New Council House Building – Phase 1

Summary

1. As part of the Get York Building (GYB) initiative a number of key interventions were agreed: the council has amended its affordable housing policy reducing the target for affordable homes on new developments, the Draft Local Plan is out for consultation setting the development ambitions for the city, and the council set out its ambitions to build new council homes and to bring forward a first phase of between 50 & 70 new homes. Further reports as part of the Get York Building initiative will be brought to Cabinet setting out opportunities to stimulate economic growth across a wide range of sectors, including large, medium and smaller house builders, the commercial and retail providers.

2. This report sets out our proposals to deliver the first phase of new council homes and seeks approval for the council to pursue development of a number of sites within the Housing Revenue Account (HRA) to build between 50 and 70 new homes.

Background

3. In 2009 the council successfully bid for £1.12m of Local Authority New Build funding to provide partial funding to build nineteen new council houses at Archer Close, the council’s first new homes in over 20 years. Following the 2010 general election and comprehensive spending review this funding was subsequently withdrawn, however the council managed to secure replacement funding from the 2008-2011 National Affordable Homes Programme (NAHP). The homes, at a total scheme cost of £2.6m, were completed within budget in September 2012.

4. As part of the wider national reform of the HRA a number of opportunities have arisen to access reserves within the HRA, and borrow prudentially against existing stock (subject to borrowing caps). This has resulted in the council having the capacity to finance a significant new council house build.
programme to help alleviate the huge levels of housing need in the city and add to the existing asset base.

5. In preparation for HRA reform the Housing Development Team have undertaken a review of HRA land assets to form a comprehensive GIS database of sites. This includes analysis of the suitability for development. Through this process an initial 12 potential sites were identified as having no apparently insurmountable planning constraints and potential for development. Early feasibility works have ruled out 6 of these sites as being achievable within the project timescales, with the remaining 6 sites being able to deliver in the region of 50 - 70\(^1\) new council homes.

Proposals

6. The aim of the first phase of council housing is to build between 50 and 70 new homes, with work to identify further sites for future phases ongoing. The new homes will be across a range of house types, with consideration given to:

- Maximising the number of homes on the available land;
- Local context and surroundings;
- Priority need as identified in the 2011 Strategic Housing Market Assessment (SHMA\(^2\));
- The impact of welfare reform changes

7. Where 2 and 3 bedroom houses are provided the same floor plans will be replicated from Archer Close to achieve economies of scale. At this stage the homes will be built to Homes and Communities Agency (HCA) standards to facilitate the potential to access any available grant funding should this become available.

8. All the homes will be for social rent, unless HCA funding is secured which would require the rents to be negotiated under the affordable rent regime. The aim would be to secure these at a level as close to social rents as possible. It is proposed that the homes will be built to a minimum of Code for Sustainable Homes Level 4, through a fabric first approach (achieving sustainability through the built materials rather than technology).

Locations

9. There are 6 sites that have been assessed as suitable for development in the timescales dictated by this phase. The sites are as follows:

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\(^1\) Subject to design / type / planning / tenure etc.

\(^2\) York & NY SHMA
Site | Proposed Type / Numbers
---|---
Fenwick Street | 9 Apartments
York Road, Haxby | 4 Houses
Beckfield Lane | 27 (Houses & Apartments)
Chaloners Road (Garage Court) | 11 Apartments (possibly 8)
Hewley Avenue (Garage Court) | 6 Apartments
Newbury Avenue (Garage Court) | 9 Apartments
TOTAL | 66 (may reduce to 63)

10. It is proposed that the Beckfield Lane development would be mixed tenure with 12 of the homes being for open market sale. Market sale housing represents a new venture for the council, requiring marketing strategies, sales teams, after care. However, there are a number of options being considered by officers to deliver this function, including: through the build contractor, outsourcing to a specialist agency, or delivering using in house resources. The inclusion of market sale homes will proportionately reduce the number of new council homes at that site. Current estimates as set out in the table above show that, subject to planning, the council will still be able to deliver over 50 new council homes as the first phase. However, should the need arise; further sites will be brought forward.

**Delivery programme**

11. **Beckfield Lane** – a full planning application will be submitted in May 2013, with a 13 week target determination period. A 3 month tender period to appoint a contractor will be undertaken, followed by a 2 month project inception period prior to start on site late 2013 / early 2014. The anticipated build programme is 50 weeks, with completion in February 2015 at the latest.

12. **Remaining sites** – The target timetable for the additional sites is as follows:

- All sites that are to be progressed submitted for planning by September 2013
- Planning permission December 2014
- Any site issues to be resolved by December 2014
- Contractors appointed by March 2014
- Start on Site June 2014
- Completion June 2015

13. It should be noted that the above timescales are very challenging and does not assume any unforeseen delays to resolving issues with the sites and/or achieving planning, issues with the procurement process, and any delays

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3 Subject to design / planning.
to build programme. Some of these issues could be mitigated to an extent by increasing dedicated resources to this project.

Funding Route

14. The total scheme cost is in the region of £7m. It is proposed to fund the project from HRA reserves (as set out in the February 2013 Get York Building Report) and commuted sums held in lieu of on site affordable housing. Exact costs will be determined via a competitive tendering process for the building of the new homes. As part of the development of the programme, costs will be allocated out to each development.

15. The February GYB report proposed the release of £6m of funding from the HRA reserves which was approved by Council as part of the 2013/14 Capital Programme.

16. The council currently hold just over £1million of commuted sums that are ring fenced for spending on the delivery of affordable housing. It is proposed that £1m of this is used to support the costs of delivering the new council homes under this first phase of building. Changes to the approved capital programme to reflect this will be via the councils normal capital programme updates.

Procurement

17. **Architect** - Atkins Architecture (the design team for Archer Close council housing) have been appointed to submit a planning application for the Beckfield Lane site to allow the identified timescales to be met. A tender process is currently being undertaken to appoint an architect to produce full planning applications for the remaining 5 sites, this process should have concluded by the end of June.

18. **Employers’ agent and quantity surveyor** - A tender process is currently being undertaken to appoint an employer’s agent for Beckfield Lane, with a separate tender process to follow for an employer’s agent for the remaining 5 sites. A quantity surveyor will be appointed to act on the council’s behalf throughout the project once the council’s new framework partner is in place in June.

19. **Contractor** - The intention is to procure a number of contractors to build the new houses. Consideration was given to packaging all 6 sites under one single contract. However, the size of the contract sum would potentially be contrary to the council’s aim of appointing small to medium sized local contractors. The size of the development at Beckfield Lane, and intended inclusion of market sale, may require a larger contractor capable of
performing the marketing and sales function. A procurement strategy will be developed to provide local contractors with the opportunity to tender, with a Pre-Qualifying Questionnaire to ensure that any contractor is capable of delivering the contract.

Resources

20. The delivery of 50 to 70 homes with a contract sum in the region of £7m will require a significant amount of officer time in addition to the Housing Development Team’s existing work plan. To deliver a new project of this size and to allow successful delivery additional staff resources are required. It is proposed to appoint a Project Manager on a fixed term basis to oversee this phase of new council homes. The post would be funded as part of the project on costs.

Communication/consultation strategy

21. All relevant ward and cabinet members have been contacted to inform them of the sites being considered and to get their initial views. Members will be kept informed of any proposals and progress. As part of each planning application a public information event will take place advising of the plans and a further public information event prior to start on site to introduce the contractor to the local community. Where garage courts are to be demolished the licensees will be contacted individually to discuss the proposals in detail and inform them of their options.

Options

22. There are two options to consider. Should members approve the recommended option (option 2) there are a number of further recommendations to be considered.

23. Option 1 - To approve the building of 50 to 70 new council homes on the sites identified

24. Option 2 - To approve the building of 50 to 70 new council homes on the sites identified, with delegated responsibility to the Cabinet Member for Corporate Services to approve any alternative sites following consultation with the Cabinet Member for Health, Housing, and Adult Social Services, should those identified be unable to progress.

Analysis

25. Option 1 - To approve the building of 50 to 70 new council homes on the sites identified
26. This option corresponds with the recommendations of the Get York Building board. It would allow the council to add a significant number of homes to its existing asset base and help to alleviate the acute housing need in the city. There is an identified need for 790 new affordable homes per annum as set out in the York & North Yorkshire SHMA 2011, and whilst this project will not solve that need it will contribute new high quality homes across a range of house types.

27. **Option 2** - To approve the building of 50 to 70 new council homes on the sites identified, with delegated responsibility to the Cabinet Member for Corporate Services to approve any alternative sites following consultation with the Cabinet Member for Health, Housing, and Adult Social Services, should those identified be unable to progress.

28. This option achieves the same aims as option 1, however it also allows the delivery of the identified number of homes if any issues prevent the development of the proposed sites. None of the sites being considered are without complications, and it may be that one or more can not progress. In this scenario officers will need to revisit the strategic review of sites to identify an alternative. This option will allow the decision as to which alternative site to pursue to be made in consultation with the Cabinet Members and ward councillors without the need to revisit Cabinet for approval with associated delays.

**Council Priorities**

29. Any approval to progress with new council housing has a positive impact on four of the five council priorities.

30. **Create jobs and grow the economy** – As set out in the previous Get York Building Report (Feb 2013) Investment in the construction industry has a direct positive impact on economic activity, with every £1 spent generating a total of £2.84 in extra economic growth. In pursuing a local contractor procurement strategy the council will be directly investing in the local economy and creating employment in the struggling house building sector. In procuring a contractor additional priority will be given to contractors that are committed to offering and providing apprenticeships.

31. **Build strong communities** – New council housing will provide high quality accommodation for those unable to access housing on the open market. The inclusion of market housing at Beckfield Lane would introduce a mix of tenures to create mixed, sustainable communities. Access to high quality housing in places where people want to live at a price they can afford is a
key tenet of the Housing Strategy (2011-15), and is crucial to happiness and well-being.

32. **Protect vulnerable people** – The new homes will be built to Lifetime Homes standards which are designed to adapt with people’s changing care needs, enabling them to remain in their own home and independent for as long as possible.

33. **Protect the environment** – The new homes will be built to a minimum of Code for Sustainable Homes Level 4, which exceeds the council’s mandatory requirement to meet code 3 and will reduce carbon emissions on the completed homes and throughout the build process.

**Implications**

34. The following implications have been identified:

(a) **Financial** - The capital programme for 2013/14 contains approval of £6m for new local authority housing funded from HRA reserves. An increase to £7m can be accommodated by the use of commuted sums, which would be confirmed through the appropriate channels.

(b) **Human Resources (HR)** - There is a requirement to appoint a dedicated project management resource. The grade has yet to be determined, and will be established through the council’s HR procedures. The indication is that it will be either grade 8 or 9, which would result in a cost of up to £41,000 per annum for a period of up to two years. This resource would be funded through the project’s funding stream.

(c) **Equalities** - It is considered that there are no negative equalities implications.

(d) **Legal** - The Council has the power, under section 9(1) of the Housing Act 1985, to build new houses. If the Authority decide to sell any of the housing, the Secretary of State's consent will be required pursuant to s32. General consents have, however, been granted by the Secretary of State and are contained in the General Consents 2013. This allows disposals of vacant dwellings at market value to persons who will use the property as their principal home.

If land is to be sold section 123 Local Government Act 1972 requires the Authority to obtain the best consideration reasonably obtainable for any disposal, but disposals at less than best consideration can be made pursuant to the Local Government Act 1972: General Disposal
Consent (England) 2003, provided the Authority consider that the
disposal is likely to contribute to the achievement of the objective of
promoting or improving the economic, social, or environmental well-
being of its area or residents; and the difference between the
unrestricted value of the land and the consideration does not exceed
£2 million.

European state aid rules must also be complied with in respect of any
disposals for less than market value which might impact on trader
between Members states.

The appointment of the developer and the various technical
consultants will need to be procured and contracts will be prepared by
Legal Services.

(e) **Crime and Disorder** - There are no crime and disorder implications.

(f) **Information Technology (IT)** - There are no IT implications.

(g) **Property** - **Strategic context** - In accordance with the objectives of
the Council’s Asset Management Review currently being
implemented, each of these sites has also been looked at in the wider
context of other Council land and property assets in the area to
identify any opportunities for re-location of services freeing up other
sites for disposal, housing or other developments and also maximising
any capital receipts and reducing revenue costs.

There is also opportunity to look at sites adjacent to those identified in
this process which are not owned by the Council to see if there is any
merit in acquiring them, especially if they are under-developed, so that
a larger housing development can be achieved.

**Identified sites** - In order to progress the proposed developments
various issues of a site specific nature need to be resolved to support
future planning applications, e.g. title advice and land registry checks,
service run information, contamination advice, etc. Officers in
Property Services are consulting widely across the Council to provide
this information and resolve any issues that may arise and as this
work is currently ongoing a supplementary update to this report can
be provided by officers on request.

(h) **Other** - There are no other implications.
Risk Management

35. The project to deliver between 50 and 70 new council homes, across 6 sites, by spring/summer 2015, carries a number of risks. It will represent a £7 million plus project that has a tight delivery timescale through complex delivery mechanisms. The council will need to procure consultants and contractors, resolve issues affecting the development of the sites, achieve full planning permission, and build a significant number of new homes across multiple sites. In addition, the decision to introduce market housing will require the council to become involved in a new business area of marketing and selling new homes. These all pose challenges to project delivery and the consequent impact on the reputation of the council.

36. To mitigate these risks the project must be properly resourced. Cross directorate support and commitment will be required to ensure each directorate meet their identified and agreed delivery timescales, and an additional post will be needed within the Housing Development Team to project manage the scheme.

Recommendations

37. Members are asked to approve:

(a) Option 2, the building of 50 to 70 new council homes on the sites identified, with delegated responsibility to the Cabinet Member for Corporate Services to approve any alternative sites following consultation with the Cabinet Member for Health, Housing, and Adult Social Services, should those identified be unable to progress.

Reason: To allow the council to add a significant number of homes to its existing asset base and help to alleviate the acute housing need in the city, and ensure that should one of the identified sites not progress an alternative can be pursued without delaying the project.

(b) The inclusion of an element of market housing at Beckfield Lane

Reason: To ensure a mix of tenures to allow a mixed and sustainable community and to provide cross subsidy to help fund the project.

(c) Recommending to Council the use of £1m commuted sums, and thereby increase the approved capital programme (HRA) for new homes from £6m to £7m.

Reason: To allow a total scheme budget of £7m to deliver the project
(d) The identified procurement routes, with delegated authority to the Cabinet Member to approve any revisions

Reason: To allow officers to progress with the identified procurement processes to achieve the delivery timescale, and to ensure that any revisions to the identified process do not lead to delays related to achieving cabinet approval.

(e) Additional project management resources required to deliver the project

Reason: To allow the successful delivery of the project without impacting on the wider Housing Development Team workplan by ensuring the appropriate level of resources.

Contact Details

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Specialist Implications Officer(s)  List information for all

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Wards Affected: List wards or tick box to indicate all

Acomb
Dringhouses and Woodthorpe
Haxby and Wigginton
Hull Road
Micklegate
Westfield

All

For further information please contact the author of the report
Background Papers:

Get York Building – A Case for Change.

Annexes

Annex A – Fenwick Street site plan
Annex B – York Rd, Haxby site plan
Annex C – Beckfield Lane site plan
Annex D – Chaloners Road site plan
Annex E – Hewley Avenue site plan
Annex F – Newbury Avenue site plan