

20th June 2013

**REPORT OF THE PORTFOLIO HOLDER FOR PUBLIC HOUSING &
VULNERABLE PEOPLE AND PORTFOLIO HOLDER FOR OPERATIONS &
ASSETS**

**PHASE TWO OF REDEVELOPMENT OF COUNCIL OWNED GARAGE SITES
AND COUNCIL HOUSE BUILDING PILOT**

EXEMPT INFORMATION

PURPOSE

To update members on progress in relation to the redevelopment of underused Council owned Garage sites and to agree proposals for a further phase of the redevelopment. To set out proposals for assessment of the feasibility for a Council house building programme.

RECOMMENDATIONS

Cabinet are recommended to:

1. Approve the redevelopment of underused Garage sites in accordance with the schedule shown in Annex 1,
2. To confirm that the Council will progress redevelopment of those sites included in phase two of the programme in partnership with Waterloo Housing Association
3. Agree that the feasibility of a Council House Building project is explored based on the potential redevelopment of a garage site
4. Agree a waiver to financial guidance to enable the Council's advisors Ark Consultancy to provide a financial assessment of the potential for Council house building on this site. A further report following this assessment will be submitted to Cabinet in November 2013.
5. That officers work with partners to develop options to ensure use of retained Right to Buy receipts to achieve like for like replacement of affordable housing.

EXECUTIVE SUMMARY

Members on 25th July 2012 agreed proposals for a further phase of redevelopment of underused Garage sites for affordable housing in partnership with Waterloo Housing Association and Bromford Housing Group. The schedule of sites agreed was subject at that time to further assessment with Registered Provider Partners.

A first phase of the project has been progressed with 5 of the originally identified sites now having successfully gained planning permission. These sites will now be

developed by Bromford Housing Group. It is anticipated work on these sites will commence in late summer subject to agreement and exchange of contracts delivering 20 properties.

Four of the remaining five sites included within the first phase of the project are now progressing towards planning. The exception is Bloomfield Way where land ownership issues have arisen. This site is considered below.

Since the schedule of sites for the next phase of the project was agreed with Cabinet in July 2012 further site assessments have been undertaken and outline site layouts and design work has been completed. This initial work has identified potential for up to 40 additional units of affordable housing.

From the schedule agreed in July 2012 one site has been removed, namely Beauchamp Road garage site. This is because this site is deemed to be problematic to develop.

Waterloo Housing Association and Bromford Housing Group were appointed as the Council's partners for this project following the submission of proposals to the Council. However, since agreement of partnership arrangements for the delivery of the programme the Council has been notified by Bromford Housing Group that they will be unable to progress further sites as originally intended due to difficulties accessing grant funding. Bromford Housing Group however remain committed to completion of their commitments in relation to phase one sites.

As a result discussions have been undertaken with Waterloo Housing Association. Waterloo have confirmed that they are able to mobilise resources to provide partnership accords on all of the next phase of garage sites. This report proposes that the Council maintains its partnership arrangement with Waterloo Housing Association. As part of this partnership Waterloo Housing Association continue to commit to meeting all costs associated with the development including the Council's legal costs.

In addition to progressing the redevelopment programme in partnership with Waterloo Housing Association this report also proposes that an assessment is made of the feasibility of conducting a limited pilot to build new Council Housing. To progress this it is proposed that the Council's advisors Ark Consultancy are requested to provide a financial assessment of the potential for this. Ark Consultancy have been appointed following a competitive tendering process to provide advice to the Council in relation to housing delivery models in support of the Council's ambitions in relation to Housing regeneration and growth. The proposals represent additional work to the original tender and a waiver to financial guidance is sought on this.

Undertaking a feasibility study at this stage will support the development of wider plans and strategies including the development of the Town Centre Housing Strategy, HRA Business Plan and Regeneration and Growth Strategy. Any proposal to undertake Council house building will need to be considered in relation to other options to increase both affordable housing in the borough and the number of Council owned homes. Other options could include acquisition of properties on the open market.

The feasibility study will focus on the Bloomfield Way garage site however the output from this study will inform wider strategic considerations. As highlighted above

although included in Phase One of the redevelopment programme this site has not currently progressed due to a need to resolve issues of land ownership. It is expected that these issues will be resolved within a timescale which will enable development of the site if the feasibility study supports this outcome. Plans have already been developed for the provision of two houses on the site. It is expected that any outstanding issues regarding this site will be resolved in parallel with the assessment of the potential for Council house building. However if this is not achieved then the outcome of the feasibility assessment will provide the information required to consider other development opportunities.

In addition to undertaking a detailed assessment of the financial viability of new Council house building the proposed future report to members will also provide an evaluation of delivery methods. This will include consideration of options for the Council to let a separate design and build contract or commission its Registered Provider partners to undertake the development.

If the feasibility investigation reveals that the business case does support a Council house building pilot up then, subject to further agreement, the scheme will be progressed in partnership with Waterloo Housing Association.

Members should note that by agreeing to the disposal of the garage sites shown at Annex One the Council will not be in a position to make use of these sites to develop Council house building should the feasibility investigations show that Council house building is both desirable and affordable. The Council therefore has the opportunity at this stage to halt the development of further sites whilst the feasibility appraisal is conducted. However this will entail the following risks:

- The loss of HCA allocated Capital funding for these developments
- Loss of commitment and investment from the relevant Registered Provider and the need to develop new partnership arrangements to deliver the scheme
- A time delay prior to moving forward with the developments

Members also have the option to reserve sites additional to the site at Bloomfield Way for inclusion in the Feasibility Study.

It is suggested that based on the available information and the above risks the Council should progress the partnership scheme as described above.

All of the above proposals are subject to the usual development risks and Cabinet will be aware from previous reports that it is very likely that not every site will come forward for redevelopment. In the event that sites are not suitable for development for affordable housing, proposals for alternative use will be brought forward.

RESOURCE IMPLICATIONS

The financial implications of the disposal of Council owned garage sites have previously been reported.

It is anticipated that the cost of undertaking a financial appraisal of the potential for Council house building will not exceed £2k. This can be met from within existing HRA resources.

LEGAL/RISK IMPLICATIONS BACKGROUND

The Council has the power, under section 9(1) of the Housing Act 1985 to build new houses. If the Authority decides to sell any of the houses, the Secretary of States consent is required pursuant to s32; these are contained in the general consents 2013.

Any new development presents high profile risks and challenges. A summary of key risks is shown below:

Risks	Controls/Comments
Identified Sites not proceeding to full & practical Completion	The overall programme includes a number of sites and it is expected that at least some will not progress . Also the sites selected are based on preliminary work undertaken by RPs suggesting viability and housing needs data showing the councils ability to let. Where sites do not progress for affordable housing alternative plans will be developed.
Business Case Supports Council House Building but Bloomfield Way proves to not be developable.	In order to progress a study the Council must identify at least one site on which to base assessments. The information and plans developed as part of the feasibility studies will be of great value in informing strategic plans and could be applied to other Council land holdings.
High development costs meaning acquisitions or some other form of new developments is more lucrative to the council and to the HRA	The feasibility investigations will allow a full assessment of the potential for Council house building. Where the business case does not show that this is the best option then the Council will be able to consider other means to achieve its ambitions.
Increased stakeholder expectations that this will resolve the housing demand in Tamworth	Ongoing communications regarding the need for affordable housing and the Council's housing regeneration and growth plans will support a realistic view. Work to strengthen the Local Plan will ensure that the need for affordable housing continues to be reflected in planning considerations.
Although Council House finance reform has strengthened the HRA there are not unlimited funds. By undertaking a pilot the Council could be unable to deliver other housing regeneration and growth priorities.	This pilot is conservative to test whether it is viable going forward. By undertaking a feasibility study the Council can ensure that building offers the greatest Value for Money when compared to other options. This will be .linked to an overall updating and review of the HRA business plan.
The Council is disposing of Council land assets to a Registered Provider which, if the feasibility study of Council House	Based on the currently available information the Council is not in a position to commit to a Council House

Building pilot proves to be positive there will not be an opportunity to build on these sites.	building programme. The need for affordable housing in the borough is significant and the partnership arrangements in place have the greatest certainty of delivering new homes. If the Council does not progress this scheme then there is a risk that allocated HCA and other resources will be lost.

SUSTAINABILITY IMPLICATIONS

Investment in new and affordable housing directly contributes to the Councils Corporate Priorities

Aspire & Prosper – As set out in the governments ‘get Britain building’ report 2012, investment in the construction industry has a direct and positive impact on economic activity, for every £1 spent a total of £2.84 in extra economic growth. Social return on investment and the wider social value is also evidenced through the councils approach to procurement by creating local job opportunities and stimulating small business opportunities.

Healthier & Safer – positive impact on vulnerable people as homes will be built to ‘lifetime home’ standards which are designed to adapt to people’s changing care needs and enable them to remain in their own homes independently for as long as possible. New homes are also built to a minimum of Level 4 – Code for Sustainable Homes – which exceeds the council’s mandatory requirement to meet code 3 reducing carbon emissions on completed homes and tackling fuel poverty and promoting affordable warmth.

MATTERS FOR CONSIDERATION

Members on 25th July 2012 agreed proposals for a further phase of redevelopment of underused Garage sites for affordable housing in partnership with Waterloo Housing Association and Bromford Housing Group.

A first phase of the project has been progressed with 5 of the originally identified sites now having successfully gained planning permission. These sites will now be developed by Bromford Housing Group. It is anticipated work on these sites will commence in late summer subject to agreement and exchange of contracts delivering 20 properties.

The remaining 5 sites included within the first phase of the project have been progressed but have proved more problematic to get to the planning application stage. Waterloo Housing Group have worked closely with the Council to overcome these issues and it is expected 2 of these sites will be taken to committee in June with a recommendation for approval. Issues concerning parking provision at the Keats close / Kipling Rise site have necessitated further work and consultation but the intention remains to present revised proposals for approval at Committee in July. Similarly, further consultation with residents and ongoing discussions with planning colleagues are addressing outstanding issues at the Masefield Drive / Thackery Drive site. Subject to this work being completed as planned, it is planned for this site to go to planning committee for approval by September at the very latest. The 5th site at Bloomfield Way is subject to land ownership issues and solicitors are working with

the Council and the appropriate government departments to resolve this issue. However, given this position it is likely this site will now be included within the second phase of the project and as highlighted below, may provide an opportunity to take forward a limited pilot to build Council Housing.

Waterloo Housing Association and Bromford Housing Group were appointed as the Council's partners for this project following the submission of proposals to the Council. However, since agreement of partnership arrangements for the delivery of the programme the Council has been notified by Bromford Housing Group that they will be unable to progress further sites as originally intended due to difficulties accessing grant funding although an opportunity to re-develop one of the sites as supported housing is currently being explored with Bromford.

Following discussions with Waterloo Housing Association it has been agreed the association will be able to provide partnership accords on all of the phase 2 sites. Since the July 2012 report, the Council has reviewed the schedule of sites to be included in the second phase of development. Work has commenced to take these sites forward. Initial site layouts have been prepared and discussions with planning colleagues are ongoing to ensure learning from the first 10 sites is incorporated at an early stage on the second phase sites. Initial work on these sites indicates that it may be problematic to re-develop all of the sites as intended for housing. However, final decisions on what can be taken forward will be subject to further site investigations and consultation.

In addition to progressing the redevelopment programme in partnership with Waterloo Housing Association this report also proposes that an assessment is made of the feasibility of conducting a limited pilot to build Council Housing. To progress this it is proposed that the Council's advisors Ark Consultancy are requested to provide a financial assessment of the potential for this. Ark Consultancy have been appointed following a competitive tendering process to provide advice to the Council in relation to housing delivery models in support of the Council's ambitions in relation to Housing regeneration and growth. The proposals represent additional work and a waiver to financial guidance is sought on this.

Undertaking a feasibility study at this stage will support the development of wider plans and strategies including the development of the Town Centre Housing Strategy, HRA Business Plan and Regeneration and Growth Strategy.

The feasibility study will focus on the Bloomfield Way garage site as highlighted above. Although included in Phase One of the redevelopment programme this site has not currently progressed due to a need to resolve issues of land ownership. Plans have already been developed for the provision of two houses on the site. It is expected that any outstanding issues regarding this site will be resolved in parallel with the assessment of the potential for Council house building.

In addition to undertaking a detailed assessment of the financial viability of new Council house building the proposed future report to members will also provide an evaluation of delivery methods. This will include consideration of options for the Council to let a separate design and build contract or commission its Registered Provider partners to undertake the development.

If the feasibility investigation reveals that the business case for a Council house building pilot does not stack up then the scheme will be progressed in partnership with Waterloo Housing Association.

The potential opportunity to build new Council housing is supported in part by the use of Right to Buy receipts and subject to agreement with central government for the Council to use allowable receipts to ensure replacement of affordable housing lost under the Right to Buy. The issues relating to this matter were reported to members in September 2012. Key to this is the need for the Council to ensure that allowable receipts are utilised within three years of their receipt. This means that the Council will need to plan for expenditure of the first part of the receipt by April 2015. Therefore in addition to exploring the use for these receipts to support Council house building the Council will work with its Registered Provider Partners to assess other opportunities to ensure that these resources are used to support new affordable homes within the borough.

Housing Need

Tamworth's population is predicted to increase significantly in coming years. The Council's Local Plan recognises the challenges associated with meeting people's housing need. The current plan sets a target for 5,000 homes by 2028, 4,000 to be delivered in Tamworth on the basis of 30% split between social and affordable homes.

In addition to the overall demand for housing in the borough there remains a considerable need for Social rented housing. This is reflected by the high levels of households seeking housing through the Council's Housing Register. At May 2013 there were 2062 on the Housing Register. By comparison during 2012/2013 the Council was able to make 303 allocations to either Council or Registered Provider Homes. Additional demand on this limited supply of affordable housing is likely to arise from Welfare Benefit Reform with an additional 139 households affected by the reforms seeking to move to smaller accommodation. Regeneration plans at Tinkers Green and the Kerria Centre will also result in up to 137 households requiring re-housing to social rented properties.

The Council will work with Waterloo Housing Association to develop homes on these sites which meet the identified needs of the borough. In particular there will be an opportunity to develop homes which meet the needs of disabled or elderly households and the Council will seek to balance the need for general needs housing with these specific needs.

REPORT AUTHOR

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LIST OF BACKGROUND PAPERS

APPENDICES

Annex One – Schedule of Garage Sites