

Cheshire West and Chester

Despite starting a development programme only 3 years ago, at a time of significant austerity, Cheshire West and Chester Council is now one of the largest developers in the borough which is an impressive achievement for any new operation. Since its inception in 2009, the Council had a key aim to become “the best” and actively retained its housing stock with ambitious plans for housing growth and a political appetite for provision of Council properties to create a programme akin to the 1950s and 60s. This dream has now been realised with the completion of the first new rented Council homes in Ellesmere Port for nearly 40 years.

However, these new homes are part of a larger success story - about working with the private sector to create mixed tenure communities to kick start regeneration in the less affluent areas of the borough and the development of an innovative new housing delivery model which operates in all markets. The 230 new Council homes that are now coming to fruition are only the start of an ambitious five year programme which will provide a total of 1700 new units, including shared ownership, starter homes, private rented and market home ownership properties, accelerating the pace of delivery of new homes whilst providing attractive and successful neighbourhoods.

Covering a large geographical area, the borough of West Cheshire exhibits significant diversity with a historic city, another three large urban areas, market towns and rural areas of outstanding natural beauty. It has a prospering economy and is a key player in the sub regional LEP ambitions for a £50 billion economy with provision of 139,000 new properties across the three local authority areas by 2040, as part of the “Northern Powerhouse”.

Generally house prices and rents in the borough are high compared to earnings, with average house prices at £216,000 - 22% higher than the regional average and a median house price to income ratio of over 7. However, there are significant pockets of deprivation in the borough, with poor perception of some urban centres as a desirable place to live which is reflected by house prices being less than half the borough average and annual sales of only 1% of the existing stock. Despite this, there is an acute shortage of affordable homes borough wide, with over 5,000 households on the Housing Register and high demand for specialised accommodation for vulnerable residents. Added to this a decreasing proportion of the population is of working age, with a loss of graduates and key workers attracted to other areas.

‘Good quality and affordable housing that meets the housing needs of our diverse communities’ is a key outcome of the Council Plan: ‘Helping the Borough Thrive’. In 2014 the Council officially launched an ambitious housing and regeneration agenda outlined in the Housing Strategy for the Borough. This set out a vision ‘To deliver homes of the right type, quality and cost in the right locations in line with the current and future needs of the population, to ensure West Cheshire remains an attractive location to live and help ease affordability pressures’.

The Council had steadily been increasing the supply of homes built, with a focus on securing affordable housing in the borough, through an enabling role: By ensuring a ready pipeline of sites, influencing partners to provide specialist and affordable housing, planning gain and releasing the Council’s land assets for development. However, due to viability issues and unwillingness of market developers to increase build out rates or provide a wider mix and type of housing it was considered a direct delivery role working creatively with partners to

accelerate delivery was necessary to ensure a steady supply of new homes over the period of the Local Plan and beyond in order to support economic growth ambitions and meet residents needs, particularly in the less attractive urban centres.

A new housing and investment team was created and four employees, with no previous housing development or management experience, were tasked with identification and implementation of a new mechanism to develop mixed tenure housing on Council land which would stimulate private development in order to unlock growth, fuel labour markets and revive construction activity across the borough. A number of options were under consideration, with thinking centred on creating a separate development entity. However, the Government prospectus inviting Local Authorities to submit bids for additional HRA borrowing to build new affordable homes provided the perfect opportunity to combine provision of new Council homes with a wider regeneration programme. It involved creation of a cluster from 6 small blight sites consisting of obsolete garage units and under utilised retail units and two large vacant strategic sites in Ellesmere Port and Winsford. Besides kick starting further development, it was hoped the exemplary designs would improve health and well being outcomes in these urban areas of high deprivation.

The bid to increase HRA borrowing by £7.5 million in order to fund the building of 230 new affordable homes was successful with an additional £5 million of short term HRA borrowing to cash flow the development process, awarded through the Local Growth Fund. The £21M scheme to provide 210 affordable rent and 20 shared ownership Council homes facilitating the release and development of a further 370 market units, including private rented and Registered Provider Homes available to buy outright or through a flexible shared ownership scheme was approved at the end of 2014. The project was put out to tender with three distinct development agreements with Galliford Try, Keepmoat and Sanctuary Homes with a completion deadline of 2017/18.

The team embarked on a sharp learning curve and discovered the importance of close collaboration with its contractor partners, internal colleagues and the HCA. The minutiae of a complex project such as this with different developers, contractors and 8 brownfield sites all of which required intense day to day management threatened to overwhelm the team. The consultation with local communities, decontamination of land, and the timing of obtaining permissions to relocate and upgrade sports facilities, party wall negotiations, obtaining possession of garage units, relocation of businesses, removal of Designated Protected Area status, demolition, site security and accommodation of great crested newts were particularly testing with all team members developing a new skill set. The commencement of the build was a pivotal moment, with the team embracing the contract management role which led to completion of the first new Council homes in 40 years in summer 2017.

This however was only Phase One. The team were determined to make the most of their new development surveyor/management expertise. The Galliford Try agreement provided a recycled land value receipt which they supplemented with unallocated HCA Affordable Housing Programme grant and enabled them to work together on a Phase Two project to bring forward a further 3 mixed tenure residential schemes, with completion due in 2019/20. These will provide an additional 200 new homes of which 70 are affordable rented units to be managed by the Councils Housing Management Partner.

This application of commercial landlord and tenant principles to residential development led to Phase Three. A creative Housing Investment Model has been established with potential housing sites ring fenced so they can work in partnership with house builders: The Council

land assets are gifted to the developer in exchange for them building mixed tenure properties, The housebuilder is contracted to construct units owned by the Council which are then managed by the Council's housing management contractor, with the net revenue from the rents being available to the Councils General Fund. This phase will see the 900 new homes built by 2022, with 5 different tenure types; including around 500 homes for sale, 100 Starter Homes and 300 homes for affordable rent, shared ownership and private rented built on behalf of the Council.

The impact of this project has been multi-faceted:

- By investing in its staff assets the Council now has a flexible, skilled, valuable in-house Investment and Delivery Team who understand what works in terms of bringing forward the delivery of new homes and are embracing the exciting challenge of progressing a comprehensive residential delivery programme.
- In turn the ability to deliver good quality mixed tenure developments, which address local housing need in particular for affordable and specialised accommodation, has enabled closer working with the HCA and /MHCLG, drawing in Capacity, Starter Homes and Accelerated Construction funding and bids have been submitted for £80M of Housing Infrastructure funding to release a further 3000 homes - the majority of which are on brownfield private sites in regeneration areas.
- The creation of an innovative new delivery model which can deliver tailored, sustainable housing to the specification of the Council and operate in all markets as the schemes are mixed tenure and therefore not dependent on the level of capital receipt, just the number of homes the Council is prepared to accept.
- This new mechanism presents a low financial risk to the Council. It also has the benefit of a private developer running day to day operations whilst the Council retains a high degree of control and without the need for a Housing Company or SPV which can be complex to establish and manage and unlikely to create enough value to provide true mixed tenure communities.
- The new model delivers up to 5 different tenures on each site and a range of house types - from 1 bed affordable rent flats and specialised supported units to aspirational 4 bed detached market sale properties. These are all being built simultaneously, therefore doubling the pace of delivery compared to more traditional market-sale led developments. In addition, it has the added value of supporting the cash flow of SME developers by accepting property in lieu of land value.
- The programme has enabled the local authority to become a major place shaping developer: The "Healthy New Towns" ethos is a key part of the specification for sites, with the majority of affordable homes equivalent to "lifetime homes standard", landscaped green corridors including walking and cycling infrastructure improvements to connect communities with poor health outcomes and relatively high levels of unemployment with major employment and training sites, and investment in local education and leisure facilities including play facilities at a special needs school and state of the art 4G pitches at the local academy. It is also assisting local

employment and reducing the construction skills gap through the inclusion of apprenticeship clauses in build contracts.

- Removal of vacant and obsolete buildings, subject to anti social behaviour and blighting the local community has increased confidence in the area. Ellesmere Port in particular, is now experiencing a boom in housebuilding - with private developers enacting lapsed planning permissions for 300 market homes for sale and rent, on contaminated long term vacant brownfield residential sites in the town centre, which is significantly changing the image of the area and boosting local businesses.