

Report to: Partnerships Scrutiny Committee

Date of Meeting: 26 May 2016

Lead Member / Officer: Cllr Hugh Evans, Leader

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Title: West Rhyl Housing Improvement Project

1. What is the report about?

This report provides an update on progress with delivery of one element of the Rhyl Regeneration programme – the West Rhyl Housing Improvement Project.

2. What is the reason for making this report?

Scrutiny has asked for an update and reasons for the delays in delivery.

3. What are the Recommendations?

Partnerships Scrutiny is invited to consider the progress report provided and comment accordingly.

4. Report details

- 4.1. West Rhyl Housing Improvement Project was approved by Cabinet in September 2012. The project was a continuation of work already started under the Welsh Government North Wales Coast Strategic Regeneration Area initiative and was aimed at addressing housing and neighbourhood issues in the West Rhyl area.
- 4.2. The project is led by Welsh Government in partnership with Denbighshire County Council, Pennaf Housing Group, North Wales Housing and latterly West Rhyl Community Land Trust.
- 4.3. All partners have designated delivery roles within the project. Denbighshire County Council has been responsible for development of the Supplementary Planning Guidance covering the West Rhyl Regeneration area, acquisition of the various properties involved (including some Compulsory Purchase processes), agreed demolitions, resettlement of all displaced households, and design and delivery of the Urban Park/Greenspace.

- 4.4. The original aims of the project were to change the image of West Rhyl by enabling a more balanced housing offer – both housing type and tenure, alongside the provision of quality green space. The project involved removing 34 Houses of Multiple Occupancy (HMOs) and other properties, and replacing them with a new residential neighbourhood, with a mix of predominantly family homes, delivered through a combination of refurbishment and new build. Requiring significant compulsory purchases and the resettlement of over 130 households, the project is one of the most complex regeneration initiatives undertaken in Wales in recent years.
- 4.5. The project has been governed by a Project Board with representatives from Welsh Government, Denbighshire County Council, Rhyl Town Council, Pennaf Housing Group, North Wales Housing Association and latterly West Rhyl Community Land Trust, a housing cooperative.
- 4.6. The Afallon housing cooperative is an innovative element of the regeneration project. It is the first of its kind within an urban area in Wales. All tenants will be members of the cooperative and will contribute to its management and decision making. The tenants for the West Rhyl homes have been selected following an applications process. Selection criteria included demonstrating a willingness to take an active role in future development of the neighbourhood and the cooperative.

Project components

- 4.7. From the outset, the project was broken down into separate zones as follows (see also Appendix 1). Progress across the Zones has been mixed and changes have occurred as the project has developed.
- 4.8. **Zone 1: Area bounded by Gronant Street (even numbers) & Aquarium Street (odd numbers)** – demolition of properties and their replacement with a high quality green space/urban park.
- 4.9. The Urban Park (Gerddi Heulwen) was completed in March 2015. It is now well established and ready to form the backdrop to the new and refurbished houses and neighbourhood. This work was led by Denbighshire County Council and the construction works were delivered by Brenig Construction Ltd.
- 4.10. **Zone 2: Gronant Street (odd numbers)** – refurbishment into family homes by Pennaf Housing Group for shared ownership properties.
- 4.11. These properties were originally intended for refurbishment into single family homes. Early investigations suggested that costs associated with refurbishment were significantly higher than anticipated and the Project Board agreed to change this scheme to demolition and new build. Planning permission was secured by Pennaf Housing Group in November 2014 and the contract for build was awarded to Galliford Try in February 2016.
- 4.12. Construction work took longer than anticipated to start on site but is now progressing well and is due to complete by January 2017. The new build homes will provide affordable sustainable homes with minimal running costs for families, realising a core objective of the Regeneration funding.

- 4.13. The later start date was due to Land Transfer delays linked to the original CPO action and lower than expected forecast house values. The disparity between the cost of provision and valuation of the homes is being explored with Welsh Government. The properties remain as single family homes and for Shared Ownership.
- 4.14. **Zone 3: Aquarium Street (even numbers)** – refurbishment/remodelling of properties by private sector partner into family homes for owner occupation.
- 4.15. This zone, together with zone 5, was advertised to private sector developers by Welsh Government in 2015. Following the market test, a preferred development partner was selected to take forward a mixed use scheme. Discussions are still underway in relation to the proposed development agreement and start on site has been delayed as a result. As a fall-back position, Welsh Government and County Council officers are exploring potential alternative development routes. In the interim, the site is operating as a compound for the other development zones.
- 4.16. **Zone 4: John Street 14-24 (even numbers)** – refurbishment/remodelling of properties by a private sector development partner into a mix of family homes and good quality apartments for owner occupation.
- 4.17. After two attempts, this zone has been acquired by a private sector developer (B&W Properties) for refurbishment into a mix of single family town houses and good quality apartments. All properties will be for private rent. Strict requirements on quality standards and a prohibition on use as Houses of Multiple Occupancy have been applied to the sale agreement. Full Title will only transfer on satisfactory completion of the work. Works are on site now and due to be completed by April 2017.
- 4.18. **Zone 5: John Street 1-11 (odd numbers), 18 Aquarium Street & 50-57 West Parade** – mixed use, new build development by a private sector development partner. Potential for hotel, leisure or commercial/retail development coupled with residential provision for owner occupation.
- 4.19. This is now incorporated into zone 3 above.
- 4.20. **Zone 6: Abbey Street 3-41 (odd numbers), 10-24 (even numbers) & 8-12 Hope Place** – mixture of refurbishment, remodelling and new build as appropriate, ideally by a housing association partner with a mix of social rented and shared ownership properties, predominantly family homes.
- 4.21. This zone has been sub-divided into four areas.
- 3-9 Abbey Street are being remodelled by Pennaf Housing Group to provide 5 fully refurbished family homes with private gardens for rent. There have been significant delays due to additional asbestos uncovered during the strip out. The poor integrity of the building fabric has also resulted in delays whilst structural designs were revised.
 - 10 – 24 Abbey Street and 8 – 12 Hope Place have been incorporated into the Zone 2 new build contract outlined above and under way. This scheme will provide 7 new build energy efficient family homes for affordable rent.

- 11-33 (odd numbers) Abbey Street are being developed on behalf of the Afallon Housing Cooperative. The scheme will deliver 7 houses and 4 apartments through refurbishment of existing properties and some new build. The properties will be available as mid-market rental homes. The tenants have been identified and are due to move in by early September. Work has taken slightly longer to complete than planned due to site clearance problems, adverse weather conditions and a shortage of skilled bricklayers.
- 35 – 41 (odd numbers) Abbey Street currently remain in the ownership of Denbighshire County Council and are being held in anticipation of demolition and proactive marketing to the private sector for development.

4.22. Progress with delivery of the overall housing regeneration scheme has been slower than originally set. This is not surprising given the scale and complexity of the works involved. As changes in circumstances have emerged, the Project Board has been mindful throughout to ensure proposed developments continue to be appropriate for the area and meet the underlying regeneration objectives of the initiative. At times, this has meant decisions have taken longer as alternative options for delivery have been considered and acceptable (rather than easy) solutions have been found.

Impact and evaluation

4.23. A full project evaluation will be completed once all elements of the project have been delivered. Meanwhile, some preliminary work on early impact has been started against the broad outcomes originally identified for the project, namely:

- Objective 1: West Rhyl provides a neighbourhood where working people choose to live
- Objective 2: Our community lives in good quality well managed and well maintained accommodation
- Objective 3: West Rhyl provides a more balanced offer of housing tenure, type and access arrangements
- Objective 4: West Rhyl is a safer neighbourhood with less crime/anti-social behaviour
- Objective 5: People in West Rhyl live in a settled community

4.24. Initial work suggests positive impacts are already being felt. Recent evidence suggests that the housing market in the area is starting to pick up. There has been a significant reduction (21%) in the number of Houses of Multiple Occupancy in West Rhyl as a whole, and investment in social rented stock has seen the Welsh Housing Quality Standard reached throughout the sector. Whilst still high, unemployment levels in the immediate area appear to be reducing, and crime and anti-social behaviour incidences have reduced substantially. Anecdotally there would appear to be a higher level of private sector investor confidence. Satisfaction for households resettled as a result of the project has been overwhelmingly positive. Further detail is contained in the initial benefits capture report attached at Appendix 2.

Next Steps

4.25. For now, the focus of the Project Board is on ensuring delivery of the new housing and its subsequent purchase/occupation. An associated project, funded by contributions from all Partners, under the Rhyl Regeneration programme (Love Rhyl Perceptions campaign) is assisting with proactive marketing and promotion of the

neighbourhood and properties to a wider audience than might traditionally be considered.

- 4.26. The current West Rhyl Housing Improvement activity was always considered to be a first phase, with consideration to be given to other intervention areas at later dates. Early discussions have identified Edward Henry Street as a potential area of expansion but this has not yet been agreed and will be subject to further discussion, both through the Project Board and importantly with local residents and elected representatives.
- 4.27. Independently, Pennaf have however, committed to remodelling their properties at 6 – 12 Edward Henry Street into single dwelling family homes using 100% private finance. These homes are due for completion in July 2016.

5. How does the decision contribute to the Corporate Priorities?

Regeneration of Rhyl has been a Council priority since 2004 and continues to feature as a priority in the current Corporate Plan. Cabinet recently confirmed its continuing commitment to regeneration in Rhyl, approving the next phase of regeneration activity and priorities at its meeting in March 2016. Continued implementation of the existing West Rhyl housing project and its potential expansion are included.

6. What will it cost and how will it affect other services?

The cost of the project to date has been funded by Welsh Government from its Regeneration and capital funding. Pennaf Housing Group and North Wales Housing Association are also investing resources in delivery of the new homes. Properties retained within Denbighshire County Council ownership (part of zone 6) currently attract Council Tax and maintenance/security costs.

7. What are the main conclusions of the Equality Impact Assessment (EqIA) undertaken on the decision? The completed EqIA template should be attached as an appendix to the report.

Not applicable

8. What consultations have been carried out with Scrutiny and others?

There was extensive consultation as the original scheme was developed and engagement with local residents has continued during implementation. The project as a whole is overseen by the Project Board, which has local County & Town Council Councillors as members.

9. Chief Finance Officer Statement

This is a significant regeneration project and the Council has drawn down Welsh Government grant funding of £15m since 2012. This funding has been used for the acquisition of properties which have then either been demolished or passed on to housing associations. The funding has also provided for a green space on an area created through demolitions.

10. What risks are there and is there anything we can do to reduce them?

Risks were assessed prior to start of the project and are kept under review by the Project Board. The main risks to the council were associated with the CPO process and construction of the green space. Some residual risk remains in relation to the properties still held by the Council pending redevelopment.

11. Power to make the Decision

There is no decision required by this report.

Under Article 6.3 of the Council's constitution, scrutiny committees may review and monitor the performance of the Council and other bodies in respect of particular objectives or service areas.