

<b>Report To:</b>	<b>CABINET</b>
<b>Date:</b>	<b>31<sup>ST</sup> JULY 2023</b>
<b>Heading:</b>	<b>PROPOSED DEMOLITION AND REDEVELOPMENT OF TWO COMMUNITY CENTRES FOR AFFORDABLE HOUSING</b>
<b>Executive Lead Member:</b>	<b>CLLR TOM HOLLIS, LEAD MEMBER FOR STRATEGIC HOUSING AND CLIMATE CHANGE</b>
<b>Ward/s:</b>	<b>HUTHWAITE AND BRIERLEY, CARSIK</b>
<b>Key Decision:</b>	<b>YES</b>
<b>Subject to Call-In:</b>	<b>YES</b>

### **Purpose of Report**

To advise Members about the opportunity to develop a small number of Council owned sites within Sutton in Ashfield for the purpose of affordable housing and to seek approval of the development proposals.

The sites in question are as follows;

1. Brierley House, Brierley Road, Sutton in Ashfield
2. Mill House, Mill Lane, Huthwaite

A plan of each site along with site photographs are included within the background papers.

## **Recommendation(s)**

**The following would be subject to Planning consent and confirmation of Homes England funding:**

- 1) To approve the demolition of two community Centres, namely Mill House and Brierley House, for the purpose of redeveloping the land for much needed housing let on an affordable rent basis.
- 2) To recommend that the council approves the use of Housing Revenue Account reserves, and if needed commuted sums, to fund the site clearances and the development of 4 new Council homes.
- 3) To grant delegated authority to the Executive Director of Operations, in conjunction with the Corporate Resources Director and the Executive Director of Place, to negotiate and formalise fees, scheme costs, specification, delivery and any other aspect of the development.
- 4) To grant delegated authority to the Executive Director of Operations, in conjunction with the Executive Director of Place, to procure and appoint a contractor to develop the site.
- 5) To grant delegated authority to the Executive Director of Operations, in conjunction with the Executive Director of Place, to contract, on behalf of the Council, with Homes England, for the purposes of receiving subsidy to ensure that developments are viable and fall within a maximum payback period of 40 years.

## **Reasons for Recommendation(s)**

To enable a project that will increase the Council's housing stock in order to meet significant levels of demand for affordable rented properties within the District

## **Alternative Options Considered**

The alternative is to do nothing with the centres. This was rejected as the centres are expensive to run, require ongoing investment and demand for the facilities is very low.

## **Detailed Information**

In 2021, as part of ADC's new affordable housing development programme, under-utilised community centres at the Beeches and Poplars, Sutton in Ashfield were closed and earmarked for affordable housing development. Two pairs of wheelchair adapted bungalows were subsequently built and in November 2021 they were let to applicants in housing need.

The remaining Housing Revenue Account (HRA) community centres have been kept under review as concerns remain about usage, costs and long-term investment needs.

A recent review conducted by the Assets Team has highlighted a further 2 centres that are assessed as being unsustainable in their current form and where consideration should be given to

closing the centres and finding an alternative use for the site. The sites in question are Brierley House, Sutton in Ashfield and Mill House, Huthwaite.

### **Community Centre usage**

The table below shows usage levels for 2022/3.

Demand from local groups has failed to recover following the pandemic. In 2019/20, Brierley House had 568 hours of use (26% of time used) compared to 5 hours (0.2%) in 2022/3, Mill House has seen a similar decline, but now has zero use.

<b>Centres</b>	<b>Free Use Hrs</b>	<b>Paid Use Hrs</b>	<b>Total Hrs</b>	<b>% Free Use</b>	<b>% Space Used*</b>
Brierley House	0	5	5	0%	0.2%
Mill House	0	0	0	0%	0%

### **Community Centre costs and income**

During 2022/23 neither community centre generated any income.

In respect of costs, each centre incurs day to day running costs, typically utilities, caretaking costs, cleaning and reactive repairs. In 2022/23 the annual maintenance and running cost for each court exceeded £8,000.

The above figures do not include long-term investment requirements. Both courts require investment over the next 5 years to ensure they remain fit for purpose, the investment requirement figure for Mill house is £36,000 and £37,000 for Brierley House. Costs to improve the facilities would be significantly higher.

### **Community Centre options**

The community centre review has concluded that the 2 centres in question are not sustainable. Demand is limited, income negligible and costs are on the rise.

Investing in the centres, improving facilities, connectivity, etc so they are modern and attractive was not considered viable as there is little evidence to suggest usage levels and income will increase sufficiently to pay back the money invested. In view of this, both sites are recommended for closure and the sites to be repurposed for affordable housing.

### **Affordable housing development**

A feasibility and viability assessment of both sites has been conducted. They are both considered to be potentially suitable for development and the development is financially viable.

Following the demolition of the current building, the intention would be to build a pair of 2 bedroom bungalows on the Brierley House site, with a pair of semi-detached homes being built at Mill House. The difference reflects the limitations of the Mill House site and the lack of space for bungalows.

The cost to demolish and build 4 new homes is estimated to be in the region of £743k. Homes England funding would be sought to help cover costs, assuming a minimum contribution of £48,000 per unit, the cost to the Council (HRA) would be circa £551k. Having put the figures through the cost model, payback would be in 35 years, within the Council's 40 years limit.

## **Implications**

### **Corporate Plan:**

The Corporate Plan identifies a need to ensure there is sufficient housing available in the District of the right size, type and quality, ensuring an adequate supply of affordable housing.

### **Legal: [RLD 10/07/2023]**

Legal advice and support will be provided throughout the process.

Contract Procedure Rules allows procurement through Framework agreements.

### **Finance: [PH 10/07/2023].**

<b>Budget Area</b>	<b>Implication</b>
General Fund – Revenue Budget	N/A
General Fund – Capital Programme	N/A
Housing Revenue Account – Revenue Budget	Rental income from the properties will ensure payback of the capital investment within the 40 year maximum.
Housing Revenue Account – Capital Programme	To be funded from the Housing Revenue Account with Homes England funding (subject to successful funding application)

### **Risk:**

<b>Risk</b>	<b>Mitigation</b>
Homes England funding not secured	None. Scheme will not progress
Planning Permission not granted	None. Scheme will not progress
Land proves unsuitable without significant remediation	Topographical and ground surveys produced before contract commitment.
Unexpected costs	Risks to be minimised through robust contractual arrangements.
Material and/or building supply delays	Risk sits with contractor, offset through a longstop clause.

### **Human Resources:**

Officers affected by the proposal will be consulted with as per existing ADC HR policies and procedures.

## **Environmental/Sustainability:**

As part of the Strategic goals we are looking to maximise the use of carbon reduction measures in new build Council housing developments.

## **Equalities:**

No implications. No person or group is being displaced by the proposal or will be detrimentally impacted in any way, as determined by an Equality Impact Assessment screening. The new homes will provide much needed accommodation for older households and those with mobility difficulties and disabilities.

## **Other Implications:**

None

## **Reason(s) for Urgency**

Not applicable

## **Reason(s) for Exemption**

Not applicable

## **Background Papers**

Not applicable

## **Report Author and Contact Officer**

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