

Bolsover District Council

Executive

25 April 2016

Hill Top, Shirebrook

Report of the Leader

Purpose of the Report

- To inform Executive of the outcome of initial feasibility works undertaken on a potential development site near Hill Top, Shirebrook
- To seek approval for more detailed feasibility studies to be undertaken to progress the scheme to a point where a fully costed proposal can be taken to Council for approval.

1 Report Details

- 1.1 As members of Executive will be aware, a programme of residential development is being brought forward by Housing Services and Property and Estates, supported by a Development Fund to cover the costs of feasibility work.
- 1.2 There have been two core strands to this project. Firstly, the project team have been working to identify suitable land assets (both HRA and General Fund) for residential development. Secondly, opportunities on land outside of the Council's ownership, which meet the strategic housing growth aims, are also being considered in terms of their strategic fit and ability to deliver best value.
- 1.3 To date, the following progress has been made:

HRA Development -

- 1 development under construction (Rogers Avenue)
- 3 developments waiting planning consent (Blackwell Hotel, Fir Close, Recreation Close)
- 1 development in detailed design (Derwent Drive)
- 10 sites with feasibility works underway

The above sites, if feasible and viable, will deliver the Councils Corporate Plan target of 100 new council houses developed by 2019.

GF Land –

Progress to date:

- 2 sites brought forward and taken to the market for disposal with a sale agreed. The buyer pulled out due to funding constraints

- 2 sites with feasibility work undertaken looking to support HRA development outlined above, including Hill Top, Shirebrook
- A Joint Venture Company being explored to develop market housing on council owned sites

Hill Top, Shirebrook – Feasibility Study

- 1.4 As part of the initial work to prioritise sites, officers from the Housing Service and Property Services recognised that there is an increasing demand for good quality rented property within Shirebrook. Anecdotal evidence from residents suggests that rented accommodation for families is becoming increasingly scarce with some properties being used for groups of single people. The demand for family accommodation in the area has increased in recent years. Moreover this proposed development will make the best use of some underused land.
- 1.5 As part of a more detailed feasibility study, Tibbalds, our procured multidisciplinary team, have undertaken a Phase 1 (High level desktop) feasibility study on the development of 1.4 ha (x acre) of General Fund land, known as Hill Top, Shirebrook.



1.6 The Phase 1 report key observations:

- The character of existing homes is varied and there is an opportunity for this site to deliver a good quality development to improve the character of the area.
- The main vehicular access is off Hilltop Avenue and Summit Drive. A pedestrian link should be provided between Main Street and Hilltop Avenue.
- There is an approximate drop of 15-20m across the site from the highest point to the north to the lowest point on the southeast corner of the site. This equates to gradients across the site of between 1:10 and at its most extreme 1:3. This means that there may be a requirement for various forms of retaining structures across the site.
- Underground electricity cables may need to be diverted subject to confirmation of defined cable location.
- The site is within the settlement framework boundary and as such there are no policy designations on or adjacent to the site that would affect it being developed for residential development.
- The site measures 1.41ha and can deliver approx 35 units in total (25 dwellings per hectare). It may be at detailed design stage that the density could be increased.
- Based upon 35 units, this site would need to include 0.2ha of open space on site.
- It is important that any proposals for Hilltop Avenue provide all car parking within the site boundary.
- The greatest challenge, in design terms, will be dealing with the topography and ensuring that a high quality solution to deal with the change in levels can be achieved.

Development Appraisal

1.7 As part of the Tibbalds Multidisciplinary Team, Aspinal Verdi (Property Regeneration Consultants) undertake a development appraisal to ensure the scheme is viable based upon the findings of the Phase 1 report and the housing mix and rental figures provided by BDC. The mix and rental figures are detailed below:

| Unit Type | No Units | Unit Size (GIA Sqm) |
|--------------------------|----------|---------------------|
| 1 bedroom flat | 2 | 50 |
| 2 bedroom flat | 2 | 61 |
| 2 bedroom house | 24 | 79 |
| 3 bedroom house | 6 | 93 |
| 3 bedroom adaptive house | 1 | 86 |

| Unit Type | Rental Value (per week, based upon 52 week rental period) |
|--------------------------|--|
| 1 bedroom flat | £72.72 |
| 2 bedroom flat | £92.98 |
| 2 bedroom house | £92.98 |
| 3 bedroom house | £103.56 |
| 3 bedroom adaptive house | £103.56 |

1.8 The resulting development appraisal, based upon reasonable assumptions, concludes:

- Based on the predicted costs and rental incomes, the financial analysis indicates that the **scheme is viable** by approximately £1.79m. To achieve a return on its investment the Council will need to manage costs effectively as any savings on cost that can be made will positively affect the return.
- On the basis that the scheme is funded from loan then the financial assessment indicates that the income generated will be sufficient to cover both operating costs and loan repayments.
- The option under consideration generates a Net Present Value (Value generated over 30 Yrs – Cost) of £1.79m and an Internal Rate of Return of 6.46%, this return is in excess of the financing costs (4.5%). The Net Present Value estimates the current value of the cashflow and thus the return achieved by the Council.

Next Steps

1.9 The purpose of the Phase 1 report, as outlined above, is to provide an initial assessment concerning the feasibility and viability of the proposed scheme. On the basis that work to date indicates that the scheme is a viable one, then it is recommended that the Council moves into the next phases of developing a detailed design and related work leading up to seeking planning permission. This work will involve a significant investment of funds as outlined below.

1.10 On the basis of the above - including a positive Phase 1 report - it is proposed that BDC undertake further investment to consider the feasibility of the proposed development of the site. This work to include:

- Develop an illustrative site layout incorporated a design brief that sets out an overview of site constraints and opportunities, the planning policy context and any relevant standards (e.g. Code for Sustainable Homes, Lifetime Homes).
- Preparation of a 'parameter' plan(s) that clearly sets out the key fixes in relation to the illustrative plan

- A Phase 1 Desk Study into ground conditions (contamination and geotechnical status, including an EnviroCheck Report and Coal Authority Report)
 - A topographical survey
 - A Transport Statement (required in view of the scale of development)
- 1.11 Based upon the procured hourly rates, the cost for the above works will be £23,000. As the Hilltop site is a General Fund site, it is recommended that the Development Fund previously agreed to be 'earmarked' to support the redevelopment of such sites is used to fund this work. Executive should note that in committing to these works, in addition to the feasibility works as identified in 1.3, that the £70,000 Development Fund will be near to being fully committed with just over £1,000 remaining.

However, the premise of establishing the Development Fund is that the £70,000 initial investment would be 'topped up' once capital receipts from the sale of General Fund land were secured, to fund the development of further sites. The pipeline sites for disposal are:

- Meadow Lane Depot, South Normanton – Possible BDC 'market' development
- Park Lane, Pinxton - Possible BDC 'market' development
- Bainbridge Road, Bolsover – Possible HRA development site
- Hill Top, Shirebrook - Possible HRA development site

To secure the increased land value, creating through the work undertaken to progress these sites as residential development, planning applications will be required and possible further surveys identified during the planning consultation process. Given the requirement for this work to be undertaken in order to secure best value it is recommended that a further £20,000 is allocated into the Development Fund from the Transformation Reserve. This will provide the Fund with some £21,000 of uncommitted resources to progress the schemes outlined. Upon disposal of the sites identified the full amount of £90,000 will be recovered.

- 1.12 Following the implementation of the next steps and assuming no 'show stoppers' are identified through the phase 2 process, a report of the outcome will be presented to Executive in June which it is anticipated will recommend the submission of a planning application and an investment of circa £4.2m from the HRA to deliver 35 new Council Houses in Shirebrook.

2 Conclusions and Reasons for Recommendation

- 2.1 To deliver the councils corporate target of building a minimum of 100 new Council properties by March 2019, it is recommended that Executive utilise the remaining development fund to bring forward the development of Hill Top, Shirebrook.
- 2.2 In addition to this and to secure the value of existing investments in to the development of General Fund Land, that a further £20,000 is allocated to the Development Fund from the Transformation Reserve.

3 Consultation and Equality Impact

- 3.1 There are no equality implications arising directly from this report.
- 3.2 As with all decisions relation to the Council's assets, consultation has taken place with Asset Management Group and the Hill Top development is supported.

4 Alternative Options and Reasons for Rejection

- 4.1 The alternative would be not to progress to the Phase 2 feasibility works thus avoiding the requirement to provide a further financial contribution into the Development Fund. This approach, whilst maintaining spend within the existing development fund budget, would preclude the development of the Hill Top site, until a General Fund sale is completed and the fund 'topped up'.
- 4.2 Executive could choose not to support the development of Hill Top and aim to deliver its corporate plan target utilising alternative sites.

5 Implications

5.1 Finance and Risk Implications

Executive should note that the investment of £23,000 into further feasibility works is anticipated to lead to a recommendation that an estimated £4.2m of HRA funding is invested in the development of 35 Council Houses. Whilst the business case for that investment will be made in a further report developed in the light of the Phase 2 feasibility work, Executive should only progress with the proposed feasibility work at a cost of £23,000 on the basis that they are of the view that this development at an estimated cost of £4.2m should be approved.

It needs to be recognised that – as with all feasibility and viability work - there is the possibility that a constraint to the development of the site is identified which cannot be addressed whilst maintaining the viability of the site. To mitigate this, the more limited phase 1 work has been undertaken to identify any potential constraints. While on the basis of work undertaken to date Officers are not aware of any major issues it does need to be recognised that such issues could be identified as a result of the further work which this report is recommending be progressed.

5.2 Legal Implications including Data Protection

None

5.3 Human Resources Implications

None

6 Recommendations

- 6.1 That Executive supports the investment in the Phase 2 feasibility works, identified in the report and funded through the Development Fund at an estimated cost of £23,000.

- 6.2 That Executive agrees to allocate a further £20,000 from the Transformation Reserve to the Development Fund, on the basis that the full allocation of £90,000 will be recovered from future land sales.

7 Decision Information

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| Is the decision a Key Decision? (A Key Decision is an executive decision which results in income or expenditure to the Council of £50,000 or more or which has a significant impact on two or more District wards) | No |
| District Wards Affected | Shirebrook |
| Links to Corporate Plan priorities or Policy Framework | Corporate Plan - deliver a minimum of 100 new Council properties by March 2019 |

8 Document Information

| Appendix No | Title |
|--|----------------|
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| Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers) | |
| Bolsover Development Land Consultancy – Hilltop Avenue, Shirebrook (Tibbalds Multidisciplinary Team) | |
| Report Author | Contact Number |
| Matt Broughton – Commercial Property & Developments Manager | 2210 |

Report Reference –

Appendix A - Pictures of the site

