

INDIVIDUAL CABINET MEMBER DECISION

OPUS Development Queen St Morecambe

Report of Corporate Director (Community Services)

PURPOSE OF REPORT				
To inform the Member of the issues surrounding this private development and to seek the Member's views on supporting bids for Housing Corporation finance.				
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input checked="" type="checkbox"/>	Referral from Cabinet Member
Date Included in Forward Plan				
This report is public				

RECOMMENDATIONS

(1) That the City Council do not support a bid for Housing Corporation finance that would enable social rented housing to be provided at the OPUS development. However, a bid for a shared ownership scheme could be supported.

1.0 Introduction

1.1 The OPUS scheme in Poulton has been developed by McInerney Homes, a private developer. The scheme was designed to be for open market sale. It comprises 41 x 1 and 2 bed apartments. Since the credit crunch, many private developers are experiencing difficulties selling properties. The OPUS scheme may be put forward for funding by the Housing Corporation.

1.2 The City Council has been asked whether or not it can support this proposal.

2.0 Background

2.1 Lancaster District as a whole has a shortage of social rented housing and therefore the City Council will usually support the development of more of this type of housing. But as it makes clear in its Housing Strategy 2006 – 9, there are parts of the District where regeneration objectives make the promotion of owner occupation a higher priority. In both Poulton and the West End, the City Council has been supporting developments for open market sale and shared ownership, but has not been supporting the further development of social rented housing.

- 2.2 Since the credit crunch, the Housing Corporation (who mainly fund registered social landlords - housing associations) has sought to create additional social rented units where private developments are struggling to find a market. The City Council was asked initially if we would support the OPUS scheme for 100% social rented housing and, in line with our existing strategy, we responded that we would not. A different proposal has now been put forward.

3.0 Proposal details

- 3.1 A joint venture is proposed between the registered social landlord Guinness Northern Counties (GNC) and McInerney Homes (MH). The scheme would become a mixed tenure scheme. GNC would bid for grant to the Housing Corporation to produce around 20 social rented units. MH would bid to the Housing Corporation for Homebuy grant (a type of shared ownership/shared equity) for the remaining units and when they have "sold" these units, they would pass them on to GNC for onward management. GNC (through their subsidiary, Encore) would manage the entire site as a leasehold scheme.

- 3.2 Lancaster City Council is being asked if it would support this tenure mix and process.

4.0 Details of Consultation

- 4.1 The Poulton Neighbourhood Management Board have been consulted and their views are as follows

"Poulton Neighbourhood Management Board STRONGLY oppose any change in the Council's current policy of not supporting more social rented housing in regeneration areas, but the Board recommends that McInerney Homes consider alternative solutions such as a shared ownership scheme."

5.0 Options and Options Analysis (including risk assessment)

- 5.1 **Option 1:** Support the proposal for the joint venture being proposed by GNC and MH.

If the bids to the Housing Corporation are successful, the scheme is more likely to be occupied rapidly than if the properties remain on the open market. If the properties simply lie empty, that in itself isn't helping the area.

The proposal is now for a mixed tenure scheme rather than all social rented.

- 5.2 **Option 2:** Do not support the proposal for the joint venture being proposed by GNC and MH.

Adding 20 social rented units to the Poulton area will not help the Council achieve its regeneration objectives. It will have a detrimental effect on social cohesion.

There is already a substantial amount of private rented property in this area.

6.0 Recommended Option

- 6.1 Option two is recommended. More social rented housing is badly needed in the rest of the District, but if more is created now in the regeneration areas, the likely negative impact will remain long after the credit crunch is over.

7.0 Conclusion

7.1 The decision to be made is about the likely community impact of taking each option.

RELATIONSHIP TO POLICY FRAMEWORK

The issue relates to the Housing Strategy and meeting the objectives of Poulton Neighbourhood Management..

CONCLUSION OF IMPACT ASSESSMENT

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

Although creating more social rented units in Poulton would assist those in housing need, many of whom are vulnerable and socially excluded, it would have a detrimental effect on ensuring social cohesion in the regeneration area. The Council is aiming to create sustainable communities and such a development would be contrary to this aim.

FINANCIAL IMPLICATIONS

There are no financial implications for the City Council arising from this report.

SECTION 151 OFFICER'S COMMENTS

The Deputy Section 151 Officer has been consulted and has no comments to add.

LEGAL IMPLICATIONS

There are no legal implications arising from this report. .

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments.

BACKGROUND PAPERS

Housing Strategy 2006 – 2009
Report to Poulton Neighbourhood
Management Board 6/11/ 2008
OPUS file NTF

Contact Officer: Sheelagh O'Brien
Telephone: 01524 58405837
E-mail: Sobrien@lancaster.gov.uk
Ref: NTF_ Opus Development