

COMMUNITY AND ENTERPRISE OVERVIEW AND SCRUTINY COMMITTEE

Date of Meeting	Wednesday 23rd November 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 provides Elected Members with an update of the progress of the Strategic Housing and Regeneration Programme (SHARP).

The report aims to provide details on the individual schemes being undertaken or being considered as part of the programme going forward. The detail of each scheme includes the number of Council and affordable homes to be developed on each site, details of any consultation undertaken, as well as status in terms of starting development including planning. A summary of the capacity of the sites are provided for those schemes identified for future development.

The report gives an overview of financial sources and opportunities for further income.

RECOMMENDATIONS

1	Scrutiny Committee supports the overall approach for the delivery of new Council and affordable homes through the SHARP and reviews the progress of the programme.
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REPORT DETAILS

1.00	Explaining the Strategic Housing and Regeneration Programme (SHARP) Update
1.01	Introduction
	<p>The report provides an update to Scrutiny Committee members on progress made on the delivery of new Council and affordable homes being delivered through the SHARP.</p> <p>The SHARP aims to deliver 500 new Council and affordable homes over 5 years with the Council's partner developer, Wates Residential. The programme is being delivered in phases known as 'batches' and this report provides an update of the progress on each batch to date.</p> <p>As part of the development process, due consideration is given to local housing needs, including ensuring where feasible, that suitable accommodation will be provided for people registered on the Council's Specialist Housing Register.</p>
1.02	Schemes on site
	<p>Batch 1 consists of 2 sites:</p> <ul style="list-style-type: none"> • Custom House, Connah's Quay: The site is due for completion on 16th December 2016. There are 12 new Council homes on site, eight 2 bedroom and four 3 bedroom properties. These properties will be let through a Local Lettings Policy. • The Walks, Flint: Construction is underway and good progress is being made with full completion due in April 2018. The site will deliver 30 Council homes and 62 affordable rented properties, which will be owned and managed through North East Wales (NEW) Homes. There is a mix of property types including: 1 and 2 bed apartments; and 2 and 3 bed houses. Furthermore, 4 of the ground floor apartments are to be adapted to meet the needs of people on the Specialist Housing Register.
1.03	Emerging schemes
	<p>Batch 2 sites have been approved by Cabinet and the pre-development work is underway.</p> <ul style="list-style-type: none"> • Maes y Meillion and Heol Y Goron, Leeswood: In total these sites will deliver 13 new Council homes. A local information event was held on 6th April 2016. The scheme has been submitted for planning permission and is awaiting a decision. • Redhall, Connah's Quay: The site will deliver 5 new Council homes. The local information event was held on 28th April 2016. The scheme received planning approval on 09/11/16, and starts on site mid-2017. • Dairy Site, Connah's Quay: The site will deliver 6 new Council homes. The local information event was held on 21st July 2016. The scheme has been submitted for planning approval.

	<ul style="list-style-type: none"> • Ysgol Delyn, Mold: The site will deliver 16 new Council homes. The local information event was held on 26th July 2016. The scheme has been submitted for planning approval. • The Police Station, Flint: This proposed scheme requires Cabinet approval and will be considered in early 2017. The scheme will deliver a total of 18 units with a mix of apartments and houses, tenure to be determined. • Melrose Centre, Aston: This proposed scheme requires Cabinet approval and will be considered in early 2017. The scheme will deliver a total of 6 Council homes with a mix of 1 and 2 bed apartments and 2 and 3 bed houses. Furthermore, the intention is that 1 of the apartments will be adapted to meet the needs of person on the Specialist Housing Register.
1.04	Next phase
	We are working on the next phase of sites which will be included in a report to Cabinet for approval to proceed.
1.05	Funding
	<p>Welsh Government have made Housing Finance Grant 2 (HFG2) available to stock retaining Local Authorities who are developing new affordable and social homes. The HFG2 is a capital grant and guidance on how the grant can be spent or what is eligible expenditure has not yet been agreed by Welsh Government, although WG have stated HFG2 for the LA Build schemes will have different parameters to the Housing Associations. Previous HFG was to cover the interest on borrowing.</p> <p>Flintshire indicative allocation is:</p> <ul style="list-style-type: none"> • 2018/19 = £1.9m • 2019/20 = £1.2m <p>There are 11 Local Authorities across Wales which are developing affordable homes and have been allocated HFG2, however Welsh Government have indicated that if there is underspend in other areas, Flintshire will be able to apply for the additional funding.</p> <p>There is scheme evaluation work being undertaken by the team to ensure the HFG is allocated to the most appropriate schemes in terms of viability and other potential constraints, providing best value in terms of investment.</p> <p>We are exploring with Welsh Government the opportunities for NEW Homes to access this new grant funding stream.</p>
1.06	Performance and Community Benefits
	Monitoring of performance against key performance indicators is carried out monthly however final performance outcomes will be reported at the end of the financial year. Table 1 provides the detail of the key regeneration targets:

Table 1.			
KPI	Target 16/17	Performance up to Oct 16	Notes
Local (Flintshire) SME spend: Locality Radius	25%	23%	Spend locally is projected to increase as the SHARP rolls out across the County.
Local (Flintshire) Labour Usage	50%	51%	This exceeds the target figure agreed with the Council. Wherever possible, the Council will look to maximize opportunities for local labour.
Percentage of Supply Chain Opportunities Advertised	100%	100%	A number of "Meet the Buyer" events have been held with Wates Residential to maximize the supply chain opportunities for Flintshire-based businesses.
Performance against CITB Client Based Approach Performance Levels	100%	Yearend target	Exceeded apprenticeship target of 6, anticipate 11 apprentices recruited by the end of the year. Wates Residential are actively working with Communities First and have so far placed 3 employees within the construction.

Table 2 provides a summary of the Community Investment Performance to date for the Batch 1 schemes at Custom House, Connah's Quay and The Walks, Flint.

Table 2. SHARP Community Investment Performance Batch 1 Sites	
Benefit	Narrative
Employment and Training	
194	Local people have benefited from Employment & Training Initiatives on this project

653	Training/employment weeks have been created for local people
3640	Hours have been invested to support these people by Wates staff
£195,090	Is the value of investment into training local people
Investing in the local economy	
£1,497,241	Has been spent with local small businesses on this project
£2,440,503	Economic Benefit has been generated for the local community as a result of this spend
£19,460	Has been invested into Social Enterprises on this project
Investing in the Community	
229 Hours	have been invested into volunteering in the community
£21,781	Has been invested into local charities / community causes
£2,676,834	Worth of Economic, Environmental and Social Value has been generated on this project
*According to FSB, 63 pence of every £1 spent locally with an SME is reinvested into the local economy for the Batch 1 sites (Custom House and The Walks).	

2.00	RESOURCE IMPLICATIONS
2.01	The SHARP is managed through the Housing Programmes Team with support from other internal teams including Property and Design Consultancy; Finance; Legal; Housing Management and NEW Homes.
2.02	<p>The projected scheme costs for the Council schemes detailed below will be funded through the HRA via prudential borrowing:</p> <ul style="list-style-type: none"> • Custom House, Connah's Quay - £1.7M • The Walks, Flint - £4.18M • Maes y Meilion, Leeswood - £1.2M • Heol y Goron, Leeswood - £0.9M • Redhall, Connah's Quay - £0.8M

	<ul style="list-style-type: none"> • Dairy Site, Connah's Quay - £1.1M • Former Ysgol Delyn School, Mold - £2.2M <p>Total Projected Costs - £12.08M</p>
2.03	<p>In September 2016 NEW Homes Board approved the development of 62 affordable rented properties on The Walks, Flint at a total projected scheme cost of £6.977m. Flintshire Council has secured approval from NEW Homes Board to fund the 62 affordable rent units on The Walks, Flint through a capital financing loan. The terms of the loan will be European State Aid compliant and will ensure that the company can meet its own scheme development viability criteria and the Council's requirements for the properties to be built to the Flintshire House Standard; let at sub market rents and offered to local people for whom the Housing market has failed. The process for lending are that the council borrows from the market and on lend to NEW Homes.</p>
2.04	<p>The loan would be organised into 2 phases. The first a short term development phase loan during construction period. The loan fee will become due at the end of the first year and the interest will become due at the end of each year.</p> <p>The second phase, on completion would see the loan refinanced into a long term loan secured against the properties. The council will take out a 45 year annuity loan and on lend to NEW Homes for this purpose. Based on current rates, the estimated lending rate is 3.09%. NEW Homes will review the rents annually, establishing the comparative market rent for each property and increase rent levels accordingly.</p>
2.05	<p>Flintshire has been allocated £3.1m HFG funding for 18/19 and 19/20 from Welsh Government, with the potential of accessing underspend from other Local Authorities with an allocation. The funding needs to be allocated to the most appropriate schemes in terms of viability and other potential constraints, providing best value in terms of investment.</p>

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	All schemes are approved by Cabinet and the Community and Enterprise Overview and Scrutiny Committee.
3.02	Consultation is undertaken on individual schemes with local Elected Members and the community through information events.
3.03	In addition, internal stakeholders are consulted at a very early stage including Streetscene; Planning; Highways and Housing Management.

4.00	RISK MANAGEMENT
4.01	Figure 1 details the SHARP Strategic Risk Register which is overseen by the SHARP Community and Enterprise Programme Board.
4.02	Wates Residential develop a Risk Register for each live scheme and this is overseen by the SHARP Project Team, which includes Officers from both Wates Residential and Flintshire Council and meet on a monthly basis.
4.03	Joint Design meetings also take place monthly on an individual scheme basis.

5.00	APPENDICES
5.01	Figure 1 – SHARP Strategic Risk Register

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	None. Contact Officer: Melville Evans, Housing Programmes Manager Telephone: 01352 701436 E-mail: Melville.Evans@flintshire.gov.uk

7.00	GLOSSARY OF TERMS
7.01	<p>Strategic Housing and Regeneration Programme (SHARP) – Flintshire County Council House Building Programme which will build 500 new homes, of which 200 are to be Council (Social Rent) and 300 are to be affordable rent (also known as Intermediate Rent) through NEW Homes.</p> <p>Housing Finance Grant (HFG) – is a revenue and capital grant from Welsh Government to support the development of Local Authority house building scheme.</p> <p>Housing Revenue Account – The Council is required by the Local Government and Housing 1989 (Section 74) to keep a Housing Revenue Account (HRA) which records all revenue expenditure and income relating to the provision of Council dwellings and services.</p> <p>Community Benefits – the SHARP has contractualised Community Benefits which must be delivered as part of the programme. The Council sees an important outcome of the programme is the promotion of quality of life for Flintshire residents through improved employment, training and education opportunities.</p> <p>North East Wales Homes, (NEW Homes) - is a Housing company based in Flintshire and owned by Flintshire County Council. NEW Homes owns,</p>

leases and manages properties across Flintshire. The company was established to increase the quantity and quality of affordable housing available across the county; increasing housing choice for those who may not qualify for social housing but for whom market housing is unaffordable or difficult to access.

Specialist Housing Register – is a register which sits alongside the Council's Housing Register for people who have disabilities and require specially adapted properties.

Local Lettings Policy – is a lettings policy which sits alongside the Council's housing allocation policy and considers local connection as part of the assessment criteria for allocation.