

## **Summary Sheet**

### **Council Report**

Cabinet and Commissioners' Decision Making Meeting – 12 December 2016

#### **Title**

Delivering new homes in the town centre

#### **Is this a Key Decision and has it been included on the Forward Plan?**

Yes

#### **Strategic Director Approving Submission of the Report**

Anne Marie Lubanski, Strategic Director for Adult Care and Housing

#### **Report Author(s)**

Tom Bell - Interim Assistant Director of Housing and Neighbourhood Services

#### **Ward(s) Affected**

Boston Castle

#### **Summary**

The regeneration of Rotherham's town centre will play a major role in transforming the overall borough, in terms of its economic growth, how residents feel about their borough, and Rotherham's wider reputation. Great progress is being made towards transforming the town centre, however there is more to do to make the town centre truly vibrant and sustainable, and key to this is the development of new housing

To this end, a town centre residential new build programme is being developed, which complements, and is fully aligned with, the emerging Town Centre Master Plan. Left to its own devices, the private sector will not deliver the new housing required to regenerate Rotherham, and the Council therefore has a key role to play in making this happen. Extensive work has been undertaken over the past two years to explore opportunities to repopulate the town centre, and the purpose of this Cabinet report is to summarise the extensive work completed to date, explain the current position and set out the next steps, which include a further report to Cabinet with detailed financial appraisals and delivery milestones.

#### **Recommendations**

- 1 That the work completed to date on developing a town centre residential programme be noted.
  
- 2 That a further report be submitted with a detailed project plan, upon completion of negotiations with Government regarding financial support, and development of a proposed delivery model.

**Background Papers**

Town Centre Housing Prospectus

**Consideration by any other Council Committee, Scrutiny or Advisory Panel**

None

**Council Approval Required**

No

**Exempt from the Press and Public**

No

## **Delivering new homes in the town centre**

### **1. Recommendations**

- 1.1 That the work completed to date on developing a town centre residential programme be noted.
- 1.2 That a further report be submitted with a detailed project plan, upon completion of negotiations with Government regarding financial support, and development of a proposed delivery model.

### **2. Background**

- 2.1 The regeneration of Rotherham's town centre will play a major role in transforming the overall borough, in terms of its economic growth, how residents feel about their borough, and Rotherham's wider reputation.
- 2.2 Several improvements have been made in recent years including new municipal offices, leisure centre and football stadium, upgrading of the train station and regeneration of the High Street, the latter having attracted national recognition. Great progress is being made towards transforming the town centre and local businesses have demonstrated commitment and enthusiasm. However there is more to do to make the town centre truly vibrant and sustainable, and key to this is the development of new housing, and cultural / leisure facilities, as well as overall public realm improvements.
- 2.3 These are equally important and inextricably linked. The provision of cultural and leisure facilities (including restaurants, bars and a cinema) will attract people to live in Rotherham. But we must also establish new communities in the town centre and to this end, a town centre residential new build programme is being developed, which complements, and is fully aligned with, the emerging Town Centre Master Plan.
- 2.4 Housing developers, investors and housing associations are excited at the prospect of being involved in Rotherham's town centre repopulation, and private sector developers and estate agents have confidently predicted that demand for affordable housing in the town centre will be high, since there is no real 'competition'; the only other wide-scale new build housing is taking place at Waverley, where the land values are higher and prices beyond the reach of many buyers. The town centre has the land available to deliver 2,000 new homes.
- 2.5 However, financial viability is an issue due to site constraints and values in the town centre. Left to its own devices, the private sector will not deliver the new housing required to regenerate Rotherham, and the Council therefore has a key role to play in making this happen. Extensive work has been undertaken over the past two years to explore opportunities to repopulate the town centre, and the purpose of this Cabinet report is to:
  - Summarise the work completed to date
  - Explain the current position
  - Set out the next steps

## **2.6 Work completed to date**

**2.6.1 Consultation:** An understanding of residents' needs and aspirations has been drawn from a range of sources:

- Strategic Housing Market Assessment (published in 2015) which provides detailed survey results and included a town centre focus group – young people are leaving Rotherham, and home ownership is unaffordable for a significant proportion of first time buyers.
- Other surveys including the 2012 'where do you want to live?' survey – 12% of Rotherham's residents would consider living in the town centre.
- Housing strategy consultation and questionnaire (2015) which showed that residents want the Council to improve housing in the town centre and prioritise the needs of first time buyers in new build development.

**2.6.2 Analysis of low cost home ownership options:** Various products have been explored including shared ownership, starter homes and rent to buy, and a matrix has been developed that clearly defines the various target markets, based on intelligence of Rotherham's local demographics, for each product. A communication strategy has been developed to inform people about the options and where to access further information.

**2.6.3 Development and publication of a new Housing Strategy:** Based on resident and stakeholder consultation and statistical evidence, the Housing Strategy 2016-19 addresses the need for affordable home ownership and prioritises the town centre in its vision statement and growth chapter.

**2.6.4 Examination of current town centre offer and potential sites:** There is the potential to deliver 2,000 new homes in and around the town centre and 12 sites have been identified that could deliver 1,000 homes in the next few years. Three of these sites are owned by the Council and have been identified as go-early sites because of their availability and suitability for residential development and the sites' potential to deliver high quality development. Concept designs have been produced for all three sites and detailed site investigations and viability assessment have been carried out. If the Council were to acquire four further privately owned sites adjacent to the 'go early' sites, this would add value to the overall development programme, and this will be included in the subsequent report to Cabinet.

**2.6.5 Development of proposals for the type, size and tenure of homes on the three 'go early' sites:** Detailed analysis of local market conditions and demographics, research into other town centre housing markets and work with architects has been undertaken. The proposal for the three go early sites, which will be detailed in a future report to Cabinet, comprises a mixture of apartments and town houses, offered on a range of tenures (starter homes, shared ownership, right to buy, market rent and rent to buy) and catering for both young single people and couples, and families.

**2.6.6 Starter Homes bid:** RMBC took the opportunity offered by the Government's £1.2b Starter Homes Programme to develop proposals and submit a bid for £32m to develop starter homes in the town centre. The outcome of the bid is

still pending and likely to be addressed in the forthcoming Housing White Paper before Christmas. Submission of the bid resulted in Rotherham being identified as one of only five local authorities nationally to be in a prime position to deliver, and to receive the professional support and expertise offered by Local Partnerships (an organisation jointly owned by HM Treasury and the Local Government Association) – please see 2.6.10.

2.6.7 Production of a Town Centre Housing Prospectus: This is a brochure intended to attract inward investment from residential developers, setting out in detail the various sites and opportunities available. This received positive feedback and was launched at a recent Housing Developer Summit, and will be instrumental in progressing the town centre residential new build programme.

2.6.8 Analysis of town centre specialist housing requirements: While the new residential offer needs to focus primarily on the low cost home ownership market, it is essential that RMBC seeks to enable the development of balanced, sustainable communities and provide homes that meet the needs of all communities. The Strategic Housing Market Assessment set out the need for more specialist housing in the borough and a separate report to Cabinet, scheduled for February 2017, will recommend the development of a new extra care housing scheme for older people in the town centre.

2.6.9 Housing Developer Summit: This was held in the New York Stadium in October 2016 and brought together 150 organisations, including developers, housing associations, architects and land owners, to hear about residential development opportunities in Rotherham. There was a strong focus on the town centre, and feedback from delegates was unanimously positive with a number of key contacts made and follow-up meetings held to discuss partnership approaches to developing in the town centre.

2.6.10 Local partnerships workshops: Support for the delivery of housing in Rotherham's town centre is being provided by Local Partnerships (LP) and three useful, outcome focused workshops have been held to date.

2.6.11 Detailed surveys and focus groups: Building on the consultation already carried out, an intensive consultation programme is currently underway to enable the Council to obtain a thorough understanding of what will motivate people to move to new homes in the town centre. This includes surveys of RMBC staff and other local workforces, existing town centre residents and Waverley residents. The results of this consultation will be presented to the fourth Local Partnerships workshop on 13th December 2016.

## **2.7 Current position**

2.7.1 The Government's Autumn Statement, delivered on 23<sup>rd</sup> November 2016, included the commitment to a multi-tenure approach to affordable housing delivery, which will affect the potential funding arrangements for town centre delivery.

2.7.2 In November 2016, Government announced an £18m capacity fund for large sites and this presents an opportunity to bid for resources to progress RMBC's town centre residential programme.

2.7.3 The outcome of RMBC's Starter Homes bid is still unknown and this is likely to be addressed in the forthcoming Housing White Paper.

## **2.8 Next steps**

2.8.1 Work continues to identify the most appropriate delivery model for RMBC's town centre residential programme, options for which include:

- a) Council Direct Delivery
- b) Developer Delivery
- c) Establish Housing Company

2.8.2 Analysis will be undertaken of the survey / consultation feedback, and presented to the next Local Partnerships workshop on 13<sup>th</sup> December 2016.

2.8.3 Sketchbook plans are being drawn up by design architects Coda on the three go early sites, to enable RMBC to carry out financial appraisals and identify the preferred option, with a further meeting scheduled with the HCA on 28<sup>th</sup> November 2016.

2.8.4 A bid will be submitted to the HCA's new £18m large sites capacity fund, to support the resources currently being deployed on the town centre residential programme.

2.8.5 The opportunity to apply for Housing Zone status for the town centre is currently being explored.

2.8.6 Upon conclusion of negotiations with the HCA regarding financing options, and development of a proposal for delivery, a detailed report and project plan will be presented to Cabinet in early 2017.

## **3. Key Issues**

3.1 Increasing the number of people living in the town centre is a long standing ambition of the Council. Furthermore, it is a key element of the regeneration expressed in the Town Centre Supplementary Planning Document and will provide part of the residential offer supporting the Advanced Manufacturing Innovation District.

3.2 The town centre is highlighted as a key theme in Rotherham's Economic Growth Plan 2015-25, which is aligned with the wider Sheffield Economic Plan.

3.3 Building a new town centre community will provide much-needed housing in the area whilst supporting wider economic growth, by increasing town centre footfall and attracting complementary businesses. For every home built, 2.4 jobs are created (source LGA); £1m spent on new housing provides work for 19.9 workers for a year (source DCLG); and one construction job supports 0.78 jobs in the supply chain (Source DCLG).

3.4 Across Rotherham 663 new homes were completed during 2015/16, none of which were in the town centre. Affordable homes supply is around 150 per

year (with a target of 237) and these are predominantly linked to larger developments which sit at the periphery of the borough, where values tend to be higher and viability is less of an issue.

- 3.5 Developers are not currently taking up the opportunity to deliver new homes in the town centre due to non-viability. Initial viability appraisal work carried out by the Council confirms this. Going forward, the challenge will be to close the viability gap via innovative financing and delivery arrangements.

#### **4. Options considered and recommended proposal**

- 4.1 The optimum delivery model for the proposed programme has yet to be established and a detailed appraisal of each option will be provided in the subsequent Cabinet report.

#### **5. Consultation**

- 5.1 As set out in section 2.6.1, comprehensive consultation has been carried out with residents and further surveys are currently underway.
- 5.2 Representatives from Finance and Customer Services, Planning and Cultural Services, and Regeneration and Environment have all attended meetings with the Homes and Communities Agency (HCA) relating to a town centre led housing programme along with the Cabinet Members for Housing and Jobs and the local Economy. Meetings with Local Partnerships have been attended by staff from across the organisation.
- 5.3 Town centre residential development has been discussed with Rotherham's Strategic Housing Forum, which brings together on a quarterly basis partners from a wide range of organisations, and the aforementioned Housing Developer Summit in October 2016 provided an opportunity to consult partners and local stakeholders.
- 5.4 A series of briefing notes has been produced over the past few months providing updates on the programme and bid process for Starter Homes. These have been distributed to Cabinet Members for Housing and Jobs and the Local Economy and senior managers.
- 5.5 Further consultation has taken place with the draft report presented to Informal Cabinet and the Leader who were supportive of the work undertaken to date.

#### **6. Timetable and Accountability for Implementing this Decision**

- 6.1 The Assistant Director of Housing and Neighbourhoods will have accountability for the successful implementation of this project.
- 6.2 A further report will be provided to Cabinet that sets out a detailed project plan with delivery milestones.

## **7. Financial and Procurement Implications**

- 7.1 The Council will continue to develop its proposals in conjunction with Local Partnerships and the HCA, with the focus on the three go early sites. This will include the determination of the housing mix, the development of the design brief and potentially four land acquisitions adjacent to the three 'go early' sites. Negotiations with Government and the HCA will continue around potential grant and / or loan funding. Once clarity on the programme has been achieved and decisions made on the delivery model, a full viability appraisal, including how the development programme cash flow requirement will be financed and the viability gap funded, will be the subject of a subsequent report.

## **8. Legal Implications**

- 8.1 The requirement for the integration of Starter Homes into local planning policies was introduced in the Housing and Planning Act 2016, but further detail is awaited and likely to be included in the Government's White Paper, before Christmas.
- 8.3 Depending upon which delivery model is chosen the Council will have to consider carefully whether there are any State Aid implications with the proposed structure.

## **9. Human Resources Implications**

- 9.1 There are no Human Resources implications arising from this report. A further report will provide resource implications for the operational delivery team requirements subject to the chosen delivery model selected.

## **10. Implications for Children and Young People and Vulnerable Adults**

- 10.1 There are no implications for Children and Young People and Vulnerable Adults arising from this report.

## **11 Equalities and Human Rights Implications**

- 11.1 There are no implications for Equalities and Human Rights arising from this report.

## **12. Implications for Partners and Other Directorates**

- 12.1 Development of a town centre residential new build programme will require an integrated approach across all directorates. Adult Care and Regeneration and Environment directorates are working closely together to align housing growth with the overall Town Centre Master Plan.
- 12.2 RMBC is working with a range of partners to develop proposals and a range of potential innovative partnership arrangements are being explored to deliver the required outcomes.

### **13. Risks and Mitigation**

13.1 Brexit – There is a risk that Brexit may affect the housing market and construction costs, although it is too early to identify any tangible impact. The impact on the housing market and sales value will continue to be monitored. In the event of a Bank of England base rate reduction; this will have a positive impact on the Project through reduced interest rates. Conversely, if interest rates rise, this will have a negative impact on the viability of the programme.

### **14. Accountable Officer(s)**

Tom Bell - Interim Assistant Director of Housing & Neighbourhood Services

Approvals Obtained from:

Strategic Director of Finance and Corporate Services: - Judith Badger

Assistant Director of Legal Services:- Dermot Pearson

This report is published on the Council's website or can be found at:-

<http://moderngov.rotherham.gov.uk/ieDocHome.aspx?Categories=>

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