

21 July 2016		ITEM: 7
Housing Overview & Scrutiny Committee		
Housing Development Update		
Wards and communities affected: All	Key Decision: Key	
Report of: Helen McCabe, Strategic Housing Development		
Accountable Head of Service: Matthew Essex, Head of Regeneration and Assets		
Accountable Director: Steve Cox, Director of Environment and Place		
This report is Public		

Executive Summary

Members have received various reports on the Council's housing development and estate regeneration programmes outlining the progress being made by the authority to deliver high quality new homes for local residents. The first affordable housing schemes (the Echoes at Seabrooke Rise, Grays and Bruyns Court in South Ockendon) have been completed delivering 78 new homes. The first Gloriana Thurrock Limited (Gloriana) led project (St Chads in Tilbury) is now on site and will complete the first of 128 new homes in 2017.

Work is well underway on the second wave of affordable housing projects including those at Calcutta Road in Tilbury, Claudian Way in Chadwell St Mary and the former Topps Club site in Grays. However, the Welfare Reform and Work Act 2016 requires registered providers of social housing in England to reduce social housing rents by 1% a year for 4 years from a frozen 2015/16 baseline and to comply with maximum rent requirements for new tenancies. This is likely to reduce the ability of the Council to bring forward further affordable housing schemes through the Housing Revenue Account and has necessitated a review of the wider development and estate regeneration programmes. As a result, previously reported development opportunities in Purfleet (former VOSA testing site) and South Ockendon (former Prince of Wales pub) are likely to be held back to be incorporated into any future estate regeneration programme whilst some of the additional, smaller sites highlighted as opportunities in reports to Cabinet in September 2015 will not now be progressed.

Within this context, it is anticipated that Gloriana will take on a more prominent role in continuing to supply good quality housing across the Borough whilst generating a return to the Council which could be used to support wider service and/or housing delivery. The second anticipated Gloriana scheme, Belmont Road in Grays, has

continued to progress, following initial Cabinet approval in March 2015, and a planning application has been submitted.

This report provides a further update to Members on the housing development and estate regeneration programmes and specifically seeks views on the emerging principles which it is hoped will underpin any future estate regeneration programme and the potential to offer a further site for development through Gloriana.

1. Recommendation(s)

It is recommended that the Housing Overview & Scrutiny Committee:

- 1.1 Note the progress of Housing Development and Estate Regeneration Programmes;
- 1.2 Consider and comment upon the emerging principles which would underpin any future Estate Regeneration Programme; and
- 1.3 Consider the proposal to offer the Hogg Lane South site as a development opportunity for Gloriana in advance of a future report to Cabinet.

2. Introduction and Background

- 2.1 Cabinet has approved a range of programmes designed to increase the supply and improve the quality of new homes within the Borough through a series of reports and recommendations since 2013. This has included the Council taking a leading role in the delivery of a number of individual affordable housing schemes in Grays, South Ockendon, Tilbury, Chadwell St Mary and Corringham funded through the Housing Revenue Account (HRA) with Homes and communities Agency (HCA) grant funding. Developments in Grays and South Ockendon have been completed. Subsequent development schemes are either on site or going through the planning system. Cabinet approved the progression of tendering for construction for Claudian Way (Chadwell St Mary) and the former Topps Club (Grays) in March 2016.
- 2.2 Alongside the development of individual sites, the Council has also started to develop proposals for the regeneration of its housing estates where the costs of meeting the Transforming Homes standards are very high and where there is the potential to bring forward better quality housing as part of a more comprehensive approach. Through reports in December 2014, June 2015 and September 2015, Cabinet have been updated on initial discussions with potential development partners and strategic land acquisitions in Purfleet and South Ockendon to secure potential decant sites in the event that the Council proceeds with any proposals in those areas.
- 2.3 The Council has consistently worked with the Department for Communities and Local Government (DCLG) and the HCA to secure the resources necessary to fulfil its development ambitions. This has yielded impressive results with the Borough being designated as one of only 20 Housing Zones in

the country (outside of London), securing additional HRA borrowing capacity and a range of HCA grants to support individual schemes and wider strategic work programmes.

- 2.4 The Welfare Reform and Work Act 2016 requires registered providers of social housing in England to reduce social housing rents by 1% a year for 4 years from a frozen 2015/16 baseline and to comply with maximum rent requirements for new tenancies. This will have a significant impact on the scale of capital and revenue works the Council can afford to undertake. The impact of the changes on the Transforming Homes Programme was reported to Cabinet in December 2015.
- 2.5 This report updates on all of the currently active work streams within both the housing development and estate regeneration programmes and seeks views on the emerging principles which will underpin any programme which the Council seeks to take forward.

3. Issues, Options and Analysis of Options

Housing Development Programme

- 3.1 Two of the first three HRA funded, affordable housing schemes are now complete, The Echoes, Seabrooke Rise (53 units) and Bruyns Court (25 units for people over 55 constructed to HAPPI standard Housing Our Ageing Population Panel for Innovation) - with the final one; development of 12 new family homes in Bracelet Close, Corringham, expected to be complete in autumn 2016.
- 3.2 The second tranche of affordable housing schemes are at various stages of development. The development at Claudian Way, Chadwell St Mary (53 new homes including 12 houses, 19 bungalows and 22 apartments providing a mix of one, two and three bedrooms) was submitted to planning in June 2016. It is anticipated works will start in the autumn 2016.
- 3.3 The development at the former Tops Club, Argent Street, Grays has been re-designed due to the impact of the 1% reduction in rents. It will now provide 29 one and two bed apartments with three bed townhouses. The design was taken through a CABA review and was well received, CABA's recommendations will be incorporated within the re-design process which is now underway. It is anticipated works will start in Jan 2017.
- 3.4 In March 2016, Cabinet delegated approval to progress the development of these schemes, subject to tenders being within the anticipated budget, to the Director of Environment and Place in consultation with the Portfolio Holder for Housing.
- 3.5 It has previously been reported that design work was underway to bring forward another HAPPI scheme on the Calcutta Road site in Tilbury. A mixture of ground conditions and specification changes have rendered the original proposals unviable and so work is underway, through previously given

approvals, to appoint a new design team to bring new proposals forward. At the time of writing the procurement activity to appoint the new design team is just concluding. It is anticipated that further reports will be brought to Housing O & S and Cabinet to update on this scheme and seek further approvals as required.

- 3.6 The Welfare Reform and Work Act 2016 requires registered providers of social housing in England to reduce social housing rents by 1% a year for 4 years from a frozen 2015/16 baseline and to comply with maximum rent requirements for new tenancies. Consequently, both the housing development and estate regeneration programmes need to work within revised financial parameters. With the commitments already made through the Transforming Homes programme it is likely that, should further reductions in spending be needed, these will have to come from the housing development programme. Where schemes are to be delayed, deferred or cancelled outright there will need to be a further consideration of the impact on the Council in respect of grants secured from the HCA and/or additional HRA borrowing capacity granted by DCLG.

Housing Estate Regeneration

- 3.7 A number of reports have been received by Cabinet, outlining the work being undertaken to explore the potential to bring forward the regeneration of the Borough's key housing estates where the costs of meeting the Transforming Homes standard is very high and where there is the potential to bring forward better quality housing alongside enhanced local services and public realm as part of a more comprehensive approach.
- 3.8 Recognising the scale of work required to fully consider the opportunities and challenges around estate regeneration, as well as the importance of fully engaging and consulting local people throughout any process, the Council sought and, in December 2015, received a £700,000 grant from the HCA's capacity fund. The Council are working with a team of specialist advisors to support the consideration of the estate regeneration opportunities and to shape any potential programme going forward.
- 3.9 In seeking to develop any programme of this scale it is critical that clear guiding principles are set at the outset to shape any proposals which follow and also to assess any outcomes against. Officers have worked with the consultant team and built upon best practice elsewhere to develop a series of high level objectives that would guide any future programme that the Council chooses to take forward. The principles have been considered by Growth Board and the Housing Development Board and views are now sought from the Members of the Housing Overview and Scrutiny Committee.
- 3.10 It is proposed that the overall objective of the estate regeneration programme should be to broaden and increase the range, quality and quantity of affordable housing (across all tenures) for existing and new residents whilst also supporting the provision of the facilities and services necessary to

support growing communities. It is considered that this objective can be achieved through the application of the following principles:

1. Given unmet housing need in the Borough, the regeneration programme must provide net additional affordable homes. In addition to replacing all Council stock lost through redevelopment the programme will target a minimum 10% increase in affordable provision;
2. There will be no stock transfer as part of the programme;
3. There must be a right to return, or a right to a local replacement home, for all our existing council tenants. If existing council tenants wish to remain as council tenants they will be able to do so but the programme will offer choices of other tenures, including low cost home ownership;
4. No one will be expected to move twice. The assumption will be “build first demolish later”;
5. The financial viability of the programme will be underpinned by an increase in density of housing and an improved demand for full market for sale units, enabling cross-subsidy captured from the delivery of these units back into the programme. The programme will be viable when all appropriate and available sources of funding are taken into account;
6. Delivery of the programme will contribute positively to the repositioning of the perception of the Borough;
7. This isn't just about housing. It is about ensuring that amenities and services are delivered as an integral part of the plan, especially schools, open space and healthcare. However, it is not assumed that the programme will necessarily fully fund the provision of all of these amenities although it should provide the space for them within appropriate environments;
8. Accessibility to the rail network will be a key feature of urban design;
9. The programme will deliver quality homes and places;
10. The programme will offer the council the opportunity to act as key enabler, including undertaking direct development through Gloriana and the HRA where relevant; and
11. Realisation of all of the key principles will rely on making change happen at scale on each of the estates. In order to maximise the opportunity to achieve this, a legitimate attractive financial settlement needs to be devised which encourages freeholders and leaseholders to participate.

3.11 Moving forward it is anticipated that as proposals progress there will undoubtedly be challenges to be overcome in terms of overall viability, cashflow, infrastructure/remediation costs and engagement of the private sector, as well as a very important engagement and consultation process with residents. Key lines of inquiry already identified include:

- Determining the existing and anticipated services needs within and around each of the estates (schools, nurseries, health, community and sports facilities etc.) to establish what might need to be provided within any proposals that are developed;

- Updating tenure mix/right to buy take up across each estate to enable decants and phasing options to be determined;
- Gathering key metrics on stock condition, any repairs/maintenance liabilities, voids and under-occupancy across the estates to determine where the greatest practical need lies;
- Carrying out market research with active developers and local agents to determine current market value (outright sale, private rent, shared ownership etc.) and housing mix preferences, along with attitude to phased development of estates;
- Identifying and assessing adjacent land that may have a role to play in reconnecting the estates with their hinterland and offer opportunities for further development or decant. As part of this, potential competing developments also need to be identified; and
- Gathering information on the demographics of our tenants.

This work is progressing with initial massing and capacity studies completed and the procurement of estate regeneration technical support. Project management and programme delivery with the HCA and the advisors will continue and it is anticipated that the findings of any work undertaken will be the subject of further reports.

- 3.12 It has previously been reported that the Council has made strategic land purchases and acquired sites that lie immediately adjacent to the Garrison Estate, Purfleet (the former VOSA site) and the Flowers Estate in South Ockendon (the former Prince of Wales Public House). These acquisitions will give the Council decanting options should any decision ultimately be taken to progress with estate regeneration. However, recognising the pressure on the HRA, no development will be brought forward at this point in time to allow for further work to be undertaken. The VOSA site has been let out to secure an income in the intervening period.

Gloriana Thurrock Ltd

- 3.13 Cabinet agreed in March 2014 the proposal for Gloriana to develop up to 350 properties. At present, Gloriana is developing 128 new homes on the St Chads site in Tilbury and has submitted a planning application for the development of 80 new homes on the Belmont Road site in Grays.
- 3.14 Gloriana’s principle aim is to help deliver the Council’s growth agenda by developing new housing to stimulate market confidence within the Borough and to provide quality housing to meet housing needs and improve the lives of Thurrock residents.
- 3.15 The agreed governance arrangements for Gloriana provide for a series of Gateway approvals at key stages in scheme development. Each new development opportunity will be verified through the following Gateways:

Gateway zero	<ul style="list-style-type: none"> • Opportunity Identification • Capacity assessment
---------------------	---

	<ul style="list-style-type: none"> • Feasibility work
Gateway 1	<ul style="list-style-type: none"> • Opportunity – Select delivery route decision to be taken by the Housing Development Board
Gateway 2	<ul style="list-style-type: none"> • Cabinet approval to confirm land availability, funding availability – costs to be underwritten by the Council • Gloriana Board approval - consideration of viability, desirability, approval to undertake outline design
Gateway 3 (initial design and planning)	<ul style="list-style-type: none"> • Gloriana Board – consider changes from Gateway 2, approval for submission to planning and procurement of contractor • Fixes costs • Council's Governance group signs off lending and refers back to Cabinet if project is outside of tolerance
Gateway 4 (appointment of contractor and start on site)	<ul style="list-style-type: none"> • Consideration of any changes from Gateway 3 • Approval of completion of s.106
Gateway 5	<ul style="list-style-type: none"> • Change control – reviews changes, assesses financial impact on the Council if additional funding is required

- 3.16 With two schemes underway, it is appropriate to identify future opportunities to offer to Gloriana (through the governance framework outlined above) to ensure that there is a continuing pipeline of development. A number of sites have been identified through reviews of the Council's asset portfolio and the various studies looking at development potential in Purlfeet, Grays and Tilbury. Through the Grays Planning Framework, approved by Cabinet in March 2016, the Council owned site at Hogg Lane South, Grays has been identified as a development opportunity for Gloriana.
- 3.17 The site was one of a number identified as being appropriate for residential led development that had the capacity to generate the funding to support wider initiatives in Grays including the development of the boulevard underpass in place of the existing level crossing and the new Theatre on the riverfront in place of the existing Thameside Theatre. The site was originally acquired by the Development Corporation and transferred to the Council in 2012. It has since been used on a temporary basis for car storage by the adjacent Ford dealership.

- 3.18 Initial capacity and feasibility assessment has been undertaken. Building upon the parameters laid down within the Grays Planning framework, there is considered to be the potential to develop around 72 new homes within a largely apartment based scheme incorporating a range of affordable housing.
- 3.19 Members of the Housing Overview and Scrutiny are asked to consider the proposal to offer this development opportunity to Gloriana in advance of potential consideration by Cabinet through a future report.

Potential Funding

- 3.20 The Council has had considerable success in securing funding to further its affordable housing ambitions. In recent months several additional opportunities have arisen which the Council has expressed interest in. These are briefly reviewed below.

Estate Regeneration Programme

- 3.21 £140m of loan funding has been set aside by Government to be used as a springboard for partnership and joint venture arrangements, with the active involvement of communities. The Council has submitted an expression of interest for the programme building upon the work outlined above. The programme has received a very strong response nationally and expressions of interest are being considered by the Lord Heseltine chaired Estate Regeneration Panel. It is anticipated that the Council will be approached for an initial discussion over the summer 2016.

Starter Homes: Unlocking the Land Fund

- 3.22 The aim of the Starter Home Land Fund is to support the acquisition, remediation and de-risking of suitable land for starter home developments that can then be built out by developers by 2020. The Council has submitted an Expression of Interest to be part of this programme promoting a number of sites which could be delivered in partnership with the HCA through Gloriana. The HCA has requested a formal bid to be presented demonstrating how the partnership and viability of scheme a scheme would work. This will be submitted in autumn 2016.

Shared Ownership Affordable Housing Programme 2016-20 (SOAHP)

- 3.23 In April 2016, the Homes and Communities Agency (HCA) announced that it is making available £4.7bn of capital grant between 2016 and 2021. In relation to specialist housing, the HCA's Affordable Homes Programme prospectus sets out an ambition to deliver starts on site for at least 8,000 homes for supported and older people's rental accommodation.
- 3.24 The SOAHP 16-21 marks a decisive shift towards support for home ownership and seeks bids that can form part of a Programme where circa 90% of homes built are for Shared Ownership. The Council has submitted a letter of intent but does not plan to put any development schemes forward within the initial bidding round due to the pressure on the HRA from rent reductions. If

development opportunities arise, the Council will bid for funding through the continuous market engagement route.

Housing Awards

- 3.25 Recognising the scale of development being brought forward by the Council and the innovative approach in establishing Gloriana, the Council was selected as a finalist for the UKHA Awards 2016 for 'Outstanding new developer of the year'. Although the Council did not win, it is a great achievement to be recognised by a national housing award event.
- 3.26 The development at Bruyns Court, South Ockendon has been nominated and won several awards, including and the Housing Design Awards (results July 2016). The scheme won a prestigious RIBA national award 2016 in June 2016, with RIBA stating;

“Bell Phillips Architects and Thurrock Council Housing Department have worked together to produce a noteworthy scheme, that both encourages a community spirit within the development, and also acts as a positive landmark in the local area with the potential to kick start a new era for the locale.”

The development also won a RIBA East award with the Council being selected as RIBA East client of the year 2016. Bruyns Court also won a Local Authority Building Control Award.

4. Reasons for Recommendation

- 4.1 Providing a genuine choice of quality housing stock across the Borough is central to achieving the aims of the Corporate Plan and critical to the regeneration/growth ambitions in areas like Purfleet, Grays and Tilbury. The Housing Development and Estate Regeneration Programmes aim to deliver new high quality, mixed tenure homes across the borough to better meet, local housing needs and to offer a genuine choice of tenure to local people. Gloriana is becoming an increasingly important part of the Council's approach to housing delivery and the need to secure an ongoing pipeline of opportunities is critical to its success.

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

- 5.1 Resident and community consultation has taken place on the site proposals and the Housing Development Board which comprises Members and residents as well as Officers has been, and will be, kept updated as the scheme progresses.
- 5.2 Our programme of consultation with all relevant stakeholders associated with all proposed housing developments and regeneration proposals are on-going. Local support and influence is critically important for all housing development and regeneration.

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

- 6.1 Achieving regeneration of the Council's housing stock is a key priority and part of the Council's overall growth targets and corporate objectives, helping to deliver improved health and wellbeing, build pride in our communities and their environment and promote skills development and job creation.

7. Implications

7.1 Financial

Implications verified by: **Julie Curtis**
HRA and Development Accountant

- 7.1.1 The medium to long term financial implications of any project undertaken for housing development or estate regeneration will be considered as part of both the Medium Term Financial Strategy and the HRA business plan which evaluates the financial viability and affordability of the schemes incorporation both Capital and Revenue implications with regards to funding and additional revenues generated.
- 7.1.2 Work is ongoing to ensure the viability of the estate regeneration proposals are they are developed within the HRA Business Plan. All of the existing affordable schemes identified within the report are contained within the current Business Plan.
- 7.1.3. Further reports to Members will be presented on the affordability position of the housing development and regeneration plans on conclusion of the feasibility and affordability studies outlined above.

7.2 Legal

Implications verified by: **Assaf Chaudry**
Major Projects Solicitor

- 7.2.1 The proposals contained in this report relate to a number of housing developments and estate regeneration programme schemes. Apart from ensuring that any procurement process contemplated within this report need to comply with the Council's procurement process including if appropriate the EU procurement rules and legislation other than that there should be no direct legal implications arising from this report.

7.3 Diversity and Equality

Implications verified by: **Natalie Warren**
**Community Development and Equalities
Manager**

7.3.1 All of the projects identified within the report have been subject to extensive public consultation and are seeking to respond to the identified housing needs by providing a mix of types of property. Continuing to provide a diverse range of homes and tenure types is critical to building sustainable communities.

7.3.2 Any consideration of estate regeneration should give full consideration to the appropriate mechanisms for and timing of community engagement – particularly with respect to those households who occupy affected properties. The proposals are subject to a community equality impact assessment.

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

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:

Helen McCabe

Strategic Housing Development, Environment and Place