

AGENDA ITEM: 35.00

TITLE	Peach Place Residential
FOR CONSIDERATION BY	The Executive on 27 July 2017
WARD	Westcott
DIRECTORS	Graham Ebers, Director of Corporate Services
LEAD MEMBER	Julian McGhee-Sumner, Executive Member for Health and Wellbeing

OUTCOME / BENEFITS TO THE COMMUNITY

The scheme will assist in meeting housing needs through the provision of high quality affordable housing for essential workers at the earliest opportunity. It will particularly assist with the recruitment and retention of key workers, who are vital to the delivery of public services and supporting the local economy.

RECOMMENDATION

That the Executive approve:

- 1) that the Council transfers the completed residential units at Peach Place, Wokingham to a Council-owned housing company on terms to be agreed by the Director of Corporate Services in consultation with the Leader of the Council;
- 2) the proposed funding model, including the allocation of Section 106 receipts for the provision of affordable housing;
- 3) the proposed tenure mix.
- 4) the delegation of any further related and subsidiary decisions if required to complete the transaction to the Chief Executive in conjunction with the Leader.

SUMMARY OF REPORT

Investing in regeneration of towns and villages is a key priority for Wokingham Borough Council. As part of the Wokingham Town Centre Regeneration project, planning permission was granted for Peach Place in March 2015 with work starting on site in January 2017. The development includes 26 residential units which were planned to be sold on the open market.

This report seeks approval to transfer the completed residential properties to a Council-owned housing company. The properties will be funded through Section 106 affordable housing commuted sums. This will allow the homes to be provided as much-needed key worker housing at intermediate rents (up to 80% of private rents) in this prime town centre location.

Background

Investing in regeneration of towns and villages and supporting social and economic prosperity are some of the key priorities for Wokingham Borough Council. As part of the regeneration masterplan for Wokingham town centre, planning permission was granted for Peach Place in March 2015. The development comprises retail facilities, a new public plaza and 26 residential units. Dawnus Construction Limited has been appointed as the Council's main contractor and work started on site at Peach Place in January 2017 with work expected to complete by November 2018.

Delivering affordable housing is also a priority of the Council. In June 2011, the Council established its first wholly-owned Local Housing Company to provide a range of high quality affordable and market housing for the people of Wokingham Borough. Establishment of the companies allows the Council to have more influence and flexibility over the quality, type and affordability of housing developed and ensures that these new properties meet the needs and aspirations of the Borough's residents. The companies also enable the Council to maximise the benefits and potential of its assets.

Analysis of Issues

The Peach Place regeneration scheme currently includes 22 new residential units, comprising 4 x three bedroom town houses on Rose Street and 18 apartments (3 x one-bedroom and 15 x two-bedroom) on Peach Street, Rose Street and facing onto the new public space. In addition to the new build homes, the development includes the renovation and refurbishment of 4 further flats, giving 26 residential units in total. The plan has been to sell the completed properties on the open market to recoup the capital costs of the regeneration.

As is often the case with mixed use and town regeneration projects, the financial viability of the scheme did not support the delivery of affordable housing as part of the planning process and therefore, no affordable housing was proposed. However, the proposal below is to grant fund the delivery of affordable key worker accommodation through Section 106 commuted sums.

Land Transfer

The proposal is that the Council transfers the completed residential units at Peach Place to a Council-owned housing company on terms to be agreed by the Director of Corporate Services in consultation with the Leader of the Council.

Proposed Funding Model

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

Development Brief

It is proposed that the residential units at Peach Place be provided as affordable key worker accommodation. The scheme will be open to a range of low income key workers, who are vital to the delivery of public services and/or support the local economy. A key worker is typically a public sector employee who is deemed to provide

an essential service to the local area, such as, teachers, health authority staff, police officers, fire fighters and local authority social service employees. Key workers can also include any other public or private sector employees of other bodies operating in the public sector subject to the relevant body being able to demonstrate that the industry's national wage structure is such that its employees are unable to afford to rent or to buy homes on the open market within the Borough – for example, care workers or nursery staff.

Should there be no key workers in any of the above categories at the time of nomination, eligibility could be expanded to anyone else in the Borough on a low income whose employment supports the local economy (for example, retail staff).

The homes will be let on assured shorthold tenancies at intermediate rent levels (up to 80% of market rent, capped at the Local Housing Allowance).

The Council will have full nomination rights to all of the completed key worker properties.

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.

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. The provision of key worker accommodation will also assist with the recruitment and retention of staff delivering essential public services, for example, teachers, care workers and social workers.

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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