

17 November 2020		ITEM: 8
Housing Overview and Scrutiny Committee		
Housing Development Delivery Approach		
Wards and communities affected: All	Key Decision: N/A	
Report of: Keith Andrews, Housing Development Manager		
Accountable Assistant Director: David Moore, Interim Assistant Director of Place Delivery		
Accountable Director: Andy Millard, Director of Place		
This report is Public.		

Executive Summary

The Council has chosen to pause and reflect on our current housing approach, in order to review the strengths and weaknesses of the TRL model and the Council's wider approach to housing delivery, especially in light of the covid pandemic and resulting economic crisis. Following extensive work, this paper sets out the forward position.

The emerging Local Plan identifies a need for around 32,000 new homes in Thurrock by 2038.

The Council have previously agreed its own ambitious targets for housebuilding as a contribution to this target, both through the Housing Revenue Account (HRA) and through Thurrock Regeneration Limited (TRL). The previously agreed targets are to build 500 affordable HRA homes between 2019 to 2029 and 1000 homes for sale and rent by TRL by 2023

On 15th January 2020, Cabinet agreed a process and criteria by which Council owned sites are selected for redevelopment for residential purposes. A further report to Cabinet in February 2020 outlined a list of sites that were agreed to be considered for residential development by the Council (through the Housing Revenue Account (HRA)) or by the Council's wholly owned company, Thurrock Regeneration Limited (TRL).

This report explores various approaches to increase the Council's capacity to deliver housing development schemes and to assist in the wider regeneration of the Borough.

1. Recommendation(s)

It is recommended that members of the Housing Overview and Scrutiny Committee:

1.1 Note and comment on the proposals to adopt a mixed approach to Housing Development Delivery, in order to improve the Council's capacity to increase its delivery rate.

1.2 Note that potential schemes will be brought forward for approval in line with the Council's constitution in due course.

2. Introduction and Background

2.1 The emerging Local Plan identifies a need for around 32,000 new homes in Thurrock by 2038.

2.2 The Council have previously agreed its own ambitious targets for housebuilding as a contribution to this target, both through the Housing Revenue Account (HRA) and through Thurrock Regeneration Limited (TRL). The previously agreed targets are to build:

- 500 affordable HRA homes between 2019 to 2029
- 1000 homes for sale and rent by TRL by 2023

2.3 On 29th October 2019 and 15th January 2020 respectively, Housing Overview and Scrutiny and Cabinet established the process and criteria by which Council owned sites are to be identified as potential housing development sites.

2.4 Further reports to Housing Overview and Scrutiny and to Cabinet in February 2020 agreed a long list of 20 sites, with an estimated delivery target of around 900 homes to address the Council's Housing Development targets.

2.5 Since then, the list has been reviewed and amended and regularly reported to Housing Overview and Scrutiny, the most recent being in November 2020. The November list comprised 15 sites (with an estimated delivery of around 700 housing units).

2.6 Further work has been carried out to consider additional sites that could be developed, as well as considering different development approaches to help increase the Council's capacity and capability to deliver against its specified delivery targets.

3. Issues, Options and Analysis of Options

Review of current available sites for development

- 3.1 The Council committed to its delivery targets in February 2018. Progress since then has seen 29 new homes delivered on the former TOPS Club site (now “Alma Court”). A further site (Claudian Way) has commenced handover with all units expected to be complete in December 2020, providing a further 53 homes. A third site (Calcutta Road), with 35 units, is also due to be handed over in August 2021. The handover of all three sites has been delayed due to the recent Coronavirus pandemic.
- 3.2 Two other sites have the potential to be close to starting development, namely Belmont Road and the Culver Centre. The Belmont Road site is owned by TRL and planning permission has been granted for 80 homes. Delivery has been delayed due to concerns over access to the site for construction traffic. However this matter is subject to a pre-commencement condition attached to the planning permission which means that any concerns can be addressed through the discharge of the condition.
- 3.3 The Culver Centre site has been through two public consultations, resulting in a significantly amended proposal which better reflect the desires of the local community. The site is expected to deliver up to 175 homes. The site has also received approval from the Secretary of State to allow for its non-educational use. The scheme will shortly be brought forward for planning approval. The expectation was for TRL to start development on this site in 2021 however a decision on the most appropriate way to deliver the site remains under consideration.
- 3.4 Progress on seven other sites (three garage in-fill sites, three car parks and the site of an existing large HRA dwelling) has also restarted, following a pause on public consultation due to the Coronavirus pandemic. The sites are now starting to make progress with site and ground investigations, in advance of going out for public consultation. These sites are:- Crammerville Street, Broxburn Drive, Vigerons Way (all garage in-fill sites) and Darnley Road, Thames Road and Argent Street (all car park sites). Furthermore, the site at Loewen Road (redevelopment of existing housing) has also gone out for public consultation.
- 3.5 To increase the housing numbers, a further pipeline of sites is being prepared from a review of the Council’s surplus assets and housing stock. From an initial assessment, these sites could be expected to deliver up to a total of 200 further homes subject to further preliminary investigations and will be reported to Housing Overview and Scrutiny Committee in due course in line with the agreed engagement process.

Increasing the Council’s capacity to deliver

- 3.6 The Council’s Housing Development team is small (6.6 FTE, including 1.6 FTE seconded to TRL). The recent introduction of a Commissioned Partner model has brought in additional capacity. However, if the Council wants to deliver at an increased pace, and recover the time lost to the Coronavirus pandemic, then a wider approach to delivery needs to be considered.

- 3.7 The following sections of the report explore various other options that could help to increase the capacity and ability of the Council to deliver housing development at a faster pace than is possible with existing limited resources and approaches.

Housing Revenue Account (HRA)

- 3.8 As set out in para 3.1, the Council has recently brought forward three HRA sites that have either just been delivered or are close to hand over – TOPS Club/Alma Court, Claudian Way and Calcutta Road. The delivery of these sites has been well received, with broad Member and community support and are clearly, by definition, all affordable.
- 3.9 Four of the sites on the current Housing Development Options List are on Housing Revenue Account (HRA) land, including the three garage in-fill sites mentioned above in para 3.4. Other sites being considered for development potential are also on HRA land and include redundant garage sites, other brownfield land and in-fill development.
- 3.10 35% Affordable Housing would also be expected from TRL's development sites (planned to be Belmont Road and Culver Centre) in line with existing planning policy. These dwellings could be purchased by the Council and let within the HRA, making use of retained RTB receipts and prudential borrowing within the HRA.

Private Sector

- 3.11 The Council is already working with the private sector to bring forward sites and larger housing programmes across the Borough, in a variety of ways.
- 3.12 This has included developers proposing sites for the Council to purchase for development as part of a wider private sector led proposals and separately the purchase of dwellings constructed as affordable housing where a developer is required to do so under S106 Planning Agreements. Other approaches been where a private developer has proposed 'package deals' of land and construction of new homes in a single approach.
- 3.13 Following the Council's approach to engaging with land owners and developers through the Design Charrette process that is supporting development of the new Local Plan, approaches have also been received from the private sector on collaborative approaches to bring forward new larger scale developments alongside the Council.
- 3.14 The Council also uses its Planning powers to negotiate with the private sector developers, using S106 planning powers to ensure that Affordable housing is brought forward on private sector-led sites, where viable.

TRL

- 3.15 To date, TRL has delivered one housing scheme (St Chads), providing 128 homes (including 26 affordable homes). TRL owns the site at Belmont Road, having purchased the site from the Council.
- 3.16 TRL was developed as a vehicle to complement the Housing Revenue Account (HRA), targeting sites that had remained dormant for many years and that the private sector was reluctant to develop, as well as providing a vehicle to deliver affordable homes.
- 3.17 This was reiterated in the Council's decision of 20th November 2017, to agree to the sale of the Belmont Road site to TRL. The report commented that "TRL will support the Council's place shaping agenda and will help deliver a range of housing tenures and other projects. By enabling TRL to develop quality housing on land that it owns the Council will provide an alternative route to private sector led regeneration which may otherwise be constrained by market conditions. Such housing will contribute to improving, and creating great places where community pride, good health and wellbeing and economic prosperity will thrive".
- 3.18 There is now an imperative to move matters forward by appointing a new Director/Directors and refreshing the approach to housing options and delivery in the borough. TRL had a Board of Directors which was comprised of 3 Council officers and 1 external party (from Homes England). All Directors have recently resigned from the Board, principally due a conflict of interest with their own Council roles.
- 3.19 However, going forwards, there is a need to strengthen the board in light of the changing and ever more complex market conditions, created by the global pandemic. To this end, consideration needs to be given the creating an expanded Board. A report to this effect will be made the Shareholders (the Council's General Services Committee) in the near future.

Joint venture partnerships

- 3.20 The Council could also consider entering into a Joint Venture (JV) with another partner, such as a major house builder, or a major fund investor. This option has been successfully developed and implemented by other Local Authorities.
- 3.21 Exploratory discussions have been undertaken with private sector led organisations. Other opportunities have also been explored to develop a JV with Homes England, which would bring the benefits of substantial resource, expertise and access to funding. The process of finding a suitable JV partner, and finalising the legal negotiations can, however, be lengthy and time-consuming and would clearly necessitate profit share.
- 3.22 The Council is also in contact with other Housing Associations across the Borough, mainly in an advisory capacity, enabling the Housing Associations to deliver Affordable Housing and providing support over the Planning process

and applying for grants. There is limited delivery activity through this route at the moment, although there are potential opportunities for more joint working.

Mixed approach to delivery

- 3.23 This report is recommending that the Council should choose to follow a mixed approach to delivery, rather than just relying on existing approaches. Adopting a range of delivery methods will enable the Council to address a more flexible approach to delivery in the housing development market.
- 3.24 The mixed delivery approach could include new approaches to housing development as referred to above. These include:
- Continued direct delivery on Council owned sites
 - Street purchase of existing private sector stock
 - Purchasing new homes through S106 opportunities
 - Purchase of existing private sector land or completed units
 - Continued TRL development on appropriate sites
 - Joint Ventures or collaboration with the private sector
- 3.25 The mixed approach described above is illustrative, but should deliver significant numbers of new homes across a range of tenures including affordable housing.
- 3.26 It is also recommended that a further review of the Council's own assets to highlight other sites for disposal or for housing development should be supplemented by engaging with industry experts to undertake a more strategic review to explore approaches to increase the opportunities for the Council to deliver new houses for our residents.
- 3.27 Given the Council's ambition for housing delivery and the wide range of potential delivery options outlined in this report, all sites for disposal will be agreed with Cabinet in respect of the intended nature of release (TRL or otherwise). Going forward, the delivery of the Housing Development Programme will continue to be scrutinised by Housing O&S and Cabinet.

4. Summary

- 4.1 The above options to improve the capacity of the Council to increase the rate of delivery of housing development schemes are not mutually exclusive. Adopting a wider range of options, in a flexible manner, would enhance delivery rates, the Council's contribution towards its own targets and contribute to the wider housing needs and regeneration of the Borough.

5. Consultation

- 5.1 None

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

- 6.1 The proposed approach to the development of new 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: **Jonathan Wilson**
Assistant Director, Finance

The delivery of a housing programme will contribute to the wider objectives of the Council.

Costs associated with the initial feasibility assessment of schemes will need to be considered depending on the nature of the scheme and whether it is subsequently developed within or outside the Housing Revenue Account.

Any proposed projects will need to be subject to a financial assessment undertaken to ensure they represent value for money and to understand any wider financial impacts on the medium term financial strategy. This will be assessed by the Director of Finance, Governance and Property in consultation with the Director of Place prior to any recommendation being made.

7.2 Legal

Implications verified by: **Tim Hallam**
Deputy Head of Law and Deputy Monitoring Officer

This report which sets out a proposed range of approaches for development of residential accommodation both on Council and privately owned land. There are no direct legal implications from this report alone. However Legal Services will provide all legal advice (if any) arising from this report, as and when required by the Council.

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 approaches to housing delivery set out in this report. The findings from the CEIA established that the implications for each protected group is currently considered neutral. Individual CEIAs will sit alongside any development proposals with information gathered in consultation with communities determining potential impacts and mitigation where identified for individuals or groups with protected characteristics. This will ensure more detailed consideration of the impacts of particular developments than is possible within the scope of the overarching CEIA and process set out in this report.

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):

- None

9. **Appendices to the report**

None

Report Author:

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