

CABINET

Funding for West End Housing Projects 29th May 2012

Report of Head of Regeneration and Planning

PURPOSE OF REPORT			
To obtain authority to spend "ring-fenced" receipts on the Bold Street regeneration project.			
Key Decision	<input checked="" type="checkbox"/>	Non-Key Decision	Referral from Cabinet Member
Date Included in Forward Plan	11th May 2012		
Project Appraisal Undertaken	Yes		
This report is public			

RECOMMENDATIONS OF COUNCILLOR HANSON

- (1) That Cabinet agrees to re-use the income from the sale of 9 & 11a Bold St, to fund further property acquisitions, demolitions and temporary re-surfacing elsewhere in Bold Street and that the Capital Programme be updated accordingly.

1.0 Introduction

- 1.1 The Council has two main long-standing priorities for future investment in the West End of Morecambe - Chatsworth Gardens and Bold Street. Whilst decisions on the future of Chatsworth Gardens are some months away, there is an urgent need to make progress on Bold Street for the reasons set out below.
- 1.2 This report, therefore, deals with more immediate priorities relating Bold Street and seeks authority to utilise receipts generated by property disposal to invest in further acquisitions and demolitions.

2.0 Proposal Details

- 2.1 There is a long standing intention to "ring-fence" capital receipts within the West End of Morecambe. This stems initially from a June 2005 Cabinet resolution and is re-iterated in the current Medium Term Financial Strategy which in para. 5.5.1 states that "Capital receipts arising from West End Housing Schemes will be ring-fenced to meeting associated costs and liabilities arising". However, this is subject to "appropriate Cabinet approval" which is the purpose of this report.

- 2.2 Bold Street has been the subject of numerous Cabinet reports over the years both in terms of its role in the West End regeneration project and, in terms of funding, in relation to the Regional Housing Pot (most recently June 2010) and latterly in connection with housing regeneration priorities generally (October 2011). All these reports (without exception) have identified Bold Street as a top level priority.
- 2.3 There is also a clear strategic plan for the West End of Morecambe, subject to funding being identified for its delivery. The West End Master Plan was "refreshed" as recently as October 2009 and projects prioritised in the light of the post-recession financial position. Again, this review highlighted Bold Street as a top priority project.

Need for Action

- 2.4 There is a real imperative to make progress in Bold Street. The Council has agreed terms with the owners of 28 and 38 Bold Street to purchase these properties, once acquired, the Council will own an entire block of houses containing 28-38 Bold Street. These can then be demolished and make a real statement of progress in the area. Funding is available to cover these costs utilising receipts from the sale of the recently re-furbished 9 and 11A Bold Street.
- 2.5 Demolition will increase confidence in the area and indicate to the potential purchasers of the new Adactus scheme on Marlborough Rd that the council is serious about moving forward with Bold St with the aim of eventually developing the whole site with new housing.
- 2.6 Delaying or withdrawing from the purchase of these properties would run the risk that the owners will withdraw their co-operation. Not only would this undermine future negotiations (lack of credibility) but could leave the council vulnerable to claims for blight and/or loss of rent.

Proposal

- 2.7 Authority is sought to re-use the income from the sale of 9 & 11a Bold St, (£103K + £105K = £208K) to fund the acquisition of 28 Bold Street and 38 Bold Street (circa £115K) and to demolish these and the 4 properties in between. The area will then be re-surfaced (using tarmac) with the total cost for demolition and resurfacing estimated at £85K. This will be a tangible improvement to part of the street nearest the new Adactus development on Marlborough road.
- 2.8 The ultimate plan is to acquire the remaining properties to enable a wider redevelopment scheme to be implemented, but this would require further financing in the region of £700K. Clearly this is not currently in place; there are therefore risks attached in terms of being able to deliver future permanent comprehensive redevelopment.

3.0 Details of Consultation

- 3.1 The West End Regeneration Project has been the subject of extensive consultation in recent years with all relevant stakeholders and the local population. There has been consistent support for redeveloping Bold Street.

4.0 Options and Options Analysis (including risk assessment)

	Option 1: Utilise “ring-fenced” receipts to acquire and demolish Bold Street properties	Option 2: Do not utilise receipts for this proposal
Advantages	Signals progress on West End regeneration Removes eyesores properties Maintains credibility in negotiations to acquire further properties Makes some ongoing revenue savings.	More money available for Chatsworth gardens (or other schemes, though any not related to West End housing would require a change to the MTFS).
Disadvantages	Reduces money available for Chatsworth Gardens or other schemes.	Properties remain empty and deteriorating, with costs and liabilities attached. Reduces confidence in West End Loss of “goodwill” with owners
Risks	Negotiations prove unsuccessful	Spiral of decline

5.0 Officer Preferred Option (and comments)

5.1 Option 1 is the preferred option for the reasons set out in the report.

6.0 Conclusion

6.1 There is an immediate and pressing need for action on Bold Street. Whilst the proposal is effectively using funds that could potentially be earmarked for Chatsworth Gardens, it is considered that the proposal makes the most appropriate use of some fairly limited resources available to the council.

6.2 Given the scale of this project, and the expectation that the HCA will take a positive approach going forward, it is not considered that this sum will be critical to finding a solution to the Chatsworth Gardens project.

RELATIONSHIP TO POLICY FRAMEWORK

Regenerating the West End of Morecambe is a long-standing corporate priority, subject to funding being identified, and is central to the council’s health and well being and economic growth aspirations as set out in the Corporate Plan and Local Development Framework

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

The proposal would have local community safety benefits by removing derelict properties which are susceptible to illegal and anti-social activities.

LEGAL IMPLICATIONS

If the preferred option is approved Legal Services will undertake the acquisition of these

properties in accordance with the agreed terms.

FINANCIAL IMPLICATIONS

In capital terms, the proposals are summarised as follows (all figures rounded):

	£000	£000
Income		
Regional Housing Pot Remaining Funding (Bold Street)	47	
Bold street capital receipts (from sale of 9 & 11a)	208	
Total Housing Funding Available		255
Less Proposed Expenditure:		
Bold Street Acquisitions (28 & 38)	-115	
Bold Street Demolition (6 properties; 28 to 38)	-85	
Amounts owed to HCA on disposal of jointly owned property	-50	
Total Expenditure		-250
Net Funds Remaining should these Proposals be Approved		5

The nature of the tarmac resurfacing would mean that it would last over the longer term, if for whatever reason funds were not available for subsequent redevelopment.

In terms of revenue, the demolition would generate a saving in terms of the annual running costs estimated at £1.4K per property, reducing the revenue cost by £5.6K pa for the 4 properties already managed by the Council.

The capital implications may be considered in context of the earlier funding agreement between the Council and the Homes and Communities Agency (HCA), which “tied together” the Chatsworth Gardens and Bold Street projects. A number of Bold Street properties acquired by the Council in 2004 were funded by the HCA and it was intended that these properties would be sold to a developer or housing association, with the resulting capital receipts contributing towards Chatsworth Gardens. Essentially, therefore, the demolition of any HCA funded Bold Street properties would incur costs for the Bold Street project, but it would also result in a loss of potential income when compared with previous funding assumptions for the Chatsworth Gardens scheme.

That said, the Chatsworth scheme and funding proposals are subject a full review anyway, and in any event the financial aspects will be fundamentally different from what may have been assumed before. In particular, the Council will need to pay close attention to the treatment of costs and income, particularly if there are any council housing options to be considered (as opposed to private sector / General Fund).

OTHER RESOURCE IMPLICATIONS

Human Resources:

There are no Human Resources Implications

Information Services:

There are no Information Services Implications

Property:

Demolishing properties on Bold Street will reduce property holding costs

Open Spaces:

There are no open space implications

SECTION 151 OFFICER'S COMMENTS

Cabinet will be aware that progression of the approved capital programme is dependent upon the sale of land at south Lancaster. This sale is still subject to an application for judicial review of the associated planning permission and therefore there is still some risk attached.

In deciding whether to allocate funds for Bold Street, therefore, Cabinet is advised to consider these risks. (i.e. Cabinet should satisfy itself that it is comfortable with allocating funds to Bold Street, when there is still some risk of other schemes in the approved programme not going ahead.)

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no comments.

BACKGROUND PAPERS

West End Master Plan

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