

## CABINET

<b>Date of Meeting</b>	Tuesday, 20 <sup>th</sup> March 2018
<b>Report Subject</b>	Approval of Costs for Batch 3 Strategic Housing and Regeneration Programme (SHARP) Schemes
<b>Cabinet Member</b>	Deputy Leader of the Council and Cabinet Member for Housing
<b>Report Author</b>	Chief Officer (Community and Enterprise)
<b>Type of Report</b>	Strategic

### EXECUTIVE SUMMARY

This report sets out proposals to develop 92 new social and affordable homes at the following sites:

- Nant y Gro, Gronant;
- Former Council Depot, Dobshell;
- Llys Dewi, Penyffordd (near Holywell).

The development of these sites for social and affordable housing is a strategic priority for the Council and the sites are pre-agreed for inclusion within the Strategic Housing and Regeneration Programme (SHARP). This will bring the total number of properties approved by the Council to date, to 293.

This report provides information on the proposed schemes, including location, property types, design and layout and projected build costs. The report also identifies the preferred funding options and details the Development Scheme Assumptions against which the viability of schemes are measured and assessed.

### RECOMMENDATIONS

1	<p>Cabinet is asked to approve:</p> <ul style="list-style-type: none"> <li>• The development of 92 new social and affordable homes at Llys Dewi, Penyffordd, Nant y Gro, Gronant and the Former Council Depot, Dobshell.</li> </ul>
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	<ul style="list-style-type: none"> <li>The use of prudential borrowing to the value of £9.823M (subject to final approval and verification) to fund the proposed development of the new Council homes.</li> </ul>
	<ul style="list-style-type: none"> <li>The use of affordable housing grant of £1.903m and shared equity reserves, shared ownership receipts and commuted sums of £1.722m in total to contribute to scheme costs.</li> </ul>
2	Cabinet is asked to note proposals by NEW Homes to develop 17 affordable properties across the three sites (subject to NEW Homes Board approval).

## **REPORT DETAILS**

<b>1.00</b>	<b>BACKGROUND</b>																		
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	Good progress is being made on The Walks, Flint with the construction of 92 new homes. Thirty of these new homes will be managed by the Council through the Housing Revenue Account (HRA). The remaining 62 Affordable properties will be managed by NEW Homes, the Council's wholly-owned housing company. The first phase of the new properties on the scheme have now been handed over to the Council and NEW Homes respectively. It is projected that the scheme will be completed in April 2018.																		
1.03	Following Cabinet approval in July 2016, work on the construction of 40 new Council homes on five sites at Connah's Quay, Mold and Leeswood is now well advanced. Properties at Redhall, Connah's Quay and Heol y Goron Leeswood have now been completed and the properties let.																		
1.04	Construction work at the former Dairy, Mold Road Connah's Quay commenced in November 2017, whilst the re-development of the former Melrose Centre, Shotton is scheduled to begin in March 2018. In total, these schemes will see the delivery of 15 new homes.																		
1.05	The table below details the number of Council Social Rent and Affordable units completed, approved in principle or approved by Cabinet to date.																		
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	Connah's Quay			
	Heol y Goron, Leeswood	5	0	Completed
	Maes y Meilion, Leeswood	8	0	On-site.
	Ysgol Delyn, Mold	16	0	On-site.
	Former Dairy, Connah's Quay	6	0	On-site.
	Former Melrose Centre, Shotton	9	0	On-site.
	Maes Gwern, Mold	7	41	Approved in principle
	<b>Sub Total</b>	<b>98</b>	<b>103</b>	
	<b>Total</b>	<b>201</b>		
1.06	<b>Nant y Gro, Gronant</b>  Projected Start on Site Date: 3 September 2018 Projected Completion: 12 July 2019			
1.07	The site is situated on the edge of a mixed residential settlement. Gronant is only situated a few miles from Prestatyn which offers good communications and good access to usual amenities. The site is currently pasture land which is irregular in shape and extend to 2.88 acres.			
1.08	Appendix 1 shows the proposed scheme with the following proposed tenure split.			
	<b>Council Housing:</b>			
	4	1 bed apartment		
	4	2 bed apartment		
	18	2 bed house		
	11	3 bed house		
	<b>Affordable Housing:</b>			
	3	2 bed house		
	1	3 bed house		
1.09	<b>Former Council Depot, Dobshill</b>			

	<p>Projected Start on Site Date: 29 October 2018  Projected Completion: 19 July 2019</p>														
1.10	<p>This site is located in Dobshell, between Buckley and Broughton just off the A550 which runs south from the A55 North Wales Expressway at Dobshell towards Hope and Wrexham. The site is a former council depot and currently lies vacant. Having a long 96 metre frontage to Chester Road, the site is roughly rectangular in shape and extends to 1.46 acres (0.59 hectares).</p>														
1.11	<p>Appendix 2 shows the proposed scheme with the following proposed tenure split.</p> <p><b>Council Social Rent:</b></p> <table border="1"> <tr> <td>4</td> <td>1 bed apartment</td> </tr> <tr> <td>4</td> <td>2 bed apartment</td> </tr> <tr> <td>4</td> <td>3 bed house</td> </tr> <tr> <td>1</td> <td>4 bed house</td> </tr> <tr> <td>2</td> <td>2 bed bungalows</td> </tr> </table> <p><b>Affordable:</b></p> <table border="1"> <tr> <td>8</td> <td>2 bed house</td> </tr> <tr> <td>1</td> <td>3 bed house</td> </tr> </table>	4	1 bed apartment	4	2 bed apartment	4	3 bed house	1	4 bed house	2	2 bed bungalows	8	2 bed house	1	3 bed house
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1.12	<p><b>Llys Dewi, Penyffordd</b></p> <p>Projected Start on Site Date: 1 October 2018  Projected Completion: 9 August 2019</p>														
1.13	<p>Penyffordd lies seven miles from the A55 North Wales Expressway giving good transport links westwards to North Wales and eastwards to the M56 and motorway network. The site comprises of agricultural grazing land located in an area behind the dwellings on Llys Dewi, Maes Emlyn and Rhewl Fawr Road. The site is under the ownership of the Council and is located in the centre of the village and comprises of approximately 1.20 acres.</p>														
1.14	<p>Appendix 3 shows the proposed scheme with the following proposed tenure split.</p> <p><b>Council Housing:</b></p> <table border="1"> <tr> <td>16</td> <td>2 bed house</td> </tr> <tr> <td>7</td> <td>3 bed house</td> </tr> </table> <p><b>Affordable Housing:</b></p> <table border="1"> <tr> <td>2</td> <td>1 bed apartment</td> </tr> <tr> <td>2</td> <td>2 bed apartment</td> </tr> </table>	16	2 bed house	7	3 bed house	2	1 bed apartment	2	2 bed apartment						
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1.15	<p>This scheme requires an estate road which only has plots on one of its edges due to the awkward size and shape of the land available. This means that the</p>														

	<p>infrastructure and drainage costs for this scheme are proportionately higher than for schemes where a carriageway serves properties on both sides of the road. However, undertaking these required infrastructure works will open up the rest of the site for additional future residential development.</p>
1.16	<p>The social rent properties will be developed by the Council's Housing Revenue Account (HRA). It is proposed that the affordable rent properties will be developed for NEW Homes subject to Board approval.</p>
1.17	<p><b>Flintshire House Standard</b></p>
1.18	<p>Properties and land associated with the schemes will all be designed to comply with the Council's Flintshire House Standard. Welsh Government's Development Quality Requirements (DQR) will also be incorporated in schemes where Affordable Housing Grant is applied. (to meet WG requirements)</p>
1.19	<p><b>Affordable Housing Need</b></p>
1.20	<p>Appendix 4 summarises the housing need identified for each of the proposed schemes. This is based upon housing need data from a number of different sources to ensure that the proposed tenure and property mix for each scheme accurately reflects housing need within each community. The principle data sources are the following:</p> <ul style="list-style-type: none"> <li>• Single Access Route to Housing (SARTH) - lists the number of applicants for social housing in Flintshire.</li> <li>• Flintshire Affordable Housing Register – list the number of applicants interested in affordable rent and low-cost home ownership schemes;</li> <li>• NEW Homes Housing Register – lists the number of applicants registered with the Council's housing company;</li> <li>• Specialist Housing Register- lists the number of applicants registered with the Council who require adapted or specialist housing.</li> </ul>
1.21	<p><b>Local Lettings Policy</b></p>
1.22	<p>A Local Lettings Policy will be developed by the Council for each of the proposed schemes.</p>
1.23	<p><b>Welsh Government Funding for Local Authority New build</b></p>
1.24	<p>Welsh Government has made Housing Affordable Housing Grant (AHG) available to stock retaining Local Authorities who are developing new homes from 2018/19. Flintshire's indicative allocation is as follows:</p> <ul style="list-style-type: none"> <li>• 2018/19 = £1.9m</li> <li>• 2019/20 = £1.2m</li> </ul> <p>The grant covers up to a maximum of 58% of total scheme costs. It is a revenue grant which will cover 58% of the borrowing costs over 30 years. (Social Housing Grant available to Housing Associations for new build is a capital grant).</p>

1.25	<p>The table below details the projected costs for each of the proposed schemes and provides a provisional indication on the level of Affordable Housing Grant (AHG) and shared equity, reserves, shared ownership receipts and commuted sums which it is recommended is used for each of the proposed schemes. Viability is a key priority for both the Council and NEW Homes need to deliver a mixture of high quality development schemes in order to generate more income to fund future developments which meet the Council's and the company's priorities.</p> <table border="1" data-bbox="320 461 1410 1010"> <thead> <tr> <th data-bbox="320 461 472 667">Scheme</th> <th data-bbox="472 461 564 667">Social</th> <th data-bbox="564 461 676 667">Afford.</th> <th data-bbox="676 461 842 667">Cost</th> <th data-bbox="842 461 970 667">Average cost p.u (pre grant)</th> <th data-bbox="970 461 1118 667">Affordable Housing Grant (AHG)</th> <th data-bbox="1118 461 1267 667">Shared Equity / Shared Ownership / Commuted Funds</th> <th data-bbox="1267 461 1410 667">Council Borrowing</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 667 472 752">Nant y Gro, Gronant</td> <td data-bbox="472 667 564 752">37</td> <td data-bbox="564 667 676 752">4</td> <td data-bbox="676 667 842 752">£5.407m</td> <td data-bbox="842 667 970 752">£0.132m</td> <td data-bbox="970 667 1118 752">£1.310m</td> <td data-bbox="1118 667 1267 752">£0.440m</td> <td data-bbox="1267 667 1410 752">£4.651m</td> </tr> <tr> <td data-bbox="320 752 472 898">Former Council Depot, Dobshill</td> <td data-bbox="472 752 564 898">15</td> <td data-bbox="564 752 676 898">9</td> <td data-bbox="676 752 842 898">£3.521m</td> <td data-bbox="842 752 970 898">£0.147m</td> <td data-bbox="970 752 1118 898">£0.593m</td> <td data-bbox="1118 752 1267 898">£0.896m</td> <td data-bbox="1267 752 1410 898">£1.769m</td> </tr> <tr> <td data-bbox="320 898 472 958">Llys Dewi, Penyffordd</td> <td data-bbox="472 898 564 958">23</td> <td data-bbox="564 898 676 958">4</td> <td data-bbox="676 898 842 958">£4.084m</td> <td data-bbox="842 898 970 958">£0.151m</td> <td data-bbox="970 898 1118 958">Nil</td> <td data-bbox="1118 898 1267 958">£0.386m</td> <td data-bbox="1267 898 1410 958">£3.403m</td> </tr> <tr> <td data-bbox="320 958 472 1010"><b>Total</b></td> <td data-bbox="472 958 564 1010"><b>75</b></td> <td data-bbox="564 958 676 1010"><b>17</b></td> <td data-bbox="676 958 842 1010"><b>£13.013m</b></td> <td data-bbox="842 958 970 1010"></td> <td data-bbox="970 958 1118 1010"><b>£1.903m</b></td> <td data-bbox="1118 958 1267 1010"><b>£1.722m</b></td> <td data-bbox="1267 958 1410 1010"><b>£9.823m</b></td> </tr> </tbody> </table>	Scheme	Social	Afford.	Cost	Average cost p.u (pre grant)	Affordable Housing Grant (AHG)	Shared Equity / Shared Ownership / Commuted Funds	Council Borrowing	Nant y Gro, Gronant	37	4	£5.407m	£0.132m	£1.310m	£0.440m	£4.651m	Former Council Depot, Dobshill	15	9	£3.521m	£0.147m	£0.593m	£0.896m	£1.769m	Llys Dewi, Penyffordd	23	4	£4.084m	£0.151m	Nil	£0.386m	£3.403m	<b>Total</b>	<b>75</b>	<b>17</b>	<b>£13.013m</b>		<b>£1.903m</b>	<b>£1.722m</b>	<b>£9.823m</b>
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1.26	<p>The total projected HRA borrowing requirement will be £9.823m</p> <p>The AHG grant is currently only available for HRA properties. Where required (and subject to Cabinet approval), the Council will consider the use of its shared equity, shared ownership receipts and commuted sum reserves to assist with funding affordable housing through the SHARP where conditions allow. The level of these reserves are currently at £2.276m however, £0.365m of this balance is restricted for use in certain areas of Flintshire and cannot be used on these sites. The recommendation included in this report is to use £1.722m of the allowable balance (£1.911m).</p>																																								
1.27	<p>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.</p>																																								
1.28	<p><b>Affordable Homes Funding</b></p>																																								
1.29	<p>Currently NEW Homes is unable to bid for AHG under the existing Welsh Government funding regime. However, WG are minded to review this moving forward to enable companies such as NEW Homes to deliver more affordable housing in Flintshire. NEW Homes will work with the Council to assess the borrowing options available to it to develop the proposed homes it will own and manage in Batch 3. This will include options such as market lending, borrowing from the Council and borrowing against its existing asset base.</p>																																								

<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
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2.01	£11.8m HRA borrowing approval is available during 2018/19 for a council house building programme. The Financial Appraisal shows the combined HRA borrowing requirement of Batch 3 schemes at £9.823m.
2.02	All schemes continue to be reviewed in order to achieve best value for the Council. This has involved appointing Savills to undertake a mid-term review of the SHARP to ensure the Council continues to receive value for money for the Council in terms of construction costs, scheme design and layout and quality of the final product. The final report will be presented to Council Cabinet during the Spring for its consideration.
2.03	<b>Land value</b>
2.04	The three sites identified for development in this report have a restricted value for social and affordable housing of nil. The provision of social and affordable housing is one of a number of key strategic priorities for the Council, and it should be noted that, in the case of the former Dobbs Hill Depot site, this is identified as an exception site and therefore would only be considered for affordable and social housing.
2.05	In addition to the above, the provision of social and affordable housing also fulfils a wider strategic social need and mitigates the requirement to provide bed and breakfast accommodation where necessary, through the provision of such housing and the delivery of affordable units of accommodation for those families genuinely struggling to access housing.
2.06	<b>Council Tax Yield</b>
2.07	Appendix 5 details the projected total combined total annual Council Tax yield on each of the proposed schemes would be in the region of £117K.

<b>3.00</b>	<b>CONSULTATIONS REQUIRED / CARRIED OUT</b>
3.01	Each of the schemes have been discussed in depth with planners, highways officers and local elected members which have informed the current proposals.
3.02	A Community Consultation Event has been held for the Gronant development at which concerns about the proposed scheme were raised, in particular the road accessibility. These concerns are being considered by officers prior to Planning Committee consideration.  Consultation events are planned for the Dobshill and Penyffordd developments as part of the statutory formal consultation process prior to a scheme being submitted to the Council for planning approval.

<b>4.00</b>	<b>RISK MANAGEMENT</b>
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.

<b>5.00</b>	<b>APPENDICES</b>
5.01	Appendix 1 - Site Plan Nant y Gro, Gronant. Appendix 2 - Site Plan Former Council Depot, Dobshell. Appendix 3 - Site Plan Llys Dewi, Penyffordd, Nr Holywell. Appendix 4 - Housing Needs Data. Appendix 5 – Projected Council Tax Income derived from Batch 3 Schemes. Appendix 6 – Financial Appraisal.

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	<b>Contact Office: Clare Budden</b> <b>Job Title: Chief Officer Community and Enterprise</b> <b>Telephone: 01352 703800</b> <b>E-mail: <a href="mailto:clare.budden@flintshire.gov.uk">clare.budden@flintshire.gov.uk</a></b>

<b>7.00</b>	<b>GLOSSARY OF TERMS</b>
7.01	<p><b>Strategic Housing And Regeneration Programme (SHARP)</b> – Flintshire County Council House Building Programme which will build 500 new homes (200 Council) and 300 (affordable).</p> <p><b>Welsh Housing Quality Standard (WHQS)</b> - 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.</p> <p><b>Standard Development Scheme Assumptions</b> - 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.</p> <p><b>Affordable Housing Grant</b> - The Welsh Government (WG) has made available additional revenue grant funding of approximately £8 million each year, over a 28/29 year period. For this second phase of the 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.</p>