

<b>TITLE</b>	<b>Gorse Ride South</b>
<b>FOR CONSIDERATION BY</b>	The Executive on 30 March 2017
<b>WARD</b>	Finchampstead South
<b>DIRECTORS</b>	Graham Ebers, Director of Corporate Services
<b>LEAD MEMBER</b>	Julian McGhee-Sumner, Executive Member for Health and Wellbeing

**OUTCOME / BENEFITS TO THE COMMUNITY**

The proposed regeneration will transform the estate through the provision of new, high quality, mixed tenure homes.

**RECOMMENDATION**

That the Executive supports the feasibility work on the Gorse Ride South estate (the outcome of which will be presented to a future Executive) and approves:

- 1) the rehousing of tenants and the subsequent demolition and redevelopment of Cockayne Court, 97-107 (odd numbers) Arnett Avenue and 154 Barkham Ride, Finchampstead as Phase 1 of the wider regeneration project;
- 2) the selection of Wokingham Housing Limited (WHL), or another Council owned Local Housing Company, as the development partner for Phase 1;
- 3) that the Council transfers the Phase 1 site to Wokingham Housing Limited (WHL), or another Council owned Local Housing Company, on terms to be agreed by the Director of Corporate Services in consultation with the Leader of the Council;
- 4) that the Phase 1 site is appropriated for planning purposes under Section 227 of the Town and Country Planning Act 1990 and Section 122 of the Local Government Act 1972;
- 5) the proposed funding model, including the allocation of Section 106 receipts for the provision of affordable housing towards Phase 1, in accordance with Part 2 Report;
- 6) the indicative development brief for Phase 1;
- 7) that the transfer of land and funding for Phase 1 will be subject to WHL securing a planning consent for the scheme.

**SUMMARY OF REPORT**

Gorse Road South is a residential area of Finchampstead, Wokingham. There are a number of maintenance issues relating to the non-traditional homes, including poor thermal insulation, structural defects, and drainage issues. In May 2015, the Executive resolved to serve demolition notices to the tenants living in council owned homes on the

estate and to carry out a public consultation around options for the future of Gorse Ride South. This consultation took place over the summer of 2015. With the exception of the bungalow tenants, there was generally support for the concept of redeveloping the estate. However, the project has stalled since then due to various Government announcements impacting on the financial viability of the scheme.

The Council is aware that the lack of progress is creating uncertainty for the residents of the estate and therefore, this report sets out a clear aspiration of the Council to regenerate the Gorse Ride South estate. It is proposed that feasibility work is commissioned on the main estate and that the local community is actively involved in looking at design options.

It is proposed that tenants of Cockayne Court, 97-107 (odd numbers) Arnett Avenue and 154 Barkham Ride, Finchampstead are rehoused and the properties demolished and redeveloped as Phase 1 of a wider regeneration project, with new homes being prioritised for residents on the wider estate.

The report proposes that WHL (or another Council-owned company) be selected as the development partner for Phase 1 and that the priority will be to provide replacement affordable housing. It is proposed that funding for Phase 1 is provided through the use of Section 106 commuted sums for affordable housing.

## **Background**

Gorse Road South is a residential area of Finchampstead, Wokingham. Like many other council owned estates, it has suffered under investment over time under the previous housing finance regime. There are a number of maintenance issues relating to the non-traditional homes, including poor thermal insulation, some structural defects, and above and below ground drainage issues, which lead to high maintenance liabilities compared with other homes in council ownership. The non-traditional stock condition report carried out by Rand Associates in 2011 identified the Gorse Ride South as requiring £6,945,270 of repairs over the next 30 years. The report identified that circa £3 million of capital repairs would be needed in the short-term to deal with drainage problems and other immediate issues. An updated stock condition survey has been commissioned and is expected over the next month.

In May 2015, the Executive resolved to serve demolition notices to the tenants living in council owned homes on the estate in order to suspend any further Right to Buy and to form a project group to undertake feasibility work and carry out a public consultation around options for the future of Gorse Ride South.

Consultation with tenants and owner occupiers on the estate, as well as residents from the surrounding area, took place over the summer of 2015. With the exception of the bungalow tenants, there was generally support for the concept of redeveloping the estate. The most commonly identified positive features of the estate across all respondents were friends and neighbours, proximity to local facilities (shops, schools, bus routes) and green spaces. The areas where respondents generally believed improvements could be made were in the appearance of the estate and the condition of the homes. Over half of those living on the estate had lived there for more than 10 years, with many indicating that they would wish to be re-housed in the locality if the redevelopment went ahead.

Whilst the consultation was being undertaken, various Government announcements impacted on the delivery of the potential regeneration project. It had been intended that the project would predominantly be taken forward within the Council's Housing Revenue Account (HRA) (i.e. replacement Council housing). However, in July 2015, it was announced by Government that all housing associations and councils would be required to cut their rents by 1% per annum for four years in an attempt to reduce the country's housing benefit bill. Furthermore, the Housing and Planning Bill, introduced in October 2015 and enacted in May 2016, introduced a new levy for stock-retaining councils based on assumption that high value void properties would be sold. Whilst the detail of the levy is still unknown, these announcements will adversely impact on the HRA Business Plan and its capacity to finance a large scale regeneration project.

As a result of this financial uncertainty, the project has been stalled with the only progress being the Council proactively purchasing properties (previously sold under Right to Buy) on the estate when they have come onto the market.

## **Analysis of Issues**

The lack of progress with the project is creating uncertainty for the residents of the estate, whilst the condition of properties is continuing to worsen. A decision is needed on whether to proceed with regeneration of the estate or whether to invest in the repair and upgrading of existing properties.

This report sets out a clear aspiration of the Council to regenerate the Gorse Ride South estate. It is proposed that feasibility work is commissioned on the main estate and that the local community is actively involved in looking at design options. This work will then inform the future business case for the regeneration to be reported back to the Executive by March 2018.

Whilst this work is ongoing, it is proposed that tenants of Cockayne Court, 97-107 (odd numbers) Arnett Avenue and 154 Barkham Ride, Finchampstead are rehoused and the properties demolished and redeveloped as Phase 1 of a wider regeneration project. The facility at Cockayne Court does not meet modern day standards or space requirements for enhanced sheltered /extra care housing. Two new extra care housing schemes are due to open in the Borough this year (The Birches and Fosters in Woodley) providing a greater choice of affordable homes for older residents (and for staff within the enhanced sheltered facility) to relocate to.

During the 2015 consultation, many residents on the estate expressed a strong desire to remain in the neighbourhood. Therefore, it is envisaged that the new homes built on Phase 1 will be prioritised for rehousing both tenants, and potentially owner occupiers (through house exchanges), living on the main Gorse Ride South estate, in order to unlock the wider regeneration.

### Land Transfer

The Gorse Ride South estate (including Cockayne Court, 97-107 (odd numbers) Arnett Avenue and 154 Barkham Road) is currently held for housing purposes under Part II of the 1985 Act (i.e. within the Housing Revenue Account). All of the properties on Phase 1 are owned by the Council.

The Council is fortunate in having its own housing company, Wokingham Housing Limited (WHL) and its Registered Provider (RP) subsidiary, Loddon Homes Limited (LHL). These companies provide the Council with more flexibility and choice in how new affordable housing is delivered locally. The proposal is that the Council transfers the site of Cockayne Court, 97-107 (odd numbers) Arnett Avenue and 154 Barkham Road to Wokingham Housing Limited (WHL), or another Council-owned housing company, on terms to be agreed by the Director of Corporate Services in consultation with the Leader of the Council. The Phase 1 site has been valued (see Part 2 Schedule).

It is necessary to appropriate the Phase 1 site from the Housing Revenue Account for planning purposes under Section 227 of the Town and Country Planning Act 1990 and Section 122 of the Local Government Act 1972, in order to extinguish any rights which may exist over the same and enable the development proposed by WHL.

The relevant powers to dispose of HRA land are contained in Section 32 of the Housing Act 1985 and Section 25 of the Local Government Act 1988. General Consents under Section 25 of the Local Government Act 1988 (Local Authority assistance for privately let housing) were published in April 2014. General Consent AA allows a council to dispose of vacant HRA land to any organisation at less than market value for housing development, subject to certain conditions, without the need for Secretary of State consent.

No decision is sought at this stage on the long-term delivery and ownership of the wider

estate.

### Proposed Funding Model

It is intended that Section 106 affordable housing commuted sums will be used to fund the delivery of affordable housing on Phase 1. Full details of the business model and funding are included in the Part 2 Schedule.

An Expression of Interest has also been submitted for Enabling and Capacity grant funding under the Homes and Communities Agency (HCA) Estate Regeneration Programme. If successful, the funding would be committed to delivering this Project.

### Development Brief

Early feasibility work on the site of Cockayne Court, 97-107 (odd numbers) Arnett Avenue and 154 Barkham Road has shown that between 40 and 46 homes could be developed. This is likely to comprise of a mix of 1 and 2-bedroom apartments and 2, 3 and 4-bedroom houses.

The new development will mostly comprise of affordable housing of the following tenures:

- Social rent (at target rents)
- Intermediate/Affordable rent (up to 80% of market rent, capped at the Local Housing Allowance level)
- Shared ownership, at 35% equity share and rent on unsold equity capped at 1.5% per annum

However, there are over 40 owner occupiers on the wider Gorse Ride South estate and therefore it is possible that some may wish to exchange their current homes for new ones on Phase 1. The exact tenure mix will need to be agreed at a later date following discussions with affected residents.

Further feasibility work will be undertaken on the site of Cockayne Court, 97-107 (odd numbers) Arnett Avenue and 154 Barkham Road and the wider Gorse Ride South estate and will be subject to consultation with the community.

The Council will have full nomination rights to all of the affordable homes.

### **FINANCIAL IMPLICATIONS OF THE RECOMMENDATION**

***The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.***

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	Part 2 Report	Yes	Capital

Next Financial Year (Year 2)	Part 2 Report	Yes	Capital
Following Financial Year (Year 3)	Part 2 Report	Yes	Capital

**Other financial information relevant to the Recommendation/Decision**

Funding is likely to come from a number of different Section 106 agreements for affordable housing. The matching of new affordable housing projects to specific Section 106 agreements will occur before start-on-site to ensure that we optimise the use of available receipts. Short-term loan funding may be required initially until sufficient commuted sums are accrued.

There will be a reduction in revenue to the Housing Revenue Account (HRA) from removing 30 units on Phase 1 from the Council's housing stock. However, the capital liability for these will also reduce.

**Cross-Council Implications**

Affordable housing is a priority for the Council. Access to good quality, affordable housing is key to residents' health and wellbeing, education, employment, etc.

**Reasons for considering the report in Part 2**

Commercially sensitive information, relating to the funding and contract sums, is included on the Agenda as a separate Part 2 Report.

**List of Background Papers**

None

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