



REPORT TO SAFER NEIGHBOURHOODS AND ACTIVE COMMUNITIES SCRUTINY BOARD

22 March 2018

Subject:	Housing Update
Cabinet Portfolio:	Councillor Paul Moore - Cabinet Member for Regeneration and Economic Investment Councillor Kerrie Carmichael - Cabinet Member for Housing
Director:	Director - Housing and Communities - Alan Caddick Executive Director - Neighbourhoods - Dr Alison Knight
Contribution towards Vision 2030:	 
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DECISION RECOMMENDATIONS

That Safer Neighbourhoods and Active Communities Scrutiny Board:

1. Consider and comment upon the progress made to date on new housing delivery including the Council New Build Programme and the specific private development sites as requested.

1 PURPOSE OF THE REPORT

- 1.1 To update the Safer Neighbourhoods and Active Communities Scrutiny Board on housing development sites across the borough. This includes updates on the Council House build programme and specific privately-owned sites identified by the board.

2 IMPLICATIONS FOR SANDWELL'S VISION

2.1 *People, Ambition 3 – Our workforce and young people are skilled and talented, geared up to respond to changing business needs and to win rewarding jobs in a growing economy*

The development of these scheme will support **investing in businesses, people and jobs** that will create wealth and tackle poverty. It will also actively promote Think Sandwell with the inclusion of apprenticeships and training opportunities within contractual arrangements.

2.2 *Place, Ambition 7 – We now have many new homes to meet a full range of housing needs in attractive neighbourhoods and close to key transport routes*

The redevelopment of these under-utilised sites with modern residential accommodation will improve the immediate area, public realm, street scene and the asset base of the borough by providing much needed affordable housing.

The provision of this proposed scheme will provide **Homes that meet people's needs**. Sandwell's population is growing and people need quality housing that suits their individual requirements.

The development of these sites will be guided by the Local Planning Authority in accordance with approved planning and development guidance. This will seek to achieve developments of a quality that sets the highest architectural standards and which provides energy efficient buildings, in furtherance of the aims of the Environmental Policy for Sandwell.

2.3 The proposed housing developments will contribute towards all the key shared partnership priorities for improvement within Sandwell, notably

- Increasing the levels of high quality stock to replace units lost under right to buy through the HRA investment programme. (Minute no. 1/13 of the joint meeting of Strategic Resources and Jobs & Economy)
- Contributing positively to the financial position of the Council by generating New Homes Bonus and new Council Tax receipts.
- Developing fit for purpose accommodation.
- Increasing the levels of new build housing stock within the Borough contributing to target forecasts.

- Re-developing areas of vacant land, reducing the quantity of vacant land in the Borough and improve the image of the local built environment thereby supporting the aim of creating a safe and clean place to live.
- Linking to the work of Think Local and Find-it-in-Sandwell approaches that will offer significant employment and training opportunities as well as additional community benefits to the local economy, including working with local supply chains and use of local labour.
- Producing positive outputs for community safety through the redevelopment of a vacant site.

2.4 There will also be positive outputs for community safety through the redevelopment of vacant sites that are currently subject to vandalism and anti-social behaviour.

3 **BACKGROUND AND MAIN CONSIDERATIONS**

3.1 The creation of a network of cohesive, healthy and prosperous communities is a fundamental element of the vision for Sandwell and the continued delivery of sustainable housing growth is vital to the achievement of this vision. Housing growth remains one of the most significant challenges and opportunities currently facing the Borough.

3.2 Cabinet have previously approved the revised strategic plan for the delivery of housing in the borough. Report to the Cabinet Member for Strategic Resources and Jobs and Economy, 29th October 2014 Changing the Housing Landscape in Sandwell (Key Decision Ref. No. C043) Minute no 75/14 refers. Approval was given to the revised strategic plan for the delivery of housing in the borough to include:-

- Building new homes or buying 'off plan' through a variety of funding sources.
- Identifying existing Council owned sites and premises suitable for conversion to residential use.
- Re-branding Sandwell, offering new rental packages at market rates and continuing to improve the overall private rented sector offer in the borough.
- Transferring the ownership of existing housing stock into the Council by exercising the Buy Back option, Mortgage Rescue, the purchase of properties at auction or through compulsory purchase.
- Exploring the designation of a Housing Zone and other ways to assist developers to bring sites forward.

- Exploring the purpose and viability to develop a self-financing delivery vehicle.
- Exploring the viability and potential for building new homes through a Partnership.

- 3.3 On the 6th April 2016 Cabinet subsequently approved a three year strategic plan for the development of Council housing in Sandwell. Changing the Housing Landscape in Sandwell Summary Programme for Council House New Build (Key Decision Ref. No. RE1021) Minute no 61/16 refers. This report identified sites for the first 636 new Council homes and stated that at individual site implementation stages full financial appraisals will be undertaken as part of the site specific Cabinet reports.
- 3.4 The three year budget parameters for Council new build were allocated should all of the projects identified progress to development. If any of the schemes did not progress to development due to financial viability issues there were a number of reserve schemes being developed to take up any unallocated resources. The approval to substitute sites has now resulted in the development programme identified in Appendix 2.
- 3.5 Individual site specific reports to seek approval to proceed with the development of Council land or purchase off plan new build properties that will form part of the housing stock continue on a rolling programme. This requires the approval of the associated budget to fund the project, to procure the project and to enter into or execute under seal any documentation in relation to the delivery of the project.
- 3.6 The Housing Revenue Account Business Plan approved by Cabinet on 8 February 2017 includes a requirement for growth of a number of high quality council owned housing stock to replace stock lost by the Right to Buy.
- 3.7 To date in excess of 100 properties will have been completed and occupied by the end of financial year 2017/18 and with the reports currently on the Cabinet forward plan or in feasibility the three year target of circa 600 properties should be achieved.
- 3.8 The resources allocated through the Housing Revenue Account have been utilised alongside other funding sources to maximise affordable housing development to date these have included Planning section 106 commuted sums for affordable housing and Right to Buy receipts and there are currently a number of bids with Homes England from the Shared Ownership and Affordable Homes Programme grant funding.

- 3.9 As part of the Council's new build programme some of the new properties will be specialist or supported housing to support Adult Services Adults Accommodation Strategy to date two schemes have been approved, one supported scheme and one extra care.
- 3.10 With regard to private sites the Council has a number of tools that can be used to encourage private owners to bring forward their sites for residential development. The most appropriate response is dependent on the particular circumstances of the site and landowner. For example, S.215 powers are regularly used to enforce the tidying up of vacant sites that are impacting on the amenity of the surrounding area. Enforcement action can encourage landowners to identify a more long term solution. Council Officers, as part of Development Ready, provide support to private landowners to market their sites to house-builders, obtain planning permission, and where appropriate apply for grant funding. The ultimate sanction to the Council is to use Compulsory Purchase Powers to acquire sites where it is considered there is little or no intention of bring sites forward for housing. Clearly the CPO process has certain risks and costs associated with it and there has to be a clear case in the public interest to interfere with private landowner rights.
- 3.11 There are significant opportunities through the Combined Authority and Local Enterprise Partnership for private land-owners and house-builders to apply for funding for abnormal costs in relation to land remediation or infrastructure requirements. The Council provide support where appropriate in this process. The Council also supports regeneration, where there is a clear justification, by buying off plan the affordable housing units in major developments (such as Brindley II), providing certainty to the developer and facilitating the commencement of development. Where the Council owns adjoining land and there is a clear justifiable reason for working with the adjacent landowner the Council works in Partnership to deliver complex more medium to long term regeneration schemes (for example the Lyng, West Bromwich and Woods Lane, Cradley Heath).
- 3.12 Updates on the following private sites have been specifically requested by Scrutiny.
- 3.13 Churchfields Place - Upon sale of the former Churchfields High School the Council retained the right to acquire, for the nominal sum of £1.00, four fully serviced Individual Building Plots within the demise of the site. The opportunity to acquire can, however, only be affected after the roads and footpaths have been formally adopted and even then, there is only a two-week window following adoption to serve the requisite Notice to seek ownership of the plots. To avoid the situation whereby the opportunity to acquire the plots has been lost, officers have written to the developer's solicitors seeking transfer in advance of the adoption

process. Unfortunately to date there has been no response but officers will continue to pursue.

3.14 Sites of the former public houses (Dolls House and the White Horse) Ascot Close, Tividale;

- **White Horse** (better known as the former Valentinos restaurant) – application is in now for a proposed care home (application DC/17/61289 refers). Planning Committee will be visiting the site on the afternoon of 14th March 2018 and hopefully making a decision that evening. There was a recent consent in 2011 for a 50-bed care home on the site but the time for implementation has now elapsed, hence the current application.
- **Dolls House** – Recently demolished using grot spot funding and the site cleared/ fenced. (A charge has been put on the site). Owner in pre-application discussions with officers late 2017 and we are supportive of the principle of residential development on the site. However, the indicative scheme at the time for 14 apartments was felt to be over development.

4 THE CURRENT POSITION

4.1 As stated in 3.2 above, from the revised strategic plan for the delivery of housing in the borough all of the following have been achieved and will continue to be utilised:-

- Building new homes or buying 'off plan' through a variety of funding sources.
- Identifying existing Council owned sites and premises suitable for conversion to residential use.
- Transferring the ownership of existing housing stock into the Council by exercising the Buy Back option, Mortgage Rescue, the purchase of properties at auction or through compulsory purchase.
- Exploring the designation of a Housing Zone and other ways to assist developers to bring sites forward.
- In addition to the above - utilising the Council House build programme as a catalyst for bringing forward wider regeneration initiatives.

4.2 The remaining points below are currently being developed considering viability and legal governance issues in order to determine the options that are viable for the Council to pursue. It is intended to provide regular feedback to keep members up to date on progress.

- Exploring the purpose and viability to develop a self-financing delivery vehicle.
- Exploring the viability and potential for building new homes through a Partnership.
- Re-branding Sandwell, offering new rental packages at market rates and continuing to improve the overall private rented sector offer in the borough.

4.3 There are also a number of other options that are currently being considered as part of the response to the Peer Review findings, industry changes, Combined Authority and government policy changes that have emerged post the Changing the Housing Landscape report. These other options include land acquisitions, profit sharing partnerships, build for sale, and utilising off site construction methods.

5 CONSULTATION (CUSTOMERS AND OTHER STAKEHOLDERS)

5.1 Public consultation will be undertaken as part of the Statutory Planning process on each of the individual sites.

6 ALTERNATIVE OPTIONS

6.1 The alternative options for housing delivery were considered as part of the Changing the Housing Landscape in Sandwell Summary Programme for Council House New Build and a decision was taken by Cabinet to proceed with the options identified in 3.2 above.

7 STRATEGIC RESOURCE IMPLICATIONS

7.1 The HRA business plan approved by Cabinet in October 2017 includes £184 million for new council homes from 2017/18 – 2026/27 of which £70 million is allocated over the next 3 years to 2020/21 and the building costs will be funded from this allocation. The estimated revenue capital financing costs and associated rent income and maintenance costs have been included in the HRA 30 year business plan.

7.2 In addition to HRA allocations we are utilising a number of other funding sources to develop affordable housing. To date we have utilised Planning section 106 commuted sums and Right to Buy receipts. The Council is now in the process of entering a Grant Agreement with Homes England and a Consortium Delivery Agreement with Accord Housing Association to access the Shared Ownership and Affordable Homes Programme as approved by Cabinet 28th February, 2018 - Approval to Enter into a Grant Funding Agreement with Homes England and a Consortium Agreement with Accord Housing Association (Key Decision Ref. No. SMBC11/01/2018) minute No 38/18 refers.

- 7.3 The rents charged on the properties will be affordable rents, which are 80% of market rent. This is in line with the recommendations approved by Cabinet on 7 December 2016 whereby all new build properties rent will be set as an affordable rent. The design of this scheme includes communal facilities and as such will also require a service charge over and above rent payments.
- 7.4 The increase in new homes will also allow the Council to claim additional government grant under the New Homes Bonus Scheme and result in additional income generation from Council Tax.
- 7.5 The Council will also continue to bid for any other external funding to improve the viability of difficult to deliver sites. These are the sites that the market cannot deliver without some form of public intervention or Council owned sites that require high levels of land remediation. Current sources being pursued include Local Enterprise Partnership, Combined Authority and Housing Zones.

8 LEGAL AND GOVERNANCE CONSIDERATIONS

- 8.1 There are no specific immediate legal or statutory implications arising from the update outlined in this report. However, on-going legal implications regarding the development of land or property will be addressed fully in accordance with legal requirements.
- 8.2 Pursuant to the Localism Act 2011 (Ss 1 – 7), Local Authorities have a general power of competence to do anything that individuals generally may do.
- 8.3 Advice will be taken from the Council's Procurement Strategy Officer and Legal Services to ensure that the Public Contracts Regulations 2015 and the council's procurement and contract rules are complied with.
- 8.4 Due to the fact that this report is a high level strategic report setting out the Council's strategic approach to housing, it is not possible at this stage to identify legal risks and implications for each individual proposal. It is therefore important that each proposal is reviewed by Legal and the legal implications and risks are brought back to the attention of the Cabinet as part of the individual reports.
- 8.5 The main legal issues that are likely to be raised in relation to the proposal include (but are not limited to): powers utilised under Section 1 of the Localism Act 2011, Section 123 Local Government Act 1972 (Best Consideration), Housing Revenue Accounts Rules under the Housing Act 1985 and 1989, Public Procurement (Public Contract Regulations 2015),

State Aid, TUPE, Companies Act 2006, Impact Assessment under the Equalities Act 2010.

9 EQUALITY IMPACT ASSESSMENT

9.1 Equality Impact Assessment screening exercises have been carried out on individual schemes and full Equality Impact Assessments are not required.

10 DATA PROTECTION IMPACT ASSESSMENT

10.1 This report does not relate to the collection of personal information and therefore a privacy impact assessment is not required.

11 CRIME AND DISORDER AND RISK ASSESSMENT

11.1 The Corporate Risk Management Strategy (CRMS) will continue to be complied with throughout, in identifying and assessing the significant risks associated with each strategic proposal. This includes (but is not limited to) political, legislation, financial, environmental and reputation risks. Based on the initial risks that are identified, arrangements will be put in place to manage and mitigate these effectively.

11.2 The Risk Assessments will be completed as part of each individual scheme and monitored through Regeneration and Growth Major Projects Group.

12 SUSTAINABILITY OF PROPOSALS

12.1 The development of all sites will be guided by the Local Planning Authority in accordance with approved planning and development guidance. This will seek to achieve developments of a quality that sets the highest architectural standards. In addition, the new housing stock will be up to current Building Regulations and will provide high quality living accommodation that will be energy efficient and sustainable contributing to reduced living costs and better quality of life to the new Council tenants. All of which contributes to the aims of the Environmental Policy for Sandwell.

12.2 The construction of the schemes will be managed by Housing Partnerships Team and delivered by a selected partner.

12.3 The affordable properties once completed will be managed and maintained by the council and all of the associated costs will be met from within the Housing Revenue Account.

12.4 The income generated from the rent will also go back into the Housing Revenue Account.

13 HEALTH AND WELLBEING IMPLICATIONS (INCLUDING SOCIAL VALUE)

13.1 The redevelopment of vacant or under-utilised sites with modern residential accommodation will improve the immediate area, public realm, street scene and the asset base of the borough by providing much needed affordable, high quality, energy efficient housing.

13.2 The development of these schemes will support investing in businesses, people and jobs. It will also actively promote Think Sandwell with the inclusion of apprenticeships, training opportunities and community engagement within the contractual arrangements. In addition, there is the potential for business opportunities to be included within the schemes.

13.3 This will result in creating sustainable communities, create wealth, tackle poverty, improve health and wellbeing and reduce certain types of anti-social behaviour and crime.

14 IMPACT ON ANY COUNCIL MANAGED PROPERTY OR LAND

14.1 The majority of the land contained within this report is in Council ownership and held within the HRA. Whilst there are no direct links to the Corporate Landlord Strategy the schemes help bring forward undeveloped land supporting council demand for new housing.

14.2 The completed properties will be managed within existing resources from Housing and Communities.

15 CONCLUSIONS AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

15.1 The development of these sites with new homes will result in the following benefits:

- Increasing the levels of high quality stock to replace units lost under right to buy through the HRA investment programme. (Minute no. 1/13 of the joint meeting of Strategic Resources and Jobs & Economy)
- Contributing positively to the financial position of the Council by generating New Homes Bonus and new Council Tax receipts.
- Developing fit for purpose accommodation.

- Increased good quality, energy efficient housing provision in the Borough
- Increasing the levels of new build Council housing stock within the Borough contributing to target forecasts.
- Re-developing areas of vacant land reducing the quantity of vacant land in the Borough and improve the image of the local built environment thereby supporting the aim of creating a safe and clean place to live.

15.2 Linking to the work of Think Local and Find-it-in-Sandwell approaches that will offer significant employment and training opportunities as well as additional community benefits to the local economy, including working with local supply chains and use of local labour.

15.3 Producing positive outputs for community safety through the redevelopment of vacant sites.

16 **BACKGROUND PAPERS**

16.1 Report to the Cabinet Member for Strategic Resources and Jobs & Economy, 21st November 2013 - Minute no. 1/13 refers

16.2 Report to the Cabinet Member for Strategic Resources and Jobs and Economy, 29th October 2014 Changing the Housing Landscape in Sandwell (Key Decision Ref. No. C043) Minute no 75/14 refers

16.3 Report to The Cabinet, 6th April 2016 Changing the Housing Landscape in Sandwell Summary programme for Council House New Build (Key Decision Ref. No. REI021) Minute no 61/16 refers

16.4 Report to The Cabinet, 7th December 2016 Proposals for the review of the 2017/18 council tenant rents and housing related property charges (Key Decision Ref. No. LR24) Minute no, 204/16 refers.

16.5 Report to The Cabinet, 8th February 2017 Housing Revenue Account Business Plan 2017-20 Minute no 21/17 refers

16.6 Report to The Cabinet, 18th October 2017 Housing Revenue Account Funded Housing Investment Programme Minute no 167/17 refers

16.7 Report to Cabinet 28th February, 2018 - Approval to Enter into a Grant Funding Agreement with Homes England and a Consortium Agreement

with Accord Housing Association (Key Decision Ref. No. SMBC11/01/2018) minute No 38/18 refers.

17 APPENDICES:

- 17.1 Appendix 1 – Plan showing Council House Development Land currently being considered.
- 17.2 Appendix 2 – Schedule of Council House sites and progress made to date.

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