

Meeting:	Cabinet	Date:	11 November 2015
Subject:	Investment at Black Dog Way		
Report Of:	Cabinet Member for Housing & Planning		
Wards Affected:	Westgate		
Key Decision:	Yes	Budget/Policy Framework:	No
Contact Officer:	Helen Chard, Housing Strategy & Enabling Service Manager		
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Appendices:	1. Financial Information		

EXEMPTIONS

The public are likely to be excluded from the meeting during consideration of Appendix 1 of this report as it contains exempt information as defined in paragraph (3) of schedule 12A to the Local Government Act 1972 (as amended).

1.0 Purpose of Report

1.1 The purpose of this report is to brief Members about progress with a development proposal at Black Dog Way and a financial shortfall to the delivery of a viable development scheme. In addition, the report is seeking approval for the use of 'right to buy' receipts as a means of delivering a viable scheme and to secure the delivery a range of types of 'affordable housing' within the city centre.

2.0 Recommendations

2.1 Cabinet is asked to **RESOLVE** that:

- (1) The use of a contribution as, outlined in Appendix 1, be approved to enable a regeneration initiative to proceed at Black Dog Way subject to the following conditions:
 - That relevant planning permissions are obtained.
 - The application to the Homes & Communities Agency for grant funding is successful.
 - The total cost of delivering the scheme is financially viable overall.
 - All documentation securing the use of the grant for affordable housing and the retention of units supported by the grant as affordable housing being entered into; and
 - The receipt of invoices/evidence as to the actual costs incurred.
- (2) Authority be delegated to the a Corporate Director in consultation with the Council Solicitor to enter into a grant agreement in respect of the grant and all

documentation securing the use of the grant for affordable housing and the retention of units supported by the grant as affordable housing and;

- (3) Authority be delegated to the Housing Strategy & Enabling Service Manager to agree variations to the contribution (should they be required following scrutiny of financial appraisals), subject to consultation with the Cabinet Member for Performance & Resources, and Cabinet Member for Housing and Planning.

3.0 Background and Key Issues

- 3.1 The site in question is a 0.51 hectare site that is bounded by Black Dog Way to the north and east, the properties fronting Worcester Street to the west and the properties fronting Northgate Street to the south. The major part of the site is occupied by buildings that were last used by the “Kwik Save” store which closed in August 2002.
- 3.2 The site has received planning approval in the past, the last being in 15/07/2010; however the owners have not commenced development on the site, neither has another suitable buyer/developer been willing to date, to deliver in that location. Some of the difficulties arise from decreased land values following the market downturn from 2008 in particular in relation to apartment type development; and complexities of the site, including previous site development, archaeology, a culvert, proximity to road and railway etc. The site has attracted negative commentary due to its long-term dormancy and failure to contribute positively to the City.
- 3.3 In recent months, discussions have been underway between the site’s owners and a housing provider and these are now at an advanced stage. As a consequence of undertaking the necessary due diligence, the full complexities of the site have been revealed and the extent of the deficit for a viable scheme becoming clearer.
- 3.4 Following discussions with Housing Officers, the housing provider has sought approval through the Homes and Communities Agency (HCA) and the City Council for financial assistance to help deliver new housing on this site. At the time of writing the result from the HCA is uncertain. Subject to more detailed scrutiny of costs, this paper is wishing to determine whether there may be ‘in principle’ support for such a contribution. Due to the sensitive commercial nature of these matters, the development costs, deficit and subsidy requirements are set out within Appendix 1 and not for publication at this stage.
- 3.5 Due to the scale of the costs, Council Officers were aware of another Housing Provider with ‘Recycled Capital Grant Funding’ (RCGF) with a commitment to re-use in the City. Officers have encouraged the use of their funds to reduce the level of subsidy required by the HCA and ourselves. Currently there is in principle agreement for a second provider to take part of the site (13 apartments) and use their RCGF to provide some of the necessary subsidy.
- 3.6 The current proposals would see the addition of 84 units of accommodation. This consists of: -
 - a. 62 units of accommodation for older people to assist in meeting the needs of our ageing population; 8 of these would be fully wheelchair accessible.
 - b. 9 family dwellings
 - c. 13 apartments.

- 3.7 Members may recall that this site falls within the recently designated 'Housing Zone'. The bid for Housing Zone status outlined our objectives for the area: -
- a. To promote more housing in Gloucester city centre;
 - b. To regenerate a number of vacant, brownfield sites that detract from the potential of the City Centre as a place to live, work and shop in; and
 - c. To use Housing Zone (HZ) status to send an investment signal and promote more investment with positive knock on effects for the centre's retail offer and, in doing so, to help Gloucester City Centre become an "urban entertainment centre" and strengthen its appeal as a regional shopping destination.
- 3.8 Based on current proposals, the accommodation would be available for shared ownership and for rent, and provide options for an increasingly ageing population. It is understood that there are some older people who may be occupying unsuitable accommodation in the City and that the scheme could provide an attractive option to move to more suitable accommodation within the City Centre. In addition, the proposals also meet the needs of families and younger people, providing the option of accommodation near to employment opportunities or with easy access to rail/bus links close by.

4.0 Asset Based Community Development (ABCD) Considerations

- 4.1 At this stage, given the long term difficulties in finding a financially viable way of delivering the scheme, no opportunities have so far arisen that readily allow for ABCD considerations. Going forward, with the broad cross-section of age groups who could reside here (subject to the necessary funds being secured), with the availability of limited communal space, it will be critical to facilitate options for the new residents to come together to shape their community. Should the scheme progress with the housing provider, they would be well equipped to support residents creating their own unique community.

5.0 Alternative Options Considered

- 5.1 The site is not in the ownership of the Council although the Council Officers have sought to facilitate discussions with a number of housing providers to stimulate potential interest in the site, with a view to speeding up housing delivery. Regrettably the challenges with the site meant that levels of serious interest were low. To date Council Officers are unaware of any other serious interest for the site.
- 5.2 The proposed 'right to buy' receipts could be used for alternative schemes. The Council has an obligation to use the receipts held within a period of 3 years or alternatively pay interest or return sums to central government. The Council had £1,303,261.78 in receipts against which it must secure housing development to the value of £4,344,205.93. So far the Council has committed £600k of receipts to Gloucester City Homes as part of the Stock Transfer however the remainder of £703,261.30 must be spent by 31st December 2017, so decisions regarding the use of these funds must be taken with these timescales in mind.

6.0 Reasons for Recommendations

- 6.1 As the report outlines, the majority of the site has not been in use for thirteen years. The site is in close proximity to Kings Quarter and in a very visible location at entry points to the City

7.0 Future Work and Conclusions

- 7.1 Should 'in principle' support for a contribution be approved, appropriate scrutiny of development costs will be undertaken, beyond the separate evaluation undertaken by the HCA associated with the bid to them.
- 7.2 In addition, Officers would look to instruct One Legal to enter into a suitable legal agreement to safeguard the financial contribution subject to planning approval being received. Should financial support be secured through the various parties, it is the intention of the housing provider to submit a planning application in Autumn/Winter 2015.

8.0 Financial Implications

- 8.1 Retained right to buy receipts, which must be used for contributions towards social housing, are available as a resource within the Council's capital receipts reserve, and subject to Cabinet approval this will be added to the capital programme. There are no additional budget implications as a result of this proposed project.
- 8.2 As outlined in 5.2 the use of these funds must be within agreed timescales or the receipts will have to be returned to the Department of Communities and Local Government.

(Financial Services have been consulted in the preparation this report.)

9.0 Legal Implications

- 9.1 Legal agreements will be entered into, as necessary, to secure the use of the grant for affordable housing and the retention of units supported by the grant as affordable housing.

(One Legal have been consulted in the preparation this report.)

10.0 Risk & Opportunity Management Implications

- 10.1 As with any development scheme there will be risks, however many of these have been minimised by undertaking extensive due-diligence checks by the Registered Provider and the City Council before moving to a contractual position. Final checks at the time of writing the report are being undertaken in relation to the location of a culvert running through the site, so that the necessary easements and building design can be achieved.
- 10.2 The housing provider in acquiring the land will carry the majority of the risk associated with this development; however the Council will need to safeguard any contribution in relation to the scheme.

- 10.3 The scheme assists the council in meeting its housing objectives of delivering affordable housing and fulfilling its obligations under homeless legislation. In addition there is evidence to suggest that many older residents are occupying homes that are too large for them to comfortably maintain or are not suited to their needs. In providing good quality accommodation for older people, there are opportunities to down-size, or move from housing that is becoming difficult to maintain; it is therefore possible to create some churn within the housing market, freeing up family size homes, allowing for investment and making better use of the city's housing stock.

11.0 People Impact Assessment (PIA):

- 11.1 To be concluded, no negative impact anticipated as the provision of affordable housing will provide options for all sections of the community.

12.0 Other Corporate Implications

Community Safety

- 12.1 The profile of affordable housing discussed with the Housing Provider has had careful consideration in order to ensure that any new community that comes together is able to be sustainable and cohesive. It is envisaged a lettings plan would be put in place to ensure a balanced profile of residents on first let.
- 12.2 The design will need to be carefully considered to afford residents of the various schemes opportunities for integration whilst having some privacy and defensible space.

Sustainability

- 12.2 Given the prominence of the location, good quality design will be essential and will be a matter for discussions with various Council Officers. New housing developments are required to meet the necessary Building Regulations ensuring good standards for space, accessibility (enhanced for the wheelchair standard units) and also standards of thermal efficiency and sound insulation. With encouragement from the Council for the community to develop 'ABCD' techniques to shape and develop their own community, there is a good prospect of a highly sustainable scheme being delivered.

Staffing & Trade Union

- 12.3 Not relevant at this stage

Press Release drafted/approved

- 12.4 Discussion with the relevant Cabinet Member and Leader of the Council required ahead of report going into public domain.

Background Documents: None