

**REPORT FROM: HOUSING HEALTH AND ENGINEERING SERVICES
MANAGER**

TO: POLICY AND RESOURCES COMMITTEE

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TRAFALGAR HOUSE, NELSON

PURPOSE OF REPORT

To inform Committee of the outcome of the option appraisal report for Trafalgar House and seek agreement to a preferred option.

RECOMMENDATIONS

That this Committee:

1. Consider the Option Appraisal report for Trafalgar House produced by David Morley Architects.
2. Agrees to progress further design and development work on the preferred option for Trafalgar House following the recommendation from the Nelson Town Deal Board.

REASON FOR RECOMMENDATIONS

To progress the preferred option for the future of Trafalgar House, subject to more detailed design/feasibility work being undertaken, and to secure funding for it.

BACKGROUND

1. At a meeting of this Committee held in Dec 2020, it was agreed the Council acquire Trafalgar House in Nelson utilising Town Deal Accelerated Funding. It was further agreed that authority be delegated to the Chief Executive Officer to consider and pursue options available with regards to the demolition of the building and redevelopment of the site. At that time, it was proposed that the vacant and derelict building be demolished to provide car parking to support reoccupation of office space in the town centre.
2. To ensure that all options had been considered prior to any final decisions being made regarding the future of the building, David Morley Architects (DMA) were appointed to carry

out an option appraisal/feasibility study. The outcome of this study would help to inform a request for further funding through the Town Deal to implement the preferred option.

3. A link to the report from DMA is presented in Appendix 1 and details of its methodology and findings are summarised below.

ISSUE

4. The Options Appraisal undertaken by DMA has involved several stages of work.

Initial site analysis and research

5. The first stage of work involved initial site analysis and research, including:
 - A site visit by members of the project team, including a walk around the town to understand the wider context,
 - A review of the internal and external condition of the building,
 - An assessment of the physical constraints and opportunities of the site and building,
 - A review of the heritage significance of the building,
 - A market appraisal to help identify potential uses for the building,
 - Stakeholder engagement with for example local housing providers, commercial & residential estate agents, etc.

Long list options

6. A long list of potential uses for the building was drawn up and considered including residential (apartments, town houses, senior living, mixed use), leisure (food and beverage, hotel, sports/gym, arts/community, open square/mini park) and commercial (offices, retail, workshops/warehouse, self-storage, car parking, EV charging, etc).
7. Alongside this, different interventions to the building fabric were also looked at, including retention (restoration, remodelling and extension), demolition (full and partial) and redevelopment.
8. The relative advantages and disadvantages of each option were considered, together with the potential heritage impact of each.

Appraisal of the longlist options to arrive at a shortlist

9. The longlist of options was then appraised against a range of criteria which included market demand, affordability and deliverability, affordability of occupation, achievability, economic risk, planning risk, political risk and sustainability.
10. The appraisal resulted in a shortlist of 3 potential options which have been subject to further design work and market testing, and for which high level development appraisals have been prepared. A further option (Option 4) was subsequently added following further consideration of the viability of Option 3. These shortlisted options are summarised below (and shown on pages 45 to 58 of the DMA report):

Shortlisted Option 1: Town House refurbishment

This option proposed seven dwellings (1x2 bed apartment and 6x3 to 5 bed townhouses) created within the fully refurbished building, plus a ground floor commercial unit off Market Street and 8 parking spaces.

Funding required to make the scheme viable: £2.99m

Shortlisted Option 2: Town House refurb and new build

This option proposed nine dwellings (1x2 bed apartment and 8x4 bed townhouses), a ground floor commercial unit off Market Street and 8 parking spaces. The Market Street block/frontage is retained with new build development behind.

Funding required to make the scheme viable: £2.86m

Market Analysis of residential use: Further analysis of the site has concluded that the site does not lend itself particularly well for high quality town house accommodation due to a number of factors including location (adjacent uses and outlook of the site, as well as Nelson town centre generally not being recognised as a high quality residential area) and low property values placing a 'cap' on what people would reasonably pay for the proposed properties. It is the relatively high costs and low values which create the large gap funding requirement, which simply does not present value for money. Whilst there may be some ways to reduce the viability gap (optimising mix and unit sizes, seeking competitive quotes, etc), it is unlikely to significantly reduce the funding requirement.

Shortlisted Option 3: An Electric Vehicle Charging Hub

In this option the market street block/frontage is retained, with retail/cafe use on ground floor and residential above. The rear of site is converted to a fast-charging station for electric vehicles.

Funding required to make the scheme viable: not quantified (see below)

Market analysis: Initial market testing has been undertaken with one of the market leaders in rapid EV charging hub developments. Following an initial analysis, the site was considered suitable for a more detailed review. However, the outcome of this was that the site would not be viable due to locational factors. Concerns related to its suitability, having regard to locational issues such as traffic counts and the population/demographic data of the area. No amount of gap funding would resolve / address their concerns.

Shortlisted option 4: Retain front building and develop carpark to the rear.

This option retains the existing building and its features looking onto Market Street and at the rear proposes to install 13 EV charging points and 15 car parking spaces, included 2 spaces reserved for disabled drivers. This is different from option 3 as there is not formally commercial electric hub operated by a national operator.

Market analysis: Initial market testing has been undertaken and an operator confirmed interest in acquiring car parking spaces for EV charging points. The expectation is for demand to increase for EV charging spaces in Pendle and the operator will provide all the equipment and maintain the space. They will also consider a lease from the Council for 15/20 years, but at this stage the terms of the lease require more detailed discussion. There is also potential for the operator to enter into a revenue share with the Council where when profits exceed an agreed threshold. This threshold is open to negotiation if/when Pendle Council enters into an agreement and will relate to utilisation above a minimum level. This has the option of providing income for PBC and reduce its long-term liability.

Funding required to make the scheme viable: £2.13m

Community engagement

11. Consultation on the option appraisal work (the approach, longlist and shortlisted options) took place in August 2022 via a drop-in event at Nelson Town Hall and an on-line questionnaire. 34 responses were received and general outcome of the consultation showed support for wishing to retain at least the front portion of the building (facing onto Market Street), whilst accepting clearance of the building behind to allow new uses. The

likely demand for residential use on the site was questioned given the constrained location of the site, the outlook onto the side of the Town Hall and the rear of the commercial properties on Manchester Road and concerns about anti-social behaviour. However, the potential benefits to the local economy of people living in the town centre were recognised.

12. The need for parking/an EV charging hub on the site was also questioned through the consultation. However, the Council are aware of demand for more dedicated parking for businesses to support use and occupation of the ACE and Number One Market Street in particular.

Outcome of the option appraisal work and the subsequent development of 'Option 4'

13. Unfortunately, the outcome of the additional work on the shortlisted options was not positive. The gap funding requirements for the residential options are incredibly high and it is very unlikely that the funding required to make the scheme viable could be secured. The market for town houses in this location was challenged by both local agents and residents responding to the consultation and engagement work.
14. The concept of an EV charging 'hub' was tested with a market leader but the site does not meet their locational requirements at the present time. There are, however, other EV charging providers who are interested in the site hosting their charging infrastructure if part of it were to become a car park.
15. In light of this outcome, the fourth option has been developed and considered which would involve:
 - The retention and refurbishment of the front portion of the building facing onto Market Street for retail/commercial use (with scope for residential on the upper floor),
 - Clearance of the building behind (subject to viable alternative uses coming forward as the scheme design/development work is further progressed),
 - The creation of a car park on the cleared space with EV charging provision. The space could be designed in such a way as to be used flexibly for events, etc, with scope to become an EV charging hub in the future if viability allows.
16. This option allows the rear of the building to offer 28 parking spaces in total. There will be access to charging points and includes 2 disabled parking spaces. This will complement the existing Town Hall parking area.
17. The option for the retained portion of building will be to offer a retail/commercial space on the ground floor with an outdoor terrace and a 2 bedroom apartment above. This would retain the facades of the building which have features of highest historic significance and retain the attractive building line along Market Street.
18. Budget cost estimates for this option are £2.13m. This option is being recommended to this Committee by the Town Deal Board, subject to viable alternative uses coming forward as the scheme design/development work is further progressed. Any additional gap funding will be sought through the Town Deal, with any further funding to be secured from other sources. Routes to delivery will also be further explored, including further discussions with the Council's new JV development company.

Conclusion and next steps

19. Trafalgar House has lain empty for well over 10 years and has severely deteriorated as a result of a lack of maintenance, break-ins, theft of slate and stone and external and internal vandalism. The building has attracted a significant amount of anti-social behaviour and is a source of blight to the adjacent town centre properties and neighbouring businesses.

20. Its poor condition, combined with low market demand for its re-use and low market values make it unviable to retain and re-use without significant public funding.
21. The 'Revitalised Nelson' project within the Nelson Town Deal is focussed on the re-use/redevelopment of key vacant and underutilised buildings within the town, with Trafalgar House being a priority building.
22. From the work that has been undertaken by DMA, the options for securing the future use of the building is very limited, however there is clearly an appetite to see heritage buildings in Nelson preserved where possible.
23. It is therefore recommended that further design and development work is undertaken on the basis of retaining the front part of the building facing Market Street and redeveloping behind for a car park with EV charging points, and that funding be secured through the Town Deal on this basis. Officers are currently obtaining costs for some temporary works to the roof of this front portion of the building to prevent further deterioration.

IMPLICATIONS

Policy: Trafalgar House is an opportunity/priority building within both the Nelson Masterplan and the Nelson Town Investment Plan.

Financial: Significant public sector funding will be required to tackle Trafalgar House. It is a target building within the Revitalised Nelson project and funding will be sought through the Nelson Town Deal.

Legal: None directly arising from this report.

Risk Management: Risks are as set out in the report.

Health and Safety: None directly arising from this report.

Sustainability: None directly arising from this report.

Community Safety: Finding a sustainable end use for Trafalgar House will tackle the anti-social behavior issues currently caused by the building.

Equality and Diversity: None directly arising from this report.

APPENDICES

Appendix 1: Link to the final options report from David Morley Architects (*16th November 2022*)

LIST OF BACKGROUND PAPERS

Acquisition of Trafalgar House, Nelson – Report to P&R Committee, 17th Dec 2020

Revitalized Nelson and Modernizing Nelson's Industrial Potential – Report to P&R Committee, 24th November 2022