

<b>28 September 2023</b>		<b>ITEM: 6</b>
<b>Housing Overview and Scrutiny Committee</b>		
<b>Housing Development Programme Update</b>		
<b>Wards and communities affected:</b> All	<b>Key Decision:</b> N/A	
<b>Report of:</b> Keith Andrews, Strategic Lead – Housing Development		
<b>Accountable Assistant Director:</b> Ewelina Sorbjan, Assistant Director of Housing		
<b>Accountable Director:</b> Ian Wake – Corporate Director of Adults, Housing and Health		
<b>This report is</b> Public		

## **Executive Summary**

This report seeks to update members on progress on various sites considered for housing development . The report sets out a reduction in the overall programme of new homes for rent within the housing development pipeline since last reported to this committee. This number now stands at 338. The reduction is a consequence of scheme amendments and a number of projects no longer progressing.

The largest projects remaining active are those where the existing stock is to be redeveloped due to their condition. The projects are the three towers at Blackshots and the non-traditionally constructed flats at Teviot Avenue. In each case more dwellings are proposed to be constructed than currently exist with 240 homes currently proposed for Blackshots and 48 at Teviot Avenue.

The report sets out the present position with the development pipeline for new build homes for rent within the HRA focussing on three underused or vacant garage sites at Vigerons Way, Lyndhurst Road and Broxburn Drive. In total these would see 46 new homes being built. The report also notes the position with two sites previously agreed for development by Thurrock Regeneration Limited at Culver Centre and Field which has a planning consent for 173 homes and Belmont Road which could deliver 80 new homes for sale and rent. The former is now intended for open market sale and a decision is still to be made regarding the future of the latter.

## **Government Intervention & Section 114**

In July 2022, the Council was made aware of concerns around the valuation of specific investments. A review process commenced, and the initial findings highlighted significant concern with three investments and the position was shared informally with the Department of Levelling Up, Housing and Communities (DLUHC).

On the 2 September 2022 DLUHC announced directions to implement an intervention package at the Council.

The Secretary of State exercised his powers under section 15(11) of the Local Government Act 1999 to give a Direction without complying with the requirement at section 15(9) to give Thurrock an opportunity to make representations about the Directions, as he considered the failures of the Council's compliance with its Best Value duty in respect of the functions specified in the Directions sufficiently urgent. This was because of the following:

- the scale of the financial and commercial risks potentially facing the Authority, which were compounded by the Authority's approach to financial management and the seriousness of the allegations that were made by third parties about the processes applied to the operation of the Authority's commercial strategy, and;
- the failure of the Authority to provide assurance to Ministers and the Department on the adequacy of the actions that they were taking to address the issues, taking account of the scale and pace of the response required.

The Secretary of State nominated Essex County Council to the role of Commissioner. On 19 December 2022, the Council's Acting Director of Finance & Section 151 Officer issued a report under Section 114 of the Local Government Finance Act 1988. This advises Councillors that the Council faces 'a financial situation of an extremely serious nature.'

Since that period the Council has continued to operate under the s114 Notice and is working alongside Commissioners to tighten its financial management procedures

## **1. Recommendation**

**Housing Overview and Scrutiny Committee are asked to:**

- 1.1 Note the updates on sites being considered for housing development.**
- 1.2 Note that the sites at Aveley Library, Darnley Road, Corve Lane and the CO1 building as part of the civic estate are no longer being considered for Housing Revenue Account housing development**

## **2. Introduction and Background**

- 2.1** Reports are presented periodically to Housing Overview and Scrutiny Committee on the progress of the councils housing development programme. This report updates on the current position with the development programme, those projects underway to redevelop failing housing stock, and proposed new build developments.
- 2.2** The development pipeline has reduced since last reported at Committee. This is largely due to a combination of projects being removed from the programme for disposal as a result of the council's need for capital receipts, and design revisions as projects progress.

2.3 The scale of the existing development programme is under review due to the council's financial position. Any approvals to procure building contractors will be carefully considered on a case-by-case basis. Similarly, the identification and development of any new sites are dependent on resources being available. Although unlike many other forms of capital investment housing development does have the ability to fund borrowing through the rental income it generates and has access to subsidy by way of retained right to buy receipts. It is still subject to the Council's overall borrowing limits and may therefore be constrained at this time. The programme set out in the paper is therefore subject to change.

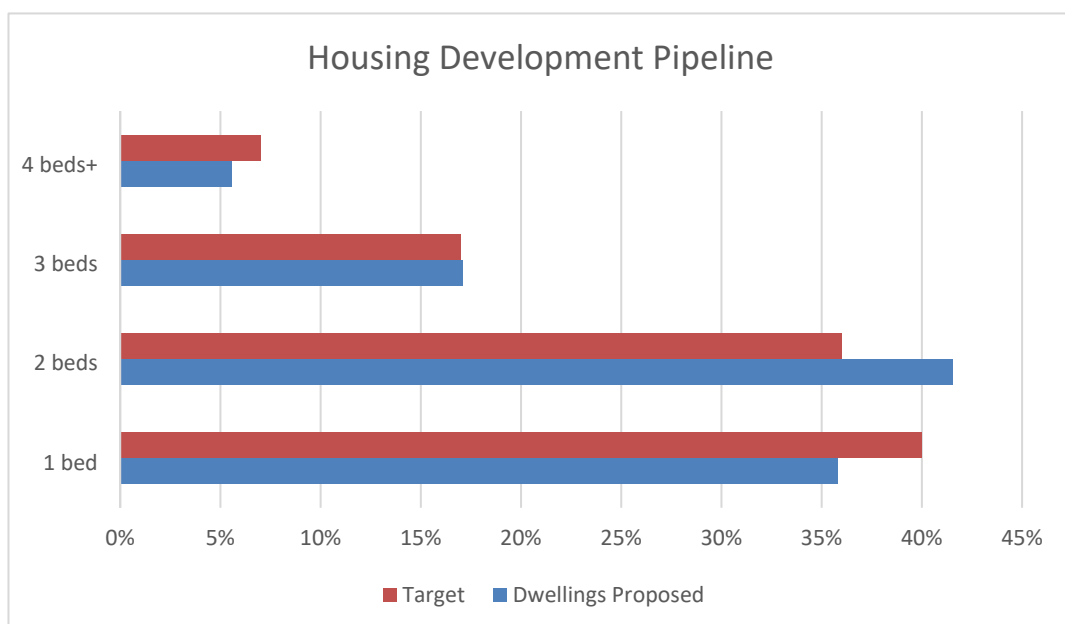
### 3. Issues, Options and Analysis of Options

#### Current Programme

3.1 The total number of potential new or replacement dwellings in the development programme is currently 338. This is a reduction from the position reported in September 2022 of 505 dwellings. The current programme includes the addition of 240 homes potentially to be built under the proposed redevelopment of the Blackshots tower blocks.

3.2 As noted above this programme reduction is a consequence of some sites being considered for disposal to increase capital income. It also reflects the changes and amendments made to individual schemes as a result of public consultation and detailed engagement with the council's planning service.

3.3 The chart below shows the dwellings planned against a percentage target of different size homes within the overall programme. The target is derived from the numbers of people requiring general needs housing on our housing register.



- 3.4 This chart demonstrates that there is currently a fair mix of planned dwellings against the target. It should be acknowledged that for those projects at an early stage such as Blackshots, the actual mix will change over time according to site requirements and consultation feedback.
- 3.5 There is one housing development project currently on site. Four new three-bedroom homes for affordable rent are due to be completed in September 2023 at Loewen Road, Chadwell St Mary. These new homes with associated parking are to be let in line with the council's Housing Allocation policy. This allows with three of the four homes to be allocated under a local lettings policy which prioritises local residents. The project is completing on time in September 2023 and on budget. As part of the social value element of the project the contractor made a contribution to the council's warm spaces initiative held at the nearby Alf Lowne Court complex. This initiative provides a space for local residents to go to avoid social isolation, take part in activities and provides practical advice and support to help with the cost of living.

### **Housing Stock Redevelopment**

- 3.6 The major projects within the housing development programme relate to the renewal of existing defective property at Blackshots and Teviot Avenue

#### **Blackshots**

- 3.7 In March 2023 Cabinet approved a range of recommendations to progress the planned redevelopment of three tower blocks at Blackshots, subject to a final business case demonstrating viability to Cabinet programmed for January 2024.
- 3.8 There are 168 flats in the existing three tower blocks and early designs suggest a redevelopment of 240 new homes may be possible.
- 3.9 A consultancy team has been procured to develop design and cost planning, prepare the business case, undertake resident engagement and to provide an independent tenant and leaseholder service to the affected residents.
- 3.10 Cabinet approvals were given to start the vacation of the blocks by offering tenants alternative accommodation in line with the council's decant policy and to commence the purchase of leaseholder's homes. A programme of resident engagement has commenced which includes written information, one to one visits to residents, estate consultation events and use of the council's online consultation portal. This covers both the arrangements for individual residents moves and wider community consultation in respect redevelopment proposals.
- 3.11 The programme of planned events takes place over summer and autumn of 2023.

3.12 The process of offering alternative accommodation to those tenants in situ, and negotiation to purchase leasehold interests is underway. It is anticipated that full vacant possession of the blocks will be achieved by March 2025

3.13 The current timeline for actions up to the business case is:

Item	Programme 2023
Resident Engagement Events	July, August, September, October 2023
Final Design Stage for Business Case	September 2023
Financial Modelling for Business Case	To run alongside above items
Planning pre-application meeting	September/ October 2023
Business Case	October 2023
Housing Overview and Scrutiny and Cabinet	January 2024

3.14 Housing Overview and Scrutiny Committee and Cabinet will be asked to consider the business case with the intention that authority will be sought to commence procurement for a main contractor to develop and submit a planning application and construct the new homes.

### **Teviot Avenue**

3.15 Proposals to redevelop three low rise flat blocks at numbers 158-228 (evens) Teviot Avenue are progressing and appear in detail on a separate report to Committee. The existing 36 flats are constructed of pre-cast reinforced concrete of the 'Cornish' type and designated as defective initially under the 1984 Housing Defects Act, (consolidated into the 1985 Housing Act), due to their construction material and manufacture.

3.16 The flats have several issues including inherent structural defects due to the construction method used and can only be remediated by substantial reconfiguration of the overall structure. The problems relate to the pre-cast reinforced concrete elements including balconies and fixtures externally, requiring installation of new concrete wall panels, plinths and columns, together with ad hoc door and window replacement, enhanced roof insulation and support and new internal fit out. To repair, the balconies would require decoupling and replacement taking support from the new walls and footings. The building foundations would also require underpinning and enhancement to take the additional weight.

3.17 Whilst detailed design assessment on proposals for the replacement dwellings continues, the evidence is that the significant cost of remedial works to the existing blocks over the next 30 years means redevelopment is a more viable approach. This is because the construction of new homes, set against the cost of repair works averted is a more financially viable position even after inclusion of the costs required to vacate the blocks.

- 3.18 Current proposals would see an increase in the number of homes provided within the HRA from 36 to 48. Authority will be sought at Cabinet to start the process of offering alternative accommodation to existing tenants, to negotiate the purchase of leasehold interests and to commence procurement of a contractor to undertake the construction project.
- 3.19 The design proposals to demolish and redevelop the existing blocks has been through revisions of design and cost planning to reduce the construction costs. This has caused some delay to the project.
- 3.20 Planning permission is timetabled for late 2023 and procurement of a main contractor in summer 2024.

### **Discontinued Projects**

- 3.21 Members are asked to note that since the last development update report four projects previously considered for affordable housing development are no longer progressing.
- 3.22 As set out in a previous briefing note to this committee the proposals to redevelop that part of the council's offices known as CO1 for an affordable housing project has ceased. The project was no longer financially viable. Key to the changes in financial viability were rising project costs driven by an unprecedented period of build cost inflation which significantly affected the viability of projects across the sector. Rapidly rising material costs, increasing labour and energy costs were key components. In addition, rises in the Public Works Loan Board interest rate from 2.8% to 5% increased borrowing costs by over £11m. The impact of the rise in borrowing costs alone were sufficient to make the scheme unviable as an affordable housing project.
- 3.23 The council's Assets Disposal Team is preparing a report to be submitted to Cabinet the for the September meeting confirming the decision to dispose of the property. In the meantime, CO1 will be fully exposed to the market to establish the level of interest for the asset. There is also an ongoing project, being led by the Facilities Management Team, to ensure that the Councils interests are protected with regard to the potential physical separation of CO1 from CO2 together with any relevant services.
- 3.24 The council's financial position has also meant that some other sites within the general fund could no longer be considered for development and transfer to the Housing Revenue Account, and instead may be sold to generate a capital receipt.
- 3.25 Planning permission was granted subject to conditions for development of 16 one and two-bedroom affordable housing flats on the site of the former Aveley Library and Hall in March 2023. This site is now being prepared for market with the benefit of that consent subject to the necessary approvals. Similarly, a planning application has been submitted for the development of 54 homes on the site of the Darnley and Crown Road car parks. This site may also now

be prepared for sale, again subject to the necessary approvals.

- 3.26 Further, design proposals to develop the site of a former pupil referral unit in Corve Lane, Aveley for affordable housing have been ceased with the site also now being considered for sale.

### Housing Development Pipeline

- 3.27 Work has continued to progress on sites within the Housing Revenue Account. These are sites where development is financially viable, where the constructed homes meet established housing need and often where small sites such as underused or demolished garage block sites are subject to anti-social behaviour.
- 3.28 The funding for these sites is a combination of borrowing supported by rental income from the new homes combined with use of Right to Buy receipts retained for this purpose under S11(6) of the Local Government Act 2003 as amended.
- 3.29 At this present time, these sites are still on the list for progression and development. They remain subject to decision on the Council's overall Capital Programme and borrowing ability and this list set out below is still subject to change
- 3.30 All of these sites in the table below are underused or vacant HRA garage sites experiencing anti-social behaviour:

Site Name	Development Mix	Status	Commentary
Vigerons Way, Chadwell St Mary	7 x 2 bed houses	Planning application submitted	Modular construction being considered to reduce the duration of on-site building work.
Lyndhurst Road, Corringham	4 x 3 bed houses 2 x 2 bed houses	Planning application to be submitted July 2023	Site identified by the Housing service as suitable for development. Public consultation undertaken in February 2023 leading to amendments to retain access to existing rear gardens, improved parking provision, preventing overlooking of existing homes, and retaining mature trees
Broxburn Drive, South Ockendon	11 x 1 bed flats 20 x 2 bed flats 2 x 3 bed flats	Planning application submitted	Three phases of resident consultation undertaken. Site subject to elevated levels of anti-social behaviour resulting in a police operation in the locality to tackle youth nuisance and criminal behaviour.

## **Thurrock Regeneration Limited (TRL) Projects**

- 3.31 At the time of writing the future of TRL projects is under review. The Culver Centre and Culver Field scheme had a resolution to grant planning on the 22nd September 2021. The development scheme is for 173 homes including 62 for affordable housing and incorporates landscaping. A Cabinet report on 12<sup>th</sup> January 2022 resolved to dispose of the site to TRL.
- 3.32 The council's changed financial position has meant that this site is now being considered for disposal on the open market subject to any necessary approvals.
- 3.33 TRL owns the Belmont Road site where a planning permission was granted in 2018 for 80 homes including 28 affordable dwellings. As this planning permission ultimately lapsed, a new application would be necessary. A review on the future of this site is currently underway and will be reported back to members in due course.

## **4. Reasons for Recommendation**

- 4.1 Committee has requested an update on the progress of individual projects under active consideration.

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

- 5.1 This paper provides opportunity for members of this committee to review progress on the delivery of the Housing Development Programme.

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

- 6.1 The development of 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.

## **7. Implications**

### **7.1 Financial**

Implications verified by: **Mike Jones**  
**Strategic Lead – Corporate Finance**

There are no further financial implications directly arising from this update report.



The progression of schemes will need to be considered as part of the HRA business plan, and the Councils wider prudential borrowing strategy.

## 7.2 Legal

Implications verified by: **Jayne Middleton-Albooye**  
**Interim Head of Legal Services and Deputy Monitoring Officer**

There are no direct legal implications as it is an update report. Full legal implications will be given for reports relating to individual proposals outlined above. In accordance with the remit of the Housing Overview and Scrutiny Committee, Members are asked to review and scrutinise the updates outlined in this report.

## 7.3 Diversity and Equality

Implications verified by: **Rebecca Lee**  
**Team Manager – Community Development and Equalities**

There are no direct equality and diversity implications arising from this update report.

## 7.4 Other implications (where significant) – i.e., Staff, Health Inequalities, Sustainability, Crime and Disorder and Looked After Children

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):

None

## 9. Appendices to the report

None

## REPORT AUTHOR

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