

<b>13 January 2021</b>		<b>ITEM: 12</b> <b>Decision: 110546</b>
<b>Cabinet</b>		
<b>HRA Housing Development – 13 Loewen Road</b>		
<b>Wards and communities affected:</b> Chadwell St Mary	<b>Key Decision:</b> Key	
<b>Report of:</b> Councillor Barry Johnson, Portfolio Holder for Housing		
<b>Accountable Assistant Director:</b> David Moore, Interim Assistant Director of Place Delivery		
<b>Accountable Director:</b> Andrew Millard, Director of Place		
<b>This report is:</b> Public		

## **Executive Summary**

In February 2020, Cabinet approved a report setting out a list of site options that were recommended to be considered for residential development by the Council. The paper identified housing development site options that had been assessed against the initial criteria agreed by Cabinet in January 2020. The list of site options was explored further to establish their suitability for development, subject to the appropriate levels of engagement and consultation with stakeholders and communities.

This report seeks approval to tender a construction contract for the redevelopment of one of the sites identified in that Cabinet paper (13 Loewen Road). The contract is to demolish the existing property and build 5 new council houses, funded by the Housing Revenue Account (HRA) via a mix of borrowing and the use of Right to Buy Receipts.

### **1. Recommendation(s)**

**It is recommended that Cabinet:**

- 1.1 Agree that delegated authority be given to the Director of Place and Director of Adults, Health and Housing in consultation with the Cabinet Member for Housing to determine the procurement route for delivery of this project and to tender and award a contract for the construction of this project.**

### **2. Introduction and Background**

- 2.1 The South Essex Strategic Housing Market Assessment (May 2017) sets out the objectively assessed need for housing in Thurrock between 2014 and 2037 as being between 1,074-1,381 new dwellings per annum, within which the affordable housing element is estimated at 472 dwellings per annum.
- 2.2 Consequently, the emerging Local Plan refers to the need for up to 32,000 new homes in Thurrock during the next Local Plan period to 2038.
- 2.3 As a contribution to this target, the Council has agreed its own ambitious targets for house-building through the HRA to build 500 affordable HRA homes between 2019 and 2029.
- 2.4 Reports to Housing Overview and Scrutiny Committee (on 11 February, 16 June, 9 September and 17 November 2020 respectively) established the process and criteria by which sites are to be identified as potential housing development sites and provided regular updates on scheme progression.
- 2.5 On 12 February 2020, Cabinet approved the Housing Development Options list which identified the delivery of a New Homes Delivery Programme through the HRA and TRL for the next 5 to 10 years.

### **3. Issues, Options and Analysis of Options**

- 3.1 Public consultation on the proposed design was closed on 16 November 2020 and a planning application was submitted on the 30 November 2020.
- 3.2 The site is proposed to incorporate five 3 bedroom family houses with associated parking. The scheme has been designed to a high quality meeting design standards set out in the Nationally-Described Space Standards and in accordance with National Planning Policy Framework. The design seeks to achieve targets for renewable and low carbon technologies by being a zero gas development.
- 3.3 As part of the development of this site, an adapted council property that is no longer fit for purpose (as various extensions and adaptations no longer meet current requirements) will be demolished.
- 3.4 The units proposed are five 3 bed houses. The Council's housing service has recently agreed an overall target mix for new build housing development as shown below and the proposed mix is considered suitable in that location and contributes towards meeting targets across the whole programme.

Units Size	1 bed	2 bed	3 bed	4 bed
Target Mix	30%	48%	20%	2%

- 3.5 The dwellings will be let by the Council within the HRA at affordable rents, subject to a maximum cap of either 70% of open market rent or the Local Housing Allowance, whichever is the lower. They will be allocated in line with the Council's Housing Allocation policy.

3.6 The proposed timeline for delivery is:

- Planning Submission 30 November 2020
- Planning approval Spring 2021
- Contract award Summer 2021
- Start on Site Autumn 2021
- Completion Winter 2022/23

3.7 A pre-tender construction budget for the project has been developed by the Council's appointed specialist cost consultants who confirm that they are in line with similar projects tendered elsewhere within the private and public sector. The final submitted tender will be fully scrutinised to ensure it is 'value for money' before an appointment is recommended.

3.8 The funding for the project would seek to use capital receipts held by the Council under Section 11 (6) of the Local Government Act, known as the "Right to Buy" (RTB) retention agreement, together with prudential borrowing within the HRA. No general fund borrowing is required. This approach makes use of the receipts from sale of Council houses under the RTB legislation which would have to be paid to the Treasury together with interest if not used within three years of receipt. Sufficient RTB receipts are available to fund this project and the cost of the HRA prudential borrowing can be met from the rental income.

3.9 It should be noted that in the event that new Council tenants exercised their right to buy, the Council's investment is protected in that the 'cost floor' rule applies such that a resident's discount on purchase price is limited during the first 15 years after construction. In this way, the tenant's purchase price during that period cannot fall below the cost of construction, even after discount.

#### **4. Reasons for Recommendation**

4.1 The key reasons for the recommendations are that the proposal:

- contributes to the demand for affordable housing and delivery of the Council's housing targets
- has the potential to quickly spend RTB receipts, avoiding the requirement to make interest payments to the Treasury
- can bring forward redevelopment at pace.

#### **5. Consultation (including Overview and Scrutiny, if applicable)**

5.1 Resident Consultation was carried out from 19 October 2020 until the 16 November 2020 and was well received. There were 134 views on the consultation portal and 6 comments received. All comments received related to concerns about increased traffic during construction and parking. There were no calls or emails received in relation to the consultation. Management

of any increase in traffic volume during the construction period will be dealt with as part of the construction contract and the scheme design complies with planning policy in regards to parking provision. Formal consultation will be carried out during the planning process in line with planning legislation.

## **6. Impact on corporate policies, priorities, performance and community impact**

- 6.1 The proposed development of this un-used property for affordable housing aligns closely with the Council's Vision and Priorities adopted in 2018. In particular it resonates with the "Place" theme which focuses on houses, places and environments in which residents can take pride. It would also directly contribute to the Council's housing delivery targets.

## **7. Implications**

### **7.1 Financial**

Implications verified by: **Jonathan Wilson**  
**Assistant Director, Corporate Finance**

The delivery of housing through the HRA will contribute to the wider objectives of the Council.

Pre-tender estimated build costs have been considered with reference to similar Council schemes. This estimate takes account of local market housing prices, demolition costs and the required specification requirements.

The costs will be developed further should the project proceed and corporate finance will continue to assess the overall scheme costs in the context of the aims of the project to ensure it demonstrates value for money.

The costs associated with this proposal are proposed to be funded from Retained Right to Buy Receipts together with prudential borrowing. The funding and associated maintenance costs can be managed within the HRA offset against rental income at Local Housing Allowance levels over the lives of the properties.

As with all HRA properties these would fall within the Right to Buy scheme. The purchase price under the current regulations would be limited to a minimum of the build costs for the first 15 years after coming into use. From this point onwards a discount level will apply as set out within existing regulations up to a current maximum of £84,200.

### **7.2 Legal**

Implications verified by: **Tim Hallam**

## **Deputy Head of Law and Deputy Monitoring Officer**

This project will be developed as part of the Housing development programme and will be subject to a tendering process compliant with the Public Contract Regulations 2006 (as amended) and the Council's constitution.

Legal Services, working with the Council's procurement officers will provide ongoing advice and assistance in relation to these legislative requirements.

### **7.3 Diversity and Equality**

Implications verified by: **Roxanne Scanlon**  
**Community Engagement and Project Monitoring Officer**

The service has completed a Community Equality Impact Assessment (CEIA) in line with Equality Act 2010 requirements and to gather an understanding of the impact on protected groups through the implementation of the process set out in this report. The findings from the CEIA established that the implications for each protected group is currently considered neutral or positive.

### **7.4 Other implications** (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

None

### **8. Background papers used in preparing the report** (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- Housing Overview and Scrutiny Committee, 18 June 2019, New Council HRA Home Building Programme.
- Extraordinary Meeting, Housing Overview and Scrutiny Committee, 29<sup>th</sup> October 2019, Housing Development Process
- Housing Overview and Scrutiny Committee 11<sup>th</sup> February 2020, Housing Development Options List
- Cabinet, 15 January 2020, Housing Development Process
- Cabinet, 12<sup>th</sup> February 2020, Housing Development Options List.
- Housing Overview and Scrutiny Committee, 16<sup>th</sup> June 2020, Housing Development Programme Update and Housing Development Consultation Process.
- Housing Overview and Scrutiny Committee, 9<sup>th</sup> September 2020, Housing Development Programme Update

**9. Appendices to the report**

- None

**Report Author**

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Place