

## Report to CABINET

# Primrose Bank Acquisition, Werneth

### Portfolio Holder:

Councillor Hannah Roberts, Cabinet Member for Housing

**Officer Contact:** Emma Barton, Director of Economy

**Report Author:** Ben Hill, Principal Regeneration Officer  
Ext. 5261

**24<sup>th</sup> February 2020**

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### Reason for Decision

To approve the purchase of 19 x five-bedroom homes currently being built at Primrose Bank.

### Executive Summary

'**Creating a Better Place**' incorporates significant programmes of work that have been progressed over the past eighteen months in order to set out a comprehensive vision and strategic framework for the borough. These include the:

- Updated vision for Oldham Town Centre;
- Housing Strategy 2019; and
- Updated Medium Term Property Strategy.

**Creating a Better Place** focuses on building more homes for our residents, creating new jobs through town centre regeneration, and ensuring Oldham is a great place to visit with lots of family friendly and accessible places to go.

The proposed acquisition is in accordance with the strategic framework to **Create a Better Place** approved by Cabinet in January 2020 and is also in accordance with the Housing Strategy adopted in 2019.

### Recommendations

Cabinet members are requested to approve:

- The Council completes the purchase of 19 homes from Engie Regeneration.
- To allocate Affordable Homes S106 payments to support the purchase.

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- To note the Council's bid to Homes England for Shared Ownership and Affordable Homes Grant from Homes England.
  - To appoint a Cost Consultant and Quantity Surveyor to act on behalf of the Council during the completion of the works funded from the Housing Revenue Account.
  - To allocate resources from the Housing Revenue Account to fit sustainable heating systems.

**Primrose Bank Acquisition, Werneth****1 Background**

- 1.1 As part of the Gateways to Oldham Private Finance Initiative regeneration scheme, the Council entered into a development agreement with Inspiral Developments (Oldham) Limited (IDO) to build out homes for private sale. IDO did not exercise its option to build out subsequent phases within Primrose Bank and in 2017 relinquished their rights to develop.
- 1.2 With changes to the design and marketing, a first phase of homes for private sale by Keepmoat Regeneration (now known as Engie) was piloted, where if the properties did not sell, then as a backup option the houses would be added to the Council's Housing Revenue Account (HRA) stock without incurring a net loss to the HRA. This phase of 18 homes was completed successfully in 2017 with all properties being sold.
- 1.3 Oldham's recently launched Housing Strategy outlines that in the borough there is a need to provide greater diversity in the type of homes built and also to provide more choice in affordable homes. It also specifies the need for more homes accessible to large and intergenerational families to help relieve overcrowding.
- 1.4 The Strategy also highlights the opportunity to explore ways of delivering new homes in Council ownership and how new homes can contribute towards achieving Carbon Neutrality. This opportunity therefore presents an excellent strategic fit to these objectives.

**2 Current Position**

- 2.1 A second phase of 19 five-bed homes was agreed by Cabinet in July 2017 and works have commenced on site with completion scheduled for October 2020.
- 2.2 The project will deliver 19 five-bed houses each large enough to accommodate 9 people. The homes come with 200% parking and meet National Space Standards. There are currently 2,689 households on the Council's waiting list that require four bed plus accommodation. As a borough there are only 213 affordable/social rented properties that are 4 bedrooms or over. During the first 6 months of 2019, 5 of these became vacant.
- 2.3 A Registered Provider approached Engie to purchase all homes and Engie were prepared to accept this offer leading to a pre-sale of all properties.
- 2.4 In November 2019, a report was approved by members of the Property Appraisal Group ('PAG') with a Business Case in support of the proposed purchase of 19 new homes currently being built at Primrose Bank.
- 2.5 Engie have since accepted the Council's offer to complete the purchase. The homes are currently being built and completion is expected in August 2020 (7 homes) and September 2020 (12 homes). To ensure staged payments are made to reflect works that have actually taken place on site, to guarantee the quality of work on and to generally protect the Council's position a Cost Consultant and Quantity Surveyor would need to be appointed.
- 2.6 The homes would be let at Affordable Rent (up to 80% of market rent) and would provide an opportunity for the Council to deliver new homes quickly and help meet the objectives set out in the recently published Oldham's Housing Strategy.

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- 2.7 Whilst the Council would own the homes, a registered provider such as Great Places would be commissioned to manage the homes as they do with the wider Primrose Bank estate.
  - 2.8 The Council also has S106 contributions from developers which must be spent on the provision of new affordable housing.

### 3 **REDWoLF (Rethinking Electricity Distribution Without Load Following)**

- 3.1 As one work stream of the developing Oldham Green New Deal Strategy and delivery programme, Oldham Council has an ambition to develop an 'Oldham Code' for new build homes, to achieve a higher standard of energy efficiency and carbon performance, particularly where these new homes are built on Council-owned land.
- 3.2 REDWoLF brings the opportunity to develop a practical and deliverable technical approach to electrically heated homes using renewable energy, to reduce carbon emissions and energy bills, which can be replicated both across the borough and across Greater Manchester. The project is designed to re-appraise how homes are heated, using a combination of solar PV, electric heating and battery storage.
- 3.3 The Council's role in the project is that Oldham Council's participation in REDWoLF will not only provide a technical model for new build homes, but through learning from the other REDWoLF partners, we will also be able to offer models for retrofit of existing homes.
- 3.4 Since the start of the project, FCHO have discussed a number of options for delivering the 20 units. They proposed that there would be 10 on the Hodge Clough and Pearly Bank sites. However, this is now not possible within the timescales and First Choice are proposing to deliver 10 units elsewhere in the borough.
- 3.5 REDWoLF could then be delivered on this scheme having the advantages of the Council being the delivery partner and making sure the project is delivered in the borough. The delivery partner would be responsible for paying around 40% of installation costs with grant funding paying the remaining costs. Discussions with both Engie Leeds Beckett University (REDWoLF Lead Partner) are on-going but it's likely that 10 units could be delivered.
- 3.6 Any decision to proceed with the purchase of the 19 homes should be made on the basis that REDWoLF *could* take place on this scheme should other options not materialise and that neither project is dependent upon the another. Any financial contributions required by the Council as part of this project will be reported separately.

### 4. **Business Plan**

- 4.1 Cabinet are asked to note the contents of the report only, with a further, restricted report due for consideration under Part B of the agenda.

### 5 **Options/Alternatives**

- 5.1 Option 1- complete the purchase using S106 Contribution

The purchase of the homes would meet objectives set out in Oldham's Housing Strategy around providing larger homes and the Council directly delivering new homes. This option would mean that the Council would use less HRA reserves leaving these to support other projects.

- 5.2 Option 2- complete purchase not using S106 Contribution

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The S106 monies need to be spent within 10 years or be paid back to the developer. Whilst other projects could be identified, this project does directly meet the requirements for the S106 monies in providing new affordable homes in the borough.

5.3 Do not complete the purchase

The purchase of the homes directly contributes towards the Council's objectives set out in Oldham's Housing Strategy. A Registered Provider has already contacted Engie Regeneration to purchase the homes directly and Engie are prepared to accept their bid as it would reduce sales risk to them. By not completing the purchase, the homes could still be managed by another Registered Provider compared to the rest of the estate.

6 **Preferred Option**

6.1 Option 1 is the recommended option.

7 **Consultation**

7.1 PAG have given approval. The Lead Member has been consulted and is supportive of the proposal as it helps to achieve the outcomes in the Housing Strategy.

8 **Financial Implications**

8.1 Cabinet are asked to note the contents of the report only, with a further, restricted report due for consideration under Part B of the agenda.

9 **Legal Services Comments**

9.1 Cabinet are asked to note the contents of the report only, with a further, restricted report due for consideration under Part B of the agenda.

10 **Co-operative Agenda**

10.1 The project embraces the Council's co-operative agenda will ensure that the aims, objectives and cooperative ethos of the Council are enhanced. The project would be fully consistent with the Economy and Skills Directorate messages: -

#OurBit -Providing new homes that are evidence based on the needs of the neighbourhood.

#YourBit- Being active in your Community and supporting our ambitions for growth - The Housing Strategy sets out our new house building targets for growth and this project helps achieve this.

#Result- Ambitious and thriving communities where people are proud to live, work, visit and invest.

11 **Human Resources Comments**

11.1 Not applicable

12 **Risk Assessments**

12.1 As the houses will be Social Housing there is a risk that in the future the homes could be subject to Right to Buy. Given the Units are new builds there are added protections in place

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for a number of years which reduce the discount available under Right to Buy.  
[Mark Stenson]

**13 IT Implications**

13.1 Not applicable

**14 Property Implications**

14.1 Property implications are described in this report. (Ben Hill - Strategic Regeneration)

**15 Procurement Implications**

15.1 Commercial Procurement has been approached to facilitate the appointment of the Cost Consultancy services to; protect the Council's interests associated with the works on site, valuations for payment, and design specification compliance. The services will be procured in line with the Council's CPRs, and via a compliant third-party framework to facilitate the necessary appointment timescales, without compromising value for money or quality of service. There are no procurement implications relating directly to the acquisition of the properties. (Emma Tweedie)

**16 Environmental and Health & Safety Implications**

16.1 The homes meet Secure by Design Status and also mean derelict sites will be bought back into use. (Ben Hill – Strategic Regeneration)

**17 Equality, community cohesion and crime implications**

17.1 None

**18 Equality Impact Assessment Completed?**

18.1 The new homes would be let to applicants in housing need from the Council's Housing Register. (Ben Hill – Strategic Regeneration).

**19 Key Decision**

19.1 Yes

**20 Key Decision Reference**

20.1 HSG-14-19.

**21 Background Papers**

21.1 The following is a list of background papers on which this report is based in accordance with the requirements of Section 100(1) of the Local Government Act 1972. It does not include documents which would disclose exempt or confidential information as defined by the Act:

File Ref: Strategic Regeneration – REDWoLF

Name of File: Strategic Regeneration – REDWoLF

Records held in Room 310, Level 3, Civic Centre, Oldham

Officer Name: Ben Hill

Contact No: 0161 770 5261

**22 Appendices**

## Ashton Rd Layout



## Proposed Lee St Layout

