

BABERGH DISTRICT COUNCIL

TO: STRATEGY COMMITTEE:

REPORT NUMBER: H226

FROM: Housing Panel

DATE OF MEETING: 7 April 2009

REGENERATION SCHEME – POPLAR ROAD GREAT CORNARD

1. PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to provide Strategy Committee with the latest information on progress with the Poplar Road regeneration scheme; to provide details of the revised affordable housing tenure mix on the site and to seek approval to replace the proposed community facility with additional affordable housing.
- 1.2 Completion of this scheme is a priority for the Council as it will make a significant contribution to the achievement of the Councils recently adopted 3-year plan by supporting the delivery of 'Quality homes that local people can afford'.

2. RECOMMENDATIONS

- 2.1 That Strategy Committee approves the provision of new affordable housing in place of the proposed community facility at the Poplar Road regeneration scheme.
- 2.2 That Strategy Committee notes the revised housing tenure mix for the Poplar Road regeneration scheme.

3. RISK MANAGEMENT

Risk Description	Likelihood	Seriousness or Impact	Mitigation Measures
The Transfer of the land is not completed in time for the estimated start on site date	Very Low	Critical	Progress with completing the legal agreements for the sale of the land is good. Subject to the issue detailed in Paragraph 4.12 of this report. It is anticipated that all the agreements will be in place before the end of March 2009.
Homes and Communities Agency funding is not allocated	Very low	Catastrophic	Social Housing Grant funding has already been allocated to the scheme on one occasion. This was withdrawn due to unavoidable delays with bringing the scheme forward.

Risk Description	Likelihood	Seriousness or Impact	Mitigation Measures
			<p>A recent meeting between officers from Babergh, Suffolk Heritage and the Homes & Communities Agency (HCA) resulted in an 'in principle' agreement from the HCA to accept a new bid for Social Housing Grant from Suffolk Heritage Housing Association. This will be submitted shortly.</p>
<p>The Council wishes to retain the community facility</p>	<p>Significant</p>	<p>Critical</p>	<p>If the community facility is retained very careful financial planning will be required to ensure its success.</p> <p>It may be difficult in the current economic climate to find a willing organisation to manage the facility.</p> <p>It may be difficult in the current economic climate to let the adjoining commercial unit which is designed to provide the revenue income for the community facility. This will seriously compromise the viability of the facility and impose additional financial responsibilities upon the Council.</p> <p>The letting unit will also be in competition with the main shops development which could cause further problems with the viability of both projects at a time of economic recession.</p> <p>It appears that demand for a facility at this location has reduced considerably.</p> <p>A facility at this location will be in direct competition with the existing community facilities in Great Cornard.</p>

Risk Description	Likelihood	Seriousness or Impact	Mitigation Measures
			Since the community facility was first planned Pot Kiln School, which is located adjacent to the Poplar Road site, has made its wide ranging facilities available for public use.

4. **KEY POINTS**

Historical Background – A Reminder:

- 4.1 The Poplar Road shopping area was developed in 1971. The site covers 0.8 of a hectare and is made up of 9 shops with 11 three-bedroom maisonettes above. A separate building on the site houses a privately owned Chinese restaurant, which is not part of the regeneration scheme. To the rear of the shops is an open parking and delivery area with garaging, and to one side of the shops is a car park and open green area.
- 4.2 The site has a history of attracting various forms of anti social behaviour. The shops were often unviable, resulting in frequent vacancies. The maisonettes above the shops were originally let with the shops, but as few shopkeepers wanted them they were used as temporary accommodation. The lack of long standing tenants in the maisonettes added to the general decline of the area.
- 4.3 The scheme has proven extremely complicated to bring forward and has experienced a number of difficulties. However, the scheme has received full planning permission and the proposed affordable housing has had Social Housing Grant allocated to it, although this has since been transferred to other affordable housing developments pending a confirmed start on site date and a revised bid from Suffolk Heritage Housing Association.

Progress Update:

Legal Agreements:

- 4.4 Suffolk Heritage Housing Association's and Babergh's legal officers have been working to finalise a number of complicated legal agreements between the Council, Suffolk Heritage Housing Association and the shopkeepers on the Poplar Road site. The most complicated of these agreements has now been completed.
- 4.5 Suffolk Heritage Housing Association advises that the remaining agreements, between them and the various shopkeepers are due to be completed over the next few weeks.
- 4.6 The legal agreements between Suffolk Heritage Housing Association and Babergh, for the transfer of the site to Suffolk Heritage Housing are due to be completed by the end of March 2009.

Site Valuation:

- 4.7 A revised site valuation has been obtained. This has been set at £700,000 which together with a cash grant of £70,000 is Babergh's contribution to the scheme. The Council has given delegated authority to the Head of Contract and Asset Management to consider all future valuations and to progress the transfer of the site at a 100% discount to Suffolk Heritage Housing Association.

Start on site date:

- 4.8 If the legal documentation detailed in this report is completed as anticipated it is envisaged that a start on site could take place in spring 2009.

Funding the affordable housing:

- 4.9 Due to the revised housing mix agreed by the North Cornard Regeneration Group and the Housing Panel a new bid will now be made to the Homes & Communities Agency (HCA) who is supportive of this.

Revision of the housing tenure mix:

- 4.10 The credit crunch is making it very difficult for people to obtain mortgages and especially those who have little money to put down as a deposit. This, together with the downturn in the housing market means that shared ownership and equity share properties are no longer selling.
- 4.11 Suffolk Heritage Housing Association cannot afford to leave these properties empty until the market improves. They have therefore recommended that the shared ownership and private rented properties on the site are converted to social and intermediate rent tenancies. So that the financial viability of the scheme is protected and as many homes as possible can be made available for the growing number of people in housing need; the North Cornard Regeneration Group and the Housing Panel supports a revised tenure mix for the scheme.
- 4.12 Social rented homes are let in the normal way on affordable restricted rents, as all Council owned properties are currently let.
- 4.13 Intermediate rented properties are usually let on a 3-year lease at a rental set at 80% of the value of open market rents. Subject to final agreement with Suffolk Heritage, it is likely that prospective tenants will need to have an income between £18,000 and £60,000 to qualify for a tenancy. This level of income will enable tenants of these properties to take up the opportunity to convert their lease into a shared ownership occupation once the mortgage market improves.

- 4.14 The following table shows the existing and the proposed tenure mix for the scheme:

Current tenure mix	Proposed tenure mix
Social rent	Social rent
11	23
Shared ownership	Shared ownership
18	0
Intermediate rent	Intermediate rent
0	18
Private rent	Private rent
12	0

- 4.15 The revised tenure mix will provide the scheme with an additional 12 affordable homes by converting the private rented units to intermediate rent. 12 extra social rented homes will be delivered by converting the shared ownership properties to a mixture of intermediate and social rent. This will be very helpful at a time when more people are seeking this type of accommodation from the Council.
- 4.16 These proposals will retain a mix of tenures on the site and in the longer term allow occupants of the intermediate rented properties to convert to shared ownership, enabling a further mix of tenures to develop.

The community facility:

- 4.17 At its inception the North Cornard Regeneration Group requested the provision of a community facility on the site. This was designed to increase the facilities available to the local community at a time when the newly created Poplar Road community shop was running successfully and being used regularly.
- 4.18 Since this time circumstances have changed to such an extent that the North Cornard Regeneration Group no longer supports the provision of a community facility on the site and believe that if it is delivered it will be unviable.
- 4.19 There are a number of reasons for this decision. Use of the existing Poplar Road community shop has decreased. Only three groups regularly use the facility now, none of whom pays any fee for this. These are the Red Cross who use the shop 3 half days a week; a local knitting group who use the shop once a week and a ladies support group who use the shop once a week. The Red Cross have already given the Parish Council notice of their intention to vacate the premises although this has not been done to date.
- 4.20 This low level of use raises real concern that insufficient interest or need exists for a community facility at this location. Since giving notice to terminate their lease on the community shop the Parish Council has been working with the current users of the community shop to discuss possible alternative accommodation at either the Stevenson Centre or Pot Kiln School.

- 4.21 The Parish Council has decided not to support the existing community facility on the site and is withdrawing its funding support and terminating its lease with the Council from 1 April 2009.
- 4.22 The village already has a good range of community facilities with a particularly well serviced 'village hall' in the form of the Stevenson Centre. The Parish Council has plans to extend the Stevenson Centre in the future. The provision of a new facility at Poplar Road is likely to create unnecessary duplication of services and competition between the two facilities.
- 4.23 Since the Poplar Road community facility was first planned the adjacent Pot Kiln School has agreed to make its facilities available for public use. The North Cornard Regeneration Group recognises the benefits of this to both the school and the local community. The group believe that the school facilities can provide a much better service to the local community than the proposed community facility.
- 4.24 Revenue funding for the facility was due to come from a letting unit attached to the facility. Concern now exists that it will be difficult to let this in the current economic climate. This means that the financial burden for the facility will fall either on the District Council or who ever agreed to manage the facility.
- 4.25 An option being explored was for the Parish Council to manage the Poplar Road facility alongside its other community resources. The current economic climate, the reduced use of the existing community shop, and the Parish Council's withdrawal of funding for the community shop means this is now unlikely.
- 4.26 The community facility has been designed in such a way that should it have failed at any time the building can easily be converted into additional housing accommodation.
- 4.27 The North Cornard Regeneration Group and the Housing Panel agree that the community facility is no longer a viable proposition and that the space would better serve the local community by providing additional affordable housing. It is estimated that two or three flats could be delivered from this space.
- 4.28 Now would be an appropriate time to undertake the change of use as a planning application could be submitted in time to prevent any further delays to the scheme. The additional affordable housing could also be included as part of the new funding bid to the Homes and Communities Agency.

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