

Report to Cabinet

23 March 2022

Subject:	Acquisition of land at Harvest Road, Rowley Regis for Council New Build
Cabinet Members:	Cabinet Member for Regeneration and Growth Councillor Iqbal Padda Cabinet Member for Housing Councillor Zahoor Ahmed
Director:	Director of Regeneration and Growth, Tony McGovern Director of Housing, Gillian Douglas
Key Decision:	Yes
Contact Officers:	Alan Martin, Housing Programme and Partnerships Manager Alan_martin@sandwell.gov.uk Stefan Hemming Principal Lead - Commercial Property Stefan_hemming@sandwell.gov.uk

1 Recommendations

- 1.1 That approval be given to the Director of Regeneration and Growth to agree heads of terms to acquire the site at Harvest Road, Rowley Regis from NHS Property Services.
- 1.2 That subject ton 1.1 above, the Director of Finance be authorised to allocate the sum of £292,500 from the Council’s Housing Revenue Account to purchase the site.



- 1.3 That the Director Law and Governance and Monitoring Officer be authorised to enter into or execute under seal, if necessary, contract to complete the acquisition of the site.
- 1.4 That approval to be given to allocate the site at Harvest Road, Rowley Regis for the development of new affordable rent council housing, subject to planning permission being obtained.
- 1.5 That approval to be given to allocate funding from the Council's Housing Revenue Account to demolish the existing buildings/ structures at Harvest Road, Rowley Regis as a pre-requisite for site investigation to facilitate compliance with the Homes England funding timescales.
- 1.6 That the Director of Finance be authorised to allocate adequate resources from the Council's Housing Revenue Account, subject to being satisfied that the proposal provides value for money, to deliver the scheme and to utilise grant funding offered by Homes England, under the extended Homes England Strategic Partnership 1 Programme 2016 to 2021, to assist with the delivery of the project.
- 1.7 That subject to receiving the necessary Strategic Investment Unit appraisal approval mark of 65 or above, the Director of Regeneration and Growth, in consultation with the Director of Finance and the Director of Housing, be authorised to prepare tendering documentation and subsequently procure, in accordance with any statutory regulations and the Council's Procurement and Financial Regulations, a contractor/contractors to develop, on behalf of the Council, the proposed housing scheme; to enter into or execute under seal any financial agreement in relation to the Homes England grant on terms and conditions to be agreed by the Director of Finance.
- 1.8 That subject to 1.6 and 1.7 above, the Director – Law and Governance and Monitoring Officer be authorised to enter into or execute under seal any documentation in relation to award of the contract and/or development/partnership agreement, Homes England developer status, licence, undertaking, framework joining agreement, any consents or applications required for Planning or Highways appertaining to the delivery of the scheme and any other agreements with the procured contractor(s) and with the Homes England, as may be deemed necessary to facilitate development of the site with a housing scheme on terms and conditions to be agreed by the Director of Regeneration and Growth.



- 1.9 That the Director of Regeneration and Growth in consultation with the Director of Finance and subject to confirmation of the funding rules applicable, to submit an application for funding to the WMCA/LEP and, in the event the funding bid is successful, the Director of Regeneration and Growth in consultation with the Director of Finance and the Director of Housing be authorised to accept the funding and execute under seal any financial agreement in relation to the WMCA/LEP grant on terms and conditions to be agreed by the Director of Finance.
- 1.10 That following practical completion of each property at the site of Harvest Road, Rowley Regis, the Director of Housing be authorised to manage and let the properties built in accordance with the Council's housing allocation policy.
- 1.11 That the Director Finance be authorised to make any necessary adjustment required to appropriate the property for housing purposes.

2 Reasons for Recommendations




- 2.1 Following the introduction of greater flexibilities for local authorities the Council is able to develop this site with circa 8 homes (subject to planning consent), as part of the new strategic approach to provide more and better housing in the borough.
- 2.2 The opportunity to acquire this windfall site has arisen through partnership with the NHS Trust and an agreement that the site will be valued for affordable housing and disposed of to the Council as another public sector organisation.
- 2.3 The development of this site with new homes will result in the following benefits for the Council:
- increasing the numbers of authority owned stock which will ease pressure on our existing housing;
 - replacing housing stock lost through Right to Buy;
 - increasing income to the Housing Revenue Account;
 - 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.
- 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.

3 How does this deliver objectives of the Corporate Plan?

	<p>Best start in life for children and young people</p> <p>These new build properties will provide accommodation which better meets the needs of young families allowing / enabling for a better home educational environment</p>
	<p>People live well and age well</p> <p>The new properties will be built to the Building Regulations standard M4(2) "Accessible and Adaptable" which allows for easy adaptations of the properties and takes into consideration ease of access to the dwellings.</p>
	<p>Quality homes in thriving neighbourhoods</p> <p>The redevelopment of this under-utilised site with modern residential accommodation will improve the asset base of the borough by providing much needed affordable housing.</p> <p>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 fits their individual requirements.</p> <p>The development of this site will be guided by the Local Planning Authority in accordance with approved planning and development guidance. This will seek to achieve a development 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.</p>





A strong and inclusive economy

The development of this 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 the contractual arrangements.

4 Context and Key Issues

- 4.1 The property is situated on Harvest Road, towards its junction with Dudhill Road in Rowley Regis and was previously utilised as a local Library.
- 4.2 The property benefits from planning in principle for a new build residential development of eight dwellings and the site extends to 0.19 hectares (0.471 acres).
 - 4.2.1 The Council and NHS Property Services jointly appointed Sanderson Weatherall Chartered Surveyors to provide a red book valuation of the site for disposal. Sanderson Weatherall have confirmed that the sum of £292,500 represents market value for the acquisition of the site.

5 Alternative Options

The Council does not pursue the acquisition of the property.

- 5.1 If the Council does not purchase the site the NHS will dispose of the site on the open market via auction. If this is the case it is likely that the site will be purchased for market sale property and the size of the site would not trigger the requirement for affordable housing. This would not increase the Council owned housing stock or replace properties lost through RTB and would result in the lost opportunity of acquiring land that could be used for this purpose.
- 5.2 This site would contribute to the delivery the Council's Homes England Strategic Partnership 1 Programme 2016 to 2021, to assist with achieving the delivery timetable of the programme which requires all sites to be started by December 2022.



6 Implications

<p>Resources:</p>	<p>Resources totalling £184m were allocated by Cabinet on 18th October 2017 for the period 2017 to 2027 to increase the number of homes within the HRA stock.</p> <p>The acquisition costs of the site and subsequent demolition costs will be funded from HRA reserves.</p> <p>Detailed financial modelling will be completed for this proposal based on the standard assumptions used by the Homes England for affordable housing. The financing of the scheme would be through Prudential Borrowing (which would leave the council with a debt to carry over the repayment period and beyond). When the appraisal for the development is carried out on the project it will include grant funding from the Homes England Strategic Partnership 1 Programme. This equates to £34,000 per unit.</p> <p>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 14th November 2018 whereby all new build properties rent will be set as an affordable rent.</p>
<p>Legal and Governance:</p>	<p>There are no specific immediate legal or statutory implications arising from the proposal 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.</p> <p>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.</p> <p>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.</p>



	Pursuant to S.120 of the Local Government Act 1972, Councils are authorised to acquire by agreement any land (whether situated inside or outside their area) for the purposes of any of their functions under any enactment, or for the benefit, improvement or development of their area.
Risk:	<p>The Corporate Risk Management Strategy (CRMS) will continue to be complied with throughout, in identifying and assessing the significant risks associated with this strategic proposal. This includes (but is not limited to) political, legislation, financial, environmental and reputation risks. Based on the information provided it is the officers' opinion that for the initial risks that have been identified, arrangements are in place to manage and mitigate these effectively.</p> <p>The current assessment has identified not identified any "red" risks that need to be reported at this stage. Actions have been put in place to mitigate this risk.</p>
Equality:	An Equality Impact Assessment screening exercise has been carried out and a full Equality Impact Assessment is not required.
Health and Wellbeing:	<p>Currently the site is vacant and under-utilised. The redevelopment of the site with modern residential accommodation will improve the asset base of the borough by providing much needed affordable, high quality, energy efficient housing.</p> <p>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.</p>
Social Value	The development of this scheme 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



7. Appendices

Appendix A - Plan

8. Background Papers

None

