

Meeting:	Cabinet
Meeting date:	Thursday 17 December 2020
Title of report:	Recommendation for the first proceedable affordable housing scheme
Report by:	Cabinet member housing, regulatory services, and community safety

Classification

Open

Decision type

Non-key

Wards affected

Widemarsh;

Purpose

At Cabinet on 26 November 2020 the decision was taken on how the council will progress the delivery of affordable housing across the county over the coming years. In the past few months Engie Regeneration Limited (Engie) have concluded a review of the Station Approach area to consider how development in this part of the city centre should be brought forward. The final report – The Station Approach Site Study – has been presented to Cabinet for consideration.

This paper seeks approval for the first council owned sites in the Station Approach area to be brought forward as the first scheme of wider affordable housing programme.

Recommendation(s)

That:

- (a) Cabinet approve to spend up to £68k to work up outline proposals for a net carbon zero affordable housing scheme on Sites 1b, 1c, 2a and 2b Station Approach for**

further review and approval by Cabinet

Alternative options

1. The council could simply place the sites at Station Approach on the open market and encourage existing house builders or housing providers to bring forward a residential scheme. However, the council would lose control over the scale, type and timing of such a development and it would not contribute to the wider council objective for the delivery of affordable housing or contribute towards the climate change agenda.

Key considerations

2. Engie have recently completed a masterplan review of the council owned sites in the Station Approach area of the city centre and the final report was endorsed by Cabinet in November 2020. During the development of the Station Approach Site Review the first sites in council ownership that could be developed for affordable housing and amenity space provision were identified, these being Sites 1b, 1c, 2a and 2b (Appendix 1). From initial massing studies it is estimated that these three sites could provide approximately 180 residential units, this being dependent upon the ultimate type and size of units provided. The site also provides an opportunity for the development of other commercial developments including the provision of intergenerational facilities.
3. Whilst the council have set out a broad range of criteria for this area of the city all details beyond these broad requirements are yet to be agreed. This piece of work will present the options available to the council in terms of density of development, type of use and size of individual units, specification for the units, partners who may be interested in supporting the council as well as a commercial review and viability assessment to identify the optimum mix of tenures to be developed. The scope will also consider in broad terms the proposals for green and amenity space, transport infrastructure and car parking requirements in the area to compliment the residential development.
4. The outcome of the exercise will be a clear recommendation on the most appropriate form of development to be brought forward on these key council owned sites that will be subject to a future Cabinet decision. A scheme or schemes will only be progressed to formal planning application stage following this later approval by Cabinet.

Community impact

5. The County Plan 2020 - 2024 aims to shape the future of Herefordshire and encourage and strengthen communities whilst creating a thriving local economy and protecting and enhancing the environment to ensure Herefordshire remains a great place to live, visit, work, learn and do business. Taking forward this option would allow for all of those strands to be achieved including through the regeneration of the brown field site at the western end of the link road.
6. The council recognises that healthy, connected and vibrant ecosystems strongly support the local economy, improve health and wellbeing and make the county an attractive place to live and to visit. It is vital that we protect and enhance this environment while stewarding it for future generations. Access to green space in Hereford is vital and this will be a key consideration throughout this development.
7. Providing affordable homes delivered through carefully planned policies, sustainable development and taking account of the needs for adapted properties will meet the needs of

local people, improving Herefordshire's house affordability ratio making accommodation more affordable.

8. Increasing the number of private rental properties will contribute to a balanced community providing additional accommodation of an alternative tenure to meet a wider cohort of residents in the county and encourage existing private landlords to increase the standards of their existing current accommodation

Environmental Impact

9. As the proposals are developed during this stage the council can heavily influence and retain full control of what is ultimately built as part of this first scheme. This ensures that all the council's sustainability policies and objectives can be met for the sites to be developed.
10. The proposal for the council to advance affordable housing and have at least an element of control over design helps deliver the council's environmental policy commitments and aligns to the following success measures in the County Plan:
 - Increase flood resilience and reduce levels of phosphate pollution in the County's river – by ensuring that new developments take into account opportunities to minimise the impact on the environment including, where appropriate, through grey water capture and other methods.
 - Reduce the council's carbon emissions – seeking high levels of sustainability and energy efficiency in the construction and operating costs of new homes delivered.
 - Work in partnership with others to reduce County carbon emissions – working with partners to minimise our carbon footprint in terms of methods of construction and in seeking the use of local materials and labour wherever possible.
 - Improve the air quality within Herefordshire – supporting the development, where appropriate, of car free schemes in new developments and making provision for safe cycling and walking spaces.
 - Improve residents' access to green space in Herefordshire - ensuring new developments make appropriate provision for green space and the use of appropriate, indigenous planting.
 - Improve energy efficiency of homes and build standards for new housing – good design and high levels of energy efficiency in council-owned or influenced developments will provide a blueprint principle to other developers in Herefordshire.
 - Increase the number of short distance trips being done by sustainable modes of travel – walking, cycling, and public transport – promoting access to sustainable modes of transport in the master-planning of larger scale developments.
11. The Station Approach Site Study has already reviewed and considered the environmental impacts on development in the area. This includes the likes of flood alleviation in the area, the integration of green open space in and around the developments, the pedestrian routes through the development to local services, car parking requirements, transport infrastructure and the like. All of this will be built upon as the schemes are developed.

12. The council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.
13. The environmental impact of this proposal has been considered through the service specification and includes appropriate requirements on the contractor/delivery partner to minimise waste, reduce energy and carbon emissions and to consider opportunities to enhance biodiversity. This will be managed and reported through the ongoing contract management.
14. The development of this project has sought to minimise any adverse environmental impact and will actively seek opportunities to improve and enhance environmental performance.

Equality duty

15. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
16. Section 9 of the Housing Act 1985 (the 1985 Act) is the key power for councils to provide housing accommodation. It includes two sets of acquisition provisions: Sections 9(1)(b) and 9(2) - a local housing authority (LHA) may acquire houses – and alter, enlarge, repair or improve a house so acquired; Section 9(3) – a LHA can exercise the Section 9 powers to provide housing accommodation "in relation to" land acquired for the purpose of (a) disposing of houses provided, or to be provided, on the land or (b) disposing of the land to a person who intends to provide housing accommodation on it.
 17. The Localism Act 2011 enables local authorities to make their own decisions to adapt housing provision to local needs, and make the system fairer and more effective giving local authorities more control over the funding of social housing, helping them to plan for the long term and giving the people who live in social housing new ways of holding their landlords to account. From this project a focus will be to deliver supported and accessible accommodation for vulnerable groups which advances the equality of opportunity to access the housing market by those who share a protected characteristic.
 18. The accommodation will add to the county's housing stock and will be affordable in perpetuity allowing future households who share protected characteristics to also have access to appropriate accommodation. Consideration has been given to the types and standard of accommodation required taking a fabric first approach to building design, maximising the performance of the components and materials. Taking this approach can minimise the need for energy consumption so will be cost beneficial to the occupant,

demonstrating the council's commitment to equality and their pro-active approach to ensuring the right properties are available in the right location and built to a high specification to meet the their needs.

19. Approving this decision will provide particular benefit for a range of vulnerable residents such as those with physical disabilities, care leavers and looked after children who all belong to groups who share protected characteristics.

Resource implications

20. Once the units are constructed and held then the full annual costings of managing and maintaining the units will need to be funded from the revenue received from the units, irrespective of the model chosen.
21. In order to progress the development it will be necessary to allocate funding from the Development Regeneration Programme (DRP) capital budget of £68k, if the work does not progress the costs will revert to revenue costs. This piece of work will be provided from Engie to assess the deliverability of the site and, will recommend a number of options which ensure the full cost of building the houses can be recovered by either sale or rental income or a combination of both. Due to the ambition to deliver housing to Passivhaus standard and rent at social rent levels, it may be a requirement that a number of houses need to be sold to cross subsidise the development or alternative tenures explored to ensure the full cost recovery over 40 years.

Capital cost of project	2019/20	2020/21	2021/22	Future Years	Total
	£000	£000	£000	£000	£000
<i>Develop outline options for affordable housing scheme on Station Approach</i>		22	46		68
TOTAL		22	46		68

Funding streams (indicate whether base budget / external / grant / capital borrowing)	2019/20	2020/21	2021/22	Future Years	Total
	£000	£000	£000	£000	£000
<i>DRP Capital Budget</i>		22	46		68
TOTAL		22	46		68

Legal implications

22. Engie will be commissioned to work up outline proposals for a net carbon zero affordable housing scheme on Sites 1b, 1c, 2a and 2b. The council procured Engie, one of its Development and Regeneration partners, through a Public Contract Regulations 2015 compliant procurement process and entered into an Overarching Agreement with Engie in 2018.
23. The works will be requested as Additional Services under the terms and conditions of the Overarching Agreement.
24. There are no other significant legal implications arising from this report.

Risk management

25. The key risks associated with the options outlined in the paper are as follows:

Risk / opportunity	Mitigation
The project team are unable to establish a development that could provide value for money for the council	There are a number of potential uses that could be incorporated into a scheme and the council will be drawing upon Engie's commercial expertise to establish a viable scheme
The council's own internal team are unable to adequately brief the Engie team on the council's requirements for the sites.	Establish a dedicated project team within the council which draws upon the different directorates and is headed by one experienced individual who can brief the Engie team accordingly
Following completion of this work a decision is made to simply dispose of the sites	The investment in developing a set of proposals that could be implemented will add value to any potential purchaser of the site which would then be reflected in the value of the sites
The council's wider sustainability objectives are not adequately incorporated	The Station Approach Site Study already embeds the wider sustainability objectives and forms the starting point to develop the three sites

26. Risks are managed according to the council's risk management framework, and recorded on a service risk register, being escalated to the directorate or corporate risk register according to the significance of the risk.

27. A project risk register will be maintained on the council's project management system, Verto.

Consultees

28. Consultations have taken place with the Cabinet Members for Housing, Regulatory Services, and Community Safety; Finance and Corporate Services; Commissioning, Procurement and Assets; and Environment, Economy and Skills.
29. This paper and the recommendations contained within it incorporate comments received during the above consultations.

Appendices

None

Background papers

None identified

Please include a glossary of terms, abbreviations and acronyms used in this report.