

REPORT TO: Executive Board

DATE: 16 September 2021

REPORTING OFFICER: Strategic Director – Enterprise, Community & Resources

PORTFOLIO: Environment and Urban Renewal

SUBJECT: Development of Priory Meadow, Runcorn for Housing

WARDS: Halton Castle

1.0 PURPOSE OF THE REPORT

1.1 The purpose of the report is to seek approval to market Priory Meadow for housing on a gifted homes basis.

2.0 RECOMMENDATION: That Executive Board:

- 2.1 Approves the marketing of Priory Meadow.**
- 2.2 Agrees to Officers testing the market for gifted homes and entering into legal agreements on this basis.**
- 2.3 Authorises the Operational Director for Economy, Enterprise and Property and the Operational Director for Legal & Democratic services, to ensure full legal compliance in relation to the project.**

3.0 SUPPORTING INFORMATION

3.1 Background

The residential development of Priory Meadow, previously known as Canalside, has been a long standing aspiration of the Council. This site is one of the last pieces of the Castlefields masterplan and will make an important contribution to meeting the housing needs of the Borough.

Priory Meadow has been identified in the Strategic Housing Land Availability Assessment (R74). Prior to this the site was identified within the Castlefields Masterplan which was adopted by the Council in 2003. The masterplan highlights how Priory Meadow has a vital place-making role. This is in the terms of its relationship to Norton Priory, Town Park and the Bridgewater Canal. Priory Meadow creates a clear and well established link between Castlefields and the wider assets.

The total site area of Priory Meadow is circa 13.5ha (33.4 Acres) and the developable area is circa 5.8ha (13.3 Acres). The proposal is for the creation of 269 residential units of mixed size and tenure at Priory Meadow.

Priory Meadow sits within a wider parcel of land. Around 4ha of this land comprises of Haddock's Wood Pasture Local Wildlife Site, furthermore this then leads on to form part of Runcorn Town Park. In accordance with this the proposed development at Priory Meadow will need to positively contribute to the wider setting of Castlefields and complement the existing suburban vernacular.

3.2 Opportunity

The Council would tender Priory Meadow and be offered a fixed number of homes by the bidders, rather than providing a capital receipt for the purchase of the land. As a benchmark we would expect to see in the region of 96 homes being gifted to the Council. It is important that the quality of the scheme is not jeopardised for quantity. On completion of the homes, the ownership would be transferred to the Council.

The Council would engage a Registered Provider (RP) to provide a complete management and maintenance service, the RP would have full responsibility for lettings, voids, repairs and major works, unless the RP at the outset excluded certain works, i.e. replacement roofs. A lease would be entered into with the RP on a peppercorn rent for 20 years at a time. To select an RP the Council would also tender this aspect of the project. RPs would bid to the Council to deliver this service and in doing so outline their offer of an annual fixed payment to the Council, this would take into account their full costs in managing the homes and the income from rentals. The RP would be in place to take the homes as soon as they were complete, to avoid any liability to the Council and would rent them out.

This route to market would secure a guaranteed revenue income to the Council over the lifetime of the homes, this would be the Council's primary objective. However, if circumstances changed and the Council wanted to generate a capital receipt, there would be nothing preventing the Council from selling the homes. Officers will take members through possible scenarios at the meeting.

4.0 POLICY IMPLICATIONS

- 4.1 New homes will make an important contribution to meeting the housing needs of the Borough.

5.0 FINANCIAL IMPLICATIONS

Finance has considered the Gifted Homes option compared with the alternative of receiving a one-off capital receipt from sale of the land. Their evaluation concluded that the Gifted Homes approach is the preferred option in financial terms and it will provide a much needed annual revenue income stream to assist with funding Council services.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 Children and Young People in Halton

No implications.

6.2 Employment, Learning and Skills in Halton

No implications.

6.3 A Healthy Halton

New homes will be provided adjacent to green space.

6.4 A Safer Halton

The housing will be well planned to provide natural surveillance.

6.5 Halton's Urban Renewal

The Council's Affordable Housing Policy CS13 states "Affordable housing provision will be sought at 25% of the total residential units proposed". Based on the figures presented in this report, the affordable housing element will be in the region of 35%, thus meeting the requirement.

This project will complete the successful regeneration of Castlefields and improve the access arrangements to Norton Priory.

7.0 RISK ANALYSIS

The Council has undertaken some soft marketing testing and there is interest in this approach from developers. Cheshire West & Chester have used this approach on a number of sites. The Council has appointed a legal advisor who has experience and comes highly recommended in these agreements.

Homes England hold a clawback on the site. We have requested an agreement is reached quickly on the site. Homes England are also keen to see homes built throughout the country.

The RP takes the risk on lettings, therefore there is no risk to the Council in regards to voids. Having said that we want the homes to be fully let as possible to help with the housing shortage.

The homes would be leased to an RP for 20 years at a time. There is a risk that the RP provider goes out of business during this time and is unable to manage the homes. The homes would then revert back to the Council until such time that we could agree terms with a new RP. The Council has no resources to directly manage the homes. We are aware of one RP who operated within Halton going out of business. Whilst it is uncommon, it can happen. RPs are regulated by Homes England and it will be important to ensure we contract with an RP with a good covenant.

8.0 EQUALITY AND DIVERSITY ISSUES

Not applicable.

9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

None.