

**North East Derbyshire District Council**

**Cabinet**

**30 July 2014**

Dronfield Regeneration - New Build Options

**Report No: EAH/MG/16/14/LS of Councillor E A Hill, Portfolio Holder with Housing Strategy and Social Inclusion, supported by Councillor M Gordon**

This report is public

**1 Purpose of the Report**

- 1.1 To obtain Cabinet approval for Rykneld Homes Ltd (RHL) to prepare detailed proposals for regeneration of sites in Dronfield to deliver new build housing working with QSH Ltd.
- 1.2 To obtain Cabinet approval to start negotiations with Dronfield Town Council to transfer the vacant land at Holmley Lane, the "Alma Site to RHL.

**2. Report Details**

- 2.1 The former vacant Area Housing Office (AHO) at Dronfield and adjacent land used as a car park (Manor Farm site) has been identified as NEDDC owned assets that have potential for new housing provision.
- 2.2 Dronfield Town Council also has an area of land (Alma Site) in Dronfield that has previously been used for housing, although currently vacant. The Town Council are seeking solutions to provide housing in the area.
- 2.3 Due to high cost of housing and limited availability of rental properties within Dronfield, associated with its location in relation to Sheffield the demand for social and affordable homes is high. Although some small scale new build housing is already being undertaken by Rykneld Homes in Dronfield further opportunities to provide additional units would help to reduce this problem.
- 2.4 The existing buildings and land at Manor Farm is subject to a legal covenant requiring that any future use provides a benefit to Dronfield and therefore some potential commercial options for future use of the site are not available.
- 2.5 The town council land is significant in size and could deliver approximately 50 units of housing. In order to progress this RHL intend to enter into negotiation with the Town Council to transfer the land to RHL.

- 2.6 Opportunities to regenerate the Manor Farm site jointly with the Alma site have been identified by Rykneld and Council officers and an initial high level evaluation indicate that the Manor Farm site would be expensive to develop on its own due to the location, restricted access and higher than average build costs due to its location and requirement to blend in with the surrounding traditional buildings. A joint approach to the sites could lead to the benefits of scale, economies of site management logistics and early completion of a phased programme to provide housing units.
- 2.7 The current range of projects to deliver new build housing by the partnership between RHL and the Council use a combination of General Fund Prudential and HRA headroom borrowing to fund the works. There are limits to the amount of borrowing available therefore it is important for the partnership to seek other sources of investment.
- 2.8 Steve Partridge formally of the Chartered Institute of Housing (CIH), who provided external validation of the Tarran's regeneration scheme, is now working for QSH. They have been set up to bridge the gap between private investors, LA and Housing providers seeking to deliver affordable housing. QSH have procurement consortia and legal frameworks already in place to facilitate speedier delivery of schemes. Following the success of the project at Eckington and Killamarsh to replace the defective Tarran's, QSH are interested in working with RHL to offer an alternative funding and development model for housing and able to work up detailed proposals at their cost and risk for the proposed sites at Dronfield.
- 2.9 To ensure that both sites are financially viable QSH would have to consider the optimum tenure mix. Investment is readily available for 'Rent to Buy' schemes and an initial view is that the Dronfield Manor site is a prime site for this type of development. It may be possible to provide a mix of rent to buy, rented and market sale with more social and affordable units being provided on the Alma site. It will be important to allow QSH to undertake a detailed feasibility study and financial viability to present detailed designs and proposals back to Cabinet later this year. In order to do this they will have to have access to the sites to undertake some ground investigation so it will be important to start some consultation events with residents in Dronfield. Councillor support for this consultation work will be important.

### **3 Conclusions and Reasons for Recommendation**

- 3.1 The proposals support the Growth agenda of the Council and have the potential to deliver approximately 65 units of housing in a part of the district with high demand.
- 3.2 The proposals deliver a long term solution to regenerate the former AHO and meet the requirement of the covenant. If this scheme was undertaken in isolation it would not prove to be financially viable but by including the development of the Alma site the two schemes together are of a size and scale to deliver a feasible and financially viable project for NEDDC, RHL and Dronfield Town Council.
- 3.3 Working with external funders and developer partnerships provides new opportunity's to further increase the supply of housing without increasing council borrowing and increases future development options.

#### **4 Consultation and Equality Impact**

4.1 The proposal would seek to support the housing need as identified in the 2013 SHMA (Strategic Housing Market Assessment). The list below gives an indication of the types of property that are required and would form the basis for establishing the number and range of units to be considered for the sites.

- 2 bedroom 4 person houses
- 2 bedroom 4 person Lifetime homes bungalows for older people
- 3 bedroom 5 person wheelchair standard family homes
- 1 bedroom 2 person flats

4.2 The proposed units would be advertised, allocated and managed in line with the Council's current allocation policy.

#### **5. Alternative Options and Reasons for Rejection**

5.1 Due to the covenant on the Manor Farm site and the fact that housing previously occupied the Alma site no alternative options have been identified.

5.2 The Council could choose to leave the Manor Farm site vacant; however the buildings are deteriorating and attracting anti-social behaviour.

#### **6. Implications**

No implications

#### **7. Finance and Risk Implications**

7.1 The proposal requires no financial provision, but identifies an alternative model to support future regeneration projects within the district.

7.2 A risk register would be developed as part of the process of the proposal and full details provided in a further report.

#### **8. Legal Implications including Data Protection**

8.1 These would be identified during the development of the detailed proposals.

#### **9. Human Resources Implications**

9.1 The proposal can be managed within existing resources

#### **10. Recommendations**

10.1 That Cabinet agree that RHL commission QSH to undertake feasibility studies and financial appraisals to provide options and proposals to deliver new build housing in Dronfield.

10.2 That Cabinet agree that RHL negotiate with Dronfield Town Council to transfer land to facilitate the progress of the scheme and provide the economies of scale required to ensure the success of the project.

- 10.3 That Cabinet agree that detailed options and proposals are presented to Cabinet for consideration and approval at a future date.

## 11. Decision Information

<b>Is the decision a Key Decision?</b> (A Key Decision is one which results in income or expenditure to the Council of £50,000 or more or which has a significant impact on two or more District wards)	No
<b>District Wards Affected</b>	Dronfield
<b>Links to Corporate Plan priorities or Policy Framework</b>	Create jobs, build skills and attract capital Investment Increase housing Choice Look after the environment Improve people's health

## 12. Document Information

Appendix No	Title
1.	Site of NEDDC land at Manor Farm- Dronfield Site of Dronfield Town Council land - Alma
<b>Background Papers</b> (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	
None	
Report Author	Contact Number
Niall Clark – Director of Property Services and Development – Rykneld Homes	01246 217399