

ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS

1.	Meeting	Cabinet
2.	Date	8th June 2011
3.	Title	New Homes Bonus
4.	Directorate	Neighbourhoods and Adult Services & Economic Development Services

5. Summary

To update Cabinet on the New Homes Bonus, to note how it could be used to invest in urban renewal and place-making to contribute to sustainable economic growth and to set out an investment proposal for 2011/12.

Rotherham have received notification that £508,364 will be the New Homes Bonus for 2011/12 and that future levels of bonus will be very dependent on the scale of new housing delivery locally, the number of long term void properties and the number of homes demolished. (Appendix 1)

6. Recommendations

- **Note the importance of the introduction of the New Homes Bonus.**
- **Note that £50,000 of the New Homes Bonus could be used to support the publication of an Infrastructure Delivery Plan for Rotherham via Planning Services.**
- **Note that £458,364 of the New Homes Bonus could be used to invest in urban renewal in Canklow to make the area attractive for inward investment and achieve the tipping point where it will become sustainable.**

7. Proposals and Details

7.1 Background

In November 2010 the government announced a new funding stream, the New Homes Bonus. This scheme is designed to “reward authorities that deliver sustainable housing development”. For every new home built the government will pay the equivalent council tax as a bonus payment for the next six years. In addition a premium of an extra £350 will be paid for each affordable home that is built. Private sector properties that have been empty for 6 months or more and are brought back into use will qualify for the New Homes Bonus. However demolitions will be deducted from the total of new homes built.

The calculations for the New Homes Bonus are taken from the Council Tax Base. The base year for calculations is 2009/10 and the first payments will be paid as part of the Councils settlement figure in April 2011. We now know the settlement figure to be paid this year is £508,364 will be paid as New Homes Bonus this April, followed by approximately £1 million in April 2012. A similar figure of £1 million can be assumed for the following 2 years based on current building levels. The Government will pay New Homes Bonus as unringfenced grant as part of Local Authority settlement.

7.2 Principles

Considerations in determining how best to utilise the New Homes Bonus are:

- Does it have local community support?
- Does it help deliver our corporate priorities?
- Does it support delivery of the LDF?
- Will it lever in private sector investment?
- Will it help meet our future house building targets?
- Does it promote sustainable development?
- Does align with Sheffield City Region significant housing & economic interventions?

An important feature of the New Homes Bonus is that Communities who accept new house building see the economic benefits of development within the community. However, the government does not prescribe what constitutes a “community”. 100% of the NHB will be paid to Rotherham as a metropolitan authority to use across the borough.

On 17th February 2011 the board of the Sheffield City Region acknowledged how investment in urban renewal and place making has levered in private sector investment and what would the implications of not investing in such activities.

The Joint Housing & Regeneration Board of the Sheffield City Region sent a letter to all Chief Executives encouraging the local authorities to examine the extent to which an element of NHB funding can be aligned to help progress housing interventions of strategic & economic significance for mutual benefit. (Appendix 2).

Use of This Years Allocation Infrastructure Delivery Plan

It is proposed to invest £50,000 of NHB to support the Infrastructure Delivery Plan for Rotherham, which must be submitted with the Core Strategy this year. The IDP will cost (as advised by the HCA) in excess of £100,000 to support the allocation of housing sites. There is some budget in Planning Service but an additional £50,000 is required to enable this project to be carried out.

In doing this we will be able to facilitate user friendly and easily accessible consultation information relating to the Core Strategy and Sites Information as advocated by the Planning Advisory Service and also supported by the Council's Media and Public Relations Office.

Canklow – Urban Renewal

The Council's Local Investment Plan 2011-14 identifies a number of sustainable community priorities which, under the last national administration would have been resourced. However, the shift in funding from regional HCA's into Local Investment Plans to the new Affordable Housing Development Framework and the withdrawal of HMR Pathfinder funding means that the £51.5m LIP priorities are not resourced.

The number one investment priority in terms of sustainable community planning is the continuation of work in Canklow. The work commenced in 2009 and has been immensely challenging and emotive for the residents and businesses affected. The withdrawal of funding has created a tension of uncertainty and escalating issues of crime, over-crowding, anti-social behaviour as a result of vacant, partial demolition and poor quality housing. There is a need for stability in Canklow. This will reduce the money spent on services such as the Police and Fire Services as well as Local Authority support services. Continuation of this renewal work will help to achieve this stability and create the conditions for private sector investment.

It is proposed that the remaining Year 1 allocation of NHB, £458,374 be allocated to this essential renewal work in Canklow, to be spent on Warden Street and Canklow Road to complete the clearance and enable re-provision of good quality residential accommodation. Thus, leveraging in private sector development. Appendix 3 provides the background to this proposal.

Future Proposals

This list gives an indicative list of how NHB may be used.

Year 2 – 2012/13

- *Affordable Housing- New Homes Bonus could be used as a funding pot to provide affordable housing including specialist housing and DPU's, Local Authority New Build, RP support, unlocking unviable sites and other measures which may arise. The increase in new homes will then be counted towards future NHB , thus generating more income for Rotherham.*
- *Urban Renewal Boroughwide – this activity would be ion line with local priorities as determined through the planning and consultation processes. Neighbourhood Investment Service would bring a full report to cabinet for agreement of what the NHB should be spent on.*

Year 3 – 2013/14

- *Community Projects – These will be identified through the LDF/ Planning process. IT is envisaged that priority projects will be where there has been new house building – to “reward” communities who accept new developments.*

7.3 Next Steps

Following this report being tabled; Neighbourhood Investment Service will then bring detailed reports to cabinet at regular intervals to detail how the NHB will be spent.

8. Finance

Appendix 1 details this year’s bonus settlement and gives a projection of what future years bonuses may be.

As the number of new homes increases so will the amount of NHB to be paid. Therefore use of the NHB to stimulate housing growth will in turn lead to more revenue for the council, which can be re-invested.

9. Risks and Uncertainties

9.1 Neighbourhood Investment Services will use NHB to continue key urban renewal projects in our most deprived areas. Areas such as Canklow have not yet reached the tipping point to become self sustaining. We need to protect the investment that has already been made into Canklow and if regeneration is halted the benefit of previous investment will be lost. This is in line with the Council’s objective of ensuring that “No Community is Left Behind”.

9.2 Failure to invest in Affordable Housing will mean that R.M.B.C waiting lists will continue to grow. As well as absolute numbers of people who cannot afford to buy there will be a lack of specialist provision such as Older Persons Accommodation for people to down size to homes that better meet their needs. The knock on effect of this is that fewer family sized council homes will become available as older people move out of them. Similarly the authority has a need for housing for people with disabilities, particularly family sized accommodation where a parent or child is disabled.

9.3 If NHB is used at this time to continue urban renewal and stimulate housing growth then R.M.B.C. will benefit from an increased amount of NHB in future years. The government have only allocated additional funding to support NHB payments until 2014/15. After this year funding for the rolling programme will come from formula grant. Therefore to gain the maximum additional revenue that we can we need to use NHB to enable delivery of new homes quickly and before 2014/15.

9.3 Using NHB to stimulate housing growth will create a greater pot of NHB which can be used as cyclical investment for future projects.

9.4 The Infrastructure Delivery Plan will be a key document in delivering the objectives of the LDF. If Rotherham does not undertake this piece of work then future planning objectives may be compromised.

10. Policy and Performance Agenda Implications

Ensuring That No Community Is Left Behind

By continuing the process of urban renewal in our most deprived areas they will be improved to align with other parts of the borough.

Providing a Quality Education, ensuring people have opportunities to improve their skills, learn and get a job.

When appointed contractors NIS have historically insisted that there are training and employment opportunities for local people. For example the LANB project led to training opportunities for local young people. We will continue to insist that these training opportunities are a key part of all renewal/ affordable housing contracts.

Ensuring that care and protection are available for those people who need it most.

Specialist Housing provision will ensure suitable homes and the associated care packages will be available.

Helping create Safe & Healthy Communities

The objectives of urban renewal are to create sustainable communities which are safe and healthy for all residents.

Improving the Environment

Neighbourhood Investment Services will continue urban renewal work in our most deprived and bighted communities to improve the environment and make them desirable and sustainable places to live

11. Background Papers and Consultation

Report to Members – Cabinet Member for Safe & Attractive Neighbourhoods – Response to Consultation on New Homes Bonus – 20th December 2010.

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Appendix 1

This years allocation and projection of future awards

The NHB amount a local authority will receive is based on the number of **net additional dwellings** which is worked out by calculating the effective housing stock (total stock less long-term empty homes) as recorded on the council tax database from one year to the next.

Projections of future NHB grant based on three scenarios are given below.

1. Based on current performance and assuming rate is carried forward (**384** additional dwellings):

Provisional allocations based on October 09-10 delivery						
Payments received in:						
Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Total
£508,364	£508,364	£508,364	£508,364	£508,364	£508,364	£3,050,184
Cumulative payments (assuming same delivery rate going forward)						
Payments received in:						
Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Total
£508,364	£1,016,728	£1,525,092	£2,033,456	£2,541,820	£3,050,184	£10,675,644
* Based on net additional dwellings of 384						
** (256 net additions to stock + 128 long-term empty homes brought back into use)						
*** Affordable housing units = 100						

2. Based on past 12 years average completion rate (**708** additional dwellings):

Provisional allocations based on historic delivery						
Payments received in:						
Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Total
£829,846	£829,846	£829,846	£829,846	£829,846	£829,846	£4,979,076
Cumulative payments (assuming same delivery rate going forward)						
Payments received in:						
Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Total
£829,846	£1,659,692	£2,489,538	£3,319,384	£4,149,230	£4,979,076	£17,426,766
* Based on average completions of 708 (12 financial years 08/09 to 09/10)						
** (assumes no change to number of vacant homes and no demolitions)						
*** Affordable housing units = 108 (12 years average)						

3. Based on achieving a proposed local target of **850** homes per annum:

Provisional allocations based on local target delivery						
Payments received in:						
Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Total
£1,003,403	£1,003,403	£1,003,403	£1,003,403	£1,003,403	£1,003,403	£6,020,418
Cumulative payments (assuming same delivery rate going forward)						
Payments received in:						
Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Total
£1,003,403	£2,006,806	£3,010,209	£4,013,612	£5,017,015	£6,020,418	£21,071,463
* Based on completions of 850 (suggested local target)						
** (assumes no change to number of vacant homes and no demolitions)						
*** Affordable housing units = 150 (assumed)						



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To: Sheffield City Region Local Authority Chief Executives

24 March 2011

Dear

Use of the New Homes Bonus to support place making and renewal: statement from Sheffield City Region Joint Housing and Regeneration Board

At its meeting on 3rd February, the SCR Joint Housing and Regeneration Board considered how the Comprehensive Spending Review had radically altered the funding available for housing and regeneration in the City Region and recognised that thinking now needs to focus on how physical renewal and improvements to a local environment can be achieved through different mechanisms than previously and that stronger connections must be made between renewal, physical improvements and community development, enterprise and sustainable economic growth.

As requested by the meeting of the SCR Chief Executives on 23rd February, at the Joint Board meeting on 17th March, the Board considered the importance of the introduction of the New Homes Bonus and noted that how the income from the Bonus was spent by local authorities would have cross-boundary implications. The Joint Board noted that the income from the Bonus could be significant but also that it would be non ring fenced and that it is being introduced at a time of overall cuts to local authority budgets. The Joint Board also noted that one of the reasons behind the introduction of the Bonus was to ensure that communities could see a benefit of having housing growth in their local area.

In this context, the Joint Board considered examples from across the City Region of how investment in urban renewal and place-making had levered in private sector investment and what would be the implications of not investing in such activities.

The Joint Board therefore agreed that it was important for local authorities to consider how the income from the New Homes Bonus could be spent to foster sustainable economic growth through urban renewal and place-making activities, bearing in mind the wider benefits to local communities that would result from increased private sector investment. The Joint Board paper from 17th March is attached for information.

The Joint Board is mindful of the long track record of joint working between many of the local authorities within the Sheffield City Region. In light of this, the Joint Board encourages local authorities to examine the extent to which an element of New Homes Bonus funding can be aligned to help to progress housing interventions of strategic and economic significance for mutual benefit.

The Joint Board is interested in understanding how the income from the New Homes Bonus is spent by local authorities in the City Region and the Joint Board hopes that local authorities will be happy to share this information in due course to inform future discussions.

If you have any questions about the Joint Board's discussions on the use of the New Homes Bonus and any other aspects of the Joint Board's work, please do get in touch with me.

Yours sincerely

A handwritten signature in cursive script that reads "Sylvia Yates".

Sylvia Yates
Executive Director

Attached: 'New Homes Bonus: statement of intent', paper for SCR Joint Housing and Regeneration Board, 17th March 2011

Appendix 3

Canklow Regeneration, Warden Street, Castle Avenue and part of Canklow Road.

After extensive community consultation and a through stock condition survey, properties on Warden Street, Castle Avenue and part of Canklow Road were identified as failing the decency standard. In view of this and the high level of voids it was proposed the properties on Wardens Street, Castle Avenue and part of Canklow Road should be demolished to assemble a redevelopment site.

On 2nd March 2009 at the Cabinet Member for Neighbourhoods meeting, approval was given for the acquisition and demolition of properties in Phase 1 which included the odd numbered properties on Warden Street and the remaining properties on Castle Avenue. Phase 1 is successfully completed leaving a cleared site of 0.6 hec for new development.

Phase 2 was also approved pending successful draw down of additional funding. Currently there is no further regeneration funding identified to start and complete Phase 2. A holding strategy has since been developed to manage the area, but it is dependent on the commitment of partner organisations, including the Police, Fire Service, Community Protection Team etc. who are all facing budget cuts too. The cost of acquisition and demolition of properties on Phase 2 is estimated at £3.4m.

Current position with properties on Phase 2 – Warden Street:

- Currently 14 properties out of 30 on Warden Street are empty; most of these properties are in the ownership of landlords or Mortgagee in Possession. They have not been let but have been breached and vandalised and are in very poor state of repair. One of the empty properties is in RMBC ownership, one is in the ownership of Sanctuary Housing Association and one is in private ownership.
- 13 properties in total on Warden Street are Mortgagees in Possession. There are three lenders on Warden Street, two who have established a good relationship with the Council, and have a good reputation in the area.

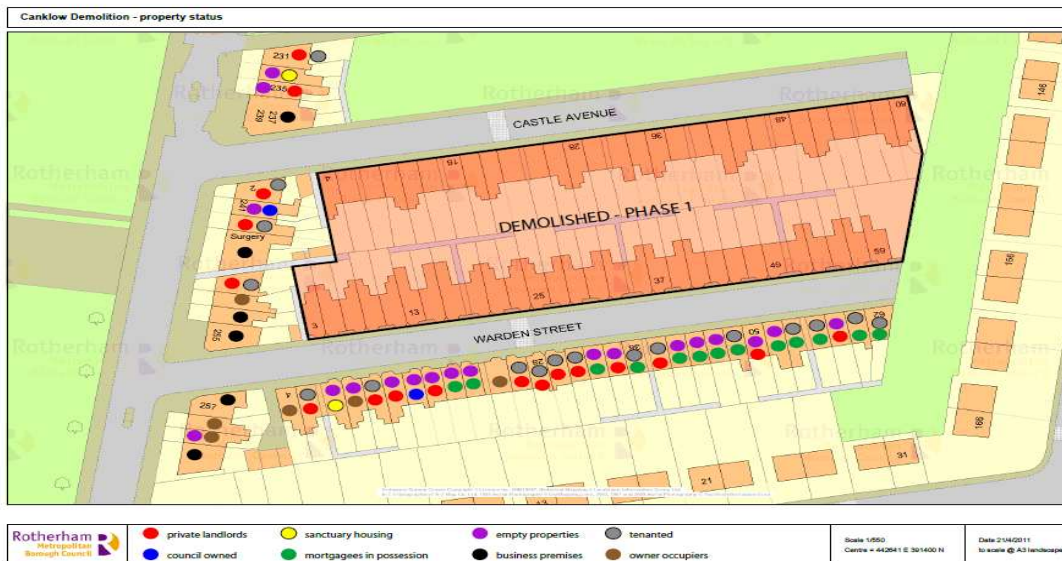
The current position with properties on Phase 2 - Canklow Road

- On Canklow Road 4 out of 17 properties are empty with one in RMBC ownership and one in Sanctuary Housing Association ownership.
- The rest of the of the properties include a GP surgery, an off licence with adjoining living accommodation, a small general store, a Chinese takeaway, a Fish and Chip Shop which is not in operation, and a Pharmacy. Currently there are 3 owner occupiers and 5 private tenanted properties.

The main concerns in the area are the number of empties on Warden Street, which cause the residents and tenant's ongoing problems with anti-social behaviour, threat of fire, constant harassment and housing which is now being neglected through non investment by landlords.

The businesses on Canklow Road are also under considerable strain, and are reluctant to invest in their businesses partially due to loss of business associated with the demolition process, but mainly because of the uncertain future created by the demolition proposals. A private sector developer has planning permission to develop retail and residential above retail on the opposite side of Canklow Road. The businesses have already expressed their concern that the private sector development may lead to them extinguishing their businesses.

The diagram below provides a visual impact on the outstanding properties identified in Phase 2.



In 2007, Cartwright Pickard completed a draft Development Framework, this provides early thinking about the shape and form of future development. The scheme drawing below provides layout and unit types for the Castle Avenue, Warden Street and Canklow Road, this suggests that 64 units on that site.

