

APPENDIX P

WAVERLEY BOROUGH COUNCIL

EXECUTIVE – 3 FEBRUARY 2009

Title:

ROWLAND HOUSE REDEVELOPMENT

**[Portfolio Holder: Cllr Richard Gates]
[Wards Affected: All Cranleigh Wards]**

Note pursuant to Section 100B(5) of the Local Government Act 1972

Annexes to this report contains exempt information be virtue of which the public is likely to be excluded during the item to which the report relates, as specified in Paragraph 3 of the revised Part 1 of Schedule 12A to the Local Government Act 1972, namely;-

Information relating to the financial or business affairs of any particular person (including the authority holding that information)

Summary and Purpose

Rowland House, and Ivy Hall in Rowland Road Cranleigh together comprise a sheltered Housing scheme that has served Cranleigh residents since the 1960's. The need for this type of accommodation has declined over the years and these buildings are now redundant. This presents an opportunity to redevelop the site to provide the type of affordable housing that is appropriate to the housing needs of Cranleigh today.

The purpose of this report is to summarise the process and results of proposals for the redevelopment of the Rowland House site at Cranleigh, by Raglan and Thames Valley Housing Associations and to report to the Executive the views and recommendation of the Special Interest Group which was formed to examine the proposals and choose a Housing Association to whom the site would be transferred for development of affordable housing.

How this report relates to the Council's Corporate Priorities:

This report relates to the Councils Corporate priority of providing affordable Housing in the Borough of Waverley.

Equality and Diversity Implications:

The report details how affordable housing can be provided in the village of Cranleigh and outlines the public consultation undertaken to inform the process

Resource/Value for Money Implications

This report sets out the balance to be achieved between the provision of affordable housing, the maintenance of a day centre on the site and a capital receipt for the land.

Legal Implications

The Rowland House site will be transferred to the selected Housing Association for the development and future management of the affordable housing

Introduction and background

1. At its meeting on 8 April 2008 the Executive agreed that the site should be redeveloped with 100% affordable housing by an AHP (affordable housing partner) with nominations to Waverley tenants, and that proposals be invited from housing associations, to whom the site would be transferred for redevelopment.
2. Subsequent to discussions with Cranleigh Parish Council and the adjacent primary school governors, a core group of officers undertook a process of brief preparation and assessment of the 13 expressions of interest received.
3. Two housing associations, Thames Valley (TVHA) and Raglan (RHA) were selected to submit more detailed proposals so a choice of Affordable housing partner could be made.
4. A Special Interest Group (SIG) was formed with representation from interested stakeholders including two local residents potentially directly affected by the redevelopment proposals, and representatives of Cranleigh Parish Council. The full membership is detailed in Annexe 4.
5. An exhibition of the proposals was held at Rowland House where the public were invited to comment on the options presented.
6. Presentations by the Housing Associations were made to the SIG on 18 December and at a subsequent meeting on 6 January a debate was held as to the final choice of Housing Association.

The Proposals

7. The site of Rowland House and Ivy Hall includes a day centre for Cranleigh known as Rowleys, which was built by public subscription and has a long lease with the Council as landowner.
8. The two Housing Associations were invited, when submitting their proposals to make detailed consideration for three options: -
 - 1) to redevelop the site for housing and leave the existing day centre in situ;
 - 2) to redevelop the site for housing and to build a new day centre; and
 - 3) to redevelop the site assuming the day centre to be located elsewhere.
9. Each proposal asked for a potential design layout indicating the numbers and types of units to be provided and the amount of capital receipt each option would provide for the Council. When the development brief was being assembled there was uncertainty as to whether the scheme would attract social housing grant, and it was asked of the HA's what the effect of having no

capital receipt would be. The confirmation of availability of grant means that a capital receipt is available and not to accept it would demonstrate that best value for money was not being obtained

10. The two sets of 3 layouts provided by Raglan and Thames Valley are set out at Annexe 1 and the details of unit numbers and tenure types are set out at Annexe 2.

Summary of proposals

11. Raglan's proposals concentrated on achieving a higher site density, and rejected the inclusion of a proportion of shared ownership units for a more innovative, but as yet untried proposal of rent to buy.
12. TVHA opted for a less dense approach to the layout, and whilst including a proportion of shared ownership, provided a comparison with an all rented scheme.
13. Both Housing Associations indicated that current market conditions were severely depressing the viability of shared ownership, as opposed to a year ago when the inclusion of an element of SO would have boosted a capital receipt.
14. It was stated by TVHA, that whilst at present the all rented scheme would provide the capital receipt baseline, when the scheme comes to fruition a decision at that time on the final tenure mix may increase the income.
15. For the option of providing a new day centre Raglan proposed rebuilding a day centre on the existing site and including flatted accommodation in a second storey to maximise density
16. TVHA opted for a purpose built stand-alone day centre on another part of the site to enable continuity of use during construction.
17. Both proposals include for a day centre of a similar floor area as the existing albeit making more efficient use of the space.
18. The density and layout of the site is largely dictated by the planning process, and neither Housing Association, although this was requested by the brief, submitted an option with no capital receipt, as this simply meant there would be a lower government grant applicable. Consequently Waverley would then forgo a receipt without any improved difference to the overall scheme
19. It was stated that neither proposal represented a final scheme, and further adjustments would occur during the planning process, however the size of the capital receipt offered depended upon the amount of grant which the scheme would attract and that was dependant on the number of bed spaces provided on the site.

Evaluation of schemes

20. Both schemes were subject to an objective analysis based on compliance with the brief, which was carried out by officers. Members of the Special Interest Group reviewed this scoring and collectively made changes,

producing their own modified assessment, however these revisions did not alter the relative ranking of the Raglan and TVHA proposals.

21. The financial section of the proposals were not subject to scoring and their impact on the overall proposals were left to the judgement of members.
22. The final scores are set out in [Exempt] Annexe 3.

Public exhibition

23. All six options were displayed at the exhibition and written comments were invited from members of the public. There were three main themes of concern:
 - 1) that both schemes did not provide for sufficient parking – particularly around the day centre;
 - 2) that there was a need for the day centre provision to remain within the Rowland House site and not reprovided elsewhere in Cranleigh; and
 - 3) the proposals along and adjacent to Victoria Road were deficient in both bulk of the buildings and potential parking and traffic access issues.

Procurement issues

24. The project has been treated as a development project, which included a disposal of some Council owned land to facilitate achievement of a Council priority. Had this been regarded simply as a disposal, the requirements of Waverley's Contract Procedure Rules would have required four sealed bids to be invited
25. However, given that Waverley sought to procure at no cost to itself the best proposal or the development, a simple tendering exercise was not appropriate. A process was therefore agreed by the Council's Executive, which identified the optimum solution in an objective, rigorous and consistent manner, and endorsed the formation of a mixed membership Special Interest Group to receive and assess the proposals.
26. Of the thirteen expressions of interest received, two were selected for the shortlist to draw up proposals. This increased the chances of maintaining interest and commitment from the selected Housing Associations. There is considerable cost involved in drawing up proposals, and as housing associations are not commercial enterprises it was considered that the risk of one or more associations withdrawing would have been higher if the chances of being selected by Waverley were slimmer.
27. The Executive is therefore asked to endorse the approach taken as it brought about a sensitive and appropriate solution to the redevelopment of the site. The Executive is also asked to note that the option of a nil capital receipt has not been pursued because the resultant grant required from the government would be less, and best value for the site would not have been achieved. With grant available for the purchase of the land this secures a better financial solution for future investment in Waverley's Council housing.

Summary of the Special Interest Group

28. The terms of reference of the SIG are set out in Annexe 4
29. The option for re-provision of the day centre elsewhere in Cranleigh was considered unrealistic on the grounds that the timescale involved in identification and securing of a currently unknown site was uncertain, and would potentially put at risk the Rowland House project.
30. Upon completion of the scoring of the schemes it was felt that although Raglan provided more units, in most other respects TVHA has given more thought and application to the proposal, with a more obvious consideration for the context of the site and its environment.
31. Opinion on the provision of the day centre was divided. The Cranleigh Parish Council and Waverley Borough Council members were in favour of a newly provided day centre with the continuity of use deriving from its new position on the site. The resident members on the group wished to see the present day centre remain in its current position.
32. A brief summary of a resultant financial and numerical comparison between these two views is set out in [Exempt] Annexe 5.
33. In addition there were particular points that the SIG wished to endorse and to be included for future refinement of the scheme
 - a) there should be no three-storey buildings built on Victoria Road;
 - b) a clear car parking strategy be developed for the scheme, including the day centre, which avoids overspill parking outside the new development;
 - c) as a preference all parking access for the new development to be off Rowland Road not Victoria Road;
 - d) that the day centre build and extent of fitting out costs be agreed between Waverley Borough Council, Rowley's day centre and TVHA and built into a development agreement, which protects Waverley's expected capital receipt; and
 - e) the chosen Housing Association, as part of the planning process, should carry out further public consultation as details of the scheme emerge.

Recommendation

It is recommended that

1. the Executive endorses the approach in selecting an RSL partner;
2. Thames Valley Housing Association be the chosen organisation to work up a design for the Rowland House site;

3. the Executive select either Thames Valley Housing Association Option 1B or Option 2B as set out in Annexe 2, with the specific requirements as noted at 33. a)-e) as set out above;
3. the land to be used for housing is transferred to Thames Valley Housing Association on terms to be agreed with the Chief Executive and Deputy Chief Executive in consultation with the Portfolio Holder, with the minimum value as set out in Option 1B or Option 2B as shown in Exempt Annexe 5;
4. the capital receipt from the sale of Rowland House be fully reinvested in the remaining Council Housing stock to contribute towards achieving a Decent Homes Standard;
5. officers be authorised to negotiate with Rowleys Day Centre on terms and conditions if Option 2B is selected; and
6. the Executive thanks Cranleigh Parish Council and local resident representatives for assisting in the process of assessment

Background Papers (SDRC)

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

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