

NORTH LINCOLNSHIRE COUNCIL

**REGENERATION CABINET MEMBER
AND
ASSET MANAGEMENT CULTURE AND HOUSING
CABINET MEMBER**

INVESTMENT IN HOUSING LED REGENERATION

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 This reports sets out the progress on housing schemes funded by New Homes Bonus.
- 1.2 Approval is requested to invest in a number of new schemes that meet local needs and support the housing market.
- 1.3 Key points in this report are:
 - The government awards councils New Homes Bonus as a payment on each property for six years after it has been built
 - The council agreed a strategy in 2012 to use New Homes Bonus to encourage investment in housing.
 - Support for housing schemes is now coming via the Property Trading Account mechanism (General Fund managed schemes) rather than New Homes Bonus
 - The council works with housing associations and other organisations to meet local housing needs

2. BACKGROUND INFORMATION

- 2.1 Members agreed an investment strategy for New Homes Bonus in February 2012. One of the three approved priorities is housing led regeneration.
- 2.2 Cabinet members approved a number of investments last financial year. Progress on these schemes is set out in appendix 1.

- 2.3 Members decided that the Property Trading Account (PTA) would fund housing schemes (via the General Fund managed schemes mechanism) when setting the council's budget for 2013/14.
- 2.4 Conditions in the local housing market remain tough. Where additional costs arise to meet the special needs of a particular group, schemes may not go ahead without financial assistance.
- 2.5 The council works with housing associations and others to meet local needs. These are set out in our housing strategy.
- 2.6 The council can provide vital match funding to enable schemes to go ahead. We can also provide infrastructure on council owned sites to make them more attractive to house builders.
- 2.7 Recommendations to match fund three housing schemes are set out in appendix 2. The council has offered its support to help housing associations bid for funding from the Homes and Communities Agency (HCA).
- 2.8 There is a further recommendation to provide the necessary infrastructure to make one of the council's own sites ready for housing development.

3. OPTIONS FOR CONSIDERATION

- 3.1 The options available are to either approve the investment proposals set out in appendix 2, or to reject them.

4. ANALYSIS OF OPTIONS

- 4.1 The preferred option is to approve the proposals in appendix 2. This will provide 31 new homes to meet local needs. The Burdock Road site will accommodate a further 54 new homes when completed.
- 4.2 None of the three housing schemes will proceed without match funding from the council. These four building schemes meet the criteria required by the council, housing associations, and the HCA.
- 4.3 Supporting these projects will provide a boost to the local economy and local employment.

5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)

- 5.1 The council will be contributing up to £335,300 towards the three affordable homes schemes set out in appendix 2, to enable £2,149,767 investment.

- 5.2 The 31 new homes created should generate £251,100 of NHB over the next six years. The net cost to the council is therefore £83,900.
- 5.3 We are also in the process of procuring the infrastructure to serve the Burdock Road development site in Scunthorpe. We view this as essential to attract developers and self builders alike. A total of £175,000 is allocated from the main PTA for this financial year. A further £500,000 from the PTA managed general fund needs to be allocated from NHB for 2014/15. This amount may be revised depending upon the amounts tendered.
- 5.4 We estimate that providing services for the Burdock Road site will generate capital receipts in the region of £2m and lever in private sector development funds in excess of £3.5m. The 54 new homes will potentially generate a further £437,400 of NHB when complete. It is proposed that the funds generated through the development of the Burdock Road scheme may be used to support Housing schemes in the future initiated from within the PTA mechanism.
- 5.5 There will also be some revenue savings as the Learning Disability housing scheme will reduce the need for expensive residential care and out of area placements.
- 5.6 There are no staffing, property, or IT implications for the council.

6. OUTCOMES OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)

- 6.1 There is a positive benefit for people with learning disabilities as one of the new housing schemes is to help them live independently.

7. OUTCOMES OF CONSULTATION AND CONFLICTS OF INTERESTS DECLARED

- 7.1 The Learning Disability Housing Group identified the requirements for a housing scheme to support independent living.
- 7.2 Constituents in Epworth asked for the addition of a community facility to the Albion Grove scheme.
- 7.3 The financial viability of the schemes in appendix 2 were scrutinised by the council's Property and Estates service. Their recommendation is that payments are made according to the costs actually incurred up to the maxima set out in appendix 2.
- 7.4 There are no apparent conflicts of interest to highlight.

8. RECOMMENDATIONS

- 8.1 That the Cabinet Members agree to contribute up to £335,300 from the PTA managed schemes general fund budget towards the housing schemes set out in appendix 2.
- 8.2 That the Cabinet Members agree to contribute a further £500,000 from the PTA managed schemes general budget to provide services to the Burdock Road site.
- 8.3 That further reports are presented as other housing schemes are developed to fulfil the council's housing strategy.

DIRECTOR OF PLACES

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Background Papers used in the preparation of this report:

North Lincolnshire Housing Strategy 2013 to 18
Letter of Support for Haig Avenue Scheme 15 January 2013

Investment in Housing during 2012/13

Formerly: New Homes Bonus Investment Financial Plan: Priority Three – Delivering housing led economic growth

Project	Output	New Homes Bonus invested	Date New Homes Bonus funding approved	Partners	Progress
Albion Grove Epworth	8 new affordable homes	£184,000	21/08/2012	North Lincolnshire Homes	HCA agreed to fund and expand the scheme – see appendix 2
Advance Crosby	Site ready for clearance	£25,000	21/08/2012	Guinness Partnership	Sites cleared and planning application approval obtained by Guinness in October 2013 to build new homes
Empty Homes Lease Scheme	15 empties returned to use over 3 year period	£ 121,500	21/08/2012	North Lincolnshire Homes	Delayed in finalizing the lease agreement but 7 leases under negotiation
Morecombe Avenue	20 units	£152,700 in 12/13 £24,300 in 13/14	21/08/2012	Sowerby Builders and Guinness Partnership	Builders on site. Completion due by March 2015
Mental Health Crisis Accommodation	3 bed space crisis accommodation	£25,000	21/08/2012	MIND And now North Lincolnshire Homes	Scheme amended to create 2 self contained flats to be renovated and let by North Lincolnshire Homes
Hallcroft Ulceby Former Surgery	6 new homes, 1 of which is affordable	£12,982.	26/11/2012	Coleman’s Builders and North Lincolnshire Homes	Builder has pulled out of the project.

Investment proposals for 2013 – 2014: Proposed funding toward schemes to meet local housing needs

(Formerly the New Homes Bonus Investment priority three: Delivering Housing Led Regeneration)

Project	Outputs	Benefits	Applicant	Other partners	Total project cost	Maximum Council contribution offered	Comments/conditions
Empty Homes Lease scheme	13 or more residential units	Long term empty properties returned to use	North Lincolnshire Homes	Home & Communities Agency (HCA)	£524,767	£105,300	Dependent on actual cost incurred & being in excess of HCA & NLH contributions
Haig Avenue supported housing	8 houses	Accommodation for people with learning difficulties	North Lincolnshire Homes	HCA via Department of Health Care & Support Fund	£721,000	£150,000	Dependent on actual cost incurred & being in excess of HCA & NLH contributions
Albion Grove Epworth	10 affordable homes and a community centre	Replacement for a community centre previously demolished	North Lincolnshire Homes	HCA	£904,000	£80,000	This is £104,000 less than originally offered due to the HCA providing subsidy
Burdock Road Site infrastructure	Site ready for 54 homes to be built	Site made ready for sale(s) to develop housing	NLC Asset & Estate Management	None	£6,750,000	£675,000	Estimated cost based on consultants report. Council disposal site.
					£8,899,767 Total investment	£1,010,300 PTA gen.fund managed scheme contribution	Total 85 new homes