

To: City Executive Board

Date: 11 June 2015

Report of: Executive Director for Housing and Regeneration

Title of Report: Blackbird Leys Regeneration sites - Delivery Partner

Summary and Recommendations

Purpose of report: To provide an update and seek approval to procure a development partner for regeneration.

Key decision: Yes.

Executive lead members : Cllr Scott Seamons, Board Member for Housing, Cllr Bob Price, Board Member for Corporate Strategy, Economic Development and Planning and Cllr Ed Turner, Board Member for Finance, Asset Management and Public Health

Policy Framework: Corporate Plan- vibrant & sustainable economy; Core Strategy 2010; Regeneration Framework 2010; Sites and Housing Plan 2013.

Recommendations: That the City Executive Board:

1. Note the contents of the report.
2. Commission officers to undertake an OJEU compliant marketing process to seek a joint venture partner for redevelopment and regeneration.
3. Delegate to the Director of Regeneration and Housing the authority to prepare and issue draft Heads of Terms to accompany the Invitation to Tender.
4. Grant project approval for the Blackbird Leys delivery project as set out in this report, based on Option B.
5. Approve expenditure of up to £300k to be funded from the HRA capital programme in order to procure and, subject to future CEB approval, make the appointment of the development partner.

Appendices

Appendix 1 Risk Register

Appendix 2 Equalities Impact Assessment

Appendix 3 Site Plan

Appendix 4 District Centre illustration

Appendix 5 Princes Foundation - Projects and Stakeholders

Appendix 6 [NOT FOR PUBLICATION-COMMERCIALY SENSITIVE]

Background

1. Regeneration of the Blackbird Leys area is underpinned by a substantial policy framework including the Core Strategy (March 2011) and the Oxford Regeneration Framework (2010).
2. The district centre of Blackbird Leys was developed in the 1950s and '60s with many of the buildings now suffering from significant deterioration. In particular the retail block and community centre are nearing the end of their design life and carry significant maintenance liabilities. The poor quality public realm, dominated by the highway, and fragmented land uses are unattractive and represent inefficient use of land which could be better used to address the housing shortage.
3. This project seeks to create a holistic model for regeneration that links the physical redevelopment of the area with social aspects to realise increased benefits. This will be achieved by:
 - Embedding the community in the project from the start of the procurement and masterplanning processes.
 - Bringing together public services to share space and share knowledge
 - Investigating new ways of making housing available for key workers such as teachers, nurses, technicians and others.
 - Setting up a learning programme for school pupils and young people about the regeneration project.
 - Undertaking a study into the best practice design and management of flatted properties.
 - Seeking to understand more about our elderly residents' motivations for downsizing and how this might free up more homes for families.
4. Development sites in Blackbird Leys are identified in the Sites and Housing Plan (2013). These include SP5 District Centre and SP24 Kassam Stadium sites. The City Council owns land assets in both these areas that are allocated for mixed-use and housing development. See map at Appendix 3.
5. Feasibility work has been undertaken to assess options for redeveloping sites SP5 and SP24 to provide a mix of residential accommodation, retail

space, a multifunctional community hub and improved public realm, building on earlier work that the Princes Foundation carried out in collaboration with the community and stakeholders. It has long been an ambition of Members that the district centre be rejuvenated, tired buildings replaced and new homes provided in an attractive sustainable setting.

6. The development of the Blackbird Leys sites will add significantly to the housing stock in the area, including much needed affordable homes, and provide new community infrastructure. This is a significant capital project for major regeneration of the area to meet housing needs and wellbeing objectives, and the Council will need to deliver it in conjunction with a development partner with the appropriate expertise and resources.

Land Use Planning and Urban Design

7. Consideration has been given to how the district centre can be redeveloped in full, or in part, to regenerate the area, provide new residential accommodation and refresh the physical environment creating greater vitality and attractive public space at the heart of the Leys community which is home to some 13,100 residents.
8. High level outline options have been identified for the purposes of costing and viability testing. The key aspirations include:
 - Improved urban design and the creation of an identifiable district centre
 - Improved amenity and public space
 - More homes
 - New multi-functional community facilities
9. In parallel, work has been undertaken to explore an earlier proposal for a new link road to the west in the form of an extension to Knights Road. This could ultimately provide direct access to Grenoble Road, the Science Park and to the south of Oxford and beyond. Connectivity throughout the area would improve and there is potential for additional bus services providing radial links, thus improving connections to Headington and the hospitals.
10. A first phase of this extension would unlock land to the south of Knights Road, to help fund the district centre proposals. 60-80 homes could be built on land that is currently under City Council ownership as identified in the Sites and Housing Plan. (SP24). There would be significant benefits for residents living close to Spindleberry Park as new homes would overlook the park providing security benefits and reducing anti-social behaviour. Other residents and businesses will benefit from a new district centre with improved facilities, greater footfall and around 190 new homes.
11. A key feature of the district centre regeneration project is to consolidate space currently occupied by services and agencies in inefficient, low density buildings and release land for more homes. This would involve the

development of a large multifunctional community hub with space for a range of services including potentially a library and advice centre.

12. The project will provide an opportunity to supply private housing at a cost that cannot be matched elsewhere, providing an attractive offer for teachers, nurses and other key workers and their families. The possibility of managing the allocation of key worker housing is subject to a separate study.
13. The regeneration proposals will seek to rebalance the scale and form of the district centre, by replacing low rise development with accommodation in five storey buildings, rising to six or seven at key points to balance the existing adjoining tower blocks. This will create a distinct and recognisable centre for the neighbourhood at an appropriate density and make more efficient use of space.
14. The new housing in the district centre will be mostly flats, with a mix of smaller two-bedroomed homes along with some larger four/five - bedroomed properties. This reflects the predominant demand identified by the Housing Team. This mix also offsets the proportion of three-bedroomed properties across the area and provides an offer for smaller households such as younger people as well as elderly residents wishing to downsize, thus potentially freeing up larger homes for families.
15. Research will be undertaken to establish motivations for elderly residents to downsize and implications will be factored into the design of properties in the district centre. The designs will also consider good practice in how best to lay out family accommodation within the block, for example, by providing duplexes with gardens and direct street access where possible.
16. A study will be undertaken into the management of flatted properties as part of the long term management plan.

Options, Feasibility and Deliverability

17. The initial feasibility assessments considered three broad redevelopment options which have been assessed for cost, deliverability and outputs.

Option A - Maximum Redevelopment.

18. This would involve complete redevelopment of the whole of the district centre including college, church, privately-owned, city and county council land to provide comprehensive physical regeneration of the whole of the district centre.

Option B - Intermediate Redevelopment.

19. This would involve creating new retail space and residential units on available land close to the existing community centre and tower blocks, allowing for relocation of those uses from the retail parade and ultimately the creation of a new multifunctional community hub where the retail parade now sits. The site of the current community centre could then be redeveloped for residential uses. There is also the opportunity to replace the low rise flatted block adjacent to the retail parade with better quality and more energy efficient homes, possibly in the form of townhouses. This approach would not prevent wider redevelopment in the longer term and has the benefit of being deliverable subject to obtaining vacant possession.

Option C -MinimumRedevelopment.

20. This option involves building a new community centre on land adjacent to Evenlode tower block, next to the leisure centre, releasing land occupied by the current community centre for housing. However, this would only deliver a small number of new homes for a large financial commitment and would also fundamentally change the diversity at the heart of the district centre, having a negative impact on the character of the area.

Cost

21. A number of elements are seen as important to the district centre including new shops, a community hub and public square. However, the scale and cost of these is substantial when compared with the amount of housing and value that can be created. Market studies and financial appraisals carried out by GVA property consultants has shown that proposals for complete redevelopment have a large financial gap and it is clear that the residential values achievable in the area cannot support the community uses in the project, making a scheme unviable without public sector intervention.

22. The district centre options all show negative land values, these being a function of: low sales values; the cost of the community hub and public realm and Housing & Community Agency grant being unavailable for social rented properties. The sale of land at Knights Road for housing development, including market homes for sale could provide a contribution for regeneration of the district centre.

23. The relative scale of public sector investment required, based on 50% affordable homes is indicated in Table 1 below. For example, Options B and C require similar levels of subsidy per unit whereas Option A requires over three times as much. The reason for this is that Option A would involve significant infrastructure changes including major new roads and public realm plus aspirations such as recladding the church and significant low-revenue generating buildings associated with college and retail activities. The absolute cost of Option A is high. The absolute costs of

Options B and C are manageable within the Council’s existing budget provisions.

Table 1 Relative subsidy cost per unit		
District Centre with 50% affordable delivered by private sector (developer or housing association)		
Option	Total No. of Units	Subsidy Index per unit
A Maximum	308	3.21
B Intermediate	190	1
C Minimum	80	1

Pros and Cons of Options

24. Option A provides major comprehensive redevelopment of the area as a single project. However, it is high risk, and not manageable in the near-term due to the diversity of land ownership and consequent complexities of assembly making delivery less certain than Options B or C. Option A has significantly high absolute costs and is not considered affordable. In addition, the market for private sales is less certain and the private sector delivery model adds cost to the scheme. Soft market testing showed a limited degree of market interest in Option A.
25. Option B represents an opportunity for major physical change in the area, increasing the housing stock, improving the public space and effecting restructure of the market in the area to provide an attractive affordable option (both owner occupation and rental) for key workers and families as well as elderly people. Option B does not prevent or compromise further intervention in the future. There would be more disruption than Option C, and less than Option A. However, there are much greater benefits associated with Option B than Option C including more homes, new shops and improving the attractiveness of the area.
26. Option C also represents an opportunity for major physical change in the area, increasing the housing stock although to a lesser degree than Options A or B. Option C requires less absolute public sector investment than option B and there is less disruption to residents and businesses. However, the outputs are disproportionately lower. In addition, it does not provide the opportunity to co-locate the community hub and retail units, which is considered important for vitality and diversity in the centre at different times of the day. This latter point is a significant dis-benefit.

Recommendation

27. **Option B is recommended as it is the most deliverable, can be afforded and provides more net regeneration benefits and outcomes.** This option represents a deliverable opportunity for major physical change in the area, increasing the housing stock in the area, improving the public space and providing a mix of affordable housing (both

owner occupation and rental), including for key workers and families as well as elderly people. There would be opportunities within the scheme for relocation of affected residents and businesses. The existing community centre would continue to operate until the new centre was completed. The financial aspects are set out in further detail in Appendix 6 [NOT FOR PUBLICATION].

28. Appendix 4 provides an artist's impression of what the regenerated area could look like although it should be noted that this is conceptual and there are no firm proposals at this stage. The potential outputs are shown in Table 2 below.

Table 2 District Centre Regeneration Project Outputs	
Community Hub sqm	3000
Retail units sqm	850
Public Realm	Improvements to existing square and landscaping
Total housing units (inc. 50% affordable)	190
Flats	171
Houses	19

Delivery Partner Procurement

29. The Council will need to deliver this project in conjunction with a development partner. Soft market testing undertaken with private sector housing developers/developing housing associations has indicated potential interest in a partnership approach for the 'Intermediate' intervention described above.
30. Procurement of a delivery partner will require a competitive process in compliance with EU and Public Contract Regulations. Bidders will be invited to submit proposals for the district centre and evaluated using a combination of financial and qualitative evaluation criteria in accordance with the Contract Standing Orders. The Council's in-house Procurement Team will be key member of the project team and will administer the procurement process.
31. CEB will be asked to approve the appointment of the partner by way of a future report.

Role of the Development Partner

32. The selected developer/HA will provide investment and development management services including: preparing a detailed masterplan for the Council owned land in consultation with the local community, submitting a planning application and appointing contractors to construct infrastructure and the new properties. In addition, a long term stewardship plan for the area will be drawn up and implemented.

Property Issues

33. District centre properties, including the retail parade, are subject to occupational leases and private leaseholders. The Council would need to seek vacant possession. In all cases this would be discussed on an individual basis, seeking to acquire property by negotiation and mutual agreement or using CPO powers if necessary. New retail space and flats will be made available as the first phase of the project so that affected residents and businesses can be relocated.

Communication, Community and Stakeholder Involvement

34. Significant engagement was undertaken by the Princes Foundation in 2012/13 through their industry-recognised 'Inquiry by Design' process. This involved a series of workshops and events in which a very wide range of local stakeholders participated, and the ideas that emerged have informed the district centre intervention proposals. See Appendix 5.
35. The City Council also explored the possibility for shared space to deliver services with a wide range of occupiers including the County Library service, County Children's services, NHS Trust, City of Oxford College, Thames Valley Police, church, and local community advice groups. There is widespread support for a multifunctional community 'hub' with many parties expressing initial interest in taking space. A Shared Space Opportunity event is scheduled with the aim of translating these initial expressions of interest into tangible 'in principle' agreements that can be factored into the outline development brief.
36. Meetings and briefings have taken place with the lead Member for Housing and Ward Representatives.
37. Individual residential and commercial tenants and leaseholders that may be impacted have been notified of this report and, subject to CEB approval of the same, a wide-scale leaflet drop will take place to publicise the procurement of a partner for regeneration and explain the process for the community to get involved as the project progresses. Regular updates will be provided via the Leys News, other media and through local community groups, including the Leys Community Partnership and Blackbird Leys Parish Council. It is also intended that a large notice board be erected outside the retail parade carrying regeneration information, subject to any necessary statutory or landowner approvals.
38. Bidders will be asked to present concept design schemes; these will be shared anonymously with the local community and feedback received will be taken into consideration when assessing the qualitative aspect of bids.
39. A detailed communication plan will then be developed with the selected partner and this will set out the arrangements for community engagement in the preparation of detailed plans and designs for the area.

Project Governance Arrangements

40. The feasibility work has been led by the Partnerships and Regeneration Team guided by a cross directorate group including officers from housing, planning, parks & leisure, communities, assets and the County Council property and transport teams. There has also been engagement with the City of Oxford College and various other service areas.
41. A Blackbird Leys Project Group, with Member attendance, regularly meets to consider the interfaces across all projects in the area. This will continue.
42. In addition, a dedicated Project Board will be established chaired by the Director to include Finance, Legal, Planning, Housing & Property and Parks & Leisure to be operated under the Council's Capital Gateway monitoring process.

Indicative Outline Programme

Activity	Dates
CEB Approval to proceed	11 June 2015
Communications	Ongoing
Develop specification, terms and evaluation criteria	June 2015
Shared Space Event	June 2015
OJEU process	June -September 2015
Evaluation	October 2015
Negotiation processes & evaluation	November - January
CEB approval process to appoint partner (estimated)	Feb 2016
Standstill period	15 days
Award contract & publish award Notice	March 2016
Masterplanning and community engagement	April 2016 – Dec 2016
Planning Application	Jan- March 2017
Note: the above programme is based on the OJEU negotiated route.	

43. Subject to the above, a start on site is anticipated mid. 2017.

Legal and Procurement Issues

44. Powers: The City Council is entering into the project for the purposes of regeneration and economic growth exercising the General Power of Competence in Section 1 of the Localism Act 2011.
45. Procurement and competition: Public Contracts Regulations and current EU legislation requires a competitive process. An OJEU tender process will be undertaken with pre-qualification of partners prior to inviting tenders.

46. State Aid: At present there is no indication that this project would create any state aid implications, but this point will be closely monitored throughout the project.
47. It is anticipated that the form of contract will be a bespoke development agreement, although flexibility will be maintained for alternative arrangements if the marketing exercise indicates an appetite for an alternative approach, such as a company or partnership. The contract will contain provisions for apprenticeships and local economic/community development initiatives.
48. The development partner will not discharge any of the statutory functions of the Council.

Financial Implications

49. To enable regeneration of the district centre the Council will seek offers from development partners, based on it making available HRA and General Fund land for construction of the new facilities and homes. See plan at Appendix 3. Potential receipts for the land will be factored into the bid evaluation process.
50. The project will require capital investment from the City Council and the development partner to achieve the required level of affordable homes, new community infrastructure and retail spaces. A development partner will bring investment and expertise to deliver the project.
51. The Council's Medium Term Financial Plan makes provision within the General Fund and HRA capital programmes for a contribution towards the development of community facilities and affordable homes.
52. Within the Council's HRA Capital Programme there is a budget of £10.6 million over the next 6 years in respect of regeneration across Blackbird Leys. In addition there is an amount for programme delivery of the entire Housing Capital Programme ranging between £156k to £200k per annum some of which could be used for the delivery of the Blackbird Leys scheme. The Capital Programme is largely funded by revenue contributions within the HRA and consideration will need to be given to the profiling of expenditure on the scheme in individual years once the results of the procurement exercise are known, since spend over and above the budget in any particular year may require compensating adjustments to the HRA capital programme in order to balance the budget.
53. Members are asked to approve expenditure of up to £300k to be funded from the HRA capital programme in order to procure and, subject to future CEB approval, make the appointment of the development partner.
54. The proposals utilise land held in both the HRA and General Fund accounts. The exercise to seek a development partner will set a minimum

requirement for 50% affordable housing in the district centre. The Council's own social rented properties will be re-provided (ownership to remain) and tenants will be re-housed in new modern energy-efficient homes.

55. The HRA budget has restrictions in terms of its use, this to be only for HRA related projects. Therefore, a full financial evaluation of the terms of the scheme will be undertaken before making a recommendation of development partner to ensure that the Council can fully fund the mix of houses and properties from a combination of its General Fund and Housing Revenue Resources, including any potential receipts from land sales.
56. The General Fund Capital Programme contains provisions for capital contributions to community centres in Oxford in the sum of £3m, some of which could be used at Blackbird Leys.
57. Within the Council's General Fund Revenue Budget there are annual gross expenditure and income budgets of £63k for the cost of operating the existing Blackbird Leys community centre. These costs will invariably change with the new development and there is a potential for additional revenue income from additional retail space built into the scheme. This will be evaluated alongside the bids that are received from the procurement process.
58. Further information about the commercial aspects of the project is provided at [NOT FOR PUBLICATION] Appendix 6.

Environmental Impact

59. The project provides the opportunity to significantly improve the physical environment and public realm and help attract new investment to the area. New buildings will be more energy efficient and use non-deleterious materials.

Equalities Impact

60. Six of the eight Super Output Areas in the Leys are among the 20% most deprived areas in England. Poor educational attainment, low adult skills and higher levels of crime are issues. Two-fifths of children live in poor households, as do one-quarter of pensioners.
61. The Initial Assessment is that the contents of this report do not lead to any unjustifiable differential impact on relevant groups. The project will provide an important means to deliver new private and affordable housing and commercial spaces to support local services as well as a more attractive and safer urban environment with active frontages and improved streetscape.

Name and contact details of author:-

NameFionaPiercy

Service Area / Department: Regeneration & Housing

Tel: 01865 252185 **e-mail:** fpiercy@oxford.gov.uk

Background Papers: None