

1. **HEADING** Affordable Housing Partnership with Aspire
- Submitted by:** Head of Housing and Regeneration
- Portfolio:** Planning and Assets
- Ward(s) affected:** All

Purpose of the Report

To update Members on the outcome of an investigation into the options to take forward a development partnership with Aspire Housing.

Recommendations

- (a) That the Council considers joint disposal or development of sites of adjoining ownership as part of the Asset Management Strategy delivery process.
- (b) That the Council endorses the principles of the recommendations of the GVA report to promote greater collaboration between the Council and Registered Providers such as Aspire Housing.
- (c) That the Council continues to promote the provision of affordable housing through its associated Planning Policy guidance.

Reasons

In March 2013 Cabinet approved that investigations should take place to establish a partnership with Aspire Housing. In order to take this forward the Partnership jointly funded a feasibility study; following a competitive tender this study was conducted by GVA. This report outlines the study's findings and outlines approaches for promoting housing development with Aspire Housing and potentially other Registered Providers seeking to develop within the Borough.

1. **Background**

- 1.1 As a Strategic Housing Authority the Council has a duty to provide housing to meet the needs of our residents and in line with housing and economic development priorities it is appropriate for the Council to consider ways to stimulate the regeneration of key areas of the borough.
- 1.2 In March 2013 Cabinet approved that the Council should seek to explore the scope for establishing a simple partnership with Aspire Housing. This was on the basis that one of the opportunities of developing a modest sized partnership would be to focus on the regeneration of specific sites in the Borough where there was a mutual land ownership interest, thereby enabling schemes to be delivered more effectively. It was agreed that the Partnership would commit to jointly funding a feasibility appraisal. Following a competitive tendering process GVA were selected.
- 1.3 In order to assess the feasibility of a partnership it was agreed that a range of sites would be considered at a desk-top level, involving both NBC and Aspire owned sites. Accordingly sites of different size, sites of adjoining ownership and key regeneration sites with multiple issues. In March 2014 GVA presented their report, the findings are summarised below. It should be noted that the said report contains commercially sensitive information about the specific sites which is considered to be exempt from publication under the Freedom of Information Act 2000. Nevertheless the key points and conclusions have been set out below in order that the Council's approach in such matters can be explained.

2. **Issues**

- 2.1 The analysis and investigations associated with each of the sites has presented clear evidence that most areas are marketable and this has been reaffirmed from house builders expressing interest in the sites, particularly the larger sites, as part of a soft market testing exercise. This has been particularly helpful in assisting Aspire to determine their approach to taking forward development opportunities in the context of the National Affordable Housing Programme.
- 2.2 The report identified that the Homes and Communities Agency (HCA) Developer Partner Panel 2 (DPP2) may provide a suitable mechanism for taking forward the development of larger sites. The main aim of DPP2 is to make the procurement of homes as quick and efficient as possible for both private sector panel members and public sector panel users. The Panel can be used to procure a developer to take responsibility for all stages of the development process from obtaining planning permission, through design and construction, to marketing and sales. Quality standards can be set to meet the needs of each individual project. Going forward the Council may wish to consider the use of the DPP2 for sites where it wishes to maintain a more active interest in the outcome of any scheme, as opposed to using a simple land disposal process supported by the granting of any planning permission (although it should be noted that the decisions on individual sites would be subject to a separate Cabinet report).
- 2.3 The report confirms that viable sites suitable for small scale development of a few homes, means that the large national house builders are unlikely to be attracted, certainly if the sites are in isolation. Smaller sites however, do offer potential to be marketed on a more local/regional level and would be expected to receive a reasonable level of demand. They may also be suited to a Self-Build approach. The report goes on to indicate that the marketability and development potential of these sites can be improved through the comprehensive disposal of ownerships, thus pointing towards the scope for collaboration between the Council and adjoining land owners such as Aspire.
- 2.4 Sites within housing estates of low demand requiring more comprehensive regeneration present a more challenging prospect. Development in these localities are often financially unviable, in particular with reference to the nature of social rented housing stock that is considered most appropriate for this area. The future development of these sites therefore will not be possible unless funding sources and/or cross subsidy from the more viable sites can be identified.
- 2.5 Throughout the GVA analysis considerable attention was given to the issue of competitive procurement. The Council has adopted Financial Regulations in line with the European regulations which specify the requirements for competitive tendering. In order to demonstrate that the Council has secured best value for the disposal of its assets or utilisation of grant funding the Council needs to have an open approach to competitive procurement. Whilst this is the overriding legislation the GVA report did identify that should a partnership be procured then there may be the following benefits:
- The clear recommendation of this report is that the Council and Aspire should work together in the spirit of co-operation to deliver the mutual goal of housing-led regeneration. Where appropriate, consider collaboration agreements which will ensure the goal of delivering the sites for housing is met.
 - It is further recommended that the Council and Aspire should take a longer term view on identifying any future opportunities for the delivery of additional projects and affordable housing, again working in the spirit of co-operation.

- Such sites, where adjacent ownerships exist (as identified within the Council Asset Management Strategy 2014/2017); future potential for collaboration should be explored at the appropriate time.

3. **Options Considered**

- 3.1 The GVA report confirms that procurement regulations restrict the Council's ability to simply work solely with Aspire Housing (or any other interested party) and that a competitive procurement process must be followed to secure the best outcomes for the Council. By considering a range of approaches for the individual disposal of land this will enable the Council to support the development of housing and regeneration.

4. **Proposal and Reasons for Preferred Solution**

- 4.1 The Council has an approved mechanism for considering the disposal of land which meets procurement regulations; it is proposed that this continues and that sites are identified through the Asset Management Strategy. As part of this process it is proposed that where the Council can seek to jointly dispose of sites with Registered Providers owning adjoining sites (or other such land owners), this is proactively considered. Where joint disposals are taken forward then a land holding collaboration agreement should be considered. In the case of small sites a simple proportionate share in value may be agreed as part of any disposal.

- 4.2 In terms of sites which can clearly deliver regeneration objectives and support the delivery of affordable housing it is appropriate that the Council seeks to secure value for money as well as securing appropriate homes for local residents. In line with the GVA recommendations the disposal of larger sites may be taken forward utilising the HCA's Developer Partner Panel 2.

- 4.3 On a broader note whilst it should be noted that the Council, as a local planning authority, can seek to leverage affordable housing provision through Section 106 Agreements (and this mechanism should be used wherever possible, subject to the commercial viability of schemes) there may be a desire to adopt more proactive approaches to enhance the rate of delivery. Accordingly it would be appropriate to endorse the GVA report's recommendations.

5. **Outcomes Linked to Sustainable Community Strategy and Corporate Priorities**

- 5.1 Enabling the development of affordable homes and regenerating key areas within the Borough clearly contributes to the Corporate Priorities of a Clean Safe and Sustainable Borough and a Borough of Opportunity.

6. **Legal and Statutory Implications**

- 6.1 This report does not make recommendations that have legal or statutory duties, however in considering the future disposal of sites the Council needs to comply with relevant legislation, most notably relating to procurement along with the need to achieve 'best consideration' when disposing of land (which can be tempered by the well-being provisions in the Local Government Act 2000 (as amended)).

7. **Equality Impact Assessment**

- 7.1 This report does not create any equality issues.

8. **Financial and Resource Implications**

8.1 This report does not have any direct financial implications. Any future decisions regarding individual sites will need to assess financial considerations.

9. **Major Risks**

9.1 There are no major risks associated with this report.

10. **Key Decision Information**

10.1 This is not a key decision.

11. **Earlier Cabinet/Committee Resolutions**

11.1 March 2013 Cabinet approved the joint procurement of consultants with Aspire Housing to undertake a feasibility study.

12. **List of Appendices**

12.1 None.

13. **Background Papers**

13.1 The GVA report of Investigation of Development Partnership March 2014 is considered to be exempt from publication under Section 41 (Information provided in confidence) and Section 42 (Commercial Interests) of the Freedom of Information Act 2000.