

## NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

### POLICY DEVELOPMENT GROUP – 28 SEPTEMBER 2016

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| Title of report                        | <b>UPDATE ON NEW BUILD COUNCIL HOMES PROGRAMME</b>   |
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| Purpose of report                      | To receive Policy Development Group's comments on the New Build Council Homes Programme  |
| Council Priorities                     | Homes and Communities  |
| Implications:                          |  |
| Financial/Staff                        | All costs associated with the new build programme have been fully accounted for within existing budgets and capacity. There are no staffing implications.  |
| Link to relevant CAT                   | Not Applicable   |
| Risk Management                        | A risk register will be developed (as necessary) as part of the new build programme.   |
| Equalities Impact Assessment           | An equalities impact screening will be undertaken as part of the development of the Local Lettings Plan for Linford and Verdon Crescent, Coalville. The provision of new council housing will assist in providing settled accommodation for residents in the district who are unable to access the private housing market. |
| Human Rights                           | None   |
| Transformational Government            | Delivering housing in a sustainable way, considering the environmental and social impacts and benefits.  |
| Comments of Head of Paid Service       | The report is satisfactory   |
| Comments of Deputy Section 151 Officer | The report is satisfactory   |
| Comments of Deputy Monitoring Officer  | The report is satisfactory   |

|                   |   |
|-------------------|---|
| Consultees        | Linford and Verdon Crescent Tenants and Residents Association (TARA), Coalville<br>Willesley Estate TARA, Ashby<br>NWL Tenants and Leaseholders Consultation Forum  |
| Background papers | Emerging Issues Affecting Affordable Housing Delivery Cabinet 22 September 2015<br>Proposal to Acquire Brownfield Site Cabinet 22 September 2015<br>Housing Asset Management Strategy Cabinet 20 October 2015<br>New Build Proposals For Council Housing Cabinet 10 November 2015 |
| Recommendations   | <b>THAT THE POLICY DEVELOPMENT GROUP OFFERS ANY COMMENTS FOR THE CONSIDERATION OF THE PORTFOLIO HOLDER FOR HOUSING AND THE DIRECTOR OF HOUSING</b>  |

## 1.0 BACKGROUND

1.1 The purpose of this report is to update Policy Development Group on progress with the council's housing new build programme in respect of potential schemes at Linford Crescent and Verdon Crescent in Coalville; Smedley Close and Staley Avenue on the Willesley estate in Ashby; and Cropston Drive on the Greenhill estate in Coalville.

## 2.0 UPDATE

2.1 On 10 November 2015 Cabinet approved the proposal to progress the council's housing new build programme and this report updates Policy Development Group with progress since that decision, with potential identified to build up to forty four new council homes as outlined in sections 2.2 to 2.10 of this report and summarised immediately below:

- Up to sixteen new homes on Linford Crescent and Verdon Crescent in Coalville;
- Eight new homes on Willesley estate in Ashby;
- Twenty new homes on Cropston Drive in Coalville.

### **Linford Crescent and Verdon Crescent in Coalville**

2.2 Initial activity has focussed around the redevelopment of five specific sites of HRA land on Linford Crescent and Verdon Crescent in Coalville (please see Appendix One). In summary it is proposed that redevelopment of these five sites will include the provision of up to sixteen new council homes and a new community facility as outlined below:

- Site One: The demolition of the decommissioned sheltered housing scheme at Greenacres off Linford Crescent, and the redevelopment of the site with up to ten new homes with the following mix. One one bedroom bungalow, two one bedroom houses and seven two bedroom house. (Appendices Two and Three). It is proposed that six of the seven two bedroom houses will be constructed to enable them to be converted into three bedroom houses at a future date should demand require;
- Sites Two, Three and Five: The demolition of garages on the four decommissioned communal garage sites currently located off Linford Crescent and Verdon Crescent, and the

redevelopment of site two with two semi-detached two bedroom houses. It is proposed that these houses will be constructed to enable them to be converted into three bedroom houses at a future date should demand require. The developments at sites three and five will include up to four two bedroom bungalows (Appendices Four, Five and Six). It is possible we will not proceed with site five as more extensive ground works are required here, and existing garage users may have to be re-located;

- Site Four: The redevelopment of the remaining communal garage site off Linford Crescent to provide a new community facility to replace the existing facility contained within the Greenacres building (Appendices Seven and Eight).

### New Community Facility

- 2.3 Following early consultation with local residents about the redevelopment of the decommissioned sheltered housing scheme at Greenacres off Linford Crescent, a commitment was given to provide a replacement community facility as part of the project. Initial consideration was given to incorporating the new community facility within the new development itself, but subsequent investigations determined that the preferred option is to build it separately, still located within the estate, but on the site of one of the existing communal garage schemes.
- 2.4 There are four potential garage schemes within the estate, with respective surveys indicating that the preferred location for the community facility being garage site four.
- 2.5 Further consultation meetings undertaken with local residents on 11 and 25 May 2016 received overwhelming support for this location. At the same meetings additional consultation took place about the design and specification of the new community facility.
- 2.6 The new community facility will need to be built before Greenacres can be demolished and the headline milestones for this are indicated in Table One below:

Table One

| Ref | Actions   | Completed | Target   |
|-----|---|-----------|----------|
| 1   | Appoint temporary part time project manager   | 21/03/16  |          |
| 2   | Agree project plan  | 05/04/16  |          |
| 3   | Complete initial tenant consultation including location, design and outline specification | 14/06/16  |          |
| 4   | Obtain planning approval for new facility   | 29/07/16  |          |
| 5   | Appoint contractor for groundworks  | 30/09/16  |          |
| 6   | Appoint contractor for construction of new facility                                       |           | 27.10.16 |
| 7   | Complete demolition of existing garages   |           | 31.10.16 |
| 8   | Complete groundworks  |           | 30.11.16 |
| 9   | Complete construction of new community facility   |           | 22.12.16 |
| 10  | Handover to TARA  |           | 23.12.16 |
| 11  | Complete demolition of current Greenacres building  |           | 31.01.17 |

New build redevelopment of Linford and Verdon Crescent sites

2.7 The headline milestones for the redevelopment of the Greenacres site and the three remaining communal garage sites on Linford Crescent and Verdon Crescent are indicated in Table Two below:

Table Two

| <b>Ref</b> | <b>Actions</b>   | <b>Completed</b> | <b>Target</b>    |
|------------|--|------------------|------------------|
| 1          | Appoint temporary part time project manager  | 21/03/16         |                  |
| 2          | Agree project plan   | 05/04/16         |                  |
| 3          | Confirm site covenants and easements   | 19/04/16         |                  |
| 4          | Appoint CDM project support  | 19/04/16         |                  |
| 5          | Complete report on land titles   | 25/04/16         |                  |
| 6          | Complete measured survey of existing building  | 26/04/16         |                  |
| 7          | Complete parking and traffic survey  | 03/05/16         |                  |
| 8          | Complete ecology survey and report of site and existing building                                     | 04/05/16         |                  |
| 9          | Confirm adoptable areas  | 10/05/16         |                  |
| 10         | Complete topographical survey and report of site   | 14/05/16         |                  |
| 11         | Complete full arboricultural survey and report of site including tree survey & tree constraints plan | 17/05/16         |                  |
| 12         | Confirm site plan limitations  | 17/05/16         |                  |
| 13         | Complete design and performance brief  | 24/05/16         |                  |
| 14         | Complete full R & D asbestos survey and report of existing building                                  | 30/05/16         |                  |
| 15         | Complete existing services apparatus plans & combined services drawings                              | 10/06/16         |                  |
| 16         | Appoint architect  | 05/07/16         |                  |
| 17         | Complete ground and soil investigation, landmark search, survey and report                           | 20/07/16         |                  |
| 18         | Complete detailed designs and specification following pre-planning and tenant consultation           |                  | 30/09/16         |
| 19         | Obtain planning approval for new build proposals (13 weeks)  |                  | 05/01/17         |
| 20         | Appoint contractor for construction of new homes (including Cabinet report for contract award)       |                  | 09/02/17         |
| 21         | Mobilise contractor and commence work on site  |                  | 09/03/17         |
| 22         | Handover of completed homes  |                  | Feb – April 2018 |

Smedley Close and Staley Avenue, Willesley, Ashby

2.8 This proposal involves the redevelopment of a decommissioned communal garage site off Smedley Close, and a vacant plot of land on Staley Avenue, on the Willesley estate in Ashby, and building up to 8 two bedroom bungalows (please see Appendix Nine). The headline milestones for the redevelopment of the two sites are indicated in Table Three below:

Table Three

| Ref | Actions  | Completed | Target        |
|-----|--|-----------|---------------|
| 1   | Agree project plan   | 03/06/16  |               |
| 2   | Complete report on land titles   | 08/06/16  |               |
| 3   | Complete topological survey and report of site   | 18/06/16  |               |
| 4   | Confirm site plan limitations  | 20/06/16  |               |
| 5   | Confirm adoptable areas  | 29/06/16  |               |
| 6   | Complete full R & D asbestos survey and report of existing garages                                   | 05/07/16  |               |
| 7   | Complete design and performance brief  | 11/07/16  |               |
| 8   | Complete ecology survey and report of site   | 12/07/16  |               |
| 9   | Complete full arboricultural survey and report of site including tree survey & tree constraints plan | 12/07/16  |               |
| 10  | Appoint architect  | 26/07/16  |               |
| 11  | Complete existing services apparatus plans & combined services drawings                              | 05/08/16  |               |
| 12  | Complete ground and soil investigation, landmark search, survey and report                           | 06/09/16  |               |
| 13  | Complete detailed designs and specification following pre-planning and tenant consultation           |           | 04/10/16      |
| 14  | Obtain planning approval for new build proposals (9 weeks)   |           | 09/12/16      |
| 15  | Complete demolition of existing garages  |           | 31/01/17      |
| 16  | Appoint contractor for construction of new homes (including Cabinet report for contract award)       |           | 09/02/17      |
| 17  | Mobilise contractor and commence work on site  |           | 09/03/17      |
| 18  | Handover of completed homes  |           | December 2017 |

**Cropston Drive in Greenhill, Coalville.**

- 2.9 This proposal involves a vacant HRA site on Cropston Drive in Greenhill, including the relocation of a play area amenity, and the potential acquisition of adjacent derelict land that used to be the Cocked Hat public house, to allow development of the combined site.
- 2.10 The Director of Housing is currently in negotiations with the administrators of Lehman Brothers about the acquisition of the site which is linked to another site in Bathgate, Scotland. The council has an interested party in the Scottish site and it is intended that a back to back transaction would be completed in which the council acquired both sites and immediately transferred the Scottish site to the buyer. There are some legal issues around the property ownership which need to be resolved before the Council can proceed. It is hoped we can complete this process by 31 December 2016.
- 2.11 Provisional legal advice has been sought on the proposed acquisition, and it has been agreed in principle that the Council may be able to proceed as described in 2.10 above, but that the mechanics of the process will need to be clarified, which may involve sourcing an external solicitor, especially for the acquisition and sale in Scotland. An information pack on the sites is awaited from the administrators, at which point a definitive legal view can be taken on the risks involved, and whether or not the Council can proceed.

2.12 At the combined Cropston Drive site there is the potential for between fifteen to twenty two bedroom houses. The indicative headline milestones for the redevelopment of the site are indicated in Table Four below.

Table Four

| Ref | Actions  | Completed | Target      |
|-----|--|-----------|-------------|
| 1   | Agree project plan   | 22/08/16  |             |
| 2   | Confirm site plan limitations  |           | 24/09/16    |
| 3   | Complete topological survey and report of site   |           | 14/09/16    |
| 4   | Complete design and performance brief  |           | 16/09/16    |
| 5   | Complete report on land titles   |           | 23/09/16    |
| 6   | Appoint architect  |           | 26/09/16    |
| 7   | Complete full arboricultural survey and report of site including tree survey & tree constraints plan |           | 07/10/16    |
| 8   | Complete ecology survey and report of site   |           | 07/10/16    |
| 9   | Confirm adoptable areas  |           | 14/10/16    |
| 10  | Complete existing services apparatus plans & combined services drawings                              |           | 28/10/16    |
| 11  | Complete ground and soil investigation, landmark search, survey and report                           |           | 31/10/16    |
| 12  | Assume ownership of vacant Cocked Hat site   |           | 31/12/16    |
| 13  | Complete detailed designs and specification following pre-planning and tenant consultation           |           | 23/12/16    |
| 14  | Obtain planning approval for new build proposals (13 weeks)  |           | 31/03/17    |
| 15  | Complete re-location of play area  |           | 19/06/17    |
| 16  | Appoint contractor for construction of new homes (including Cabinet report for contract award)       |           | 19/06/17    |
| 17  | Mobilise contractor and commence work on site  |           | 07/08/17    |
| 18  | Handover of completed homes  |           | August 2018 |

### 3.0 RESOURCE COMMITMENTS AND GOVERNANCE

3.1 The new build project sits under the Housing Programme Board chaired by the Director of Housing and is managed by a project team consisting of:

- Asset Management Team Manager - Neil Barks
- New Build Project Manager – Simon Jones
- Housing Needs Team Manager – David Scruton
- Housing Management Team Manager – Amanda Harper
- HRA Business Support Team Manager - Steve Everson

3.2 Additional support is being provided to the project team as required by colleagues in planning, legal services and procurement.

3.3 Quarterly Progress Reports are considered by the Housing Programme Board, which reports into the Corporate Leadership Team, and reports will be submitted at agreed intervals to CLT / Cabinet and/or when a decision is required.

- 3.4 The design and build (construction) elements for the programme have been/are being procured through separate contracts. This approach enables greater control to be exercised by the Council over the design element for each scheme than would be usual through a single combined design & build contractual arrangement. This approach is also likely to result in the utilisation of different local architects across the programme, thereby encouraging greater scope for design styles and innovation.
- 3.5 The build (construction) elements for the first two schemes are being procured through a regional framework arrangement (Efficiency East Midlands). We intend to carry out a mini-tender to ensure VfM and encourage innovation, thus taking advantage of the competitive nature of the framework and the range of constructors who are members of it.
- 3.6 Other HRA sites throughout the district are being assessed as to their suitability for new build development, including parcels of land at Norris Hill, Moira and Greenhill, Coalville as well as garage sites. The Council continues to receive RTB receipts, although it is obliged to match fund them with an additional 70% investment if they are to be used for new development (e.g. if RTB receipts total £30k, then the Council has to invest £70k). In light of the 1% year on year rent reduction for 2016-2020, new development is now becoming less financially sustainable and any future new build schemes may require an element of subsidy from the Council. Alternative uses for RTB receipts include passing the monies over to housing associations (who would have to provide the 70% top up funding) or returning the money to the Treasury.

#### 4.0 FINANCIAL IMPLICATIONS

- 4.1 The financial modelling implications of the proposed new build programme were provided in the Cabinet report on 10 November 2015. The main changes to these are indicated below:

Table Five – General Assumptions

|                                  | 2 Bed   |                           |
|----------------------------------|---|---------------------------|
|                                  | Oct' 2015   | Current                   |
| 2016/17 Affordable rent per week | £91.14  | £90.23                    |
| Rent assumptions                 | -1% to 2019/20, then 2.5%                         | -1% to 2019/20, then 1.5% |
| Void levels                      | 1.5%  | 1.5%                      |
| Bad debt levels                  | 2.5%  | 2.5%                      |
| Management cost                  | £30 per unit p.a. Inflation 2.5%                  |                           |
| Repairs cost                     | £520 per unit p.a. from year 6. Inflation 2.5%    |                           |
| Planned maintenance              | £1,200 per unit p.a. from year 11. Inflation 2.5% |                           |

Table Six – Scheme Specific Assumptions

| Site  | Linford & Verdon |                | Willesley    |              | Cropston Drive |                |
|---|------------------|----------------|--------------|--------------|----------------|----------------|
|   | Oct' 2015        | Current        | Oct' 2015    | Current      | Oct' 2015      | Current        |
| 1 Bed units   | 4                | 3              | 3            | 0            | 4              | 0              |
| 2 Bed units   | 6                | 13             | 5            | 8            | 8              | 20             |
| <b>Total units</b>  | <b>10</b>        | <b>16</b>      | <b>8</b>     | <b>8</b>     | <b>12</b>      | <b>20</b>      |
| Land cost   | -                | -              | -            | -            | £150k          | £50k           |
| Communal facility cost  | £71k             | £100k          | -            | -            | £50k           | £50k           |
| Delivery year   | 2016/17          | 2017/18        | 2016/17      | 2017/18      | 2016/17        | 2017/18        |
| % of annual rent in first year                                  | 25%              | 25%            | 25%          | 25%          | 25%            | 25%            |
| Total cost -  |                  |                |              |              |                |                |
| 2015/16   | £151k            | £0k            | £107k        | £0k          | £199k          | £0k            |
| 2016/17   | £1,058k          | £350k          | £745k        | £50k         | £1,393k        | £125k          |
| 2017/18   | £0k              | £1,790k        | £0k          | £430k        | £0k            | £2,375k        |
| <b>Total build cost including land and community facilities</b> | <b>£1,209k</b>   | <b>£2,140k</b> | <b>£852k</b> | <b>£480k</b> | <b>£1,592k</b> | <b>£2,500k</b> |

Note – Communal facility costs for Linford and Verdon will be incurred in 2016/17 and for Cropston Drive in 2017/18. Land cost for Cropston Drive will be due in 2016/17.

Table Seven – Modelling Outcomes

|   | Linford and Verdon   | Willesley                            | Cropston Drive   | All Schemes   |
|---|--|--------------------------------------|--|---|
| Scheme Cost                               | £2,140k  | £920k                                | £2,500k  | £5,120k   |
| Funding                                   | £2,040k One for one replacement funds, £100k HRA balances (community facility cost). | £920k One for one replacement funds. | £2,400k One for one replacement funds, £50k HRA balances (community facility costs). | £4,920k One for one replacement funds, £150k HRA balances |
| Contribution to HRA cash flows (30 years) | -£203k   | -£80k                                | +£666k   | +£383k  |

4.2 The table above shows that the proposed new developments, taken as a package, deliver a positive cash flow to the HRA of £383,000 in the first thirty years.

## 5.0 RECOMMENDATIONS

5.1 It is recommended that Policy Development Group notes and comments upon the contents of this report.