-20% of retail units are vacant (as at December 2018) in the (LPP2) town centre area³⁹. Empty high street units contribute to a negative streetscape which makes the area less attractive for people to live in. This depresses surrounding land values, discouraging investment from the private sector as there is a low return on investment.

³⁶ ONS, <https://www.nomisweb.co.uk/reports/lmp/la/1946157234/report.aspx>

³⁷ Ibid

³⁸ Office for National Statistics, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/579151/English_Indices_of_Deprivation_2015_-_Frequently_Asked_Questions_Dec_2016.pdf

³⁹ Great Yarmouth Borough Council (2018) Vacant Retail Units 2018

THE VISION FOR A FUTURE GREAT YARMOUTH

2.3.44. Over the last decade, GYBC has worked hard to build a foundation for future placemaking. It has set out an overarching strategy not only for local development, but for the growth of the borough's cultural offering and economic future. Development must be holistic, and the improvements to housing and Great Yarmouth's town centre are both key to this.

2.3.45. The overarching mission statement adopted by GYBC is:

"By 2030, Great Yarmouth becomes a place of choice for people to live. It can sustain a commuter market and compete with Norwich for quality of life. Renewal of the housing stock creates an environment in which people choose to visit, stay, spend and invest, driving town centre regeneration and life chances for all"

OPPORTUNITIES

2.3.46. In response to the housing problems, six opportunities have been generated. A description of each opportunity is provided below, as well as how they relate to housing market problems in Great Yarmouth.

2.3.47. The opportunities are:

- Opportunity 1: Existing property purchase and repair scheme
- Opportunity 2: The Conge Redevelopment
- Opportunity 3: Beach Coach Station
- Opportunity 4: Empty Homes
- Opportunity 5: Town Centre Vacant Premises
- Opportunity 6: Estate Regeneration

Opportunity 1: Existing purchase and repair scheme

2.3.48. Through a purchase and repair scheme, GYBC aims to acquire 80 redundant or vacant guesthouses used as HMOs and convert them into 160 good quality homes. The implementation of this scheme would bring a supply of sub-standard accommodation onto the market with potential conversion to family homes and good quality flats.

2.3.49. As mentioned previously, HMOs have a negative effect on local communities as they provide sub-standard accommodation and can lead to social and economic problems. These include high unemployment, low GVA and an unskilled workforce, as well as increasing barriers to housing and high crime rates.

Opportunity 2: The Conge Redevelopment

2.3.50. The Conge is a key connection from Great Yarmouth's railway station to the Market Place and is a key component of Great Yarmouth's Town Centre Masterplan. For many visitors, particularly those arriving by rail, it is their first impression of Great Yarmouth. The street contains a mixture of commercial, industrial premises and midrise local authority housing. It is currently unattractive, unwelcoming and an underutilisation of potentially good space.

2.3.51. By 2025, as part of the Great Yarmouth Town Centre Masterplan GYBC envisions The Conge as providing high-quality housing and commercial premises, delivering an attractive gateway into the town centre.

- 2.3.52. Supported by both adopted and emerging planning policy, the preferred option for The Conge redevelopment is an extended development, which includes The Conge and the area to the north of North Quay, leading to the railway station bridge (Figure 2-8, circa 4 hectares). The scheme involves the creation of 89 new dwellings aimed at meeting local needs. The council owns much of the land in The Conge and has properties let on leases ranging from very short term to 60 years.

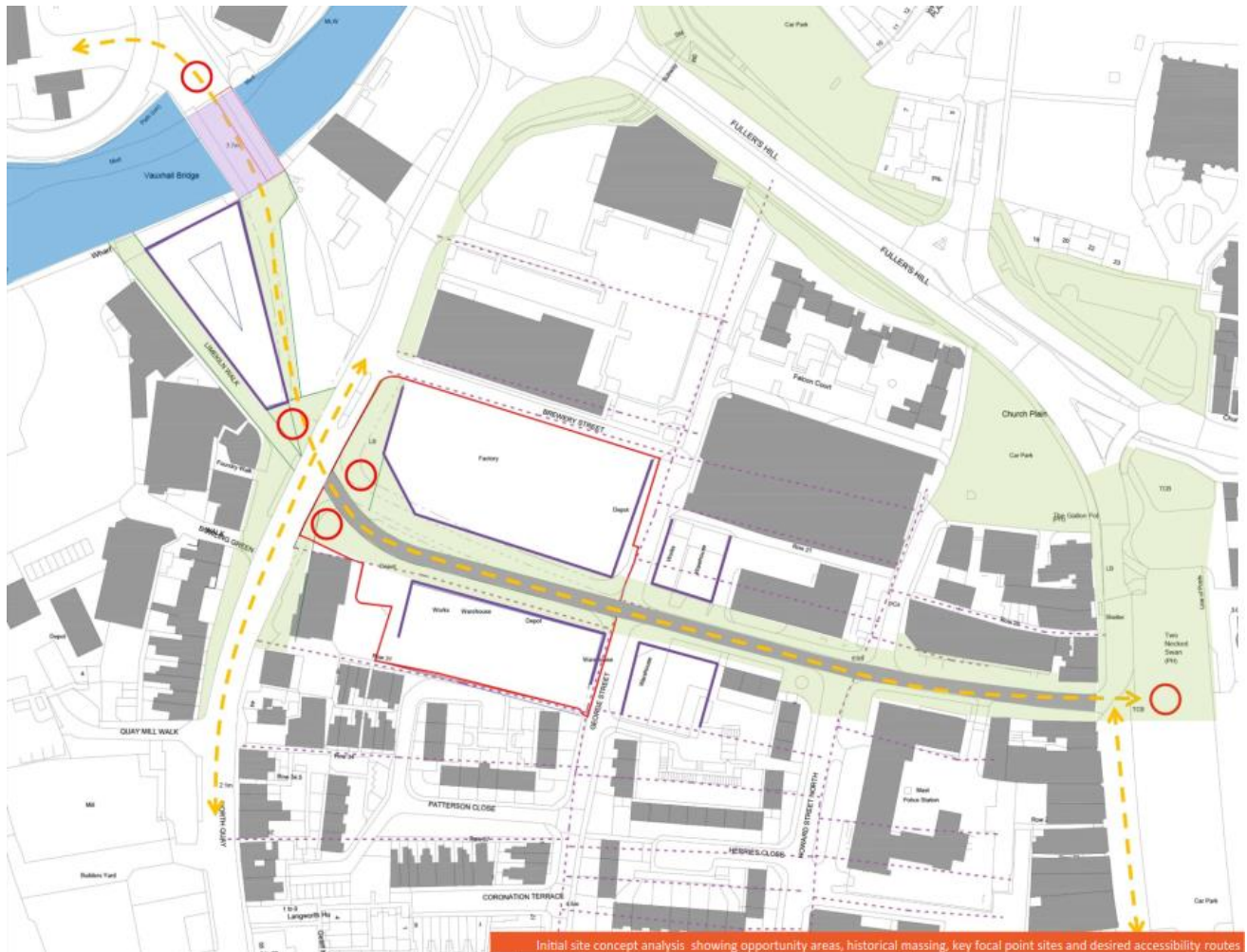


Figure 2-8 - The Conge – Indicative Redevelopment Area

Opportunity 3: Beach Coach Station

- 2.3.53. This site is currently used as a coach park and a car park. The site is bordered by Nelson Road North, Euston Road, Wellesley Road and Sandown Road. The car and coach park will be decommissioned, and other sites identified for car/coach parking.
- 2.3.54. Under a 2012 Special Purpose Vehicle, a crescent of new housing was delivered on the northern tip of the site. GYBC aims to build on this by redeveloping two-thirds of the remaining site, with a target of 50-80 new homes identified. The redevelopment of this area will build on placemaking efforts already underway at Wellesley Road recreation ground. The site also benefits from a location close to the regenerated Venetian Waterways and the seafront.

Opportunity 4: Empty Homes

- 2.3.55. There are currently estimated to be 511 empty homes in Great Yarmouth which could be brought back into use. GYBC is seeking a mechanism to intervene as quickly as possible and ensure empty homes are bought back into active use. GYBC previously undertook a grant funded process with HCA to bring empty properties back and has had success over the years assisting owners.
- 2.3.56. Under the Shared Ownership and Affordable Homes Programme, 60 additional properties (96 homes) across the borough could be made available.

Opportunity 5: Town Centre Vacant Premises

- 2.3.57. There are currently estimated to be 53 empty retail units within the area's Town Centre Masterplan. These empty units range in size from department store size to small businesses. Vacancy rates are 19% with a continued reduction in demand for retail floorspace. These retail units could be converted to 100 residential units.
- 2.3.58. The viability of retail use over the long term, due to changing shopping and leisure habits, means the opportunity for non-retail uses should be pursued. This could include community functions, leisure and education space, should the existing quantum of retail space be inappropriate for future needs.
- 2.3.59. Part of the solution to creating more vibrant town centres is to increase the number of homes in the town centre, both through converting entire buildings to residential use where appropriate and by placing homes on upper storeys above other ground floor uses. Over the past decade, the Great Yarmouth Preservation Trust has been working with the National Lottery Heritage Fund to bring historic shopfronts back into use. They have lifted eight buildings out of the at-risk register, creating new residential units and new office space above shops. It should be noted that the Great Yarmouth Community Land Trust is keen on helping deliver the conversion of properties above shops and to help facilitate these developments in Great Yarmouth.

Opportunity 6: Estate Regeneration

- 2.3.60. The Middlegate estate lies within one of the most deprived areas in the country. The estate is in the bottom 10% nationally across all of the indices of Multiple Deprivation and also in the bottom 10% for specific indicators of: income, employment, education, skills and training, health deprivation and disability and crime. The estate is 4th worst out of 32,844 LSOAs in England, regarding Education, Skills and Training.
- 2.3.61. The estate also suffers from poor thermal performance and many units have had lengthy void periods due to their undesirability. The estate is coming to the end of its life span and requires significant remodelling. Other issues are underused and inaccessible private garden space and the inward-looking nature of the estate.
- 2.3.62. In April 2017 the Ministry of Housing, Communities and Local Government approved Great Yarmouth's Housing and Neighbourhoods Committee request to undertake a £320k feasibility study to assess regeneration options. A team led by ARK Consultancy completed a final study in January 2020. It identified strategies that would bring additional private and council-owned stock to the estate and improve existing stock to increase their lifespan by a minimum of 30 years.
- 2.3.63. There are 535 homes on Middlegate Estate, 478 of which are existing council rented homes. The remaining 57 privately owned properties are to be purchased as part of this opportunity. 301 homes are to be demolished, 226 Council rented homes refurbished, and 284 new Council rented homes

built. Including leasehold (14) and ‘other’ homes (99), the total homes expected after regeneration of the estate will be 623, a net gain of 88 new homes. A further viability appraisal is now underway to reflect changes to the mix and types of homes to ensure the regenerated estate meets current and future housing needs.

2.4 DEVELOPMENT OF OBJECTIVES

THE VISION

- 2.4.1. In response to the identified housing and associated issues for Great Yarmouth and the case to intervene, a vision capturing the aspirations of the council has been developed. It is:

“Great Yarmouth becomes a place of choice for people to live, with a quality of life offer comparable to Norwich. It provides an urban environment in which people choose to work, visit, stay, spend and invest, driving life chances for all in a sustainable manner, through realising the value of its existing assets and targeted revitalisation of housing stock.”

OBJECTIVES

- 2.4.2. Aligned with this overarching vision, specific objectives for the proposed housing intervention have been identified. These are:

- Provide an affordable mix of housing (in terms of both type and tenure) to meet the current and future needs of the local population
- Accelerate the rate of delivering additional dwellings
- Reduce the number of vacant properties
- Improve the standard of the housing stock, both council and privately owned
- Support the revitalisation of the Great Yarmouth town centre to create an environment that attracts people to visit, stay and invest

- 2.4.3. How well the development of the opportunities addresses the specific objectives will determine how successful the housing intervention has been.

OPPORTUNITY LINKS TO OBJECTIVES

- 2.4.4. The table below shows how each opportunity fits in with the objectives of the housing intervention. Green indicates that the opportunity addresses the objective whereas red indicates it does not.

Table 2-2 - Opportunities and Objectives

Opportunities Objectives	Purchase & Repair	The Conge	Coach Station	Empty Homes	Town Centre	Estate Regen
Provide an affordable mix of housing to meet current and future needs						
Accelerate the rate of delivering additional dwellings						

Opportunities Objectives	Purchase & Repair	The Conge	Coach Station	Empty Homes	Town Centre	Estate Regen
Reduce the number of vacant properties						
Improve the standard of the housing stock (council and privately owned)						
Support the revitalisation of the Great Yarmouth town centre						

WIDER BENEFITS

Benefits of all opportunities

- 2.4.5. Combined, the opportunities will lead to less overcrowded, better quality homes which are suited to the needs of the local population. This will enable residents to better accumulate human capital as they will be in better health and perform better at school/work training activities, resulting in Great Yarmouth having a more skilled workforce. This would be a significant improvement as Great Yarmouth currently performs poorly in education attainment and GVA. A more skilled workforce will enable improved productivity for businesses which will also improve business performance and increase GVA. With improved performance from businesses it is also likely that unemployment rates could fall and full-time employment rates increase.
- 2.4.6. With additional high quality homes in the area, higher wage workers are more likely to remain in the area because there are more houses suited to them. Additionally, general streetscape improvements and commercial developments will make the area more attractive for them to visit, live and invest. This will address the current imbalance of the working wage exceeding the residential wage.
- 2.4.7. Tourism is a key industry to Great Yarmouth making up a large share of the local economy and providing lots of jobs and economic opportunities. Improvements to the streetscape and quality of housing will further boost tourism in the area, aiding the local economy. Tourism offers a wide range of benefits due to the money tourists spend. It also provides a large number of jobs for people working in the hospitality and transport industry, leading to an increase in employment rates in the area.

Social outcomes

- 2.4.8. Improvements in economic and social outcomes as a result of housing market interventions should reduce the deprivation in Great Yarmouth increasing the quality of life. The improvements above are directly related to improving deprivation issues because the IMD is calculated by considering: Income, employment, education/skills, health and barriers to housing/services.
- 2.4.9. The improvements will also address the deprivation in the town centre. High vacancy rates and a low footfall count indicate the high street is struggling. The improvements in employment rate,

business performance and tourism should encourage more spending improving the performance of the high street.

- 2.4.10. The interventions proposed in the housing deal have the ability to support inclusive growth, which is economic growth that enables the widest range of people and areas to both contribute to and benefit from growth. Addressing this is a key policy for decision-makers nationally: to provide opportunities for areas to address the social and economic challenges that have emerged around social exclusion, inequality and the failure to create and sustain inclusive economic growth.
- 2.4.11. With more affordable homes (across multiple tenure types) being delivered, barriers to lower income residents accessing high quality housing will reduce. This should reduce overcrowding and homelessness, supporting those on lower incomes in accessing more stable, higher quality sub-market housing.
- 2.4.12. The delivery of the housing interventions will provide momentum, attracting further investment from the private sector to create economic benefits in Great Yarmouth. By improving the quality of the housing stock and reducing the number of homes that are in disrepair and vacant, investment from the private sector which is currently constrained by low land values could increase significantly. More sites would become commercially viable and there would be a higher return on investment due to higher land values and a more positive perception of the area.

2.5 IMPACT OF NOT CHANGING

INTRODUCTION

- 2.5.1. This section identifies the likely consequences of central government funding not being provided to GYBC to progress the proposed housing interventions.

EXISTING HOUSING STOCK

- 2.5.2. Notable features of Great Yarmouth's housing market failure are the issues surrounding quality and use of existing housing stock. The main issues identified with the current housing stock can be summarised as:

- A large proportion of properties will continue to remain vacant (homes and businesses)
- HMOs will continue to be used widely
- The quality of estate housing will continue to decline, especially the Middlegate Estate
- Private sector housing stock quality will remain in decline, demonstrating market failure
- The diversity of housing offer will continue to be insufficient

Empty Homes

- 2.5.3. Without intervention the number of empty homes in the town will continue to be a blight on the area and numbers of vacant properties could even rise compounding the situation. Vacant properties will continue to lower land values of surrounding properties and the quality of the streetscape will discourage people to live in the town. It may also discourage the high-income earners that live in the town to leave due to the lack of high quality homes on the property ladder. Furthermore, as homes remain empty over a longer period it becomes more complex and costly to restore them to active use and to a decent standard.
- 2.5.4. GYBC is currently progressing projects to deal with empty homes. These have been producing positive results, but a lack of resources constrains the scale and pace of development. As no market

solution exists and it is anticipated that GYBC's funding will remain tight over the medium term, the baseline scenario is likely to see a continuation of the prevalence of empty homes, with their numbers only slowly reducing as GYBC initiatives allow.

- 2.5.5. Overall empty homes will continue to suppress house prices and have a negative impact on the desirability of the town's urban areas. The empty homes will continue to negatively impact the streetscape preventing significant social and economic development in Great Yarmouth.

Town Centre Vacant Premises

- 2.5.6. GYBC's 2018 Annual Planning Monitoring Report showed that the number of ground floor units in use in the town centre has remained relatively stable between 2013 (338) and 2018 (333). However, empty retail properties have largely remained vacant decreasing only slightly from 66 units in 2015 to 60 units in 2018.
- 2.5.7. There is an opportunity to utilise the upper floors of the town centre for new homes, in which there has been some market interest. There has also been interest from the Great Yarmouth Community Land Trust to support this. However, given the current slow build rates, there will only be a modest flow of new homes.
- 2.5.8. It is likely that without intervention, empty town centre premises will remain an issue, it also possible the amount of vacant properties will increase. This will depend on long term development plans in the town centre and the future retail/commercial market.

Larger Residential Properties being used as HMO

- 2.5.9. The rising number of HMOs will continue to lower surrounding property and land values by lowering the attractiveness of the street to other residents. They will continue to be a strain on public services as they seek to meet the needs of residents living in this accommodation.
- 2.5.10. GYBC is exploring options to remedy this situation, including implementing planning controls to discourage conversion into HMOs and actively intervening to develop individual properties. This progress by GYBC will continue, but the level of funding available means its impact is consequently limited and so the baseline scenario would at best see only a gradual improvement.

Middlegate Estate Housing Stock

- 2.5.11. The Middlegate Estate is comprised of 535 homes, predominantly under GYBC control, and has several issues, including anti-social behaviour problems. The need to renew the built fabric of homes and to address structural design issues which impact on thermal efficiency and comfort mean the overall quality of the stock is declining. Without improvements the situation will only get worse. The location of the estate next to the town centre means its performance has a significant effect on the perception of Great Yarmouth as a whole.
- 2.5.12. In September 2018, ambitious plans for the redevelopment of Middlegate Estate were presented by GYBC to its residents. The council received largely positive feedback to these proposals. GYBC is therefore progressing this work, however the pace of intervention is governed by available funding.
- 2.5.13. Without additional funding there will be a slow regeneration of the Middlegate Estate which will make the delivery of more strategic, large sites such as The Conge and Beach Coach Station more challenging. Attracting the larger scale, private sector interest desired for these sites will require clear evidence of wider, ambitious interventions to improve the quality of housing in the town. Without intervention this is unlikely to transpire on the scale required to have tangible impacts.

MISSED REGENERATION OPPORTUNITIES

- 2.5.14. There are important strategic sites that have the potential to increase the overall quality and viability of Great Yarmouth's housing market. By encouraging the high quality development of these sites, the public sector can provide leadership over these developments, maximising the benefits of them for the town and encouraging private sector investment. These strategic sites are identified below, along with the impacts of GYBC adopting a non or limited intervention approach to their development.

Beach Coach Station

- 2.5.15. The Beach Coach Station site is currently a car and coach park, but presents an opportunity for new homes. Without intervention the development is unlikely to come forward. The site has access to the seafront via a short walk, Wellesley Road recreation ground and the Venetian Waterways. Its positioning next to the Great Yarmouth Back of Seafront Improvement Area (GY8-dp) increases the site's potential. Despite this, the existence of a significant funding gap suggests that privately funded development would not be feasible here in the short term.
- 2.5.16. A do-nothing approach to this site would negate the potential creation of 50 homes to support Great Yarmouth's housing targets. It would also hamper the potential the site offers to change the town's reputation with property developers, which a high-quality redevelopment could achieve. GYBC is keen to support regeneration options for the site; with larger-scale investment it could prioritise the site's development and ensure the benefits of the site are achieved.

The Conge Redevelopment – Connecting the Station to the Town

- 2.5.17. This area has potential to be a key gateway to the town centre but is currently an uninviting environment that mixes low quality commercial and residential uses within a poor public realm. This fails to give visitors from the station a positive first impression of Great Yarmouth, which is a significant missed opportunity. Its position between the town centre and railway station also make it a strong strategic candidate for higher density development.
- 2.5.18. Regeneration plans exist for the area, which could deliver around 220 new homes. This development would provide residential and mixed-use frontage, sitting within high-quality public realm. It would provide a street connection from the station to the town centre. It has the potential to attract new, more skilled/affluent residents and provides the potential for an easy commute to Norwich without car ownership.
- 2.5.19. GYBC will explore options to help deliver this redevelopment, however without funding support, the level of intervention required to kick-start area-wide improvements is unlikely. A do-nothing scenario approach will therefore mean a slow pace of regeneration and consequently a failure to deliver the scale and quality of regeneration needed to contribute to the town's wider regeneration.

DEVELOPMENTS GRANTED PLANNING PERMISSION BUT NOT GOING AHEAD

- 2.5.20. As highlighted in 2.3, in recent years there has been a shortfall in the number of houses built. The last time new housing was at the required level was 2009/10. Every year since then housing delivery has fallen short of housing needs. On top of this there have been planning permission approvals but non-delivery of the houses. This has led to the council approving houses outside settlement boundaries in an effort to stimulate the market. In the absence of intervention, it is unlikely that housing completion rates will increase to meet the shortfall.

CUMULATIVE IMPACT OF NOT DELIVERING THE OPPORTUNITIES

- 2.5.21. The current trajectory for the failing housing market in Great Yarmouth is likely to lead to:
- A slow pace of improvement of existing housing stock
 - Continued failure to deliver new housing and meet agreed targets
 - The council approving unallocated/ 'outside settlement boundary' sites, as a result of the housing targets not being met
 - Vacancy rates continuing to be uncomfortably high
 - A continuation of too many larger properties being used as HMO
 - A slow pace of improvement of publicly owned housing estates
 - An increased maintenance liability for the local authority, as the housing stock ages
 - A continuation of the under-performance of the private sector housing market in Great Yarmouth
- 2.5.22. In combination, failure to fund investment to intervene in the Great Yarmouth housing market would also deliver increased strain on local public sector services. This would be caused by:
- Low levels of growth in Council Tax income, due to continuing high vacancy rates
 - Increased expenditure demands, due to the likelihood of a larger number of people with more complex needs
 - Likelihood of declining business rates due to a stagnation in town centre activity and a worsening retail/commercial market
- 2.5.23. In addition, the potential for higher quality, larger, new build sites being delivered, which would attract more affluent and skilled people into Great Yarmouth, would be less likely.
- 2.5.24. Housing Deal funding is therefore being sought to allow GYBC to move from a project focus of addressing each issue/opportunity as it arises, towards a consolidated, significant programme of broad intervention. This programme would be designed to effect the consistent, broad-spectrum change required over the long term to improve the town's prospects.
- 2.5.25. Without addressing the provision of quality housing for a range of tenures it is anticipated that:
- The council will not be able to deliver in full the housing targets set in Great Yarmouth's Local Plan and Housing Strategy and the shortfall in required dwellings could widen further
 - The council will continue to have to accept unallocated sites and potentially lose control of planned and sustainable development in the town
 - The council will have to accept lower levels of affordable housing for developments due to viability issues
 - The types and quality of housing available will remain unsuitable for local people's current and future needs
 - Younger and economically active people will continue to look to move to other areas to live and work
 - Private sector investment in housing and employment in the area will be deterred
 - The council will not be able to deliver the employment targets and its other economic objectives, with serious consequences for the local economy, including the town centre
 - Quality of life in the areas with the highest levels of deprivation (Central & Northgate, Nelson and Southtown & Cobholm) will not improve and could worsen

- 2.5.26. Without significant intervention only small improvements in the housing markets will be made and it will continue to perform poorly. Without public sector intervention in the form of the opportunity schemes and others that may follow, GYBC's housing targets will not be met.

2.6 MEASURES OF SUCCESS

OBJECTIVES MAPPING

- 2.6.1. The table below demonstrates how each opportunity ties in with the objectives of the scheme as well as how the success will be measured.

Table 2-3 - Mapping of 'SMART' Objectives

Inputs	Outputs	Outcomes	Impacts
Opportunity 1: Existing property purchase and repair scheme	80 HMO removed and 160 homes created by 2030	Provide an affordable mix of housing (in terms of both type and tenure) to meet the current and future needs of the local population Accelerate the rate of delivering additional dwellings Reduce the number of vacant properties Improve the standard of housing stock Support the revitalisation of Great Yarmouth Town Centre to create an environment that attracts people to visit, stay and invest	Reduced vacant properties Increased number of 1-bedroom flats Increased number of affordable homes Reduced number of homes that fail to meet decent homes standard
Opportunity 2: The Conge Redevelopment	89 homes created by 2030	Provide an affordable mix of housing (in terms of both type and tenure) to meet the current and future needs of the local population. Accelerate the rate of delivering additional dwellings Improve the standard of housing stock Support the revitalisation of Great Yarmouth Town Centre to create an environment that attracts people to visit, stay and invest	Reduced vacant properties Housing mix to meet identified housing need and demand Increased number of affordable homes
Opportunity 3: Beach Coach Station	80 new flats created by 2022	Provide an affordable mix of housing (in terms of both type and tenure) to meet the current and future needs of the local population Accelerate the rate of delivering additional dwellings	Reduced vacant properties Increased number of 1-bedroom flats Increased number of affordable homes

Inputs	Outputs	Outcomes	Impacts
		<p>Improve the standard of housing stock</p> <p>Support the revitalisation of Great Yarmouth Town Centre to create an environment that attracts people to visit, stay and invest</p>	
Opportunity 4: Empty Homes	64 flats and 32 houses created by 2030	<p>Provide an affordable mix of housing (in terms of both type and tenure) to meet the current and future needs of the local population.</p> <p>Accelerate the rate of delivering additional dwellings</p> <p>Reduce the number of vacant properties</p> <p>Improve the standard of housing stock</p> <p>Support the revitalisation of Great Yarmouth Town Centre to create an environment that attracts people to visit, stay and invest</p>	<p>Reduced number of empty homes</p> <p>Increased number of affordable homes</p>
Opportunity 5: Town Centre Vacant Premises	100 flats created by 2030	<p>Accelerate the rate of delivering additional dwellings</p> <p>Reduce the number of vacant properties</p> <p>Improve the standard of housing stock</p> <p>Support the revitalisation of Great Yarmouth Town Centre to create an environment that attracts people to visit, stay and invest</p>	<p>Reduced vacant properties</p> <p>Increased job numbers</p> <p>Increased town centre footfall</p> <p>Increased local expenditure</p> <p>Increased number of affordable homes</p>
Opportunity 6: Estate Regeneration	88 flats created by 2030	<p>Accelerate the rate of delivering additional dwellings</p> <p>Reduce the number of vacant properties</p> <p>Improve the standard of housing stock</p> <p>Support the revitalisation of Great Yarmouth Town Centre to create an environment that attracts people to visit, stay and invest</p>	<p>Reduced number of homes that fail to meet decent homes standard</p> <p>Removal of homes which are harder to let as do not meet current housing need</p> <p>Increased number of affordable homes</p>

ALL OPPORTUNITIES

- 2.6.2. Collectively, there are some benefits that are captured by all the opportunities and therefore can be measured in aggregate.

- 2.6.3. With the opportunities involving building new homes or refurbishing old ones, the success of improving the quality of homes can be measured against the number of homes that meet the government's 'decent homes standard'. A study in 2017 identified 17% of homes did not meet the Decent Homes Standard⁴⁰. Reducing this number will indicate the success of the opportunities. Similarly, through the opportunities delivering additional dwellings, they will help GYBC achieve the housing target of approximately 500 houses per year for 2020-2030 and 5,000 in total by 2030.
- 2.6.4. Each opportunity should also help to retain young economically active workers and attract high wage workers. The housing interventions will improve the quality of the houses making them more suitable for higher wage workers and a better mix of housing should keep young economically active workers in Great Yarmouth. They will also improve the streetscape which will improve the perception of the area, which will attract these people. Evidence of the success of the housing intervention in supporting this achievement will be if the proportion of the population aged 18-35 increases. In the case of attracting higher wage workers, an increase in residential wages will support the evidence that the scheme has been successful.
- 2.6.5. A combination of all of the opportunities should boost tourism in Great Yarmouth. Improvements to streetscape, better quality homes and a revitalised town centre will all act to draw increased tourism to Great Yarmouth. This will complement the increased tourist attraction of the opening of the Venetian Waterways with Opportunity 3: Beach Coach station being located near to this. Increased visitor numbers will therefore provide evidence of the scheme supporting wider initiatives.
- 2.6.6. The mix of housing needs to provide suitable accommodation to key market segments including an ageing population as well as people living on their own or as a couple with no children. The opportunities provide a mixed range of housing from social housing, 1-bedroom homes and family homes that will fit with the needs of the current and future local population.

2.7 BUSINESS STRATEGY

INTRODUCTION

- 2.7.1. In this section, the context in which the intervention must be delivered is set out, as established by national, regional and local policies, as well as published strategies. Their alignment with the proposed scheme is described.

LOCAL

Great Yarmouth Borough Council Housing Strategy - 2018-2023 (2018)

- 2.7.2. The strategy details the need for improvement in the housing market within the borough and how this could be achieved. It covers all types of housing in the area including rented and owned. Four key objectives are outlined to meet the demands of current and future residents:
- New homes: ensuring there are enough good quality new homes being built
 - Our homes: improving the quality and use of the council's housing stock

⁴⁰ GYN (2017) Stock Condition Survey

- Decent homes: providing a good mix of decent homes across all tenures
- Healthy homes: meeting the needs of vulnerable households

- 2.7.3. Lack of affordable housing (across tenure types) has become a problem in the area with rented housing accounting for 20% of total housing. As with other coastal locations, second home ownership contributes to the problem. Additionally, homelessness has been increasing over the last three years from 596 in 2014 to 843 in 2017.
- 2.7.4. Engaging with developers to ensure a variety of affordable housing is built (across tenure types) will be vital. The overall success of the strategy will be measured by the number of homes built per year by both the private and public (council) sector.

The Plan – 2015-2020 (2015)

- 2.7.5. Great Yarmouth Borough Council has been working with different stakeholders to support development in the area by focusing on six key priorities. These priorities are:
- Economic Growth
 - Housing
 - Neighbourhoods, Communities and the Environment
 - Tourism, Culture and Heritage
 - Great Yarmouth's Town Centre
 - Transport and Infrastructure
- 2.7.6. Economic growth in the area will be generated by investment in offshore energy and the development of the South Denes Enterprise Zone. This should attract resources from both the private and public sectors, benefitting the local economy and those who have the skills to work in the renewable energy sector. To ensure they live in the local area, and therefore the benefits of economic growth are experienced locally, the housing offer must be fit for purpose.
- 2.7.7. The Plan recognises the need to improve the general quality of living within Great Yarmouth by providing a range of different services to meet the needs of residents. A five-year programme has been implemented to address some of the key issues such as employment opportunities, sports and leisure, and recycling and waste disposal, ensuring a higher quality of life for residents.
- 2.7.8. To support the diversification of the local economy it is proposed to exploit the heritage of the town, with more events and attractions being developed. The borough is also a popular seaside destination and the council has worked with the tourism board amongst other partners to improve the borough's tourism opportunities and to deliver higher levels of economic growth. Improvements will also take place in the town centre to help create an economic hub accompanied with transport improvements to increase the town's accessibility to and from other regions. This includes the A47 (to improve connectivity through Peterborough) and the Third River Crossing Route (linking the A47 at Harfrey's Roundabout with South Denes Road).
- 2.7.9. The proposed housing intervention will work alongside '*The Plan*' in order to revitalise the area and support the Plan's priorities.

Great Yarmouth Draft Local Plan (Part 2) - 2013-2030 (2013)

- 2.7.10. The 2013-2030 Core Strategy document highlights the strategic plan for addressing the short-term and long-term needs of Great Yarmouth borough. 5,139 homes are needed to cater to the needs of

its residents with a large percentage of housing identified for Great Yarmouth town and Gorleston-on-sea.

- 2.7.11. The core housing aim is to provide “sufficient housing in a range of styles and tenure that meet the borough’s existing needs, including that of its ageing population, whilst taking into consideration future population growth”.
- 2.7.12. Against a backdrop of not meeting housing targets (between 2001 and 2013, 276 dwellings were completed per annum, 144 fewer per year than the target rate), a shorter and longer rate have been set for future years. Up to 2020 the target is 300 dwellings per year. For 2021 to 2030 the annual target is 540.
- 2.7.13. Policy UCS3-dp focuses on addressing the borough’s housing need and outlines seven ways that the council and its partners will aim to deliver the core strategy. These include:
- Making plans so that a minimum of 5,139 new homes are delivered over the planned period with the focus on areas where large amounts of homes can be delivered. Central Great Yarmouth and Gorleston-on-sea are seen as the areas to focus development, including housing, employment, retailing and the borough’s services.
 - Promoting design-led housing developments that reflect the effective use of the land and the characteristics of the site.
- 2.7.14. Policy CS4 aims to deliver more affordable housing, addressing one of the key issues within the borough. There was on average only 25 affordable homes delivered per year between 2015/16 & 2019/20. Thresholds have been set at sub-market area for how much affordable housing should be provided at each site. The policy also seeks to ensure that the new affordable homes are well integrated into the developments in terms of design and layout.
- 2.7.15. The proposed housing intervention will align with the key goals outlined in the Core Strategy, both supporting the delivery of sub-market homes and ensuring well-planned design and integration with wider developments.

Great Yarmouth Town Centre Regeneration Framework & Masterplan (2017)

- 2.7.16. The Town Centre Regeneration masterplan sets out the framework for the development of Great Yarmouth town centre up to 2025. The masterplan outlines a long-term vision and the opportunities for better shopping, leisure, housing and commercial development and transport links in the town centre. Six objectives are identified.
- Strengthening the heart of the town centre
 - Improving the markets and Market Place
 - Transforming the Conge
 - Creating a sense of arrival at the town centre
 - Unlocking the potential of Hall Quay
 - Linking it all together
- 2.7.17. The opportunities in the town centre make a compelling case for investment. These opportunities include the quality of Great Yarmouth town centre’s heritage and the extent of public ownership. A series of projects have been identified in the masterplan and the council has developed the approach to resource and implement these projects up to 2025. The masterplan will be delivered in three phases up to 2025 with the earlier phase focusing on ‘early wins’ and later phases for delivery

of the larger capital projects. The council aims to secure funding and inward investment for project development and delivery of the masterplan.

- 2.7.18. The proposed housing intervention will support the town centre masterplan vision, to rejuvenate the town centre and capitalise on the opportunities identified. This will ensure well-planned design and integration with the wider town centre developments and public realm improvements.

Strategic Housing Market Assessment (2013)

- 2.7.19. The SHMA examined the local housing market and outlined the housing need within the area to meet the present needs and in the future. The two key drivers for market changes over time are the resident population and the local labour market.
- 2.7.20. With respect to the household population in Great Yarmouth borough, this has increased at a slower rate than the regional and national populations. Similarly, the occupation structure for Great Yarmouth diverges from those for the region and nation (as evident in Table 2-4).

Table 2-4 - Occupation Structure, 2011

Occupation Groups	Great Yarmouth	East	England
Group 1-3: Senior, Professional or Technical	28.6%	40.9%	41.1%
Group 4-5: Administrative, skilled trades	24.5%	23.9%	22.8%
Group 6-7: Personal service, Customer service and Sales	22.2%	17.2%	17.7%
Group 8-9: Machine operatives, Elementary occupations	24.7%	18.0%	18.3%
Total	100.0%	100.0%	100.0%

- 2.7.21. Groups 1-3 are more likely to have a higher income than the other occupation groups and in Great Yarmouth borough the proportion of the occupation structure for these groups is markedly lower than for the region, and nationally. At the other end of the structure, nearly 47% of the occupations in the borough are categorised in Groups 6-9, the least skilled and paid occupations. For the region and England, the comparable figures are 35% and 36%.
- 2.7.22. Since the SHMA was produced the distribution of occupational groups has been exacerbated further for the borough. Great Yarmouth's share of Groups 1-3 has decreased to 24.5% (June 2018, ONS Nomis), a decrease of 4.1%. Groups 8-9 have increased by 3% to 27.7% (June 2018)⁴¹.
- 2.7.23. Another finding of the SHMA was the need for one-bedroom dwellings to meet demand, reflecting the characteristics of the population and affordability challenges. At that time, this accounted for 68% of the total shortfall in dwellings in Great Yarmouth.

⁴¹ ONS, <https://www.nomisweb.co.uk/reports/lmp/la/1946157234/report.aspx>

- 2.7.24. Addressing the shortfall, providing the right mix of dwellings and seeking to attract higher income job opportunities are all elements of the proposed housing intervention.

REGIONAL

Norfolk Strategic Planning Framework (2017)

- 2.7.25. This strategy document outlines how cross-boundary planning issues within Norfolk can be addressed together to achieve shared objectives. Four working groups were created to deliver a positive impact in the following areas: housing, employment, infrastructure and delivery issues. Each working group consisted of Local Authority staff along with New Anglia Local Enterprise Partnership and a variety of government agencies, including the Environmental Agency, Natural England, Anglian Water, UK Power Networks and the Homes and Communities Agency.
- 2.7.26. To address the housing needs in Norfolk, the following was proposed:
- Provide enough housing to support the economic potential of the county and address the needs consistent with the Economic Strategies of the New Anglia and Greater Cambridge Greater Peterborough⁴² Local Enterprise Partnerships (LEPs).
 - Ensure the housing types are meeting the needs of all groups in society including students, the elderly, and other groups which require specialist living accommodation.
 - Ensure that communities have adequate facilities and services to meet their needs including schools, libraries, fire service provision, play space and green infrastructure.
 - Contribute towards sustainable developments with regards to improving key day to day services, jobs and homes.
 - Deliver high quality, energy efficient homes in desirable communities.
 - Ensure that homes are delivered at the right time to address identified needs.
- 2.7.27. The proposed housing intervention will share common themes with those highlighted in the Framework. Providing quality housing that is affordable for residents is a key priority in the Norfolk Strategic Planning Framework, as it is for Great Yarmouth. The overall success of the intervention will be based on providing desirable communities, which in turn provide the standards of living needed to meet the needs of the entire local population.

Norfolk Infrastructure Delivery Plan - 2017-2027 (2017)

- 2.7.28. The Norfolk IDP collates information from the Norfolk borough councils, Norfolk County Council and the LEP to deliver economic growth in Norfolk. The plan helps the key stakeholders co-ordinate the implementation of different policies and respond to funding opportunities.

⁴² The GCGP LEP has been replaced by the Business Board of the Cambridgeshire and Peterborough Combined Authority



Figure 2-9 - Key Housing Growth Sites in Norfolk

- 2.7.29. Figure 2-9 illustrates the key housing sites targeted to deliver a greater number of homes in the future in Norfolk. In Great Yarmouth borough between 2,501-6,000 homes are identified for construction over the 10-year period, but collectively, 84,000 homes (equivalent to 4,000 per annum) will need be delivered by 2036 according to the Norfolk Strategic Framework. The proposed housing intervention for Great Yarmouth will contribute to delivering these targets and therefore supporting economic growth in the area, which in turn will improve social indicators.

Homes Truths – East of England 2016/17 (2017)

- 2.7.30. The National Housing Federation published a report in 2017 on the housing crisis in the East of England, highlighting the low levels of affordability in the region. Average homes cost over 10 times the average salary and average rents were £786 a month in the East of England. This showed the need for both affordable housing to rent and to buy.
- 2.7.31. Contributing to this situation in Great Yarmouth is the high five-year shortfall level in the borough in comparison to Norfolk. (Great Yarmouth accounted for 20% of the total five-year shortfall.) The 1,916 affordable homes in Great Yarmouth was the lowest of any borough within Norfolk, demonstrating issues with housing, which the proposed intervention will need to address in order to support the current and future needs of the local population.

The East Norfolk and Suffolk Economic Strategy (2017)

- 2.7.32. Norfolk and Suffolk are jointly part of the New Anglia Local Enterprise Partnership (LEP) with the aim to drive economic growth in both counties. The LEP assists Norfolk and Suffolk secure public and private sector investment to help meet its key criteria.

- 2.7.33. The ambitions for the area are to create “88,000 jobs and 30,000 successful new businesses”, which will benefit Great Yarmouth and the region. Other targets include:
- 140,000 new homes by 2036
 - A higher employment rate than the UK average
 - GVA per hour of £39 by 2036
 - Median Wage target growth rate of 1.7% per year
 - 66% of the population with NVQ3+ qualifications
- 2.7.34. The proposed housing intervention will contribute to achieving these targets and fits with wider initiatives to realise the targets. For example, achieving a higher median wage will improve the affordability of local housing and improved educational outcomes will drive up average wages as higher wages are associated with higher levels of qualifications obtained.

NATIONAL

National Planning Policy Framework (2018)

- 2.7.35. The NPPF sets out the Government’s planning policies for housing and other development projects. Achieving sustainable development by meeting the needs of the current and future generations is the main goal of the framework. Three core objectives are in place to maximise the potential from different development projects.
- **Economic:** help build a strong, responsive and competitive economy, by ensuring housing is built in areas of need and at a fast-enough pace to support economic growth in the area.
 - **Social:** support local communities to build strong, vibrant and healthy areas with access to services and open spaces to match those of current and future needs.
 - **Environmental:** protect and maintain the natural, built and historic environment whilst helping to improve biodiversity, using natural resources prudently and minimising waste and pollution.
- 2.7.36. Section 5 of the NPPF (*‘Delivering a sufficient supply of homes’*) details the fundamental need for an informed local housing need assessment using the standard method in national planning guidance. Planning policies should take into consideration the size, type and tenure of housing needed for different groups in the community including:
- Affordable Housing
 - Families with Children
 - Older People
 - Students
 - People with Disabilities
- 2.7.37. The proposed intervention will use government’s policy framework when deciding key factors such as the size, type and tenure of housing needed. The need for affordable housing across tenure types, which is a key problem in Great Yarmouth will be addressed, along with targeting the needs of other groups in the community to make sure all residents can benefit from the investment in housing.

Fix our Broken Housing Market (2017)

- 2.7.38. The housing market in the UK presents one of the biggest challenges the country faces, as home ownership has become increasingly unaffordable in most areas of the UK. On average, houses cost almost eight times average earnings, resulting in the private rented sector doubling since 2000. Over

two million households with below-average incomes spend a third or more of their disposable income on housing. The government has stated four important ways to tackle the problem. These are:

- Build more homes where people want to live
- Building homes quicker once planning permission has been granted
- Encouraging small builders, housing associations and local authorities to build more homes
- More regulation on private sector rent, more actions to prevent homelessness and local people being priced out of the market

2.7.39. Great Yarmouth Borough Council will work to achieve these goals through the delivery of the proposed housing scheme.

Coastal Regeneration in English Resorts (2010)

2.7.40. The Coastal Communities Alliance released this document to highlight the social and economic problems seaside areas are at risk of. Coastal towns share common factors such as high levels of deprivation, low incomes, seasonally dependent employment, an ageing population and a brain drain of young people. With respect to housing, there is a lack of affordable housing across tenure types, with the conversion of former hotels and guest houses to homes of multiple occupancy common.

2.7.41. An ageing population has increased the demand for retirement and second homes in many coastal areas, impacting on the opportunity for low-paid local people to afford local housing. This often leads to both seasonal workers and locals living in rental accommodation. HMOs have also been a problem in coastal areas, with the need for a balanced and high-quality mix of tenure being identified.

2.7.42. The proposed housing intervention has been developed to address these common challenges for coastal towns.

SUMMARY

2.7.43. There is a clear alignment of aims between local, regional and national policies and strategies for housing in the UK. Each recognises the housing crisis that exists in terms of providing enough homes of the right type affordably to those who need them. Additionally, there is recognition of the role that housing, or the lack of it, has on the quality of life and the economic growth of an area.

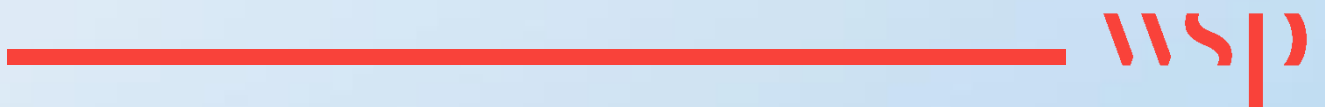
2.7.44. For Great Yarmouth Borough Council, the focus on housing is shared over four strategies:

- Increasing the amount of homes
- Improving the quality of existing homes
- Rejuvenating existing vacant properties
- Providing housing which meets the needs of all residents including those who are vulnerable and/or disabled

2.7.45. In pursuing these, the borough will support the regional ambition to build attractive and desirable communities. An important element to achieving this will be ensuring the necessary employment opportunities exist to increase average incomes and therefore improve housing affordability levels, which in turn requires the housing offer in the first place to be attractive to prospective investors, employers and employees.

3

ECONOMIC CASE



3 ECONOMIC CASE

3.1 INTRODUCTION

- 3.1.1. The Economic Case identifies the impacts of the scheme to inform the assessment of its Value for Money (VfM) in the use of taxpayers' money. The Economic Case considers the impacts that can be measured and quantified, as well as impacts that have been assessed qualitatively. These impacts are compared to the cost of delivering the scheme.

3.2 APPRAISAL METHODOLOGY & ASSUMPTIONS

- 3.2.1. This Economic Case has been developed in line with HM Treasury's Green Book and the relevant guidance from the MHCLG Appraisal Guide. Table 3-1 details the cost appraisal process, and a full cost breakdown can be found in the Financial Case.

Table 3-1 - Cost Appraisal Process

Stage of Appraisal	Description
Scheme Costs	<p>The Capital Expenditure (CapEx) costs are the costs required to develop and construct the scheme.</p> <p>At this stage, a high-level budget cost estimate for the scheme has been prepared by WSP.</p> <p>A full breakdown of scheme cost estimation is in the Financial Case.</p>
Present Value of Costs (PVC)	<p>To present scheme costs in Present Values, scheme costs are discounted back to 2020 prices.</p> <p>A discount rate of 3.5% is applied for the first 30 years with a 3% rate applied thereafter.</p>
Risk Adjustment	<p>A full Quantified Risk Assessment (QRA) using Monte Carlo analysis has not been undertaken at this stage.</p> <p>A contingency allowance has been included in the cost estimates for each option, ranging from 10% to 20%.</p>
Optimism Bias Adjustment	<p>Optimism Bias has been applied to scheme costs at 24% as per Green Book guidance. This is because the scheme is:</p> <ul style="list-style-type: none"> ■ at an early stage, and a ■ 'standard building' project <p>The upper estimate has been taken and applied given the scheme's early stage in the appraisal process.</p>
Market Price Adjustment	<p>Costs are converted from factor costs to market prices using the indirect tax correction factor of 1.19.</p>

3.2.2. LAND VALUE UPLIFT

- 3.2.3. A large proportion of the scheme's proposed interventions is the provision of a greater number and greater mix of residential units. Therefore, Land Value Uplift (LVU) will be the primary benefits stream for the scheme. LVU captures the change in value of land as a result of the change in land use type, incorporating the cost of the change, and has been calculated according to the methodology set out in the MHCLG Appraisal Guide.
- 3.2.4. At this stage, LVU analysis has been undertaken for Opportunity 2: The Conge redevelopment. The following key assumptions have been made:
- Average Unit Price of £162,883 (Land Registry)
 - 10.11% of total units at affordable homes prices
 - Real Annual Growth Rate of 0.75%, calculated using house price growth data from last 10 years
 - Net Build Size of 0.94 hectares
 - Displacement rate of 0%
 - Deadweight rate of 65%
 - £525,000 cost per hectare of industrial land, as per 2017 land value estimates
 - 89 dwellings evenly distributed between FY21/22 and FY24/25
 - Benefits discounted at a rate of 3.5% years 1-30, and then 3.0% for years 31-60
- 3.2.5. Following the above methodology and assumptions, The Conge redevelopment produces a GDV of £13.6 million. The sum of all costs / profits is £14.3 million, generating a land value uplift of -£0.7m.
- 3.2.6. After applying current use land value and additionality factors, The Conge redevelopment generates an additional housing benefit of -£0.4m.

3.2.7. SWITCHING VALUE ANALYSIS

- 3.2.8. To determine what would be required to produce a positive additional housing benefit for this Opportunity, switching value analysis has been undertaken. This highlights how much a given variable would have to change in order to alter the outputs in question e.g. housing benefit.
- 3.2.9. The analysis found that by increasing the average unit price by £4,913 per unit the scheme would generate a positive additional housing benefit, i.e. an average unit price of £167,796 would generate an overall benefit of £1.

3.3 SOCIO-ECONOMIC IMPACTS

- 3.3.1. The mix of interventions proposed is expected to generate numerous socio-economic benefits that will help to alleviate some of the challenges currently facing Great Yarmouth, as discussed in the local context section of the Strategic Case. The socio-economic benefits that can be expected with each intervention are described below.

3.3.2. OPPORTUNITY 1: EXISTING PROPERTIES PURCHASE AND REPAIR SCHEME

- 3.3.3. To combat an increase in HMOs, GYBC aims to acquire 80 redundant or vacant guesthouses and convert them into c.160 new homes. The conversion of these properties will improve streetscape quality behind the seafront and facilitate housing for a greater number of people near the seafront. This will encourage greater economic activity at the seafront as the level of expenditure rises together with the local population. Streetscape enhancement will also make the seafront a more attractive destination for visitors, supporting Great Yarmouth's tourism industry and encouraging a

greater number of day visits and overnight stays. The town's tourism industry is buoyant – estimated to be worth in excess of £530m per year to Great Yarmouth – but many jobs are seasonal, and so this scheme aims to improve out-of-season year-round vibrancy.

- 3.3.4. Great Yarmouth has a prominent offshore gas and renewable industry in the southern basin of the North Sea, and this will be supported by the introduction of a greater number of attractive homes. Workers in the industry will be encouraged to settle in the town instead of commuting into Great Yarmouth from neighbouring towns and cities. This will contribute to the borough's vision for a thriving coastal community.
- 3.3.5. As well as introducing c.160 new homes, the proposed purchase and repair scheme will raise the standard of housing in the area and so the standard of living can be expected to increase too which will improve local health outcomes. The new homes are likely to alleviate housing licensing and environmental health enforcement pressures, while a reduction in the number of HMOs should see a reduction in the anti-social behaviour often associated with housing of that type.
- 3.3.6. Property and land prices in the area would be expected to increase in the area from the introduction of c.160 new homes of better quality. This will improve the attractiveness of Great Yarmouth as a place to reside, as well as encouraging private developers to invest in the diverse housing market.

3.3.7. OPPORTUNITY 2: THE CONGE REDEVELOPMENT

- 3.3.8. The improvement of The Conge is a significant component of Great Yarmouth's Town Centre Masterplan. It is envisaged that The Conge will provide an attractive gateway to the town centre by 2025, with high-quality housing and mixed use.
- 3.3.9. GYBC already own some of the land on The Conge itself, making it an attractive opportunity to deliver regeneration relatively swiftly in a strategically important area. Regeneration of The Conge is accompanied by the strong desire to improve the market place and create a sense of arrival at the town centre. The street is close to all transport gateways and adjoins the main retail area, and so the proposed redevelopment is central to boosting economic activity in the town centre.
- 3.3.10. The scheme will improve wayfinding across the town and will encourage greater footfall from those visiting by rail. Support is also proposed to help current commercial leaseholders move to maintain their presence in the area as the development is delivered. In addition, there is the potential for 'meanwhile' uses that could encourage entrepreneurial and creative industries, all of which support the local high street economy and add further incentive for commercial investment in the area.
- 3.3.11. The mixed-use redevelopment offers a significant opportunity to improve the housing market of Great Yarmouth and has been identified as a key strategic opportunity by Urban Delivery as part of their housing market study.

3.3.12. OPPORTUNITY 3: BEACH COACH STATION

- 3.3.13. GYBC aims to build on the crescent of new housing recently delivered on the northern tip of the site, redeveloping two-thirds of the remaining site into a minimum of 50 new homes.
- 3.3.14. This scheme will contribute to place-making around GYBC's Heritage Lottery funded works to the nearby Venetian Waterways and ongoing feasibility works at Wellesley Road recreation ground. Effective placemaking can yield several benefits for the area, such as retaining talent through the improvement of key centres and encouraging workers in the area to settle in the borough instead of living outside and commuting in.

- 3.3.15. Great Yarmouth is an area with a relatively aging population and falling birth rates, and so better placemaking is necessary to encourage a greater proportion of working age residents to live in the area. Retention of working professionals will raise average earnings, reduce average benefit dependency and increase economic competitiveness, creating more jobs for a larger pool of workers. Further, public realm improvements encourage more recreational activities, and so add to the local quality of life.
- 3.3.16. As with the purchase and repair scheme, this scheme will not only alleviate the current shortfall in the current construction of new homes but also improve the ambience and quality of streetscape behind the seafront. This will further support wider economic and tourism aspirations and contribute to the area's efforts to become a sustainable coastal community.

3.3.17. OPPORTUNITY 4: EMPTY HOMES

- 3.3.18. There are an estimated 511 empty properties across Great Yarmouth, 137 of which are located within the town. Vacant properties are among the most visible outward signs of a community's current socio-economic situation. Bringing more homes into active use will help to address the current shortfall in housing delivery, while the redevelopment of empty homes specifically will improve areas that have seen deterioration in value due to uncared for properties. The scheme will address social housing pressures and environmental health enforcement pressures that arise when there is an insufficient provision of housing.
- 3.3.19. Vacant properties offer opportunities for productive reuse which can boost Great Yarmouth's attractiveness as a place to reside and work, while also improving the standard of living for the existing local population. Returning an empty property to a productive use will alleviate depressed property values in Great Yarmouth and so help stabilise and revitalise the community, stimulating economic recovery or growth.
- 3.3.20. As more empty homes are brought back into the market, the scheme could become costlier over time due to the resultant increase in housing values, however this is an inevitable side effect of the scheme's success.

3.3.21. OPPORTUNITY 5: TOWN CENTRE VACANT PREMISES

- 3.3.22. In addition to the empty homes across Great Yarmouth, the Town Centre Masterplan area identifies 53 empty retail units. Vacancy rates are currently at 19%, with demand for retail floorspace experiencing continued decline. Shops with larger floorspace are particularly problematic in the case of Great Yarmouth.
- 3.3.23. Retail vacancy rates in Great Yarmouth exceed the national average, which is also experiencing an increase. However, retail to residential conversions have been recognised as a solution to longer-term empty retail units. Changing shopping and leisure habits mean that town centre properties should now be considered for non-retail uses such as community functions, leisure and education space. These new uses tie in with the aspirations of GYBC's Future High Streets Fund bid – to transform disused historic buildings into shops, houses and community centres – and can further support increased economic activity in the town centre.
- 3.3.24. GYBC hopes in particular to devise a solution for bigger units such as the former Marks and Spencer building in the Market Place that lay empty for more than three years before being taken over by Sports Direct, as well as a rapidly emptying shopping centre. Large town centre units such as these have great placemaking potential and if productively reused add to the overall

attractiveness of the Market Place and so encourage a higher number of visitors. This scheme will also be supported by the GYBC tourism and resident engagement initiatives to encourage greater use of the town centre, further boosting economic growth.

3.3.25. OPPORTUNITY 6: ESTATE REGENERATION

3.3.26. This scheme addresses the opportunity to improve the quality of Middlegate Estate. The initial master planning and viability work showed that the total homes expected after regeneration of the estate will be 623, a net gain of 88 new homes. The estate lies in one of the most deprived areas in the country and its units currently experience maintenance problems such as poor thermal performance. The scheme will introduce a mix of tenures, increase the standard of housing and also add to the regeneration of the historic King Street, improving its placemaking potential. Regeneration of the estate could vastly improve the desirability to live there due to its existing cohesive community and strong community networks.

3.3.27. As part of the regeneration, there is the opportunity to also provide open spaces that generate opportunities for local residents to undertake more recreational activities, further adding to its placemaking potential. Facilitating more recreational activities contributes to improved physical health, fitness, mental health and wellbeing. This is important given that more than one in five local people have a long-term life limiting illness or a disability⁴³. This scheme therefore can foster social inclusion, community development, and raise aspirations in the area.

3.3.28. QUALITATIVE BENEFITS AND SUB-GROUP IMPACT

3.3.29. The below table is a summary of some of the benefit outcomes identified for the Great Yarmouth Housing Deal that have not been assessed in quantified monetary terms, however are substantial enough to warrant inclusion in this business case.

Additional Benefit	Qualitative Outcomes
Jobs creation	<ul style="list-style-type: none"> Improvement in local economy Improved skills levels Reduced benefit dependency
Private residential units	<ul style="list-style-type: none"> Improved housing conditions Reduction of housing turnover Satisfaction with accommodation and likelihood to remain in the area Major contribution to the target for new housing locally Helping to meet housing demand for current and future population Increased attractiveness to higher income and more highly qualified residents

⁴³ Great Yarmouth Borough Profile 2019, GYBC. <https://www.great-yarmouth.gov.uk/CHttpHandler.ashx?id=988&p=0>

	<ul style="list-style-type: none"> • Encouraging greater private sector investment etc.
Affordable residential units (across tenure types)	<ul style="list-style-type: none"> • Improved housing conditions • Reduction of housing turnover • Satisfaction with accommodation • Major contribution to the target for new social housing locally • Helping to meet housing demand for current and future population
Healthcare facilities	<ul style="list-style-type: none"> • Improving local health outcomes
Open Space & Public Realm	<ul style="list-style-type: none"> • Green space growth • Environmental improvement • Improvement in visitor economy
Remediated land	<ul style="list-style-type: none"> • Enhanced quality of life • Not leaving land with planning permission under-utilised • Improved value of units • Environmental improvement

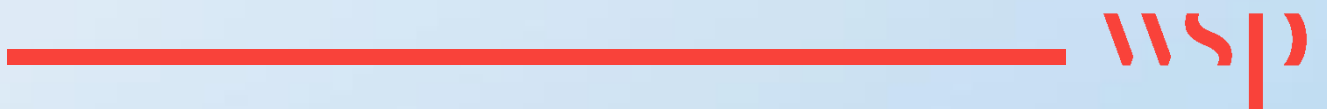
3.4 ENVIRONMENTAL IMPACTS

- 3.4.1. At this stage of scheme development, environmental impacts have been considered qualitatively. Noise impacts will depend on the number of new dwellings and other sensitive receptors (e.g. education and community facilities), and noise important areas identified by Department for Environment, Food and Rural Affairs (DEFRA), as well as changes in traffic volumes on the local road network. In general, activity on the local road network is expected to increase due to the increase in residential properties, while a greater number of visitors to the town is also expected. Redevelopment of The Conge should also encourage greater use of the corridor, potentially increasing noise levels. However, these impacts could be offset by the increased local population making shorter active mode trips to access work, education and retail facilities, with a reduction in commuting traffic to and from Great Yarmouth.
- 3.4.2. As with noise impacts, impacts on local air quality will depend on changes to the flow, composition, speed and distance travelled by traffic on local road networks. The potential redistribution of trips to local short distance sustainable modes may reduce overall combustion engine powered vehicle kilometres and therefore reduce levels of greenhouse gas emissions.
- 3.4.3. The proposed scheme is expected to enhance townscape through reinforcing the sense of place and arrival for Great Yarmouth and improve the built environment along the seafront. The productive reuse of vacant premises in the town as targeted in Opportunity 5, as well as potential short-term pop-up commercial or community uses will enhance townscape further.



4

FINANCIAL CASE



4 FINANCIAL CASE

4.1 INTRODUCTION

- 4.1.1. This chapter sets out the Financial Case for the proposed scheme to demonstrate its affordability. It describes the estimated cost and the anticipated sources of funding.
- 4.1.2. Funding gaps have been estimated based on both revenues generated entirely from market sales and revenues generated entirely on either affordable or market renting. In reality, the configuration of how these properties will be presented to the market will combine a mix of market sale, market rent, affordable rent and formula rent homes. The assessment has been undertaken to demonstrate that there is a funding gap for the project as a whole and that public funding will be required for the project.

4.2 SCHEME COSTS AND FUNDING GAPS

- 4.2.1. Indicative scheme cost estimates for each opportunity were originally developed by WSP based on BCIS. Estimates were produced applying both BCIS minimum cost data and BCIS average cost data. The cost estimates were estimated at 2019 Q1 and have been inflated in line with BCIS All-in TPI inflation to 2020 Q1 prices. Subsequently, reflecting the development progress of proposals for The Conge and Middlegate Estate, revised costs have been estimated by Chaplin Farrant and Allman Woodcock respectively.
- 4.2.2. Different revenue figures have been calculated based on whether the homes will be sold or rented. The sale and rental values are the same for both cost scenarios. The rental values are based on two different rent scenarios, affordable rent and market rent. The difference between the cost of the opportunity and the revenue generated is the estimated funding gap. The calculation does not include maintenance costs.

OPPORTUNITY 1: EXISTING PROPERTY PURCHASE AND REPAIR SCHEME

Cost Assumptions

- 4.2.3. The cost of this opportunity has been estimated based on 80 properties being refurbished. The cost/m² of the refurbishment is shown as a range (min to average) based on the BCIS lower quartile and average (mean) rates for the rehabilitation/conversion of housing/flats at Q1 2020 prices, with a Great Yarmouth location factor⁴⁴. The external works, professional fees and utility diversion/upgrade allowances are based on estimating norms informed by a BCIS analysis of a similar albeit one-off conversion project.
- 4.2.4. The 10% contingency allowance is the minimum level of risk that should be contemplated given the generic nature of the exercise and the unknowns regarding the existing condition of the properties.

⁴⁴ BCIS data East of England data has been used.

- 4.2.5. The estimate does not include the S106 contribution to wider placemaking, future inflation or VAT.
No developer profit is included in the estimate.

Scheme cost estimate

- 4.2.6. Opportunity 1 is expected to cost £29m based on the BCIS average rate and £25.5m based on the BCIS minimum rate. Table 4-1 shows cost estimates for BCIS lower quartile and average rates.

Table 4-1 - Cost Estimate for Opportunity 1 (Purchase and Repair Scheme)

Costs	BCIS Minimum	BCIS Average
Property Acquisition (80 properties)	£13.1m	£13.4m
Renovation Costs	£8.0	£10.4m
External works	£0.8m	£1.0m
s106 contribution	TBC	TBC
Fees/Utilities Works	£1.2m	£1.6m
Contingency 10%	£2.3m	£2.6m
Subtotal Costs	£25.5m	£29.0m

- 4.2.7. To develop costs further, more information is needed regarding the scope of works required to convert to an 'average' property. This will be available once current refurbishment projects being delivered by GYBC reach a more advanced stage. This will allow assumptions on house size and extent of repair/refurbishment works to be refined. It is likely this would be required on a property by property basis.
- 4.2.8. The cost of the scheme could increase overtime as it is expected that property prices in the area will increase after scheme implementation. If this happens housing value will increase, which will increase the land purchase costs required, this would however be an indication that the scheme is achieving its ambition.

Funding gap

- 4.2.9. The expected revenue that will be generated has been calculated based on the sale of 160 flats at market rate. This indicates an expected revenue of £14.4m. Comparing this against the expected costing this indicates a funding gap of £11.1m assuming minimum costing or £14.7m assuming average costing.

Table 4-2 - Funding Gap – Existing Properties Purchase and Repair – Private Sale

Revenue	Minimum BCIS	Average BCIS
Costs	£25.5m	£29.0m
Revenue - Sale of Homes (160 flats)		£14.4m
Funding Gap (Revenue-Costs)	-£11.1m	-£14.7m
(per home)	-£69,114	-£91,547

- 4.2.10. A thirty year assessment of the funding gap for affordable rent and market rent has been made based on information provided by GYBC. After refurbishment the flats will be on average 50m² each, accordingly market and affordable rents used in the revenue calculations have been based on 1-bedroom flats.

Table 4-3 - Funding Gap – Existing Properties Purchase and Repair – Rental Options

Revenue	Minimum BCIS	Average BCIS
Costs	£25.5m	£29.0m
Revenue - Affordable Rent (160 flats)		£21.6m
Funding Gap (Revenue-Costs)	-£3.9m	-£7.5m
<i>(per home)</i>	-£24,225	-£46,659
Revenue - Market Rent (160 flats)		£24.5m
Funding Gap (Revenue-Costs)	-£1.0m	-£4.6m
<i>(per home)</i>	-£6,114	-£28,547

- 4.2.11. Revenue for the rental option over the 30-year period has been calculated as higher than the sale option with £21.6m for the affordable rent scenario and £24.5m for a market rent scenario. When comparing the affordable rent scenario against the expected costing this indicates a funding gap of £3.9m assuming minimum costing or £7.5m for the average costing. For the market rent scenario there is a funding gap of £1m assuming minimum costing or £4.6m assuming average costing.
- 4.2.12. As the expected revenue from renting is higher there is a lower funding gap from renting compared to the sale option for both affordable rent and market rent scenarios.

OPPORTUNITY 2: THE CONGE REDEVELOPMENT

Cost Assumptions

- 4.2.13. The estimated construction cost of the 89 new build dwellings is based on a blended construction cost/m² (including the apportioned external works, site works, preliminaries, main contractors' overheads/profit and contingency) of £1,897/m² at Q3 2019 prices. This does not include factors such as legal costs, s106 payments and NHBC fees. The construction costs have been inflated in line with BCIS All-in TPI inflation to 2020 Q1 prices. No land purchase costs have been included. **No developer profit has been included.**
- 4.2.14. This costing currently excludes the cost of buying out leases, which was not known at the time of writing this report. It should therefore be noted that the funding gap presented in this report will need to be updated for these costs, which are likely to be significant. The reported funding gap is therefore likely to be an under-estimate.
- 4.2.15. Key pricing assumptions used include an allowance for demolition costs for existing commercial/ industrial premises. A contingency allowance of 5% has used, due to the made ground and contamination issues that are anticipated within the area, together with the potential for archaeological requirements. The estimate does not include the S106 contribution to wider placemaking, future inflation or VAT.

Scheme cost estimate

- 4.2.16. Opportunity 2 is expected to cost £12.9m based on current tender conditions (as of Q3 2019) as estimated by Chaplin Farrant. Table 4-4 shows the cost estimates based on these and does not provide a minimum and mean estimate.

Table 4-4 - Cost Estimate for The Conge Redevelopment Opportunity

Costs	Chaplin Farrant Estimate
Land Purchase	Not included
Demolition	£0.8m
New properties	£10.0m
External works	£0.9m
s106 Contribution	TBC
Site Works	£0.6m
Contingency 5%	£0.6m
Subtotal Costs	£12.9m

Funding gaps

- 4.2.17. In the event of market sales, it is anticipated that the funding gap is around £4.8m.

Table 4-5 - Funding Gap – The Conge – Market Sale

Funding Gap Calculation	Average BCIS
Costs	£12.9m
Revenue - Market Sale (89 flats)	£8.0
Revenue - Costs	-£4.8m
(per home)	-£54,413

- 4.2.18. Assessments of the funding gap for affordable rent and market rent have been made based on information provided by GYBC. This assumed 2020 prices with a 30-year assessment period and no allowances for indexation. The average flat size used in the costing is circa 70m², accordingly rent values used in revenue calculations for this option have been based on 2-bedroom flats.
- 4.2.19. Revenue for the rental option over the 30-year period has been calculated as higher than the sale option with £14.6m for the affordable rent scenario and £16.8m for a market rent scenario. Expected revenue minus costs for the affordable rent scenario indicates a surplus of £1.8m. For the market rent scenario there is a surplus of £4.0m.

Table 4-6 - Funding Gap – The Conge – Rental Options

Funding Gap Calculation	Average BCIS
Costs	£12.9m
Revenue - Affordable Rent (89 flats)	£14.6m
Surplus (Revenue-Costs)	£1.8m
(per home)	£19,665
Revenue - Market Rent (89 flats)	£16.8m
Surplus (Revenue-Costs)	£4.0m
(per home)	£44,587

OPPORTUNITY 3: BEACH COACH STATION

Cost Assumptions

- 4.2.20. The cost estimate is based on an 80-flat development, with a home size of 70m² each. The cost/m² for the new build is based on the BCIS lower quartile and average (mean) for new build housing/flats at Q1 2020 prices, with a Great Yarmouth Location Factor. External works, professional fees and utilities diversions/upgrade allowances are based on estimating norms informed by a BCIS analysis of similar, albeit minor, one-off projects.
- 4.2.21. The contingency is set at 20%, as issues may arise due to proposed site's past use as a railway station. **No developer profit is included in the estimate.**
- 4.2.22. The estimate does not include for Section 106 contributions to wider placemaking, acquisition costs, future inflation or VAT. The costing does not include any allowances for land purchase or demolition, though it is notable that the required land is owned by GYBC.
- 4.2.23. To develop the costs further, additional cost information would be required regarding a preferred masterplan. In the Town Centre Regeneration Framework and Masterplan it was suggested that the density should be higher than the original proposed development. On this basis, this Financial Case assumes a development of 80 flats to maximise the use of the site and reflect its location.

Scheme Cost estimate

- 4.2.24. Opportunity 3 is expected to cost £10.9m based on the BCIS average rate and £9.7m based on the BCIS minimum rate. Table 4-7 shows cost estimates for BCIS lower quartile and average rates.

Table 4-7 - Cost Estimate for The Beach Coach Station Opportunity

Costs	Minimum BCIS	Average BCIS
Land purchase	N/A	N/A
Demolition	N/A	N/A
Construction Costs (80 flats)	£6.4m	£7.2m

External works	£0.6m	£0.7m
s106 Contribution	TBC	TBC
Fees/Utility Costs	£1.0m	£1.2m
Contingency 20%	£1.6m	£1.8m
Subtotal Costs	£9.7m	£10.9m

Funding gaps

- 4.2.25. Revenue for the site has been estimated based on the sale of 80 flats at market rates. The minimum BCIS cost has a funding gap of £2.5m whilst the average BCIS cost results in a funding gap of £3.7m. This is shown in Table 4-8 below.

Table 4-8 - Funding Gap Calculation for Beach Coach Station Opportunity – Sales Options

Funding Gap Calculation	Minimum BCIS	Average BCIS
Costs	£9.7m	£10.9m
Revenue Sale of Homes (80 flats)	£7.2m	
Revenue-Costs	-£2.5m	-£3.7m
(per home)	-£30,746	-£46,203

- 4.2.26. Assessments of the funding gap for affordable rent and market rent have been made based on information provided by GYBC. This assumed 2020 prices with a 30-year assessment period and no allowances for indexation. The average flat size used in the costing is circa 70m², accordingly rent values used in revenue calculations for this option have been based on 2-bedroom flats. This is shown below in Table 4-9.

Table 4-9 - Funding Gap – Beach Coach Station – Rental Options

Funding Gap Calculation	Minimum BCIS	Average BCIS
Costs	£9.7m	£10.9m
Revenue Affordable Rent (80 flats)	£13.2m	
Surplus (Revenue-Costs)	£3.5m	£2.2m
(per home)	£43,333	£27,875
Revenue Market Rent (80 flats)	£15.1m	
Surplus (Revenue-Costs)	£5.5m	£4.2m
(per home)	£68,254	£52,797

- 4.2.27. Revenue for the rental option over the 30-year period has been calculated as higher than the sale option with £13.2m for the affordable rent scenario and £15.1m for a market rent scenario.

- 4.2.28. When compared against the expected costings this indicates a surplus of £3.5m assuming minimum costing or £2.2m for the affordable rent scenario. For the market rent scenario the results are a surplus of £5.5m assuming minimum costing or £4.2m assuming average costing.

OPPORTUNITY 4: EMPTY HOMES

Cost Assumptions

- 4.2.29. The cost/m² of the refurbishment is based on the BCIS lower quartile and average (mean) rates for rehabilitation/ conversion of housing/flats at Q1 2020 prices, with a Great Yarmouth Location Factor. The external works, professional fees and utilities diversions/upgrade allowances are based on estimating norms informed by a BCIS analysis of a similar, albeit one-off, conversion project.
- 4.2.30. The contingency is the minimum level of risk that should be contemplated given the generic nature of the exercise and the unknowns regarding the existing condition of the properties. The above review does not account for S106 contributions to wider placemaking, acquisition costs, future inflation or VAT. There is no allowance for demolition. This scheme could potentially become costlier over time as housing values increase. **No developer profit is included in the estimate.**
- 4.2.31. Based on this costing the amount required to deliver the opportunity is estimated to be significantly higher than previous estimates. Previous estimates did not include land acquisition costs, which are included in this estimate at market rates. Construction costs are also significantly different, with an estimate of £30k per unit in previous schemes having been recalculated to circa £125,000 per conversion. Further refinement of the costs should be undertaken as greater certainty over the scope of works required to convert the properties is known.

Scheme cost estimate

- 4.2.32. The costs of this opportunity have been estimated based on 60 properties being refurbished to create 96 properties (average 80m² each). This average allows for some properties being converted into separate flats and some being refurbished as single homes.
- 4.2.33. Opportunity 4 is expected to cost £23.5m based on the BCIS average rate and £20.3m based on the BCIS minimum rate. Table 4-10 shows cost estimates for BCIS lower quartile and average rates.

Table 4-10 - Cost Estimate for Empty Home Renovation Opportunity

Costs	Minimum BCIS	Average BCIS
Property Purchase (60 properties)	£9.8m	£9.8m
Demolition	N/A	N/A
Refurbishment Costs	£7.6m	£10.0m
External works	£0.8m	£1.0m
s106 Contribution	TBC	TBC
Fees/Utility Works	£1.3m	£1.6m
Contingency 10%	£1.0m	£1.3m
Subtotal Costs	£20.5m	£23.7m

Funding gap

- 4.2.34. This funding gap assumes the sale of 64 flats and 32 houses, which reflects the likely mix of development and the demands of the housing market. This assumption should be revisited as the project is developed towards the design stage.

Table 4-11 - Funding Gap for Empty Homes Renovation – Market Sale

Funding Gap Calculation	Minimum BCIS	Average BCIS
Costs	£20.5m	£23.7m
Revenue - Sale of Homes (64 flats and 32 Terrace Houses)	£10.0m	
Costs	£20.5m	£23.5m
Revenue-Costs	-£10.5m	-£13.5m
(per home)	-£109,533	-£140,885

- 4.2.35. Assessments of the funding gap for affordable rent and market rent have been made based on information provided by GYBC. This assumed 2020 prices with a 30-year assessment period and no allowances for indexation. The average flat size used in the costing is circa 70m², accordingly rent values used in revenue calculations for this option have been based on 2-bedroom flats. Houses have been assumed at 100m² each, accordingly 3-bedroom rental incomes have been applied to houses in the revenue calculation.

Table 4-12 - Funding Gap – Empty Homes Renovation – Rental Options

Funding Gap Calculation	Minimum BCIS	Average BCIS
Costs	£20.5m	£23.7m
Revenue - Affordable Rent (64 flats, 32 houses)	£16.4m	
Funding Gap (Revenue-Costs)	-£4.1m	-£7.1m
(per home)	-£42,442	-£73,794
Revenue - Market Rent (64 flats, 32 houses)	£19.0	
Funding Gap (Revenue-Costs)	-£1.5m	-£4.5m
(per home)	-£15,440	-£46,792

- 4.2.36. Revenue for the rental options is expected to be higher than the sale option with revenue of £16.4m for the affordable rent scenario and £19m for the market rent scenario. When compared to the expected costing the affordable rent scenario indicates a funding gap of £4.1m assuming minimum costing or £7.1m in the average cost scenario. In the market rent scenario, the funding gap is expected to be £1.5m assuming minimum costing or £4.5m assuming average costing.

OPPORTUNITY 5: TOWN CENTRE VACANT PREMISES

Cost Assumptions

- 4.2.37. The cost/m² of the refurbishment is shown as a range based on the BCIS lower quartile and average (mean) rates for rehabilitation/conversion of housing/flats at Q1 2020 prices, with a Great Yarmouth Location Factor. The external works, professional fees and utilities diversions/upgrades allowances are based on estimating norms informed by a BCIS analysis of a similar albeit one off conversion project.
- 4.2.38. The contingency is set at 20%, as the cost data used does not capture risks such as significant asbestos remediation, which is likely to be present in many of the target properties. The estimate does not include S106 contributions to wider placemaking, acquisition costs, future inflation or VAT. **No developer profit is included in the estimate.**
- 4.2.39. As more information becomes available regarding the scope of works to convert the properties, the cost estimates should be revisited.

Scheme cost estimate

- 4.2.40. Based on 60 empty units, the cost estimate assumes the conversion of existing upper storey units above retail into new homes. Costs relate to the upper storey refurbishment from commercial to residential use and do not include the conversion or renovation of ground floor retail.
- 4.2.41. Opportunity 4 is expected to cost £23.5m based on the BCIS average rate and £20.3m based on the BCIS minimum rate. Table 4-13 shows cost estimates for BCIS lower quartile and average rates.

Table 4-13 - Cost Estimate for Town Centre Residential Conversion

Costs	Minimum BCIS	Average BCIS
Property Purchase (60 properties)	£9.8m	£9.8m
Demolition	N/A	N/A
Construction Costs	£7.0m	£9.2m
External works	£0.7m	£0.9m
s106 Contribution	TBC	TBC
Fees/ Utilities Works	£1.2m	£1.5m
Contingency 20%	£1.8m	£2.3m
Subtotal Costs	£20.5m	£23.8m

- 4.2.42. The estimated costs of this opportunity are based on 60 vacant retail units, which would change their upper storey uses to create 100 flats (average 70m² each). The estimate indicates that this could be undertaken for £20.5 to £23.8m based on minimum and average scenarios.

Funding gap

- 4.2.43. The initial assessment of the funding gap for conversion of 60 upper storey commercial premises into 100 homes is £11.5m in the minimum scenario and £14.8m in the average scenario.

- 4.2.44. The calculations do not include any revenue from ground floor retail/commercial uses. An increase in market property values over the longer term could potentially increase revenues expected and reduce the funding gap over time.

Table 4-14 - Funding Gap for Town Centre Residential Conversion – Market Sale

Funding Gap Calculation	Minimum BCIS	Average BCIS
Costs	£20.5m	£23.8m
Revenue – Sale of Homes (100 flats)	£9m	
Revenue-Costs	-£11.5m	-£14.6m
(per home)	-£115,058	-£147,519

- 4.2.45. Assessments of the funding gap for affordable rent and market rent have been made based on information provided by GYBC. This assumed 2020 prices with a 30-year assessment period and no allowances for indexation. The average flat size used in the costing is circa 70m², accordingly rent values used in revenue calculations for this option have been based on 2-bedroom flats.

Table 4-15 - Funding Gap – Empty Homes Renovation – Rental Options

Funding Gap Calculation	Minimum BCIS	Average BCIS
Costs	£20.5m	£23.8m
Revenue Affordable Rent (100 flats)	£16.4m	
Funding Gap (Revenue-Costs)	-£4.1m	-£7.3m
(per home)	-£40,980	-£73,441
Revenue Market Rent (100 flats)	£18.9m	
Funding Gap (Revenue-Costs)	-£1.6m	-£4.9m
(per home)	-£16,058	-£48,519

- 4.2.46. Revenue for the rental scenarios has been calculated as higher than the sale option with £16.4m for the affordable rent scenario and £18.9m for a market rent scenario. When compared against the expected costing for the affordable rent scenario this indicates a funding gap of £4.1m assuming minimum costing or £7.3m assuming average costing. For the market rent scenario, the funding gap is £1.6m assuming minimum costing or £4.9m assuming average costing.

OPPORTUNITY 6: ESTATE REGENERATION

Cost Assumptions

- 4.2.47. The cost estimate is based on a total of 510 council rented homes, 284 of which are new build and 226 are refurbished/remodelled/renovated. It includes demolition of 301 existing homes. There will also be an additional 113 private sale/leasehold properties not on the council's revenue account, which are excluded from the cost estimate. The estate regeneration overall would create an additional 88 homes (32 of these being council rented homes).

- 4.2.48. The estimates are 'orders of cost' at this stage and will require development as further information becomes available. The estimates for building construction are based on costs per m² gross internal floor area (GIFA). These are sourced from BCIS, in-house cost data and from publications.
- 4.2.49. The contingency is the minimum level of risk appropriate at this stage given the unknowns regarding the existing condition of the properties. The above estimate does not account for S106 contributions to wider placemaking, acquisition costs, future inflation or VAT. **No developer profit is included.**

Scheme cost estimate

- 4.2.50. Table 4-16 shows the cost estimate for the 510 council rented homes.

Table 4-16 - Initial Cost Estimate – Estate Regeneration

Costs	Average BCIS
Preliminaries	£7.2m
Facilitating and Building Works	£60.3m
s106 Contribution	TBC
Fees/Utilities	£8.4m
Contingency 10%	£7.6m
Subtotal Costs	£83.6m

Funding gap

- 4.2.51. An assessment of the funding gap of the formula/social rent⁴⁵ has been made based on information provided by GYBC. This assumed 2020 prices with a 30-year assessment period and no allowances for indexation. Affordable rent and market rent have not been considered as the Middlegate estate comprises almost entirely social housing. The average home size used in the costing is circa 70m², accordingly rent values used in the revenue calculations for this option have been based on 2-bedroom flats.

Table 4-17 - Funding Gap – Empty Homes Renovation – Formula Rent

Funding Gap Calculation	Average BCIS
Costs	£83.6m
Revenue - Formula Rent - 510 Homes	£66.3m
Funding Gap / Surplus (Revenue-Costs)	-£17.3m
(per home)	-£33,921

⁴⁵ The formula for setting social rent enables registered providers to set rents at a level that allows them to meet their obligations to their tenants, maintain their stock to at least a Decent Homes Standard and to function as financially viable organisations.

- 4.2.52. Estimated revenue for the social rent is £66.3m over the 30-year period. When compared to the expected costing this indicates a deficit of £17.3m. This calculation has not included any depreciation or indexation of the rental values. No maintenance costs or depreciation of rents or the building assets has been included in this calculation.
- 4.2.53. Further analysis was undertaken to establish viability for a market option for the estate, but this showed a significant negative land value and was therefore not assessed further.

4.3 BUDGETS AND FUNDING COVER

- 4.3.1. The assessment above has considered the potential funding gap of each opportunity for a range of scenarios. As the proposals are in their early development stage there is uncertainty over the exact funding gap for the proposed scheme. The tables below outline the estimated funding gaps based on revenue generated entirely from market sales and revenue generated based entirely on renting (affordable, market and formula).

Table 4-18 - Summary of Funding Gaps Opportunity 1-5 Only (Market Sale)

Opportunity	Low BCIS	Average BCIS
Opportunity 1: Existing property purchase and repair scheme	-£11.1m	-£14.6m
Opportunity 2: The Conge Redevelopment*	-£4.8m	-£4.8m
Opportunity 3: Beach Coach Station	-£2.5m	-£3.7m
Opportunity 4: Empty Homes	-£10.3m	-£13.5m
Opportunity 5: Town Centre Vacant Premises	-£11.5m	-£14.8m
Total	-£40.2m	-£51.4m

*This opportunity is based on a single cost estimate

Table 4-19 - Summary of Funding Gaps (Market Rent and Affordable Rent)

Opportunity	Type	Low BCIS	Average BCIS
Opportunity 1: Existing property purchase and repair scheme	Affordable rent	-£3.9m	-£7.5m
	Market rent	-£1.0m	-£4.6m
Opportunity 2: The Conge Redevelopment*	Affordable rent	£1.8m	£1.8m
	Market rent	£4.0m	£4.0m
Opportunity 3: Beach Coach Station	Affordable rent	£3.5m	£2.2m
	Market rent	£5.5m	£4.2m
Opportunity 4: Empty Homes	Affordable rent	-£3.9m	-£7.1m
	Market rent	-£1.3m	-£4.5m
Opportunity 5: Town Centre Vacant Premises	Affordable rent	-£4.1m	-£7.3m
	Market rent	-£1.6m	-£4.9m
Opportunity 6: Estate Regeneration**	Formula rent	-£17.3m	-£17.3m
Total	Affordable rent*	-£23.9m	-£35.2m
	Market rent*	-£11.7m	-£23.1m

* This opportunity is based on a single cost estimate

**The formula rent funding gap has been added to both the affordable and market rents totals as this would be the only option in terms of renting out these properties.

- 4.3.2. The total funding shortfall would be extremely large if all the properties were sold on the market (ranging from £40.2m and £51.4m in the low and average cost scenarios respectively). Opportunity 6 is not included in this analysis as explained in 4.2.53 above.
- 4.3.3. If the homes were rented out privately there could be an expected deficit of £11.7m in the low cost scenario and £23.1m in the average cost scenario. If the properties are affordably rented the deficit would rise to £23.9m and £35.2m in the low and average cost scenario respectively.
- 4.3.4. The configuration of how these properties will be presented to the market will be a mix of market sale, market rent, affordable rent and formula rent homes. It should be stated that there is currently no new build private rented sector homes market in Great Yarmouth, therefore significant market improvements would be required to unlock this as a practical option.
- 4.3.5. Our assessment demonstrates that there is a large funding gap for the project and that public funding will be required. GYBC does not have the resources to deliver the project without funding support from the Government. GYBC has applied for Future High Streets and Stronger Towns/Towns Deal funding to help address some housing issues, however the level of investment required is too large for these funding sources to fill. Significant additional Homes England investment will be required to help plug the funding gap.
- 4.3.6. There are currently no suitable funding applications through which the council could seek funding for the Housing Deal. GYBC held discussions with representatives from Homes England and through this dialogue, Homes England introduced the possibility that funding could potentially be awarded if the project demonstrates a strong strategic case, value for money and that it is deliverable. GYBC wishes to explore this further with Homes England.



WSP House
70 Chancery Lane
London
WC2A 1AF

wsp.com

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