Regeneration and Retrofit

Executive Summary

OCTOBER 2017

Task Group sponsored by:
Introduction

The Government has made regenerating low income areas a priority to improve the life-chances of residents. The Estates Regeneration Strategy aims to transform some of the most deprived neighbourhoods in the country, many of which suffer from high levels of unemployment, poor health, poor connectivity, high levels of fuel poverty and concentrations of crime and antisocial behaviour.

There is rightly now a focus on the quality of housing provision for some of the poorest communities and a growing recognition of the impact this has on quality of life for residents. Everyone should expect a place to live that is comfortable, safe and warm.

Regeneration schemes often seek to improve local housing through large scale redevelopment, demolishing old, low income estates to build new high quality places. But while this may be the preferred solution for some estates, regenerating the UK’s cities will require transforming areas where redevelopment is not appropriate, wanted or viable. These neighbourhoods will need a different approach to ensure they are not left behind.

RETOFIT-LED REGENERATION

Retrofitting houses with energy efficiency measures can create warm and healthy homes for residents. But retrofitting whole neighbourhoods, working with local people, ideas and skills, can create healthy sustainable communities.

Retrofit-led regeneration utilises wide-scale retrofitting of existing housing and buildings to transform low income areas. The delivery of high-quality whole home retrofits can be used as the catalyst for wider improvements to local amenities and infrastructure, and for community engagement and employment programmes. Together these interventions can help to revitalise an area, enhance the standard of living and provide lasting benefits and opportunities for the community.

UKGBC’s Regeneration and Retrofit Task Group was established to investigate how whole home retrofit could be used to drive the regeneration of low income areas. This report has three key components:

1. Why whole home retrofit?
   - We present the multiple benefits of whole home retrofit, which can contribute to the regeneration of communities in a similar way to redevelopment.

2. Beyond home retrofit: A vision for retrofit-led regeneration
   - Home retrofit alone will not regenerate communities, so we set out a ‘vision’ of wider improvements to the local area which can be undertaken alongside the retrofit works.

3. Delivery innovations
   - To take this vision forward, we propose solutions that address some of the key barriers to delivery.

The cornerstone of retrofit-led regeneration projects is high quality whole home retrofits that provide tangible benefits for residents and the local area.

Whole home retrofit should deliver high energy performance standards as well as wider home improvements to make properties more livable and comfortable for residents, while reducing maintenance costs and possibly increasing property values. The outcomes should be guaranteed by delivering high levels of build quality, energy savings, air quality and standards of thermal and acoustic comfort.

These comprehensive home improvements can help to transform the lives of residents and contribute to the regeneration of the community and local area.

The Task Group undertook an extensive literature review of the benefits of high-quality whole home retrofit, which are summarised below. This demonstrates the wide-reaching impacts that whole home retrofit can provide for householders, local communities and whole cities.

---

**1. Why whole home retrofit?**

The cornerstones of retrofit-led regeneration projects is high quality whole home retrofits that provide tangible benefits for residents and the local area.

**Whole home retrofit should deliver high energy performance standards as well as wider home improvements to make properties more livable and comfortable for residents, while reducing maintenance costs and possibly increasing property values. The outcomes should be guaranteed by delivering high levels of build quality, energy savings, air quality and standards of thermal and acoustic comfort.**

---

**CITY**

Reducing energy demand is the most cost effective way to reduce emissions

**Natural gas imports could be reduced by 26% using a national energy efficiency programme**

For every £1 spent on reducing fuel poverty £1.27 would be returned in local grid more resilient

Local energy systems benefit from reduced demand, especially during peak times, and make the local grid more resilient

For every £1 spent on reducing fuel poverty £42p is expected in annual NHS savings

---

**COMMUNITY**

A home rated EPC A sells for 14% more than an EPC C-rated equivalent

Emissions from gas heating and cooking contribute to 28% of NOx emissions in urban areas

Investments in home improvements spending in the local economy

---

**HOUSEHOLD**

£8.61 billion could be saved in energy bills annually if all homes were improved to EPC rating C

Reducing energy demand can lower annual NHS savings

---

**RETROFITTING PROPERTIES**

11% of English households are in fuel poverty

The most cost effective solution is to improve home energy efficiency

---

**BOOSTS**

48% more damp and mould-related maintenance and repairs compared to A rated properties

Physical and mental health of residents is improved by retrofitting cold, damp homes

---

**CO2**

For every £1 invested in retrofit an estimated £1.27 would be returned in tax revenues

---

For every £1 spent on reducing fuel poverty £42p is expected in annual NHS savings
Whole home retrofits delivered at scale can create significant lasting benefits for residents, the community and wider areas, but upgrading the home itself is not enough to transform the economic and social situation of the local residents. Thriving communities also depend on high quality, sustainable public realm, good transport and connectivity, adequate security, and the provision of amenities and green space.

Therefore retrofit-led regeneration must look beyond improving individual homes, using the delivery of home retrofit as the catalyst for improvements to the local area. Such measures can help to instil pride, empower residents and create truly sustainable communities, turning a home improvement project into a comprehensive programme for retrofit-led regeneration.

As with most regeneration projects, it is important that residents are at the heart of the process, to ensure maximum benefits for local people. Retrofit-led regeneration poses particular challenges and opportunities. Engaging effectively with residents about improvements to their own homes is not easy, but it is helped by the reduced likelihood that households will be displaced throughout the project.

Our ‘vision for retrofit-led regeneration’ highlights just some of the measures which could be implemented alongside whole home retrofit to transform localities. This is only illustrative, every area regeneration vision will be different and should reflect both the place and its people.
3. Delivery innovations

To achieve this vision, new models are needed to overcome some of the barriers to delivery, including around training, education, community engagement and funding for the works. Building on ideas first proposed at the UKGBC Birmingham City Summit 2016, the Task Group developed proposals for two delivery innovations which could address some of these barriers - focusing on community engagement and the availability of funding for private householders.

COMMUNITY SOCIAL ENTERPRISE

WHAT IS IT?
The not for profit Community Social Enterprise would bridge the gap between local authorities, contractors and residents, facilitating ongoing engagement with communities to understand the local area and ensure effective regeneration occurs. It would also provide training and employment opportunities for local people as part of the retrofit project, building a multi-trade workforce that cares about the community and delivers high quality work with pride. All surplus would be reinvested back into the social enterprise and its activities.

WHY IS IT NEEDED?
Ongoing community engagement is essential to build trust, create demand and ensure lasting benefits from retrofit-led regeneration projects, but residents can often feel disconnected or confused by the regeneration process without a clear and consistent point of contact. At the same time, the construction industry is facing a shortage of knowledge and skills, particularly in the delivery of high quality retrofit. In low income areas with high levels of unemployment, recruiting and training local people to work on the regeneration project can enhance the local economic benefits, allowing skills to be retained and the development of a local supply chain.

KEY PRINCIPLES

The Community Social Enterprise would act as the key facilitator for communication with the local community throughout the project, working to secure the best social and economic outcomes for residents. The organisation would be involved from the initial planning stages, acting as a forum for residents to feedback on proposals and providing a consistent point of contact during the project. It would educate residents on how to manage and operate their retrofitted homes to minimise maintenance and running costs.

The organisation would also identify employment and training opportunities in construction for local people as part of the project. Working in partnership with the project contractors, it would offer training in home retrofit skills and act as a facilitator recruiting local apprentices. The organisation could also be established as a specialist retrofit contractor to deliver some of the retrofit works in-house. In this way, the organisation can help to build a local supply chain for home retrofit and maintenance services, creating local capacity to deliver home retrofits in the wider area.

HOW IS IT FUNDED?
Initial pump priming would be needed to establish the venture, recruit staff and deliver the first engagement initiatives. This could be funded by a combination of:

- Apprenticeship Levy
- Section 106 agreements
- Local Enterprise Partnerships
- Charitable foundations

WHAT HAS BEEN DONE BEFORE?
- The Innovation for Renewal project delivered low energy retrofits to social housing in Rushenden and successfully used community engagement and monitoring programmes to educate residents, stimulate demand for measures and drive behaviour change.
- SOAR Build is a construction related social enterprise in Sheffield which trains and employs local young people and acts as a subcontractor on regeneration projects.
- Be Onsite is a not-for-profit company in London which provides socially-excluded people with the skills and employment opportunities in the construction industry.

LOCAL AUTHORITY REVOLVING FUND

WHAT IS IT?
A Local Authority Revolving Fund would provide a range of clear, accessible loan options for private householders to carry out whole home retrofit improvements. These should result in lower running costs, improved living conditions and property value uplift. Loans would be attached to the property to enable structurally low costs and minimise repayments for those on lower incomes. Repayments would be rolled back into the fund and used to offer further retrofit loans to other householders, resulting in wide-scale regeneration of low income communities over time.

WHY IS IT NEEDED?
Area-based retrofit projects often focus on improving social homes, but a lack of appropriate funding options means that privately owned and rented homes can miss out on improvements. This leads to “pepper-potted” delivery which only addresses certain homes and fails to truly transform the area and lives of all residents.

KEY PRINCIPLES

The Local Authority Revolving Fund would provide clear, accessible and affordable financial options for owner occupiers and private landlords. The Fund would be designed to offer affordable loans which can cover the costs of whole home retrofit improvements as a minimum, as well as wider enabling works to ensure that private householders do not miss out on the full benefits of improvement works.

Owners that have a sufficient equity stake in their homes are offered loans which are attached to the property and repaid in full when the property is sold via a local land charge. Owners that do not have a sufficient equity stake in their homes would not be eligible to receive a loan and would require other funding support. As well as minimising risk, this enables ongoing repayments to be tailored to different household circumstances. These repayment options could include:

- Regular repayments of interest and capital, fixed at affordable levels
- Regular repayments of interest only
- On-bill finance linked to expected energy bill savings

HOW IS IT FUNDED?
The key challenge for establishing the Local Authority Revolving Fund will be securing the initial capital to provide funding for the loans and ensuring the scheme is financially sustainable. Over time, the initial capital will be paid back into the Fund and can be used to offer further retrofit loans. Initial funds could be acquired through:

- Local authority borrowing and reserves
- Local Enterprise Partnerships
- Central government borrowing
- Private sector investment

WHAT HAS BEEN DONE BEFORE?

- Warm Up Bristol offered energy efficiency loans with a range of repayment options tailored to different household circumstances.
- West Midlands Kick Start offered equity release loans for energy efficiency measures which were repaid at the point of sale. The repayment was calculated as a percentage of the sale price.
- Manchester Care & Repair provides residents with interest free loans for energy improvements and revolves repayments back into the scheme.
CALL TO ACTION

This report is intended not just as a stimulus for discussion, but as a catalyst for partnerships between key stakeholders, and – we hope – piloting of the approaches proposed.

Local Authorities are key to the development of retrofit-led regeneration projects and can champion these approaches locally. Together with Registered Providers, they can also take a lead on projects in areas with high concentrations of social housing. The wider construction industry can support these approaches with expertise and investment. Central government can also provide a helping hand with incentives for retrofit and seed funding, potentially through the Industrial Strategy.

We look forward to discussions with all interested parties, and welcome expressions of interest and ideas for trialling the delivery innovations in this report on upcoming projects.

ACKNOWLEDGEMENTS

The Task Group included representatives from:

- AkzoNobel
- Arup
- BRE
- E.ON UK
- Haringey Council
- Clarion Housing Group
- Linkcity
- PRP
- ROCKWOOL
- Melius Homes
- SmartKlub

REFERENCES


ii Sustainable Homes, 2016. Touching the Voids: The impact of energy efficiency on social landlord income and business plans.


vi Nottingham City Homes, 2016. The Effects of Secure, Warm, Modern homes in Nottingham.


