

9 March 2016		ITEM: 16 (Decision 01104360)
Cabinet		
Housing Development Update		
Wards and communities affected: All	Key Decision: Key	
Report of: Lynn Worrall, Portfolio Holder for Housing		
Accountable Head of Service: Matthew Essex, Head of Regeneration and Assets		
Accountable Director: Steve Cox, Assistant Chief Executive's Unit		
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 anticipated 1% cut in rents (reported in December 2015) included within the Welfare Reform Bill 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 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 is expected to be submitted shortly.

This report provides a further update to Cabinet in relation to the housing development and estate regeneration programmes and seeks necessary approvals to allow the previously agreed projects to proceed.

1. Recommendations

That Cabinet:

- 1.1 Approve the procurement of contractors to complete the development of the Claudian Way, Chadwell St Marys and former Topps Club site, Grays and delegate authority to the Assistant Chief Executive, in consultation with the Portfolio Holder for Housing, to commence the competitive tender process through to the award of any contracts within the anticipated budget envelope and to execute any other legal agreements and/or documents necessary for the delivery of the two projects.**
- 1.2 Approve the granting of a lease for the newly created community building on the Echoes to Seabrooke Rise Community House and delegate authority to the Assistant Chief Executive, in consultation with the Portfolio Holder for Housing, to negotiate and complete all necessary agreements on terms substantially in line with those contained within this report.**

2. Introduction and Background

- 2.1 Through a series of reports and recommendations since 2013, Cabinet has approved a range of programmes designed to increase the supply and improve the quality of new homes within the Borough. 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). The first of these schemes have now been completed and a second wave is going through the system. Cabinet approved the progression of the proposals for Claudian Way (Chadwell St Mary) and the former Topps Club (Grays) to planning in June and September 2015 respectively.
- 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 Homes and Communities Agency (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, securing additional HRA borrowing capacity and a range of HCA grants to support individual schemes and wider strategic work programmes.
- 2.4 The 1% rent reduction anticipated within the Welfare Reform Bill will have a significant impact on the financial strength of the HRA and, as a consequence, the scale of work that the Council can afford to undertake. The impacts of these changes on the Transforming Homes Programme was reported to Cabinet in December 2015 and are being considered in respect of the housing development and estate regeneration programmes. Initial discussions have been held with DCLG to understand the potential for the Council to secure an exemption from the 1% reductions. Whilst it has not been ruled out, it seems increasingly unlikely that the Council will be able to make a sufficiently robust case to secure a full exemption although some options may remain in respect of partial relief.
- 2.5 This report updates on all of the currently active workstreams within both the housing development and estate regeneration programmes.

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 with the final one; development of 12 new homes in Bracelet Close in Corringham, expected to be complete in Summer 2016.
- 3.1.1 The development at Bruyns Court, South Ockendon has delivered 25 one and two bed apartments constructed to the specialist HAPPI (Housing Our Ageing Population Panel for Innovation) standard. Aimed at residents who are over the age of 55, the development is in the process of being let through a local lettings plan ensuring local residents will benefit from this high quality housing development. A successful open day for residents and professionals was held on 14th January 2016.
- 3.1.2 The Echoes development at Seabrooke Rise in Grays has also been completed and provides 53 one, two and three bed apartments, including two specially adapted properties. It is currently being advertised and will also be let through a local lettings plan. An open day for Seabrooke Rise Steering Group and the Tenants excellence Panel was held on the 11th February 2016.
- 3.1.3 Through the works undertaken at the Echoes, a new Community House has been constructed to replace that which previously occupied part of the site of the new development. The charitable group which ran the previous facility

have been operating out of a converted residential property on the Seabrooke Rise estate whilst the works were carried out and, under an agreement reached with the previous Director of Housing, are expected to occupy the new facility and continue to host functions and events and provide a range of services in support of the local community. Whilst the Council have met the cost of the works to construct the shell of the building, the charitable group have raised around £185k to meet the fit out costs for the kitchens, offices and communal halls which it houses.

- 3.1.4 It is proposed that the new building be leased to the Community House group for a term of up to 50 years on a peppercorn (i.e. nil) rent. In return for the peppercorn rent, the group will assume full responsibility for all maintenance, operational and staffing costs associated with the building. Furthermore it is proposed that the lease contain maintenance obligations and controls over the nature of the use to ensure that it is both maintained and used for the benefit of the wider community. Cabinet are asked to approve these headline terms and delegate authority to the Assistant Chief Executive, in consultation with the Portfolio Holder for Housing, to finalise lease terms and enter into any necessary agreements.
- 3.2 The second wave of affordable schemes are at various stages of development. The developments 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) and the former Topps Club, Grays (40 one and two bed apartments and three bed townhouses) have both now progressed through detailed design and have benefitted from specific public consultation events. Planning applications for both sites will be submitted in March 2016 and it is anticipated that, subject to approvals sought within this report, works will start on site in the summer of 2016.
 - 3.2.1 It is recommended that, subject to tenders being within the anticipated budget, Cabinet approve the procurement and appointment of contractors to take both of these schemes forward. To this end Cabinet is asked to authorise the Assistant Chief Executive, in consultation with the Portfolio Holder for Housing, to invite competitive tenders and accept the most economically advantageous tender.
- 3.3 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 procure a new design team to bring new proposals forward. It is anticipated that further reports will be brought to Cabinet to update on this scheme and seek further approvals as required.
- 3.4 The Government's recent announcement to impose a 1% rent reduction in each of the next four years through the Welfare Reform Bill will have a significant impact on the HRA Business Plan. Whilst discussions are ongoing to establish the potential for Thurrock to secure an exemption, partial or

otherwise, from these reductions it is clear that the authority needs to plan on the basis that they are introduced in full. As was reported in December 2015, the rent reductions will have a significant impact on the overall financial strength of the HRA.

- 3.4.1 Consequently, both the housing development and estate regeneration programmes need to work within revised financial parameters. The Council is currently appraising the available options to ensure the revised financial parameters of the HRA are met. 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.
- 3.4.2 Whilst the review is still ongoing it is clear that a number of the schemes which have been proposed in previous reports are at risk until such time as further funds can be secured and, at the time of writing, only those six schemes covered above are included within the HRA capital programme.

Estate Regeneration & Housing Zones

- 3.5 As is noted above, Cabinet have received a number of reports 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 as part of a more comprehensive approach. This work remains at a very early stage with only initial massing and capacity studies having been completed.
- 3.6 It has previously been reported that the Council has made strategic land acquisitions to acquire 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. It has previously been suggested that these sites should be brought forward for development immediately however, recognising the pressure on the HRA and responding to some of the concerns expressed by tenants and residents in respect of the consultation process conducted in Grays, it is proposed that no development be brought forward at this point in time to allow for further work to be undertaken. Both of the sites are to be marketed for interim uses to secure an income in the intervening period.
- 3.7 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 has sought additional funding through the Housing Zone programme. It was

confirmed in December 2015 that the Council's application had been successful and a £700,000 grant has been made from the HCA's 'capacity fund'. As part of this award, the Council has been given access to a team of specialist advisors to support the Council's consideration of any opportunities and to shape any potential programme going forward. The Council will be working with the HCA and the advisors to devise a work programme over the coming weeks and it is anticipated that the findings of any work undertaken will be the subject of further reports.

UKHA Awards

- 3.13 Recognising the scale of development being brought forward by the Council and the innovative approach in establishing Gloriana, the Council has been selected as a finalist for the UKHA Awards 2016 for 'Outstanding new developer of the year'. Interview sessions are planned for March with the results being announced in April 2016.

4. Reasons for Recommendations

- 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. The recommendations within the report enable the existing programme to progress with specific approval sought for the procurement of contractors for housing developments on Claudian Way, Chadwell St Mary and the former Topps Club, Grays.
- 4.2 The approvals sought around the granting of a lease to Seabrooke Rise Community House will secure their occupation of the new community facility within the Echoes and allow them to continue to provide a range of services and support to the local community.

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: **Sean Clark**
Director of Finance and IT

- 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 incorporating 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 as 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 needs 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 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.

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

8. **Background papers used in preparing the report**

N/A

9. **Appendices to the report**

N/A

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