

**Cabinet 1<sup>st</sup> November 2006**

**Report of the Director of Adult, Community & Housing Services**

**North Priory Estate Regeneration Project**

**Purpose of Report**

1. To advise Cabinet on the progress of the North Priory Regeneration Project and to seek approval to take the project forward through the option of full regeneration of the estate.

**Background**

**North Priory Estate**

2. The North Priory estate is situated to the north of the town centre bordered by the Priory Road, Castle Mill Road and the Birmingham New Road. It contains 270 houses in Pine Road, Thornhill Road, Primrose Crescent, Fern Road, Heather Road, Berry Road, the north side of Castle Mill Road, and a small part of Priory Road (from Castle Mill Road northwards towards the Birmingham New Road). The estate has been identified as at risk of market decline and from experiencing high turnover and low demand for lettings. There was also pressure from residents to address problems on the estate.

**Tribal (HCH) Feasibility Study**

3. The Council commissioned Tribal (HCH) – urban regeneration consultants – last November to undertake a feasibility study of the North Priory Estate. The aims of the feasibility study were:
  - To identify options that would create a vibrant, high demand, housing market – a place where people choose to live and invest, that will improve the quality of life for existing and incoming residents.
  - To identify options that were achievable – they needed to be self financing and have a high degree of stakeholder support.
4. The consultants spoke to wide range of stakeholders including North Priory residents and identified that:
  - The estate suffers from high levels of social and economic deprivation.
  - The existing housing is in low demand with high levels of voids and high turnover.
  - There is a lack of variety in the type and tenure of housing within the estate and the units are small.
  - There were a number of problems on the estate such as the lack of parking,

poor quality green areas, anti-social behaviour, large gardens which are difficult to maintain, poor road layout and lack of nearby facilities such as shops.

- The area as it stood did not seem to be sustainable.
5. The report concluded that the problems of the North Priory were deep rooted and that transformational change was required and that this could be best achieved through the redevelopment of a significant proportion, or all of the existing housing. It is envisaged that this approach will:
    - Introduce a greater mix of housing types and tenures.
    - Create a more balanced socio-economic profile of residents.
    - Enable redesign to address the isolation of certain parts of the estate.
  6. The report presented three regeneration options:
    - Minor redevelopment (affecting around 20% of the estate, mainly Pine Road)
    - Partial redevelopment (majoring on Pine Road but including the northern part of the estate and representing about 40% of properties)
    - Total redevelopment (affecting all properties on the North Priory estate).
  7. The Council is unable itself to fund these levels of refurbishment, remodelling and environmental improvements. Council housing income and expenditure is accounted for in the Housing Revenue Account (HRA). Financial forecasts, produced at the time of the Housing Stock Options Appraisal and subsequently updated, indicate that our ability to invest in council homes will largely be limited to achieving the Government's Decent Homes Standard.
  8. The report considered the potential ways of funding the regeneration which could include: working in partnership with a private developer, working with a local RSL and securing other public funding including Housing Corporation funding. The report concludes that through a development partnership, it would be possible to deliver 100% redevelopment of the estate with around 30% of social rented housing while remaining cost neutral. It also indicates that, with Housing Corporation funding, it may be possible to deliver a higher proportion of social rented housing.
  9. It recognised that the views of residents were mixed with some strong opposition, others undecided but with a significant proportion also feeling that something radical needs to be done. It recommended that further work was required to test the strength of feeling before any final proposal was made.
  10. The report concluded, however, that in order to achieve the kind of transformational change necessary to successfully address and solve the issues the estate faces, and to be cost effective, total redevelopment of the North Priory should be undertaken. A full copy of the report can be found in the Members' Room and by computer on the Committee Management Information System (CMIS).

### **Progress to date**

11. The Tribal (HCH) report also made a number of recommendations regarding taking the project forward. This included setting up a residents steering group and

establishing levels of residents wishing to stay. A governance structure for managing the project has been established. This includes: a Project Board – responsible for overseeing the overall project – consisting of a range of stakeholders – Members, Officers from across directorates and local residents; and a Residents Steering Group – responsible for ensuring that residents' views and opinions are represented and providing a forum for their views and feedback during the project. These groups have met and discussed issues over the summer. A Project Manager has also been appointed to oversee the project.

- 12 The objective of the first phase of the project was to ensure that North Priory residents had a clear understanding of the findings from the Tribal (HCH) Feasibility Study and that the Council had an understanding of the strength of feeling for the proposals in the study. This was undertaken through communication with all residents and a Residents' Aspirations Survey.

### **Communication with residents**

- 13 The primary medium for reaching residents has been through direct mailing of letters and the direct mailing of the shortened version of the Tribal (HCH) feasibility study. The aim of this document was to convey the issues identified in the study in an accessible and readable way – including the Tribal findings and how the Council proposed to consult. The Residents Steering Group were involved in commenting on the document. Anecdotal feedback on the publication has been good.
- 14 Display areas and materials have been set up in the Local Action Centre in Pine Road, St Francis's Church Hall and Dudley Council Plus. This was in response to a specific request from local residents. The displays consist of posters and the provision of both the full and shortened version of the Tribal report. A dedicated section of the Dudley web site has also been set up. It contains 11 pages of information including the Tribal feasibility study.
- 15 We have also 5 press releases during the summer. These press releases were primarily to make people aware of the on-going consultation work and to reinforce the reasons behind it. There have been 12 articles in the local press during this timescale.

### **North Priory Residents' Aspirations Survey**

- 16 We commissioned MEL Research to undertake a residents' aspirations survey to:
- Identify the detailed and in-depth views of residents in the North Priory area towards their own housing aspirations and their wider views and longer term commitment towards living in North Priory.
  - Identify and characterise the 'core community' who most strongly want to remain located in the area.
  - Explore the conditions (tenure, property and neighbourhood aspects) that would most influence residents' decisions whether to leave or stay on the estate after the potential redevelopment of the estate.
- 17 The survey was completed through face to face interviews with residents at home between the 14<sup>th</sup> and end of August. This was supplemented through face to face interviews with younger people on the estate. A total of 222 successful interviews were completed – a response rate of 82.5%. This figure well exceeded MEL's

most optimistic expectations based on their long experience of working on local authority estates. The Residents Steering Group were involved in commenting on the questionnaire before it was finalised.

18 The overall summary was that:

- North Priory has a strong group of residents firmly attached to the area, with a long history and extensive family connections in the area. There is a similar and possibly larger group of recent arrivals with little history or connection with the area.
- Most people (60%) liked the area and enjoyed living there.
- About half feel informed and a third feel involved in local decisions – this involvement is comparatively high but does not hold up for younger people.
- The area is felt to have good transport access, community spirit and green open space. The problem areas are poor quality housing, poor environmental quality, not enough jobs and not enough for young people to do.
- Most want the estate to be completely regenerated (55%) – this is true of residents generally and also the young people.
- Most want it to stay mainly council rented (53%) but the younger people are less wedded to this (29%). However when residents were asked to make choices between tenure and other issues some interesting results were observed.
  - I want the Council to still own my home (34%) v I want a better quality home (66%)
  - I want to stay a Council Tenant (55%) v I want to stay living in North Priory (45%)
  - I want investment to improve the environment on this estate (60%) v I want the Council to still own my home (40%).
- About two-thirds (63%) would want to return to North Priory after the regeneration and for nearly half this is very important. It is also important for young people but less intensely so.
- A little over a half might be interested in home ownership if they could afford it and amongst young people the interest is somewhat higher.

A summary of survey findings can be found in the Members' Room and by computer on the Committee Management Information System (CMIS).

## 19. **The Way Forward**

The first phase of the project is now complete and there has been wide ranging communication and extensive consultation with residents. The residents' aspirations survey demonstrates that residents are supportive of regeneration. The project now requires council support in order to take forward and the recommendation requests approval to continue with the project.

### **Finance**

20. The redevelopment of North Priory will involve the Council in a significant initial outlay of funds for disturbance allowances, home loss payments, repurchase of owner-occupied properties, compulsory purchase fees, security, resident support and any specialist professional advice that may be required. (Expenditure on the repurchase of owner occupier properties with any associated fees qualifies as capital expenditure and will require approval from full Council.) Developers will be required to submit bids that are adequate to cover the Council's initial costs.

There are a number of financial risks for the Council associated with the project including: incurring expenditure before a development partner is appointed and / or project delays leading to an increase in the Council's costs. The project plan, budgetary and other management controls will be designed so as to mitigate against these risks.

- 21 In addition to the direct costs of redevelopment outlined above, the project is likely to lead to a loss of economy of scale on the Housing Revenue Account (HRA), estimated at £100,000 per year. This is unlikely to be met from the redevelopment and would have to be met from elsewhere in the HRA. However, it should be noted that if the estate is not redeveloped there is a risk of further decline in demand which would in itself be a significant cost to the HRA.
- 22 The Feasibility Study and resident consultation has been funded by the Regional Housing Board.

### **Law**

23. The Council may do anything incidental to, conducive to or which facilitates the discharge of its functions under Section 111 of the Local Government Act 1972. This would include anything incidental to the Council's housing powers and duties under the various Housing Acts.

### **Equality Impact**

24. The use of a one to one door step survey enabled us to capture the views of the majority of residents on the estate including older people. The survey company also visited households at a range of times to ensure that we captured residents who worked. The views of young people (16-24 yr olds) on the future redevelopment of the estate have also been captured through a separate survey. Interpretation facilities were also made available.

### **Recommendation**

25. It is recommended that Cabinet note the contents of the report and give approval to:
  - continue with the project and to develop a prospectus inviting proposals from potential development partners.
  - procure a development partner to work with the Council on the regeneration of the North Priory with the 100% redevelopment option, a minimum 30% of affordable housing and generating a capital receipt adequate to cover the Council's initial costs.
  - incur expenditure as outlined in paragraph 20.
  - seek approval to bid for Housing Corporation funds.



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