

CABINET

Date of Meeting	Tuesday 19 th July, 2016
Report Subject	Strategic Housing And Regeneration Programme (SHARP)
Cabinet Member	Cabinet Member for Housing
Report Author	Chief Officer, (Community and Enterprise)
Type of Report	Strategic

EXECUTIVE SUMMARY

This report seeks Cabinet approval to progress the next key stages of the Council's Strategic Housing And Regeneration Programme (SHARP) and sets out proposals to develop council housing at the following sites:

Ysgol Delyn, Mold;
Heol y Goron, Leeswood;
Maes Y Meilion, Leeswood;
Redhall, Connah's Quay;
The Dairy, Connahs Quay.

This report provides detailed information on each proposed scheme, including location, proposed property types, design and layout and projected build costs.

The report also identifies prudential borrowing as the preferred funding option and details the Development Scheme Assumptions against which the viability of each scheme will be measured and assessed.

RECOMMENDATIONS

1	Cabinet approve the development of 40 new Council homes on the 5 identified sites in Mold, Leeswood and Connah's Quay at a projected total cost of £6,376,931M.
2	Cabinet approve that prudential borrowing to the value of £6,376,931M (subject to final approval and verification) is used to fund the proposed development of 40 new Council homes.

REPORT DETAILS

1.00	EXPLAINING THE STRATEGIC HOUSING AND REGENERATION PROGRAMME (SHARP)
1.01	At Cabinet in June 2015, approval was given to appoint Wates Living Space as the Council's development partner for five years with the aim of developing 500 homes, (200 social rented and 300 affordable), at a range of sites across the county, alongside commissioning a range of linked regeneration initiatives and community benefits.
1.02	Following Cabinet approval in January 2016, work on the first SHARP scheme to build 12 Council homes at Custom House School, Connah's Quay has commenced. More recently, following Cabinet approval in May 2016, enabling works on The Walks, Flint have also now commenced, with construction work beginning in September 2016 to build 92 new homes (30 for social rent and 62 affordable).
1.03	Work has also been undertaken to develop detailed proposals for the following schemes: Ysgol Delyn, Mold; Heol y Goron, Leeswood; Maes Y Meilion, Leeswood; Redhall, Connah's Quay; The Dairy, Connahs Quay.
1.04	It is proposed that all of these schemes will be Council properties managed within the Council's Housing Revenue Account (HRA).
	Considerations
1.05	Details for each of the proposed schemes are listed below.
1.06	Ysgol Delyn, Mold
1.07	The site is located to the south of Mold town centre on Alexandra Road off the B5444 named Wrexham Road. The site is within a predominately residential area. The site is currently vacant having been declared as being surplus by Education following the closure of Ysgol Delyn which was relocated to the new SEN School in Flint in September 2009.
1.08	Appendix 1 shows there will be 16 two storey houses on the site arranged into 5 terraced blocks. Ten units will be 2 bedroom properties identified as Type 1. Six units are 3 bedroom properties identified as Type 2. The site is 0.74 acres and with 16 properties proposed on the site, gives a site density of approximately 22 properties per acre.
1.09	Maes Y Meilion, Leeswood
1.10	The site is located to the west of Leeswood village on Maes Y Meilion Road off the A5104 named Corwen Road. The site is within a predominately residential area. The site is currently a HRA garage site.

	Appendix 2 shows there will be 8 properties on the site arranged into 3 semi-detached blocks. Four units will be 2 bedroom apartments identified as Type 1. Four units are 2 bedroom bungalows identified as Type 2. The site is 0.62 acres and with 8 properties proposed on the site, gives a site density of approximately 13 properties per acre.
1.11	Heol Y Goron, Leeswood
1.12	The site is located to the west of Leeswood village on Heol Y Goron Road off the A5104 named Corwen Road. The site is within a predominately residential area. The site is currently a HRA garage area. A number of the garages are in poor condition or empty and the site is subject to on-going incidents of anti-social behaviour.
1.13	Appendix 3 shows there will be 5 two storey houses on the site arranged into 1 terraced block and 1 semi-detached block. Three units will be 2 bedroom properties identified as Type 1. Two units are 3 bedroom properties identified as Type 2. The site is 0.42 acres and with 15 properties proposed on the site, gives a site density of approximately 12 properties per acre.
1.14	A Public Information Event was held on the 6 th April at Leeswood Community Centre to provide local people with the opportunity to attend. In total 45 people attended the event and their comments have been incorporated into both schemes.
1.15	Redhall, Connah's Quay
1.16	The site is a HRA garage area located to the south west of Connah's Quay on St. Mark's Avenue off Mold Road. The site is within a predominately residential area. Appendix 4 shows there will be 5 two storey houses on the site arranged into 1 terraced block and 1 semi-detached block. Five units will be 2 bedroom properties identified as Type 1. The site is 0.35 acres and with 5 properties proposed on the site, gives a site density of approximately 14 properties per acre.
1.17	A Public Information Event was held on the 28 th April at to provide local people with the opportunity to attend. In total 8 members of the public attended the event and their comments have been incorporated into both schemes.
1.18	The Dairy, Connah's Quay
1.19	The site is located to the east of Connah's Quay on the junction of High Street (B5129) and Mold Road (B5126). The site is within a predominately residential area. The demolition of the former dairy and adjoining row of terraced housing has been funded through Renewal area and Vibrant and Viable Places (VVP) Funding from the Welsh Government.
1.20	Appendix 4 shows there will be 6 two storey houses on the site arranged into 2 terraced blocks. Three units will be 2 bedroom properties identified as Type 1. Three units are 3 bedroom properties identified as Type 2. The site is 0.36 acres and with 6 properties proposed on the site, gives a site density of approximately 17 properties per acre.

1.21	Appendix 6 details key milestone dates for the construction programme for each of the proposed sites, including target dates for submitting for planning approval and projected start and completion dates for each scheme. Public Information Events for the schemes at Glanrafon, Ysgol Delyn, Mold and the former Dairy site, Connah's Quay will be held prior to both schemes being submitted for planning approval.
1.22	Projected Build Costs
1.23	The scheme costs have been subject to on-going verification and challenge by the Council to ensure the schemes delivers value-for-money. [See Appendix 7 which provides details on the overall scheme costs and financial assumptions].
1.24	Flintshire House Standard
1.25	Properties and land associated with each property will be designed to comply with the Council's Flintshire House Standard. The standard complies with the Welsh Government's (WG) Design Quality Requirements (DQR) and will inform the design and specification of all the new housing delivered through the SHARP and form a benchmark to ensure consistent, good quality of internal layout, and fixtures and fittings, high standards of energy efficiency and external appearance in keeping with local circumstance, low maintenance product specifications, adequate parking and a public realm designed to promote cohesive and inclusive communities.
1.26	Local Lettings Policy
1.27	A Local Lettings Policy will be developed for each of the proposed schemes to ensure the opportunities to house local people are maximized.
1.28	Funding
1.29	The option of self-financing funding solutions has been explored for the new Council homes to be built. These solutions range from private borrowing; lease back; buy back options or Council borrowing which will be then recouped through rental incomes (which are predicted through robust models making agreed allowances for voids; maintenance costs; rental income levels (including CPI etc.).
1.30	For public-finance routes, the Council's position is strong given the voluntary agreement for Housing Revenue Account (HRA) self-financing. This option offers routes to long-term debt which remain the most cost effective and most stable funding product available to the Council. Alongside completion of the Welsh Housing Quality Standard (WHQS) for the existing stock, the Council has been successful in securing an additional allocation of borrowing headroom for a HRA new build programme and the HRA is likely to generate further revenue and borrowing headroom during the life of this programme.
1.31	With this in mind, it is considered appropriate for prudential borrowing to be utilised by the Council (as the preferred option) for the provision of new Council Housing within the Programme. Whilst this approach will be

	reviewed on a site by site basis, this option is cost effective and considered appropriate for the schemes as the Council properties will remain in the ownership of the Council and the anticipated level of expenditure is sustainable within the context of HRA self-financing.
1.32	Now that Local Authorities throughout Wales are developing proposals to build new homes, WG is developing a new grant funding regime known as Housing Finance Grant II (HFG II). This will provide access to grant and loan funding to support new development for Local Authorities, in the same way that Housing Associations do through the Social Housing Grant (SHG) programme.
1.33	Flintshire's proposed housing programme is well advanced compared to other areas in Wales and the Council has shared detailed information on its proposed schemes, proposing to WG that a 25% grant rate is made available for each of its proposed schemes. Whilst it is likely HFG II will not become available until 2017/18, WG has encouragingly advised it will be flexible in its funding approach to support the house building programme. In addition to HFG II, Flintshire will explore all potential grant funding schemes to supplement its house building programme.
1.34	Development Scheme Assumptions
1.35	The Development Scheme Assumptions detailed below have been applied to the schemes at Custom House School, Connah's Quay and The Walks, Flint and make agreed allowances for voids; maintenance costs; rental income levels (including CPI etc.) and will be used to assess all potential future development schemes to determine scheme feasibility and viability with a minimum requirement for all Cabinet approved schemes to pay back the scheme costs within 50 years.
1.36	For the proposed schemes, the following assumptions have been made: Management costs - £400 per annum Maintenance - Year 1 - £100 (defects liability should cover anything apart from gas servicing) Years 2/3 - £200, yr 4+ £400 (graded rate to reflect reality with new stock) Major repairs - As per capital replacement schedule deferred for 10 years Voids/bad debts - 2.5%
1.37	It is proposed to review the Development Scheme Assumptions periodically to ensure these remain prudent, but also that they do not become so demanding that genuine value for money schemes are deemed unviable.
1.38	Future SHARP Schemes
1.39	Moving forward, SHARP housing schemes at: Melrose Centre, Aston; The Police Station, Flint; and Maes Gwern, Mold will be presented to Cabinet in

	August 2016 for approval.
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2.00	RESOURCE IMPLICATIONS
2.01	£14,757m borrowing approval is available for a council house building programme. Each scheme or batched schemes will require individual cabinet approval and each scheme or batched schemes will be assessed against the scheme development criteria identified in 1.36 of this report. The process for doing this will provide for total scheme costs plus financing costs and management costs to be offset against rental income over 50 years.
2.02	The Financial Appraisal is attached at Appendix 7. This shows the total scheme cost of £6,376,931 and how the schemes perform against Development Scheme Assumptions. Collectively, the schemes achieve pay back in year 49 and exclude any Welsh Government grants or Section 106 contributions.
2.03	The scheme has been assessed as providing best value for the council by the Council's Design and Consultancy and Finance Teams.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	There has been significant community consultation through Flintshire County Council for the sites prior to this application.

4.00	RISK MANAGEMENT
4.01	The Operational Risk Register is in place for the SHARP Housing Programme which is regularly updated in relation to emerging and changing risks. This is in addition to Project specific Risks and Strategic Risks.
4.02	The SHARP team continues to develop a framework for managing risk and opportunities the programme generates. Further work is on-going in order to improve the robustness in risk identification and management as part of the new CAMMS system which will contain Development Framework procedures.

5.00	APPENDICES
5.01	Appendix 1 - Site Plan Ysgol Delyn, Mold
5.02	Appendix 2 - Heol y Goron, Leeswood
5.03	Appendix 3 - Maes y Meilion, Leeswood
5.04	Appendix 4 - Redhall, Connah's Quay

5.05	Appendix 5 - Former Dairy Site, Connah's Quay
5.06	Appendix 6 - SHARP Construction Programme
5.07	Appendix 7 - SHARP Scheme Financial Appraisal

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>None.</p> <p>Contact Office: Clare Budden Chief Officer (Community and Enterprise)</p> <p>Telephone: 01352 703800</p> <p>E-mail: clare.budden@flintshire.gov.uk</p>

7.00	GLOSSARY OF TERMS
7.01	Strategic Housing And Regeneration Programme (SHARP) – Flintshire County Council House Building Programme which will build 500 new homes (200 Council) and 300 (affordable).
7.02	Welsh Housing Quality Standard (WHQS) - Flintshire County Council will be spending £111 million over six years on a major refurbishment and maintenance programme of works bring its 7,200 Council homes up to the Welsh Government's Welsh Housing Quality Standard (WHQS) new properties across the Council during the next five years.
7.03	Standard Development Scheme Assumptions - agreed allowances for voids; maintenance costs; rental income levels (including CPI etc.) and will be used to assess all potential future development schemes to determine scheme feasibility and viability.
7.04	Housing Finance Grant II - The Welsh Government (WG) has made available additional revenue funding of approximately £8 million each year, over a 30 year period for the second phase of the Housing Finance Grant (HFG) scheme. For this second phase of the HFG funding, delivery partners have now been extended to not only include Registered Social Landlords but also Local Housing Authorities due to the recent exit of the Housing Revenue Account System.