

MIDDLESBROUGH COUNCIL

EXECUTIVE SUB COMMITTEE FOR PROPERTY

Non-Strategic Assets Review – Disposal of residential sites – Thorntree Library/Youth Centre Site

Executive Member for Regeneration & Economic Development: Charles Rooney

Executive Director of Neighbourhoods and Communities: Kevin Parkes

DATE: 16 January 2013

PURPOSE OF THE REPORT

- 1. To seek Executive Sub-Committee for Property approval to transfer the former Thorntree Library/Youth Centre site to Vela Housing Group to be redeveloped to provide extra care housing and bungalows.

SUMMARY OF RECOMMENDATIONS

- 2. That the Thorntree Library/Youth Centre site is transferred to Vela Housing Group to be redeveloped for housing and that the demolition of vacant buildings on the site be undertaken by Vela.

IF THIS IS A KEY DECISION WHICH KEY DECISION TEST APPLIES?

- It is over the financial threshold (£150,000)
- It has a significant impact on 2 or more wards
- Non Key

DECISION IMPLEMENTATION DEADLINE

- 3. For the purposes of the scrutiny call in procedure this report is

- Non-urgent
- Urgent report

BACKGROUND AND EXTERNAL CONSULTATION

Background

4. On 4 April 2012, Executive Sub-Committee for Property approved the open market disposal of the former Thorntree Library/Youth Centre site (as shown at Appendix 1) as part of a review of non-strategic assets, with the proviso that opportunities for a joint affordable housing scheme with a Registered Provider of Social Housing (RP) be explored before the site was marketed.^{1 2} It was also agreed that there would be appropriate consultation with ward members and the general public.
5. At its meeting of 22nd August 2012 the Executive Sub-Committee for Property considered (amongst other things) the outcome of this consultation process and noted that only 1 objection had been received in respect of the Thorntree site. At the same meeting the Sub-Committee agreed a three-month opportunity to allow the development of tentative proposals for the site.

Redevelopment Proposal – Extra Care Housing & Bungalows

6. Further to the Sub-Committee's decision officers have progressed work with the Vela Group.³ It is now proposed that the site be redeveloped by Vela to provide a mix of 60 extra care apartments and 23 bungalows. A number of the apartments and bungalows will be fully wheelchair adapted and all dwellings will meet Lifetime Homes standards as well as achieving high levels of environmental sustainability. Discussions with the Council's main strategic partner RPs (Fabrick and Endeavour) around their providing a similar scheme at this location concluded that the Vela proposal should be prioritised.
7. The proposed scheme will result in an investment of more than £7 million in the Thorntree Ward and will assist the Council to meet priorities in respect of older and disabled people identified in, for example, the Older People's Housing Strategy, Joint Strategic Needs Assessment and Strategic Housing Market Assessment (SHMA). As well as offering enhanced quality of life by providing an alternative to long-term residential care the scheme has the potential to realise revenue savings for Social Care in this area and the nature of the provision will also reduce demand for Disabled Facilities Grant.
8. It is anticipated that the scheme will offer a range of tenure options which was clearly identified as an increasingly important consideration for older people in the SHMA. The apartments will have a mix of approximately 50% Affordable Rent, 25% Shared Ownership and 25% outright sale. The bungalow mix is likely to be equally split across these tenure forms. The proposal would clearly help to address the town's annual shortfall of affordable housing.
9. The proposed scheme is subject to a successful application to the recently announced Care and Support Specialised Housing Fund. This £300million capital fund which will be administered by the Homes and Communities Agency (HCA) aims to support and

¹ In line with the approach approved by the Executive Member for Regeneration and Economic Development on 19 January 2011.

² For the purposes of the review, 'non-strategic assets' are defined as land and property that the Council does not use for service delivery purposes.

³ Vela Group was formed in 2010 as a result of a partnering between social landlords Tristar Homes and Housing Hartlepool, which together has over 17,000 homes and 700 employees.

accelerate the development of the purpose-built, specialist housing market over the next five years by seeking to:

- a) improve the appeal of specialised housing options;
- b) support the supply of affordable specialist homes such as extra care housing;
- c) encourage private sector development into attractive housing opportunities for older and disabled people; and,
- d) improve joined-up working locally across housing, health and social care professionals.

10. Design and bid team meetings have begun with the aim of submitting a partnership bid to the HCA by 18th January 2013 and a planning application in early 2013. It will be imperative to demonstrate scheme compliance with the fund prospectus and deliverability in order to enhance the prospects of accessing what will be a keenly contested funding round. In this regard the Council's decision to progress quickly to disposal on the terms outlined in this report will also be essential. Assuming a successful funding bid and planning consent it is anticipated that the scheme would commence before the end of May 2013 (anticipated decision on HCA grant) and complete in 24 months.
11. Vela has already undertaken consultation with the Council, local ward members, local residents and residents groups to ensure the scheme meets the needs and aspirations of all stakeholders. Work to re-develop the site would commence immediately upon grant of planning consent (assuming disposal agreed and grant funding has been allocated). Communal facilities within the extra care scheme will be available for the wider community to access. Whilst these are not set in stone as yet, they are likely to include a café / bistro and hair salon. Other businesses / enterprises would be looked at in consultation with the local community to establish what would provide the best overall make-up of the scheme and may offer the potential to develop social enterprise opportunities. In addition the build contractor will be expected to take on workers, trainees, apprentices and sub-contractors from the immediate neighbourhood and/or the wider town.
12. This proposal would involve the transfer of the site from the Council to Vela at nil consideration, but Vela has confirmed that the demolition of the buildings is included in its proposal. Given that the estimated costs of demolition and the valuation of the cleared site are equivalent (in the region of £200,000); this would mean the Council would not have to incur significant expenditure now in the hope that a sale might realise the estimated value at some future point. However, given the need to demolish the buildings at the earliest opportunity, and that there is no guarantee that the Vela proposal will receive HCA funding, it is proposed that Vela agree costs with the Council and undertakes the demolition irrespective of the outcome of the HCA bid. If HCA funding is not forthcoming, then Vela would be given an opportunity to develop an alternative proposal for the site for consideration by the Sub-Committee. Should this not be possible then it is proposed that Vela returns the cleared site to the Council which would reimburse Vela the agreed costs of demolition. Whilst the decision has already been taken to close the buildings, the impact of the proposed demolition is underscored by the annual running costs of £91,000, estimated maintenance backlog of £116,000 and additional accessibility costs.

13. In addition to the benefits already outlined, the town could also benefit from New Homes Bonus following completion of the new units. Subject to the town-wide annual net increases in effective stock on the Council Tax Base this could amount to approximately £600,000. This would include a £2,100 payment per affordable unit which would be guaranteed under the New Homes Bonus Scheme irrespective of the position with effective stock.

IMPACT ASSESSMENT (IA)

14. The decision to close the site was separately impact assessed. This report concerns the subsequent disposal of the site and the nature of that disposal. An initial screening assessment has been undertaken (attached at appendix 2) and there was no evidence that the proposal could have a disproportionate adverse impact on a group or individuals holding a protected characteristic. The assessment found that the proposal would increase affordable housing provision in the area, address the needs of the town's older and disabled people and provide a number of economic benefits. It is also considered that there is sufficient alternative recreational/play provision within the area, given the close proximity of Thorntree Park, to address concerns about the loss of such amenities. The proposal would, therefore, have a positive impact on the age and disability protected characteristics for potential residents and a neutral impact on children who would still have local access to play provision.

OPTION APPRAISAL/RISK ASSESSMENT

15. The risk associated with the proposed course of action is that the Vela Group is unable to deliver a scheme on this site and the Council will have to reimburse the costs of demolition. However, it is considered that this proposal provides the Council with a realistic opportunity to achieve a suitably redeveloped site without the need for considerable expenditure.

16. The following alternative options are available in the short to medium term given that the Council has already decided to dispose of the site and the buildings are empty:

17. **Do nothing** - not recommended, as offers no benefit to the local community, the town or the Council, and the buildings could become a target for anti-social behaviour if left vacant for an extended period and so increase costs.

18. **Demolish and leave the site as open space or dispose** – not recommended due to the cost implications for the Council of demolition, maintenance of the vacated site, uncertainty relating to proposed uses for the site and realising estimated valuation from disposal in the current market.

FINANCIAL, LEGAL AND WARD IMPLICATIONS

18. **Financial** – As already stated, there is a risk with the proposed course of action that the Council would have to reimburse the agreed costs of demolition, estimated at £200,000. However, should the Vela proposal, or an acceptable alternative, be successfully delivered, it offers financial benefits both for the town and the Council, including:

- a) an investment of more than £7 million in the Thorntree Ward;
- b) the potential to realise revenue savings on long-term residential care placements and to reduce demand for Disabled Facilities Grant;
- c) employment/training and business opportunities for the local community in terms of the construction of the homes and ongoing provision of services from the extra care facility;
- d) the proposed demolition of the Youth Centre and Library which have annual running costs of £91,000, an estimated maintenance backlog of £116,000 and additional accessibility costs; and,
- e) potentially, New Homes Bonus subject to the town-wide annual net increases in effective stock which could amount to approximately £600,000, including a £2,100 payment per affordable unit which would be guaranteed irrespective of the position with effective stock.

19. **Ward Implications** – The proposed redevelopment would have a significant positive impact on the Thorntree ward by providing new homes targeted to the needs of the area as well as potential training and employment opportunities.

20. **Legal Implications** – Legal Services and Neighbourhoods & Communities will pursue the transfer of the site to Vela Housing alongside a development agreement, as well as the associated agreement relating to the demolition of the buildings.

RECOMMENDATION

21. It is recommended that:

- a) the Thorntree Library/Youth Centre site is transferred to Vela Housing Group so that it can be redeveloped for housing, in line with the proposals outlined from paragraph 6;
- b) the Vela Housing Group agrees costs with the Council and undertakes the demolition of the vacant buildings at the earliest opportunity; and,
- c) if the Vela Housing Group is subsequently unable to develop the scheme as proposed, or an alternative which is acceptable to the Council, then the site is returned to the Council which will reimburse Vela the agreed costs of demolition.

REASON

22. The proposals set out within this report will help to address the needs of the town's older and disabled people, contribute to the regeneration of Thorntree and deliver significant savings for the Council.

BACKGROUND PAPERS

No background papers were used in the preparation of this report.

AUTHOR: Michael Quinn, Principal Housing Needs & Enabling Officer
TEL NO: 01642 729154

Address:

Website: <http://www.middlesbrough.gov.uk>