

CABINET

Chatsworth Gardens and Clusters of Empty Homes Funding

4 December 2012

Report of the Head of Regeneration and Planning

PURPOSE OF REPORT			
To seek approval to deliver a viable solution to the stalled Chatsworth Gardens project through the acceptance of the Clusters of Empty Homes Funding offer of £1.9M.			
Key Decision	X	Non-Key Decision	Referral from Cabinet Member
Date Included in Forthcoming Key Decision Notice			5 November 2012
This report is public			

RECOMMENDATIONS OF COUNCILLORS KAREN LEYTHAM AND JANICE HANSON:

- 1) That Option 2 be approved and the Head of Regeneration and Planning be authorised to accept the £1.9M Clusters of Empty Homes Funding and deliver the Chatsworth Gardens project through the approach as set out.
- 2) That the Head of Resources be authorised to update the Capital Programme and Revenue Budget accordingly to allow progression of the project under (1) above.
- 3) That the Head of Resources investigates the viability of finance schemes that may assist prospective home buyers in the Chatsworth Gardens area, through means such as the lend a hand scheme or other deposit guarantee schemes and government initiatives, for consideration as part of future years' budgets.

1.0 Introduction

- 1.1 This report outlines the potential next steps for the Chatsworth Gardens housing regeneration project in the West End within the context of new financing opportunities. Previously it had stalled due to the withdrawal of external funding opportunities and the council's preferred developer pulling out.

- 1.2 At its August 2010 meeting Cabinet tasked officers to seek a further HCA funding commitment to deliver Chatsworth Gardens at the lowest potential risk to the Council and that the acceptance of any HCA funding offer and authority to proceed be subject to a further Cabinet report (minute ref: 40).
- 1.3 At its February 2011 meeting Full Council added Housing Regeneration to the priorities to be used to develop the budget and policy framework for the period 2011-14 (minute ref: 99).
- 1.4 In October 2011 Cabinet reaffirmed strategic housing regeneration as a proposed priority for the foreseeable future (minute ref: 48), specifically highlighting Chatsworth Gardens and Bold Street as the focus, alongside an additional priority of bringing empty homes back into use.
- 1.5 This was reflected in the Corporate Plan for 2012/15, which was ultimately approved by Council on 14 May 2012 (minute ref: 21).

2.0 Background

- 2.1 The Chatsworth Gardens site consists of 2 property blocks split by Chatsworth Road:

- Western Block: 4 terraces on Albert Road, Chatsworth Road, Regent Road and Westminster Road.
- Eastern Block: 4 terraces on Albert Road, Balmoral Road, Chatsworth Road and Regent Road.

The project objectives are outlined in the Relationship to Policy Framework section of this report. The council owns 47 properties on the site (Appendix 1a) bought with HCA grant (approx £7M spent to date). Outside of the Chatsworth Gardens area the council also owns a number of “non-project properties¹” (NPPs) across the West End, also bought with HCA grant. The NPPs are earmarked for sale to provide funding for the main Chatsworth Gardens project.

- 2.2 Cabinet will be aware from previous reports of the reasons for the Chatsworth Gardens project stalling, namely: housing market collapse; withdrawal of preferred developer partner Places for People; the Comprehensive Spending Review (CSR) preventing access to HCA funding. Cabinet will also be aware of officer’s efforts to develop alternative proposals which could deliver sustainable housing regeneration. It became clear that:

- All options required substantial £ multi-million capital funding.
- The lower cost schemes had increased risks (in terms of regeneration outcome) as they provided only partial site solutions.
- An absence of external funding opportunity available at the time meant even the lowest cost option could only be delivered through council funding.

¹ Non-Project Properties were acquired in 2004 when the Masterplan was in an embryonic stage and the HCA and LCC wanted to make early progress with strategic acquisitions. 25 properties were acquired for £2.2M all located in what became the high intervention Masterplan areas that would be brought forward under various projects e.g. Clarendon Road Remodelling, Adactus Live/Work Units, Chatsworth Gardens, Marlborough Road, Bold Street, the ceased Central Park project and the Co-Op Building.

In effect the council adopted a 'holding' position, waiting for further opportunities and officers continued to work on alternative scheme details.

2.3 The Coalition Government has recently introduced initiatives to bring empty homes back into use. The HCA launched a competitive Clusters of Empty Homes Fund (CEHF) targeting areas with high numbers of empty properties that had good market prospects but which required an intensive approach to return them to a liveable standard. The main details of the funding programme are:

- A minimum of 100 homes brought back into use over project lifetime.
- Delivery is within a distinct, compact area (ward or smaller) with over 10% of homes empty, and each cluster representing more than 25 empty homes.
- Clear and demonstrable high level strategic fit and community support - as well as evidence of local authority commitment.
- In principle commitment to providing 100% match funding.
- Homes can be for rent, shared ownership or outright sale to owner occupiers
- Only capital funding to be spent on empty properties is available.
- Only refurbishment and reconfiguration of empty homes will be supported and not demolition and new build.

2.4 Officers prepared a bid focussing on action to deliver Chatsworth Gardens. This has been successful and the council has been offered up to £1.9M (application attached in Appendix 2). The offer of funding support requires match funding pound for pound but existing public investment in the area can be recycled and funds expended by the private sector can also be shown as match funding. Effectively this means the council can draw on the £1.9M and develop a sustainable proposal without providing any additional/new capital funding. Existing revenue costs will still be required in terms of staffing to project manage the scheme.

2.5 This report details what officers consider to be a viable proposal for Chatsworth Gardens that is cost neutral to council budgets and enables the council to accept the CEHF offer of £1.9M.

3.0 Proposal Details

Remodelling Plan

3.1 The CEHF bid required the council to define a high concentration of empty properties in a small area which was ideally suited to the West End situation. The tight timescale for the bid meant an initial option had to be defined, and an amount of match funding assumed. Officers developed a scheme that balanced:

- Delivering on the fund's empty homes core objective
- Supporting the council's identified priority regeneration schemes

3.2 The defined cluster area (Appendix 2) focuses upon the central West End area and includes the whole of the Chatsworth Gardens site, NPP empty homes, as well as privately owned empty homes in the wider area. CEHF

can only be spent on empty homes brought back into use through refurbishment or remodelling (not demolition or new build homes). Officers therefore targeted the potential resources on the empty homes in Chatsworth Gardens. Revisions were made to the existing broad design framework agreed by Cabinet in August 2010 (Appendix 1b) to maximise refurbishment and remodelling of existing properties.

3.3 The project targets over 100 empty homes, many of which accrue from subdivision of large terraced properties into flats, bedsits and former guesthouses. The majority of the properties are presently owned by the council and Appendix 3b shows the proposed planned approach. In summary the proposal is as follows:

- Council owned properties on Westminster and Albert Road will be directly remodelled / refurbished by the council to create 25 terraced family homes (similar to recently remodelled properties on Bold Street) and sold for owner occupation. Within these streets the council will work with remaining property owners and occupiers to improve their homes through grant aid.
- Council owned properties on Balmoral Road and Chatsworth Road will be sold to private developers under a building license agreement that will control quality and timescales for renovation and reuse; including landlord accreditation where properties are not refurbished for owner occupation. The aim is to reduce density and provide larger units of both single houses and 2-3 bedroom flats.
- On Chatsworth Road 8 council owned former HMO properties will be brought back into use as single houses. To facilitate private investment along the remainder of the street it is proposed to undertake a facelift scheme to both sides of the street. An example and explanation of a facelift scheme is detailed in Appendix 4.
- On Balmoral Road the aim is to sell these with a planning permission for 3 self contained 2-3 bedroom flats in each property. The council properties and the rest of the terrace are in reasonable condition so a facelift scheme is considered unnecessary here.
- Outside the Chatsworth Gardens site the council owns 3 properties on Clarendon Road West that will also be sold privately to be brought back into use.
- 55 privately owned empty properties within the West End cluster area are to be targeted and brought back into occupation through a 'carrot and stick' approach. Officers will contact owners and provide assistance to bring properties back into use and offer limited grant assistance.

3.4 Officers have been unable to find a viable refurbishment proposal for the very large (4 storey) properties located on Regent Road within the £1.9M allocation. The size and scale of the properties presents a significant challenge in terms of costs/return, technical approach and market requirements, borne out in the ARUP development appraisals in 2010. The CEHF proposal budgets to demolish the Regent Road terrace in the Western

Block to deliver a site of new build. Existing council owned properties in the second Regent Road terrace in the Eastern Block would be held for the time being.

Finance

- 3.5 The match funding to access the £1.9M CEHF investment is sourced from funding held in the project, sales/property income and projected investment by the private sector. The proposal is tailored to the opportunity the CEHF provides and meets the project and Masterplan objectives. (Refer to Financial Implications)
- 3.6 The cost estimates, sales and property valuations that inform the budget appraisal have been provided by Chartered Surveyors, Quantity Surveyors, and Local Estate Agents/Surveyors. The design approach has been assessed for sales risks and sales rates and the selected approach balances this with the requirements of the market
- 3.7 Direct refurbishment will be undertaken in phases on a terrace by terrace basis. Once each terrace is completed the sales income will be recycled to fund the next phase. To mitigate sales risk the council could explore means of mortgage assistance, such as the 'lend a hand scheme' and other government initiatives to assist first time buyers onto the property ladder. These initiatives are effectively deposit guarantees - lack of funds for a deposit being a major impediment to securing a mortgage deal in the current housing market. This would in effect greatly mitigate the sales risk. Examining the potential for a Lend a Hand Mortgage scheme in relation to realising the council's housing regeneration priorities was recommended by Cabinet October 2011.
- 3.8 If additional resources of £750K were made available a solution to both Regent Road terraces could be secured, removing remaining uncertainty from the proposals (Option3). However, further external funding opportunities may also arise in future and as previously stated the proposal could exceed income targets. The options for the regeneration of the Regent Road properties cannot be fixed at this stage.

4.0 Details of Consultation

- 4.1 Chatsworth Gardens is a longstanding council project that has been subject to extensive consultation since 2004. The recently established Housing Regeneration Cabinet Liaison Group (HRCLG) has received updates and discussed Chatsworth Gardens and the CEHF bid in detail. The regeneration of empty homes attracted strong support and HRCLG are particularly keen to see this issue addressed. HRCLG would like to see the substantial funding offer taken up to tackle a large number of empty homes and believe this is an opportunity to secure funding which needs to be grasped.

5.0 Options and Options Analysis (including risk assessment)

	Option 1: Do Nothing and reject £1.9M CEHF and withdraw from project	Option 2: Accept £1.9M CEHF to deliver Chatsworth Gardens initially bar one Regent Road terrace	Option 3: Accept £1.9M CEHF and request Council funds resources to complete full Chatsworth Gardens scheme
Advantages	Avoids project delivery risks. No further direct capital cost to the council. Removes uncertainty.	Provides a positive and viable solution to Chatsworth Gardens. Utilises existing regeneration funding and poses no further budget costs on the council. Brings empty homes back into use. Clearly sets out council's commitment to local residents and owners in the area. Demonstrates delivery to HCA boosting chances for future funding.	Provides a comprehensive and positive solution to Chatsworth Gardens. Brings empty homes back into use. Clearly sets out council's commitment to local residents and owners in the area. Demonstrates delivery to HCA boosting chances for future funding.
Disadvantages	Risk of exacerbating local housing market failure. Disposal may take several years to realise. Ongoing management costs and staff resources. Adverse impacts likely to be caused resulting in negative regeneration effect. Does not allow take up of Clusters of Empty Homes Funding opportunity.	Ideally requires co-operation from owner occupiers & landlords to avoid costly legal action. Uncertainty of delivery remains for the Regent Road terrace in the Eastern block.	The budget required could not be implemented within the existing MTFS. The challenging and uncertain financial prospects mean that it is difficult to see this position improving. Ideally requires co-operation from owner occupiers & landlords to avoid costly legal action.Reduces opportunity for external funding.
Risks	This was calculated as the highest overall 'all risk.' The potential impact of this approach is a high negative regeneration effect. There are reputational risks to the council and HCA being seen to 'pull out' of the project and the impact on West End. But in financial risk terms withdrawal is the least risky option. Reputational risk with the HCA would make future bids less credible. Long sales period presents health and safety risk from	Involves the council taking the delivery risks on a capital housing development project. The council will face a sales risk on the direct refurbishment properties that needs to be mitigated by some form of mortgage assistance scheme. Limited control over private sector match required to access part of HCA funding. Build costs and sales date/value can adversely impact project. However the appraisal indicates a	Involves the council taking the delivery risks on a capital housing development project The council will face a sales risk on the direct refurbishment properties that needs to be mitigated by some form of mortgage assistance scheme. Limited control over private sector match required to access part of HCA funding. Build costs and sales date/value can adversely impact project.

	dilapidations.	£370K contingency balance to mitigate the financial risks.	
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6.0 Officer Preferred Option (and comments)

- 6.1 **Option 1** disposal of all properties with sales receipts covering disposal fees is discounted due to member's consistent positive support for finding a positive solution to Chatsworth Gardens. This option presents considerable risk in every way other than financial. This option declines a HCA sponsored rescue package of £1.9M CEHF and may damage future council HCA resource bids and partnership working.
- 6.2 **Option 3** presents the lowest delivery risk and brings maximum benefits through the realisation of a comprehensive scheme. However, the additional cost to the council could not be implemented within the existing MTFs and negates the opportunity to secure further external resources to complete scheme.
- 6.3 **Option 2** is the affordable route to achieve a viable outcome. It enables full acceptance of the £1.9M HCA funding offer. Due to cost and funding constraints it leaves out elements of Regent Road but officers consider the position to be manageable and will continue to work with the HCA to secure a solution. **Option 2 is therefore the preferred option** as the best and most affordable route forward identified for the project since it stalled in 2008.
- 6.4 Members should be aware that engagement of interest from private developers for refurbishment will be challenging. The council will be taking on a substantial refurbishment element if positive intervention is to be successfully realised and private investment encouraged. The preferred option brings contingent risks associated with construction, refurbishment, project management and end sales. These risks fall to a great extent on the council. However, the preferred Option 2 does allow for a significant contingency balance of £370K which could either meet unforeseen cost increases or lower sales values or even contribute towards the cost of the second Regent Road terrace.
- 6.5 However the council has recent experience of refurbishment on Bold Street where its refurbished properties were sold successfully on the open market. The cost structure and assumptions will also be reviewed through the council's project management approval systems.

7.0 Conclusion

- 7.1 The preferred **Option 2** enables the council to maximise an external funding opportunity to deliver on a long standing but stalled regeneration project. The CEHF proposal remains true to the original objectives of the Chatsworth Gardens project and the West End Masterplan in removing unsustainable HMO accommodation and replacing with family housing and a wider range of sustainable housing tenure. The proposal £1.9M funding offer will also achieve outcomes for the council's priority to tackle empty homes in the wider West End area.

- 7.2 In the context of previous attempts to construct a substantive and project the proposal represents a practical and affordable approach albeit one which still presents many challenges in delivery. Key to managing the sales risk is the council considering investing in a form of mortgage assistance scheme to support potential buyers to become owner occupiers. It is important to note that in general terms this is a financial mechanism for the council to invest its reserves into. There are risks involved in such investments but these need to be considered against the benefits brought in securing sales and reducing council risk exposure. The prudent investigation of such a scheme is required.
- 7.3 The CEHF offer also gives an opportunity to show the council can deliver effectively against HCA and the Coalition Government's national housing objectives in difficult circumstances. Demonstrating it can deliver on the ground will give the council an advantage in competing to secure future HCA resources and partnership activity.

RELATIONSHIP TO POLICY FRAMEWORK

In January 2011 council resolved that housing regeneration be included as a theme in its corporate priorities. This was reaffirmed in the 2012-2015 Corporate Plan.

The Chatsworth Gardens Project is a key element of the West End Masterplan and was ranked as a high priority by Cabinet as part of review and refresh exercise carried out on the Masterplan in 2009. The council has been working with the Homes and Communities Agency (HCA), formerly known (prior to December 2008) as English Partnerships, to deliver the Chatsworth Gardens Housing Exemplar scheme. The objectives of the proposal are as follows:

- Attract families and long-term residents to live and work in and near the town
- Create a more balanced community
- Reverse the negative perception of Morecambe's West End as a place to live
- Reduce the number of HMOs (Houses in Multiple Occupation)
- Kick-starting public/private investment in the area;
- Creating confidence in the market – to show that family housing is possible and have a catalytic effect (along with the other interventions)
- Deliver quality housing stock
- Address crime and social conditions in the area
- Act as a demonstration to the market in terms of the standard and quality of housing that should be delivered in the Masterplan area

As 40% of the districts homelessness derives from failed private sector tenancies in the West End, these schemes will help reduce homelessness correct housing supply imbalances are corrected and help stabilise a transient community

There is a relationship between bringing empty homes back into use and the allocation of proposed sites for housing in the Local Plan. Empty property reuse is significant element of providing for the District's housing needs.

CONCLUSION OF IMPACT ASSESSMENT

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

The West End Masterplan has carefully considered issues of sustainability and is based on sustainable principles. The scheme will be designed and built in accordance with specifications/standards which ensure high quality urban design, including safer by design and life time homes standards as well as high environmental standards. Human rights and diversity issues are given special consideration as owner interests are acquired.

LEGAL IMPLICATIONS

Legal Services have been consulted and their comments inserted within the body of the report where appropriate.

The council was in default of the current funding agreement for Chatsworth Gardens dated 21/12/2005 when the developer withdrew. Schedule 2, Part 1 of the agreement states that the council will provide the Agency with its detailed written proposals for the future management development and disposal of the council site. The HCA accepted the receipt of the final ARUP study (see August 2010 Cabinet report) as a satisfactory approach, but without the requisite funding this approach is not viable. In February 2011 a high level meeting with the HCA indicated that they will support the council's preferred approach if they consider it to be a viable and positive regeneration solution, but at that time had no funding to support the council achieving this. In February 2012 the HCA encouraged the council to apply for the Cluster of Empty Homes Funding opportunity as a solution to Chatsworth Gardens. The HCA's approval of the Clusters of Empty Homes Funding bid provides a viable and positive regeneration solution to Chatsworth Gardens, thereby satisfying the default provisions of the 2005 funding agreement.

Option 1 rejects the CEHF offer of £1.9M and effectively instigates withdrawal from the Chatsworth Gardens. This is the HCA contractual default position if no viable scheme can be delivered. If the default provisions are triggered the council has to appoint a Disposal Surveyor to handle the sale of existing assets. The prolonged sales period may have adverse effects on the neighbourhood and lead to claims against the council.

Options 2 and 3 involve the council in the practical contractual matters of acquisitions and sales. The extent of the legal work involved depends on the particular option, as **Option 3** envisages more extensive intervention. It is anticipated that through negotiation positive ways of working with existing property owners in both the direct and private refurbishment properties. For the non-refurbishment element it will be necessary to bring terraces of properties under single ownership or control. While every effort will be taken to agree acquisitions by agreement, it may as a last resort be necessary to use the statutory powers to enable the redevelopment to take place in the desired form (Members should note that it is too early at the moment to decide whether such powers are required). The ability and approval to use statutory powers is also underpinned by having certainty in delivery.

The report notes opportunities to work with existing owners and private developers in a number of ways which will require legal input in terms of the practical contractual terms of, for example, grant offers, relocation 'swaps', building licence agreements and so on. Legal Services and Property Services have been involved in and have experience in the development of such agreements, most recently on the extensive interventions on Bold Street and the associated grant/developer agreements.

The acceptance of the HCA's Clusters of Empty Homes Funding (CEHF) offer is under a separate agreement to the 2005 funding agreement. Beyond the funding criteria and bid document no formal contractual paperwork has been received but the first years advance grant payment of £955K from the Department of Local Government and Communities has been paid in advance to the council.

FINANCIAL IMPLICATIONS

Option 1 to reject the £1.9M funding offer is the least risky in purely financial terms and would effectively trigger withdrawal from the scheme and the disposal of all properties. This would not lead to clawback of funds already invested; the HCA would accept current property sale valuation prices and the council would be able to cover its eligible disposal costs. However, the principal risks arise from the failure to deliver on regeneration and the loss of reputation with the HCA and government which could have a financial impact on future regeneration in the district.

Option 2 to accept £1.9M CEHF to deliver Chatsworth Gardens, initially bar one Regent Road terrace, utilises existing funding and resources and should present no further draw on council budget save for cash flowing delivery and sales. Mitigating this is the payment of grant funding in advance. Furthermore a contingency balance of £370K has been estimated in the appraisals that could meet unforeseen cost increases.

Option 3 to accept £1.9M CEHF and request Council funds resources to complete Chatsworth Gardens presents a significant burden on an already strained budget and is therefore not considered a viable option. The scale of resource needed is up to £750K and could only be met by prudential borrowing and that would impact on the revenue account for the next 40 years by £54K, as an indication.

Project Delivery Risks

Direct intervention proposed in both Options 2 and 3 involves the council in contingent risks construction, refurbishment, project management and end sales which may affect the underlying income/cost assumptions on which the proposal is based.

The principal financial risk arises from a number of uncertainties in the project:

- Un-refurbished properties that are to be sold present a risk in terms of timing and value of receipts. Given the current housing market, this is judged to be a significant risk. This risk is mitigated by prudent professional valuations ascribed to the properties. Selling properties with an approved planning permission provides some certainty for prospective developers prior to purchase and this further mitigates sales risks.
- Acquisition costs are based upon professional estimates. There is a risk that these could increase, but the market is moribund and this risk is considered low.
- Construction costs are estimates based on professional advice obtained through detailed research and recent tenders. However, these prices are over a year old and could have moved up or down. The local net position regarding the competing pressures of high inflation pushing up cost but low economic activity increasing competition for work is not certain. On a positive note though, the estimated construction costs used are lower than the council's most recent contract prices and rates for similar refurbishments on Bold Street, so this may indicate downward pressure overall.
- There is a clear sales risk on the refurbished properties in the current market, with constrained lending and uncertain job prospects. In terms of supporting cashflow for the project peak borrowing could be higher and for a more prolonged period than budgeted. Further expert advice will be sought on current prices to ensure

assumptions about sales values still reflect the current market. The sales values utilised in the appraisals are prudent and not bullish, thereby providing a lower risk. The design layout and property types has been appraised as providing a good sales rate, but again a more pessimistic view has been utilised to mitigate this risk.

- The use of private sector match to secure project funding for the council to deliver refurbished homes reduces the level of match funding the council has to directly provide to secure HCA investment. However it presents a risk over which the council has limited control. In mitigation private refurbishment would be controlled by building license to ensure private sector match is secured on time. The estimated refurbishment cost per property are substantially lower than the anticipated costs, this is to mitigate any underperformance in terms of both value and timescale for the securing of private sector match funding to support the project.
- Seeking to mitigate sales risks with a type of mortgage deposit guarantee scheme is considered essential, although the mechanisms of this investment model need to be thoroughly investigated to better understand both the risks and benefits.

To enable the prudent management of all the project risks it would be necessary to review the relative success or failure of the project to meet the forecast costs and sales income at stages within the project as this will determine the viability of future project stages. The main stage separation within the project is between the completion of the Clusters of Empty Homes properties and the progression of the regeneration of the Regent Road properties and it is at this point that further progression would be assessed and either need to be scaled back, carry on as planned or there may be the opportunity to increase the scope.

Development appraisals depend on the accuracy of the underlying variables and officers have employed reasonable and prudent cost benchmarks and market value assessment informed by the views of local agents. The assumptions have been reviewed by qualified surveyors in Regeneration & Planning Service who support the competency of the underlying data.

The complexity of the CEHF application and proposal and the market conditions means no cost/outcome analysis is an exact science - multiple variables impact on the analysis in many ways. Variations can be brought to bear to reduce costs and/or introduce marketable elements depending on circumstances, but Regeneration and Planning officers consider these considerations should not alter the fundamental basis of the cost assumptions as the West End market, though depressed, is relatively stable. The analysis is a rounded view of the likelihood of achieving a particular broad outcome at a certain order of cost, and that actual delivery will benefit from flexibility.

The project will potentially have an impact on the VAT partial exemption position of the Council but it is felt that this can be managed either by the classification of the expenditure or by the phasing of the project.

The figures behind Option 2 and 3 are detailed in Appendix 3a.

OTHER RESOURCE IMPLICATIONS

Human Resources:

All three options require internal human resources to deliver and although these are principally from Regeneration and Planning, although other services support is required, including Financial, Property and Legal.

Option 1 rejects the CEHF offer of £1.9M and effectively instigates withdrawal from the Chatsworth Gardens. The funding agreement requires a Disposal Surveyor to be appointed and the project would use its nominated firm that would undertake the majority of the work for this option. Internal resource would be required for on-going property management and the financial monitoring of the project's resources until disposal is completed. Legal and Property Services would be required for all property disposals and the cost of this would be met by the project's resources (i.e. sales receipts).

Option 2 and 3 to accept the £1.9M CEHF and progress delivery present significant resource implications for the council and these fall predominantly to Regeneration and Planning. A range of different officers will support the project drawing on existing internal professional resources. Project management, procurement, construction specification and management, property acquisitions and sales and overall delivery will be resourced mainly by Regeneration and Renewal officers. The project team will be supported by dedicated Planning and Building Control officers with the aim of creating efficiencies for both the services and the project. Property acquisitions and sales will require support from Legal and Property Services and the cost for this is budgeted for. Financial Services will provide support to the project throughout its life. A small amount of support from Private Housing is required for grant aided privately rented properties and also landlord accreditation for some property sales. A small amount of support is required from Communications and Marketing to publicise the success of the project.

Information Services:

No Information Service implications.

Property:

The projects involve the acquisition, disposal and management of residential and some commercial property. They also involve the sale of refurbished property and marketing of development plots. The progression of projects would require input from the council's property services staff resource in conjunction with Regeneration & Planning staff leading the project.

Open Spaces:

No Open Space implications.

SECTION 151 OFFICER'S COMMENTS

Option 2 could be implemented in accordance with the Council's existing medium term financial strategy (MTFS) and although not without risk, it is considered a manageable way forward to help deliver against the Council's priorities. Option 3 could not be implemented within the existing MTFS and therefore the s151 Officer would advise against pursuing this course of action at this time.

Given the various issues and debate that have arisen in connection with funding bids, it would be helpful to clarify arrangements in order to promote greater understanding and awareness, and this is in hand.

MONITORING OFFICER'S COMMENTS

The monitoring officer has been consulted and has no further comments.

BACKGROUND PAPERS

Cabinet 3 July 2012, 'Provisional Revenue and Capital Outturn 2011/12' minute no. 22
Cabinet 17 January 2012, 'Budget and Policy Framework Update – Housing Revenue Account and Capital Programme,' minute no. 80

Cabinet 4 October 2011, 'Housing Regeneration Priorities', minute no. 48

Cabinet 15 February 2011, 'Budget Update Report', minute no. 110

Council 2 February 2011, 'Budget and Policy Framework Update 2011/12' minute no. 99

Cabinet 31 August 2010. 'Chatsworth Gardens Housing Exemplar', minute no. 40

Cabinet 22 February 2005. 'Draft West End Masterplan', minute no.149

Winning Back Morecambe's West End Masterplan - available on Lancaster City Council Website:

<http://www.lancaster.gov.uk/planning/regeneration/morecambe-s-west-end/>

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Ref:

Appendices

Appendix 1a – Current City Council Ownership Plan for Chatsworth Gardens and Non-Project Properties

Appendix 1b – Approved Design Framework for Chatsworth Gardens

Appendix 2 – Clusters of Empty Homes Funding Application

Appendix 3a – CEHF Financing Details Option 2 and 3

Appendix 3b – Chatsworth Gardens Plans for Option 2 and 3

Appendix 4 – Explanation and Examples of Facelift and Refurbishment Schemes