

Cabinet Member Consultation			
Report title:	WV Living Business Plan		
Cabinet member(s) consulted	Consulting employee	Mode of consultation	Primary date of consultation
Cllr P Bilson	Karen James	face to face	Due 15 October 2019
Key comments arising from consultation (if applicable): Include as applicable or explain why no consultation undertaken			

Report title	WV Living Business Plan	
Decision designation	AMBER	
Cabinet member with lead responsibility	Councillor P Bilson Cabinet Member for City Assets and Housing	
Key decision	Yes	
In forward plan	Yes	
Wards affected	All	
Accountable Director	Claire Nye	
Originating service	Director of Finance	
Accountable employee	Karen James / Lesley Eagle	Housing Development Project Manager
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Report to be/has been considered by	Directorate Leadership Team	9 September 2019

Recommendations for decision:

The Cabinet is recommended to:

1. Approve the inclusion of the following sites in the WV Living Business Plan:
Former site of Daisy Bank Community Centre and adjacent school, Ash Street, Bilston
2. Approve that the WV Living Phase 1 Loans budget within the approved General Fund Capital Programme can be allocated to any sites with Cabinet approval for development by WV Living, up to the remaining budget allocation.

1.0 Purpose

- 1.1 To bring forward a new site for inclusion into the WV Living Business Plan and to seek Cabinet approval to fund the development of any site that WV Living have Cabinet approval to develop from the existing budget within the Council's approved General Fund Capital Programme for WV Living Loans up to the remaining budget allocation.

2.0 Background

- 2.1 WV Living is the trading name of the City of Wolverhampton Housing Company, set up in 2016. Since being set up, the company has successfully delivered the following:

Danesmore Pastures – a mixed tenure development of 52 houses – now complete

Sweet Briary and Sweet Briar Road – a mixed tenure development of 44 houses and apartments – nearing completion

Peascroft – a mixed tenure development of 40 houses and apartments – nearing completion

- 2.2 The following developments are now on site, or almost on site:

The Marches – a mixed tenure development of 266 houses and apartments

Former Merryhill House is marketed as Leasowes Farm a mixed tenure development of 13 houses.

Former Warstones Resource Centre is marketed as The Glade a mixed tenure development of 3 bungalows, 14 houses.

Former Woden Resource Centre is marketed as Vicarage View a mixed tenure development of 3 bungalows, 16 houses

- 2.3 The former residential care sites listed in 2.2 were approved for development by Cabinet 20 February 2018 along with the former Nelson Mandela House. In addition, the former Wolverhampton Environment Centre was approved as part of the programme by Cabinet 11 July 2018, and will deliver 14 new homes. This is scheduled to be on site Spring 2020.
- 2.4 The next site where construction is expected to start is the former Northcote School site approved by Cabinet 5 June 2019, a mixed tenure development of 196 houses and 12 bungalows. Also in the approved business plan are multiple sites on Heath Town .
- 2.5 The WV Living board approved the inclusion of Daisy Bank in the Business Plan at its meeting on 25 July 2019 and Cabinet are asked to approve development of this site.
- 2.6 Cabinet approved the report of 14 September 2016 WV Living Detailed Business Plan Phase 1. The report approved loan funding to a total value of £40 million to cover the first stage of development. Subsequently a Cabinet report of 22 February 2017 approved the conversion of £1 million of this loan funding to equity subscription to provide the company with working capital leaving £39 million available for lending to WV Living.

3.0 Progress

- 3.1 To date the Council have approved 9 loans totalling £22.15 million to WV Living, of which £4.65 million has been repaid. The company has reached the stage where it will need to fund the purchase of land from the Council for the Wolverhampton Environment Centre and the Northcote School sites and for the acquisition and development of the former residential care homes sites before the 31 March 2020. These sites were not included in the initial Phase 1 business plan, presented to Cabinet on 14 September 2016, but have been approved for development as part of later WV Living Business Plan update reports to Cabinet as set out in paragraphs 2.2 and 2.3.
- 3.2 The pace of development is dependent upon many factors including demolition of existing buildings, planning, ground conditions and procurement of contractors. Some sites take longer to develop than others and the company needs to have a flexible approach to its programme and pipeline and has moved away from packaging up development sites as phases.
- 3.3 Cabinet approval is therefore sought to draw down funding from the remaining £16.85 million allocation in the approved General Fund capital programme for any approved WV Living development site. The company is currently reviewing its business plan and future medium term funding requirements based on schemes currently approved and in the pipeline. The business plan review will form a future report to Cabinet and will include further financing requirements.
- 3.4 The following site is now proposed for inclusion in the business plan:

The former site of Daisy Bank Community Centre and adjacent school, Ash Street, Bilston – this site has a capacity of between 20 – 24 units. Two bedroom houses are proposed for this site, being market sale and shared ownership.
- 3.5 Arcadis have undertaken an evaluation of the Daisy Bank site and, prior to intrusive site investigations, it is considered to be a viable site for redevelopment in the proposed manner.
- 3.6 There are no proposals to retain the existing building on site. The former community centre is not the type of “character” property that would attract a premium to recompense for the additional high costs of refurbishment. Demolition is therefore the preferred option. The property is not listed.
- 3.7 Given its location, it is considered that the site should be developed with 2-bedroom family homes for market sale with possibly some for shared ownership. It is proposed to re-use an existing BM3 design as the design suits the proposed layout.
- 3.8 Ash Street is a very busy road linking Bilston to Tipton Princes End. Highways have therefore asked that Daisy Bank is accessed only from Ash Street, (with the exception of the 4 proposed units along Long Street) and that a right-hand turn lane is introduced in the direction of Tipton. This has the effect of increasing costs, and may reduce the

number of homes that can be built on the site. It is estimated that the cost will be between £200,000 - £250,000 dependent upon services within the pavement that need to be diverted. This is accounted for in the Arcadis viability assessment.

- 3.9 This turning land also necessitates the relocation of two bus stops along Ash Street. Transport for West Midlands (TfWM) have been consulted on this point and the cost of replacement is £600, (£300 per bus stop pole). The final location of the new bus stops has been agreed between TfWM and Highways colleagues. Again, this is included in the Arcadis viability assessment
- 3.10 City of Wolverhampton Council (CWC) will seek the market value of the site. It is anticipated that the valuation for the site, as it is not reclaimed, will be a negative value.

4.0 Evaluation of alternative options

- 4.1 The alternative is not to pursue the development of the Daisy Bank site. The monies WV Living have already expended on investigations and viability studies will be lost. Other sites will need to be sought and brought forward for the continuation of WV Livings development programme.
- 4.2 Should WV Living not be able to use existing approved borrowing for all sites approved for development then it risks not being able to purchase the Wolverhampton Environment Centre and Northicote School sites from the Council and therefore delaying the start on site.

5.0 Reasons for decisions

- 5.1 The development of all approved sites will enable WV Living to continue to bring forward much needed homes to the city, providing homes for market sale and shared ownership.

6.0 Financial implications

- 6.1 Arcadis have undertaken a viability report on Daisy Bank, which shows a return on this site within the parameters set for WV Living. It is proposed to develop this site with homes for market sale and for shared ownership to balance the viability on this site, due to the need to demolish the existing community centre, poor ground conditions, the necessity to reclaim the site prior to development and the construction of the right-hand turn lane.
- 6.2 The Council has approved loan funding of £39 million to WV Living, of which £22.15 million has been borrowed by the company so far. As a result of providing loans totalling £22.15 million to WV Living on a commercial basis, it is anticipated that a net return on investment in the region of £1.3 million will be generated by the Council over the period to loan maturity. The projected income is incorporated into the Council's approved Medium Term Financial Strategy. The £16.85 million remaining budget allocation will be sufficient to fund WV Living planned expenditure in 2019-2020 but will not fund the completion of all sites referred to in section 2. Therefore an updated business plan review

will form a future report to Councillors and will incorporate a request for additional loan funding.

- 6.3 WV Living has repaid the £4.65 million of loans which have reached maturity. The company has reported turnover from sales of £7.6 million to date with a further £8.7 million forecast in 2019-2020.

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7.0 Legal implications

- 7.1 If the site is purchased prior to full surveys, reclamation and planning approvals, WV Living will be responsible for such matters and the purchase price should reflect such a risk

8.0 Equalities implications

- 8.1 There are no equalities implications relating to this report.

9.0 Climate Change and Environmental implications

- 9.1 This report brings forward for redevelopment a site and building that is otherwise vacant and derelict. The development of the site will improve the locale in which they are situated and provide much needed homes for market sale and shared ownership.
- 9.2 The homes are designed to be energy efficient and use fewer resources.

10.0 Human resources implications

- 10.1 There are no human resources implications relating to this report.

11.0 Corporate landlord implications

- 11.1 These site is within the Corporate Landlord portfolio. The sale of this site to WV Living for development may not result in a capital receipt to City of Wolverhampton Council, given the condition of the site. However, new homes will increase Council Tax receipts and the shared ownership proposals will enable the purchasers to take their first step on the housing ladder.

12.0 Health and Wellbeing Implications

- 12.1 There are no direct health and wellbeing implications arising from this report, but the development will bring forward new, energy efficient homes which are much needed in the city. It is widely recognised that a person's accommodation can impact upon their health.

13.0 Schedule of background papers

- 13.1 None

14.0 Appendices

This report is PRIVATE – exempt from publication under Schedule 12A of the Local Government Act 1972 (as amended), Part 1, Paragraph XX
[PROTECT]

- 14.1 Appendix 1 – former site of Daisy Bank Community Centre and adjacent school, Ash Street, Bilston
- 14.2 Appendix 2 - Viability report on Daisy Bank by Arcadis