

# WIRRAL COUNCIL

## CABINET

10<sup>TH</sup> APRIL 2014

<b>SUBJECT:</b>	<b><i>STIMULATING THE DELIVERY OF AFFORDABLE HOUSING AND SUPPORTING ECONOMIC GROWTH</i></b>
<b>WARD/S AFFECTED:</b>	<b><i>ALL WARDS SHOULD SEE THE BENEFIT OF ECONOMIC GROWTH AND EMPLOYMENT OPPORTUNITIES</i></b>
<b>REPORT OF:</b>	<b><i>KEVIN ADDERLEY</i></b>
<b>RESPONSIBLE PORTFOLIO HOLDER:</b>	<b><i>COUNCILLOR GEORGE DAVIES</i></b>
<b>KEY DECISION?</b>	NO

### 1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to seek Cabinet Approval for the use of the £1.5 million of Council resources which was approved at Council on 25<sup>th</sup> February 2014 to bring forward an accelerated development programme of up to 100 new affordable homes in Wirral.
- 1.2 The Leader set out in his Budget Resolution to Council that local authorities have a proud tradition of investing in physical assets which are essential to improving the quality of life of local residents. He stated that we have challenging house building targets over the next five years. He also set out that we have huge challenges in those disadvantaged areas of the Borough which lost out on new housing when the current Government axed the Housing Market Renewal programme. Council therefore intends to invest £1.5 million to kick-start a substantial programme of affordable housing to be targeted at areas with the highest levels of deprivation. This funding should generate around 100 new homes.
- 1.3 This initiative supports the Council's vision in a number of ways. New housing, in particular the provision of affordable housing, provides opportunities for residents to remain in the Borough in the type of housing that suits their needs. The physical development of the new homes helps in the stimulation of economic growth as well as providing opportunities for the local labour force and new apprenticeships and training places, thereby "driving growth and aspiration".
- 1.4 The leader in his statement requested a report be submitted to Cabinet setting out how such a programme can be delivered.

### 2.0 BACKGROUND AND KEY ISSUES

- 2.1 The opportunity to utilise recently identified funding will enable the Council, with its partners, to bring forward an accelerated development programme of up to 100 new affordable homes and will provide the catalyst to generate renewed confidence on sites where activity had stalled due to the economic downturn and provide much needed homes for those in housing need.

2.2 It is proposed that £1.5m funding is used to support economic growth through house-building and the increased supply of up to 100 new homes. This assumes an average contribution being made available of around £15,000 per unit, based on the anticipated average grant rate provided by the Homes and Communities Agency for its new bidding round. These new homes will be delivered in part on sites owned by the Council and will involve for some sites the Council supporting Registered Provider partners in bids to the Homes and Communities Agency for additional grant support.

### **3.0 LOCATION OF SITES**

3.1 The Council with its Private Developer and Registered Provider partners have initially identified six sites that are located within the top 20% of areas suffering from housing deprivation. These sites have been initially identified and will continue to be assessed as they progress on an evaluation framework based on the following principles, which are also used by the Homes and Communities Agency for funding schemes:-

- value – in terms of public subsidy per home and per person housed (assessed against regional efficiency targets)
- quality – judged using our design and quality standards
- deliverability – with particular concern for planning status
- policy fit – taking into account national, regional and local strategies.

3.2 The proposed programme involves a mixture of council owned sites that are subject to a development agreement with Lovell's and other sites which are in private ownership. Due to the commercial sensitivity of acquiring land sites and a tendency for the land value to escalate if it is known by the owner a subsidy is available it is not possible to set out within this report the specific location of all the sites being considered.

3.3 Detailed below are the sites which are in the Council ownership and where it is proposed council funding could support development:-

#### **Church Road**

3.4 This redevelopment scheme has seen some initial delivery over the last couple of years of 8 new retail units on Church Road and 54 new homes at Fountains Court. The housing units were subsidised by the government's kick-start programme in 2009/11. Whilst the housing market is picking up nationally with strong sales in the south east and other areas of high demand, the housing market is still very subdued in Tranmere. Here house prices in Q1&2 fell by 3% between 2012/13 and the same period in 2013/14 compared to static growth in the housing market for the borough as a whole. Almost 20 of the units on Fountains Court remained empty for over 2 years but have now all been sold.

3.5 Whilst it is recognised that the housing market is still fragile, there is evidence in other parts of the borough that there is a good demand for the right mix and type of housing. The Church Road scheme already has outline planning approval and one site, the former Hillside Court site can be brought forward very quickly as it has detailed planning approval. While the overall development could create up to 122 units, the Council's injection of funding will enable a mix of up to 47 affordable homes including some smaller units and bungalows in response to local need.

3.6 The community have been actively engaged in the outline planning permission consultation and are anxious to see new housing development start in their neighbourhood. If this funding is secured, early consultation with the community on detailed plans for the area will be effected. Council funding would be subject to a detailed planning approval being submitted in the spring for the larger site on Church Road with a target of starting on site before the end of 2014 (subject to securing the necessary planning approval). However the Hillside Court scheme will progress with immediate effect.

### **Sevenoaks Phase 2**

3.7 Outline Planning permission has been granted, but as with the Fountains Court Scheme in Tranmere, sales rates on Phase 1 of this site have been very slow, averaging about one house per month. As with Tranmere, house prices in Rock Ferry fell by almost 9% in the first two quarters of 2013/14 compared to the same period the previous year, suggesting that an incentive scheme is appropriate for kick-starting the housing market in this area. This investment would enable up to 20 units to be developed for affordable housing on this site however this would still be dependent on differing development costs and seeking Homes and Communities Agency grant approval for units across the whole site.

### **Private Owned Sites**

3.8 The use of this investment to support a further 4 schemes in the wards of Bidston and St James, New Brighton and Rock Ferry is currently being worked up and will provide up to 33 new units of accommodation on a number of smaller sites that would contribute to a broader housing mix in those areas which reflects local housing need.

<b>Scheme Name/Area</b>	<b>No of Affordable Units funded by the Council</b>	<b>No of other units to be delivered on Scheme</b>	<b>Estimated Total No of Units</b>
Hillside Court	12	0	12
Church Road Phase 1	25	55	80
Church Road Phase 2	10	28	38
Sevenoaks	20	105	125
Bidston and St James	13	0	13
New Brighton	13	0	13

Rock Ferry	7	0	7
<b>Total Units</b>	<b>100</b>	<b>188</b>	<b>288</b>

3.9 In summary, the council's injection of £1.5m into the provision of affordable housing will assist in the delivery of up to 100 new affordable homes as set out in the table above, with the early start possible in the Church Road scheme at the Hillside Court site. The remainder of the programme will involve the early submission of detailed planning applications for a mixed development at Church Road Phase 1. Ongoing discussions will involve exploring options for the continued delivery of the Sevenoaks Scheme and will include provision for affordable rented property supported with the investment from the Council.

3.10 The Council will enable/drive the delivery of new affordable rented accommodation in mixed development schemes at a variety of other locations. The Council regularly considers sites for redevelopment with our partners, this includes sites which are council owned and also in private ownership. Officers will continue to work up a pipeline of schemes for development in the Borough as part of its work to increase the supply of affordable homes in the borough to meet local need. Therefore if any of the above identified sites are not able to progress another site would be brought forward as a substitute to ensure the funding is fully committed and targets achieved. The same evaluation framework as set out in 3.1 of this report would be used.

#### **4.0 RELEVANT RISKS**

4.1 Some of the above schemes identified may not be able to progress due to owners not agreeing final land values/sales and ground conditions making schemes unviable within available resources. Therefore, officers will ensure a pipeline of schemes is developed to ensure the funding is fully committed and targets achieved.

#### **5.0 OTHER OPTIONS CONSIDERED**

5.1 Other options include waiting until housing market conditions improve which is an unknown timescale but may be several more years.

#### **6.0 CONSULTATION**

6.1 Officers have been in dialogue with Registered Provider and Private Developer partners on working up the proposed schemes and will continue to do so throughout the scheme development. As part of the planning approval process statutory consultation is undertaken, with the outcome reported to Planning Committee where relevant.

## **7.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

7.1 There are no issues arising from this report.

## **8.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS**

8.1 Council on the 25<sup>th</sup> February 2014 allocated 1.5m to provide affordable housing and this is included within the Council's Capital Programme.

8.2 The level of financial support which will be afforded to each scheme will be dependent upon a number of factors pertinent to the scheme including land value, build costs, build type and the number of units in each case however it is anticipated that this will be on average in the order of £15,000 per unit.

## **9.0 LEGAL IMPLICATIONS**

9.1 There will be a requirement for the Council to have a funding agreement with each Registered Provider setting out the parameters of the use of the funding for the delivery of affordable housing. This will be done on a site by site basis once development appraisals have been verified.

9.2 Legal advice has been sought on the use of state aid rules in relation to the use of public funds to assist in the delivery of affordable housing. Recent advice identified that this form of funding could be exempt from State Aid rules due to the Council exercising some form of control over and setting out operation requirements over a time period. This would be dealt with via the Council's legal services prior to the funding agreement being finalised.

## **10.0 EQUALITIES IMPLICATIONS**

10.1 Yes. Increasing the supply and provision of affordable homes is a key objective of the Council's Housing Strategy for 2011-2026 which has an Equality Impact Assessment completed.

<https://www.wirral.gov.uk/my-services/community-and-living/equality-diversity-cohesion/equality-impact-assessments/eias-2010/regeneration-housing-planning>

## **11.0 CARBON REDUCTION IMPLICATIONS**

11.1 The redevelopment of these sites will reduce the incidences of fly-tipping, dog fouling and litter which often cause local residents concern. The new housing development will meet the Homes and Communities Agencies requirement for energy efficiency and sustainability, reducing energy, water and waste consumption compared to private developments.

## **12.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

12.1 Outline planning permission has already been granted for the sites at Church Road and Sevenoakes. Full Planning permission has already been granted for Hillside Court, Tranmere. Where planning permission is required, partners will have to apply for the relevant planning consents for each of the proposed developments detailed within this report.

12.2 New developments on sites which are cleared will have a positive effect on community safety and reduce vandalism and antisocial behaviour.

### **13.0 RECOMMENDATION/S**

13.1 That Members approve the framework for the use of the £1.5m allocated to help stimulate affordable housing building in Wirral and supporting the local economy.

13.2 That Members grant the Cabinet Portfolio holder delegated authority to approve the use of the funding on an individual scheme by scheme basis and report the outcome retrospectively to future Cabinet meetings.

### **14.0 REASON/S FOR RECOMMENDATION/S**

14.1 The opportunity to utilise recently identified funding will enable the Council, with its partners, to bring forward an accelerated development programme of up to 100 new affordable homes and will provide the catalyst to generate renewed confidence on sites where activity had stalled due to the economic downturn and provide much needed homes for those in housing need.

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### **APPENDICES**

None

### **REFERENCE MATERIAL**

None

### **SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
<b>Council</b>	<b>25<sup>th</sup> February 2014</b>