



PRCC.10 15/16

Prosperous Communities Committee

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Greater Gainsborough Housing Zone

Report by:

Commercial Director

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Purpose / Summary:

Following a successful bidding process part of Gainsborough has been allocated as one of 20 national 'Housing Zones'. This reports sets out the detail of the zone and its implications and opportunities

RECOMMENDATION(S):

- (1) That members agree to the governance of the Housing Zone being vested under the West Lindsey Growth Partnership as set out in the Economic Growth paper.**
- (2) That any financial investment by the Council within the Housing Zone is subject to agreement by Corporate Policy and Resources Committee.**

IMPLICATIONS

Legal:

The Council is assessing a variety of options for delivery of the Housing Zone which could include direct development/partnership work or the sale of assets. Legal considerations will be dependent on each site and the solution identified and where appropriate legal advice is/will be sought. No legal barriers have been identified which would stop the Council taking any of these options forward but issues such as procurement must be carefully considered.

Existing statutory powers such as spatial planning will be a key tool and the use of Local Development Orders (in essence a fast-track planning permission) are designed to help de-risk and reduce barriers to the delivery of development sites. All development management work such as re-negotiation of existing permissions or the submission of new applications is within the existing powers of the council as a Local Planning Authority.

Financial: FIN-45-16

£150,000 has been received as Section 31 grant funding for the delivery of two Local Development Orders (LDO). This funding will be used for staffing, appraisal, site investigation and master planning on the Gateway Riverside and Riverside North sites. If LDO are in place then planning applications will not be required for these sites which will mean planning application fees will not be paid to the authority (conversely planning officer time will also be saved).

The Council also has the option to borrow up to £9 million at a reduced borrowing rate within the 15/16 financial year which could be used for the purchase of land/remediation or provision of infrastructure on the housing zone sites. This could be on Council owned land or on land owned by developers. This does not limit the Council's ability to borrow from the Public Works Loan Board (PWLB) but any amounts above this will be at the standard borrowing rate.

A capital budget of £9.9m has been approved as part of the Capital Programme for the Housing and Infrastructure Investment within the Housing Zone.

Externally other bodies may have funds to contribute to the zone through different programmes. The Homes and Communities Agency (HCA) have programmes such as affordable housing grant which would support the delivery of new affordable housing whilst the Greater Lincolnshire Local Enterprise Partnership have set up funding pots to support the delivery of new housing in areas which are prone to flooding (subject to further funding rounds)

Staffing :

The delivery of the zone has a variety of officer contributors from the planning, economic development, housing and assets services. Involvement of specific services is dependent on each site and its specific issues.

Equality and Diversity including Human Rights :

This report has no direct equality and diversity implications.

Risk Assessment :

This risk assessment focusses on strategic risks relating to the zone:

Local housing market - House prices are relatively low in Gainsborough compared to other parts of the region/ country and in some cases this may mean that developers do not see a suitable profit margin from developing in the town. Officers are building a comprehensive knowledge of the local market and working with developers and agents to assess what can and cannot be delivered and where viability may be an issue.

National housing market/economy – the health of the national housing market is important as developers are likely to prioritise development in other more profitable areas if issues arise with the national housing market. The 2008 housing downturn is an example of this. Officers regularly monitor the economy and national housing market and its potential impacts upon the zone.

Flood zone – much of downtown Gainsborough is located within flood zones 2 and 3 and work will be required with the Environment Agency to identify suitable solutions for development of several housing zone sites. Work is currently on-going with the Environment Agency and bodies responsible for drainage and water.

Developer/investor interest – Knowledge of Gainsborough within the wider development industry is limited but in some quarters it has a negative image due to the low prices of properties. There is an opportunity to re-launch Gainsborough through the zone but this must be done properly and must have private sector buy-in. Officers are working with landowners and their agents on how best to deliver this.

Reputation of the council – non delivery of development within the zone would be seen as a failure on the council's part and would have a negative impact on our reputation. There is considerable opportunity to further enhance the Councils reputation by bringing forward sites which are complicated or have been stalled for a number of years e.g. Gateway Riverside.

Officer skills/resource – the Council has a variety of internal skills which will contribute to delivery of the zone but there are also gaps where external support is required. The LDO funding will support the purchase of some of this support but careful considerations needs to be given to areas where external support will be necessary e.g. site appraisal/viability and legal advice.

Climate Related Risks and Opportunities :

There are no direct climate related risks arising from this report.

Title and Location of any Background Papers used in the preparation of this report:

n/a

Call in and Urgency:

Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)

Yes

No

Key Decision:

A matter which affects two or more wards, or has significant financial implications

Yes

No

1 Background

- 1.1 The Council has a long-held ambition to drive forwards the economic and population growth of Gainsborough. Gainsborough is already well positioned for growth with a strong manufacturing and agri-food base, a relatively skilled population, and key assets such as Marshalls Yard, Queen Elizabeth Grammar School, the Old Hall that attract people to Gainsborough and attractive position on the eastern bank of the river Trent. It is in good proximity to the economic opportunities of the Humberbank, Doncaster, Sheffield, Nottingham and Lincoln with ready access to a wider population of 2.5million people. Attracting people to live in Gainsborough through the development and delivery of new housing is an important element of its potential economic growth.
- 1.2 In addition to the economic ambitions, the Council's Commercial Plan identifies the aim of optimising value from its own land and property assets. The Council is one of the major land owners within Gainsborough town centre. However, this is challenging within Gainsborough given the market conditions and the lack of any public sector grant funding to bridge the 'viability gap'. As a result the Council decided to bid for 'Housing Zone' status with the intention of providing a catalyst and focus for both private sector developers and public agencies on delivering growth in Gainsborough

Scope of the Greater Gainsborough Housing Zone

- 1.3 In late 2014 expressions of interest were sought for several national programmes related to the delivery of new housing through the Treasury, Department of Communities and Local Government (DCLG) and the Homes and Communities Agency (HCA). These were the Housing Zone and Local Development Order programmes. The overarching aim of

these programmes was to speed up the delivery of new homes with a focus on brownfield land.

1.4 Through the bidding process the Council has successfully achieved:

1.4.1 Funding totalling £150,000 to develop two local development orders (LDO) on brownfield sites in Gainsborough at Carr Lane and Wilson St/ North Warren Road. A local development order effectively removes the requirement for planning permission and the funding will allow the Council to work with other landowners on site appraisal and master planning works.

1.4.2 Allocation of the Greater Gainsborough Housing Zone which is one of 20 nationally. Housing Zones are areas where there will be particular focus by the government to support and speed up the delivery of new housing on brownfield land. The zone encompasses much of 'downtown' Gainsborough and runs from Morton to Lea Road railway bridge

1.5 There is overlap between the LDO work and the Housing zone as the funding will be used to deliver orders on two of the larger strategic sites within the zone. In total the housing zone consists of 13 sites which is mostly previously developed brownfield land which could delivery circa 950 new homes over 10 to 15 years. Appendix 1 shows detail of the sites and their location.

1.6 Within the housing zone the 13 sites can be broken down into three specific categories:

1.6.1 Strategic sites – Gateway riverside and riverside north which have LDO funding

1.6.2 Town centre sites – former Guildhall and bus station/Baltic mill

1.6.3 Ancillary sites – all other sites

2 Greater Gainsborough Housing Zone

2.1 The housing zone sites are diverse and range from those which are still in use by a business (AMP Rose) through to empty sites with/ without planning permission to the most advanced site which is currently under construction (Trentside Morton).

2.2 The aim of the zone is to bring together public and private sector parties to work together on the delivery of these sites. As part of the submission the Council was required to develop a governance structure which includes a housing group to oversee delivery of the

housing zone. It is proposed that this will sit underneath the West Lindsey Growth Partnership and will consist of public and private stakeholders with a skilled independent chairperson.

- 2.3 Although the zone does not come with funding it provides a focus for other bodies who do have funding available. These include the Homes and Communities Agency who among other funds administer Affordable Housing Grant and the Greater Lincolnshire Local Enterprise Partnership (GLLEP). Where funding is sought for different projects the government has said it will prioritise those calls that support the delivery of new homes within an allocated Housing Zone.
- 2.4 Allocation of the zone also provides the opportunity for the Council to borrow funds from the Public Works Loan Board (PWLB) at a lower rate than would usually be available (20 basis points below the standard rate). Whilst there is no commitment by the Council to undertake this borrowing there is an opportunity to borrow up to £9 million for the purchase/remediation/infrastructure or servicing of sites within the zone. This funding can only be drawn down in the 2015/16 financial year and would only be accessed following agreement of Corporate Policy and Resources Committee.
- 2.5 It is not just funding that will be used to bring the sites forward. In some cases innovative solutions are being used such as the LDO whilst in others the council will work with landowners or developers on achieving planning permission or removing barriers on bringing development forward such as flooding or existing planning permissions. Viability is a key issue on several of the sites and initial actions will focus on identifying ways to improve this through planning or other ways.

3 Council assets within the zone

- 3.1 As set out above the sites can be split into three distinct categories. The Council owns two large areas of land within the town centre which form the majority of the town centre riverside sites. A separate project is currently looking into the opportunities and development potential of the town centre and will take a strategic look across the whole of the town centre area.
- 3.2 At Gateway Riverside the Council owns the former Lea Road School which was purchased from Lincolnshire County Council in 2014. Due to its central location the school site is key to delivery of the wider area and will form a key part of regenerating this former malting's site. Master planning and viability work is currently underway on this site which will underpin the development of an LDO in autumn 2015. At riverside North the Council has several land holdings including half of a former street of demolished houses and a functioning depot with associated land. Negotiations are currently on-going with landowners in this area to identify where development would be best placed to commence.

- 3.3 In the case of Council assets there is an opportunity to add value and generate new forms of income. The zone has provided an umbrella for forwarding the Council's commercial agenda around land and property in Gainsborough and provides a number of opportunities for investment and income generation. Moving forward the zone will be the tool to promote these sites for development and to attract new developers and investors to the town.

4 Next Steps

- 4.1 The success in bidding for these programmes has significantly increased the Council's reputation and has focussed the government's and regional partners' view on the growth of the town. It also shows the long term commitment of the public and private sector to the growth of the town over the next 10 to 15 years. Although work has begun immediately on parts of the zone and there are some 'quick wins' the delivery of the zone will run over many years and through multiple phases.
- 4.2 A key area of focus will be the Gainsborough housing market and providing a range of housing which complements that which is already here and which will be delivered through other sites such as the Southern Neighbourhood – sustainable urban extension. Work has been undertaken to assess the local market which is directly linked to economic growth and the prosperity of the district and surrounding area.
- 4.3 The table below gives an indication of the long term nature of the zone and some indicative dates for the work to be undertaken and when development could commence:

Action	Date
Completion of an LDO for Gateway Riverside	Autumn 2015
Working with developers on ancillary sites	Underway
Launch of the zone	May 2016
Development commences Gateway Riverside	Late 2016
Completion of the Riverside North LDO	Mid 2016
Development commences Riverside North	2017/18
Town Centre appraisal/planning/procurement	Up to 2018
Town centre start on site	2018
Strategic sites completion	Up to 2025
Delivery of all ancillary sites	Up to 2025

5 Conclusion

- 5.1 The Council have been extremely successful in achieving LDO funding and being allocated as a National Housing Zone. This has brought funding opportunities and has enhanced the Council's reputation as an ambitious authority who is working hard to deliver growth and regeneration. The next step is to support delivery of new housing on these sites.
- 5.2 To support this a project team comprising of internal and external support has been put together and a governance structure has been proposed which will bring it underneath the West Lindsey Growth Partnership which will have a strategic view of all growth across the district.
- 5.3 The Housing Zone supports the regeneration of key brownfield sites and importantly Gainsborough town centre but also helps to further the Councils commercial agenda of enhancing asset value and generating income to support the delivery of services. The Council has a number of land assets within the zone and there will be a focus on generating a return from these assets either through development or disposal.