

Part 1 - Open to the Public	ITEM NO.
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REPORT OF THE STRATEGIC DIRECTOR FOR PLACE
TO PROPERTY & REGENERATION BRIEFING
ON
28th MARCH 2022

TITLE: Pendleton Affordable Housing Development

RECOMMENDATIONS: The City Mayor is recommended to:

Note the proposals detailed below as set out in the body of this report and on the detailed terms set out in an accompanying Part 2 report for approval elsewhere on the agenda.

1. Approve the recommendation from the Pendleton Development Board that the next phase of development identified in the Initial Development Appraisal in the report is brought forward for affordable housing development.
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EXECUTIVE SUMMARY:

The report outlines the recommendation by the Pendleton Development Board that the former pub sites in Pendleton are developed for 68 social rented apartments. The Initial Development Appraisal concluded that affordable housing of this type as the preferred development option. This recommendation is set in the context of the Initial Development Appraisal, individual site location and restrictions, demand in the area and proposed affordable housing provision across the wider development.

Approval of the Initial Development Appraisal will enable the council's developer partner to carry out detailed design and site analysis, gain planning approval to confirm costs and sales values and upon satisfying the Licence conditions in the Development Agreement submit a Final Development Appraisal for the council to approve prior to the drawdown of the land.

KEY DECISION: No

DETAILS:

1.0 Background

- 1.1 In 2013 the council entered a long-term partnership to regenerate Pendleton including a Development Agreement with SP+ (Developments) to deliver c£250m development of new homes, parks, public realm, etc. The first phases of redevelopment within the adopted masterplan have seen around 344 new homes (160 affordable) built with supporting infrastructure including two new pocket parks and a further phase (3) of 127 new homes is on site with the first new homes expected in April 2022.
- 1.2 The council have assembled land including the clearance of approximately 700 council properties to provide sites within the Development Agreement for future phases of development. This includes two former pub sites that are in council ownership. A review of the remaining phases of development is underway following land use changes including the provision of a new leisure centre and continued pressure on viability.
- 1.3 Under the terms of the Development Agreement each future phase is to only commence when it is agreed between the developer and the Council to be viable in accordance with criteria set out in the Development Agreement. An Initial Development Appraisal has been carried out by the developer that has identified two sites for affordable housing development. The report recommends that on the basis of the Initial Development Appraisal the developer takes the phases forward and carries out detailed design and site analysis and gain planning approval. This will enable them to confirm costs and sales values and submit a Final Development Appraisal for the council to approve prior to the drawdown of the land and undertaking to complete the phase of development. This will be the subject of a further City Mayor Decision.

2.0 Former Pub Sites

- 2.1 The Ship Inn and Woolpack are former pub sites that lie isolated from the main development areas and on the fringes of the Pendleton estate. Initial appraisal of the sites suggested that commercial uses would no longer be viable, and the small footprint of the sites suggested a mixed tenure development including private sale units would not attract the required sales values. A recent appraisal of the sites has identified affordable housing as the preferred development option. This recommendation is set in the context of the individual site location and restrictions, demand in the area and proposed affordable housing provision across the wider development as described below.
- 2.2 The wider redevelopment looks to create a more balanced tenure and meet the aims of the regeneration to create a better choice of quality housing and local offer for existing residents. Initial phases have delivered a mix of private sale against 30% new affordable homes. Whilst Pendleton already has a large concentration of social rented homes to ensure we have an adequate number of social rent options in the new build programme the 2 former pub sites (68 units) are being recommended to progress for social rent only. The remaining phases on the masterplan are under review but will likely recommend a more balanced tenure mix including private sale housing, affordable rent and shared ownership options.

3.0 Ship Inn, Cross Lane

- 3.1 Whilst the main phases of mixed tenure development are currently being designed and delivered by the Together Lovells JV it was felt that these two sites were better delivered direct by Together Housings affordable housing development team. MCAU Architects have prepared a design for the site in order to facilitate a high level

appraisal to determine viability for the provision of affordable housing.

- 3.2 The proposal is for a 3 storey apartment block in an “L” shape / formation which provides the scale and mass considered appropriate for this gateway site. The layout provides 20 dwellings consisting of 11 one-bedroom apartments and 9 two-bedroom apartments with all units compliant with the Nationally Described Space Standards (NDSS). The layout for all dwellings will comply with the Building Regulations Part M4(2) for accessible and adaptable homes and all ground floor apartments will comply with M4(3) for wheelchair accessibility. The confines of the site are such that there is little outside amenity space and the plan is to include Juliet style balconies to upper floors apartments.
- 3.3 The option to include sprinklers within the apartments has been considered and dismissed. There is no requirement for sprinklers within the current building regulations. This development is within the 18m height limit and has 4 stair cores.

The new homes will be designed to a high standard offering improved levels of insulation, enhanced air tightness and thermal bridging, remove the reliance on fossil fuels by omitting gas and include a Mechanical Ventilation Heat Recovery system (MVHR), explore potential renewable energy sources including a micro-district heat scheme delivered by a ground source heat pump explore and PV Cells, and include a energy efficient lighting strategy.

- 3.4 The scheme has been appraised using cost assumptions from Rowlinson Constructions Ltd. Whilst Rowlinson will continue to discuss alternative modern methods of construction a traditional method is providing the most viable commercial and technical solution at present due to the size of building.

4.0 Woolpack, Belvedere Road.

- 4.1 The most viable option considered by the architects is their proposal for a 48 apartments scheme over 6 floors of accommodation, providing scale and mass considered appropriate for this prominent gateway site.
- 4.2 The proposal is for an efficient standard apartment scheme with shared entrance served by a single lift and stair core. The layout currently provides for provides 48 dwellings consisting of 29 two bedroom and 19 one bedroom apartments with all dwellings compliant with the Nationally Described Space Standards (NDSS). Alternative configurations are available to amend the mix of 1 and 2 bedroom apartments following analysis of demand. The layout for all dwellings will comply with the Building Regulations Part M4(2) for accessible and adaptable homes and all ground floor apartments will comply with M4(3) for wheelchair accessibility.
- 4.3 The new homes will be designed to a high standard as described in paragraph 3.3.

5.0 Financial Appraisal

- 5.1 Together Housing have had confirmation that they have secured almost £250m of grant funding under the latest Affordable Homes Programme (AHP) as one of Homes England Strategic partners. To secure the delivery of 68 social rented units in Pendleton will require internal subsidy from Together Housing and a nil land value to the council.
- 5.4 Current (2021/22) average council rents in Pendleton (net of service charges) are £83.21. Table 2. sets out the comparison of rent per property alongside the LHA room

rates.

Table 2. LHA rates and council rents comparison.

Property Type	LHA Rate 2020/21	Proposed average Rent per property	Proposed maximum rent per property
1 bed flat	£138.08	£80.29	£81.78
2 bed flat	£149.59	£88.02	£89.12

5.5 The partners are currently reviewing the future phases of development that will see more than 600 new mixed tenure homes built, including c200 new affordable tenure homes. The type of affordable tenure is being considered for these phases and the proposed 68 social rented properties on the pub sites will sit in addition to the wider affordable housing programme for the area. This may include new affordable rented properties and shared ownership models to better reflect the broader needs in the area and grant levels available through the strategic partnership with Homes England.

6.0 Conclusion

6.1 The location and layout of the sites lend themselves to apartment development. Social rented properties, whilst reducing the councils land value will help to meet the demand for affordable homes and its aspiration to maintain lower rent levels. Wider regeneration objectives of creating a greater choice of quality housing and improving tenure balance will be achieved on more appropriate sites across Pendleton. The next stage for the developer is to carries out detailed design and site analysis and gain planning approval. This will enable them to confirm costs and sales values and submit a Final Development Appraisal for the council to approve prior to the drawdown of the land and undertaking to complete the phase of development. This will be the subject of a further City Mayor Decision.

KEY COUNCIL POLICIES: Housing and Regeneration

BACKGROUND DOCUMENTS:

Lead Member for Housing Report Pendleton Redevelopment Update 18th January 2022

EQUALITY IMPACT ASSESSMENT AND IMPLICATIONS:

Local residents and stakeholders in the Pendleton Private Finance Initiative area have been fully consulted and engaged in the development of the proposals for the area which will include new family housing and apartments, with over 10,000 recorded consultation visits with residents. An EIA has been undertaken at the Outline Business Case stage of the PFI procurement process. This was strengthened with the completion of a full Community Impact Assessment to support the submission of the Final Business Case to the HCA.

ASSESSMENT OF RISK: medium.

The decision recommends the partnership develop the affordable housing scheme further providing more certainty on cost, obtain planning approval, etc. The draw down of the council land will be subject to a separate decision based on a completion of a detailed Final Development Appraisal.

LEGAL COMMENTS Supplied by:

Michelle Brice, Principal Solicitor, Property, Shared Legal Service

The Development Agreement for the Pendleton PFI area envisages and contains terms for 'Phases' of development to be brought forward on a staged submission/approval process.

The first stage under the Development Agreement (following recommendation of proposals by the Pendleton Project Board) is approval of the Developer proposals, following which a Phase becomes a 'Determined phase'. Following determination of a Phase the developer submits an Initial Development Appraisal estimating sales and costs and any residual land value – concluding whether a viability test is satisfied. The Viability Test requirements are detailed in the Development Agreement. The report and conclusion of the Council's officers is that the Viability Test is satisfied. If the viability test is satisfied, then the parties to the Development Agreement – the Council and the Developer progress to satisfy 'Licence Conditions' for the Determined Phase.

FINANCIAL IMPLICATIONS Supplied by: Chris Mee, Strategic Finance Manager 0434

The initial financial appraisals for the 2 sites indicate a potential land value for the council of nil for wholly social rent developments and £0.5m for wholly affordable rents. The actual viability / land values to be achieved for the developments will only be confirmed once the detailed design and site analysis has been carried out and planning approval has been gained at which stage the Final Development appraisals will be submitted for approval by the council in accordance with the Development Agreement.

PROCUREMENT IMPLICATIONS Supplied by: N/A

HR IMPLICATIONS Supplied by: N/A

OTHER DIRECTORATES CONSULTED: N/A

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WARDS TO WHICH REPORT RELATES: Pendleton and Charlestown

APPENDICES:
