



SHEFFIELD CITY COUNCIL Cabinet Report

Report of: Executive Director (Place)

Date: 16 January 2013

Subject: Redevelopment of The Fosters: Phase 3

Author of Report: Dave Mason (273 4617)

Summary:

Following decisions by Cabinet on 10 September 2008 and 11 March 2009, the former Fosters tower block at High Green has been demolished and South Yorkshire Housing Association (SYHA) have delivered two phases of redevelopment:

- Phase 1: fifteen apartments for social rent, accommodating the remaining residents from the tower block
- Phase 2: seven family homes for affordable rent

The third and final phase of redevelopment is the mixed use element, providing apartments above a shop to replace the one lost when the tower block was demolished. This report recommends that the land for Phase 3 is disposed to SYHA, who would deliver a scheme including four apartments for affordable rent. Delivery of the affordable housing requires the land to be disposed at nil consideration.

Reasons for Recommendations:

SYHA's proposed scheme would allow the completion of the Fosters redevelopment scheme, which has not been achieved through attempted disposal of the site on the open market.

The scheme would provide four additional affordable homes and the restoration of a local shop in the community.

Recommendations:

That subject to the Secretary of State's consent the land now shown at Appendix 1 be declared surplus to the Council's requirements and leased to South Yorkshire Housing Association for a period of 125 years at nil consideration for the development of a mixed use scheme of retail and social housing in accordance with the approved planning application reference 12/02323/FUL.

That the Director of Property & Facilities Management in consultation with the Director of Housing, Enterprise and Regeneration be authorised to negotiate and agree terms for the disposal of the land for the purposes set out in the report and the Director of Property & Facilities Management be authorised to instruct the Director of Legal Services to complete the necessary legal documentation.

Background Papers:

Category of Report: Part 1 OPEN / Part 2 CLOSED

Part 2 not for publication because it contains exempt information under Paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended)

Statutory and Council Policy Checklist

Financial Implications
YES Cleared by: Paul Schofield
Legal Implications
YES Cleared by: Andrea Simpson
Equality of Opportunity Implications
YES Cleared by: Ian Oldershaw
Tackling Health Inequalities Implications
NO
Human rights Implications
NO
Environmental and Sustainability implications
NO
Economic impact
YES
Community safety implications
NO
Human resources implications
NO
Property implications
YES
Area(s) affected
North
Relevant Cabinet Portfolio Leader
Cllr Harry Harpham
Relevant Scrutiny Committee if decision called in
Safer and Stronger Communities Economic and Environmental Wellbeing
Is the item a matter which is reserved for approval by the City Council?
NO
Press release
NO

Redevelopment of The Fosters: Phase 3

Part 1: Open

1.0 SUMMARY

- 1.1 Following decisions by Cabinet on 10 September 2008 and 11 March 2009, the former Fosters tower block at High Green has been demolished and South Yorkshire Housing Association (SYHA) have delivered two phases of redevelopment:
- Phase 1: fifteen apartments for social rent, accommodating the remaining residents from the tower block
 - Phase 2: seven family homes for affordable rent
- 1.2 The third and final phase of redevelopment is the mixed use element, providing apartments above a shop to replace the one lost when the tower block was demolished. This report recommends that the land for Phase 3 is disposed to SYHA, who would deliver a scheme including four apartments for affordable rent. Delivery of the affordable housing requires the land to be disposed at nil consideration.

2.0 WHAT DOES THIS MEAN FOR SHEFFIELD PEOPLE?

- 2.1 The Fosters was an eyesore, visible for miles around High Green. The flats were expensive to run and were also an antisocial behaviour hotspot. The completion of the site's regeneration will leave a secure, attractive, environmentally friendly modern development in its place.

3.0 OUTCOME AND SUSTAINABILITY

- 3.1 Residents of the Angram Bank area of High Green have been without a local shop since 2010. The completion of Phase 3 will improve local amenities and so contribute to the sustainability of the neighbourhood.

4.0 BACKGROUND

- 4.1 The Cabinet decision in September 2008 included authority for officers to enter negotiations with the leaseholders of the ground floor shop with a view to them moving to a new facility on the site. Initially, they were interested in this proposal and worked with SYHA who submitted a planning application for the whole site. The scheme included a new retail unit designed to the leaseholders' specifications, which included living space for them and their families above the shop. Eventually, however, the leaseholders opted to move their business elsewhere and in February 2010 the Interim Director of Housing and Regeneration, in consultation with the Cabinet Member for Housing and Sustainable Safer Communities, made the decision to issue a tender to procure a development partner for Phase 3 (Mixed Use Element) of the Fosters redevelopment for the delivery of the scheme as designed.

4.2 In 2011, the Council openly marketed the opportunity to buy the land, build the shop and the apartments above. Whilst there was interest in the shop, there was also nervousness about the requirement to provide the housing in the current market. As a result, the Council received no offers for the Phase 3 site, leaving no clear way forward to complete the redevelopment scheme.

5.0 PROPOSAL

5.1 In 2012, SYHA approached the Council with a proposal to deliver Phase 3 themselves. They propose to build a new retail unit with 4 two-bedroom apartments above. They would lease the shop to a retailer and plan to reduce the perceived risk associated with the housing element by delivering it as Affordable Rent, rather than market housing.

5.2 This plan required the original design to be altered slightly. SYHA submitted a planning application at their risk and permission was granted on 17 September 2012 (Ref: 12/02323/FUL).

5.3 The affordable housing requires gap funding from the Homes & Communities Agency (HCA), which has been secured subject to a start on site being made by March 2013.

5.4 SYHA have had advanced negotiations with a national retailer who are keen to take on a lease of the retail unit from SYHA, if the scheme goes ahead.

6.0 FINANCIAL IMPLICATIONS

6.1 Given the limited HCA grant funding to support the affordable housing, the Phase 3 scheme will not break even for SYHA, as a whole. The retail element is predicted to generate a surplus, but this is outweighed by the anticipated deficit on the affordable housing element. SYHA's development appraisal is commercially sensitive and is detailed in a closed Part 2 to this report.

6.2 Although the scheme is projected to make a loss, SYHA are prepared to continue with it in order to build on their previous investment in the community and complete their regeneration of The Fosters. However, the Council's land would need to be transferred to SYHA at nil consideration.

6.3 Disposing of the land to SYHA for nil consideration would equate to a Council contribution towards the provision of the units of affordable rented housing of £25,000, which was the estimated value of the site as at September 2012, based on the existing planning permission.

6.4 No provision has been made within the Neighbourhoods Investment Programme for a capital receipt being generated from the sale this land, so there is no direct impact on the planned capital programme.

7.0 LEGAL IMPLICATIONS

- 7.1 When deciding whether to dispose of a site at a discount to its market value it must be considered whether the proposed disposal would be in the interests of the City and its inhabitants as a whole and council tax payers and would be consistent with the effective, economic and efficient discharge of the Council's functions.
- 7.2 The land is held for the purposes of Part II of the Housing Act 1985 and the power to dispose is under Section 32 of that Act and subject to Secretary of State's consent. A General Consent has been issued for the disposal of vacant land.
- 7.3 Disposal of the site to SYHA at nil consideration to enable the development of affordable homes would constitute assistance in connection with privately let housing accommodation and would require the consent of the Secretary of State under Section 25 of the Local Government Act 1988. A number of general consents have been issued but none are applicable to the situation where the land disposed of is used for the provision of a retail unit as well as housing accommodation. Specific consent will therefore have to be applied for.

8.0 EQUALITY IMPLICATIONS

- 8.1 Fundamentally this proposal is equality neutral, affecting all local people equally regardless of age, sex, race, faith, disability, sexuality, etc. However, the proposal should have a particularly positive impact for the elderly, those with mobility problems and carers. It should also benefit community cohesion and financial inclusion. No negative equality impacts have been identified

9.0 ALTERNATIVE OPTIONS CONSIDERED

- 9.1 Officers considered the option of marketing the site again, but without the requirement to provide housing above the new shop. This would have reduced some of the risk from the project and may have generated a capital receipt for the Council. However, advice from planners was that residential accommodation is desirable to provide natural surveillance over Cottam Road, which is currently lacking. Also, any new building would need to be at least two storeys in order to complement the existing development. Therefore, a developer would have needed to include at least a false first floor, which would have reduced the viability of the scheme.

10.0 REASONS FOR RECOMMENDATIONS

- 10.1 SYHA's proposed scheme would allow the completion of the Fosters redevelopment scheme, which has not been achieved through attempted disposal of the site on the open market.

10.2 The scheme would provide four additional affordable homes and the restoration of a local shop in the community.

11.0 REASONS FOR EXEMPTION

11.1 Part 2 of this report is presented as an exempt item because it contains exempt information under paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended). The reasons for its exemption are that it contains information relating to the financial or business affairs of any person and in all the circumstances the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

12.0 RECOMMENDATIONS

R1 That subject to the Secretary of State's consent the land now shown at Appendix 1 be declared surplus to the Council's requirements and leased to South Yorkshire Housing Association for a period of 125 years at nil consideration for the development of a mixed use scheme of retail and social housing in accordance with the approved planning application reference 12/02323/FUL.

R2 That the Director of Property & Facilities Management in consultation with the Director of Housing, Enterprise and Regeneration be authorised to negotiate and agree terms for the disposal of the land for the purposes set out in the report and the Director of Property & Facilities Management be authorised to instruct the Director of Legal Services to complete the necessary legal documentation.

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