



Report for:	Cabinet
Date of meeting:	27th March 2018
Part:	Part I
If Part II, reason:	n/a

Title of report:	Council New Build Programme Update (Including use of right to buy one for one replacement funding)
Contact:	Cllr Margaret Griffiths, Portfolio Holder for Housing Elliott Brooks, Assistant Director for Housing David Barrett, Group Manager for Housing Development
Purpose of report:	To provide a full update on the Council New Build Programme To seek approval for the payment of "141 Right to Buy replacement scheme' grant funding to Housing Associations (Registered Providers) delivering affordable housing schemes in the Borough.
Recommendations	<ol style="list-style-type: none"> 1. To note progress of the Council New Build Programme 2. To approve an increase to the budget to Kylna Court by £483,200 all to accommodate amendments to the design of the external envelope of the building and to incorporate a sprinkler system, funded from a budget virement from the 2018/19 New Build General budget. 3. To approve a consultancy budget of £600,000 to develop plans for the next phase of the Council's New Build programme as detailed in Section 7, funded from a budget virement from the 2018/19 New Build General budget. 4. That Cabinet approves the following '141 Right to Buy replacement scheme' grant funding payments for affordable housing developments in the Borough: <ul style="list-style-type: none"> • £3,750,000 to Watford Community Housing Trust for 6 No Garage Sites known as Cupid Green Lane, Hyde Meadows, Pulleys Lane, Rucklers Lane, Wood View and Long Arotts. • £343,820 to Watford Community Housing Trust for a development known as Nova House, Jupiter Drive, Hemel Hempstead. • In addition, this recommendation authorises a +/- 5% adjustment to the stated cost figures as a contingency sum should the Housing Association revise their cost data as these are based on current estimates which could adjust as the

	<p>project develops</p> <p>5. To note the two '141 Right to Buy replacement scheme' grant funding applications that have now been withdrawn by Hastoe and Thrive.</p>
Corporate Objectives:	Delivering Affordable Housing
Implications:	<p><u>Financial</u></p> <p>The overall development budget is reviewed strategically as part of the annual review of the Housing Revenue Account Business Plan. Each individual scheme following contract award is subject to close financial monitoring with any variances agreed formally through a change control process.</p> <p>The grant funding approach to supporting other organisations developing affordable housing in the Borough will enable us to allocate the funding before the deadline to spend expires.</p> <p><u>Value for Money</u></p> <p>This has been achieved through a successful procurement programme.</p> <p>"One for one" receipts paid to Housing Associations by way of a grant provides the means to increase the provision of affordable homes within the Borough at no cost to the Council and assist in avoiding the costs of homelessness by increasing supply.</p>
Value For Money Implications	
Risk Implications	<p>Risk Assessment completed within the New Build Project Initiation Document (PID) and updated on Corvu on a monthly basis.</p> <p>If the Council is unable to spend its "one for one" receipts they must be returned to the Government. Should the Council retain receipts and then be unable to spend them within a three year period then interest becomes payable. The recommended model agreement passes this risk onto the receiving Housing Association.</p>
Community Impact Assessment	<p>Community Impact Assessment reviewed/carried out</p> <p>n/a</p>
Health And Safety Implications	<p>Each new build scheme has in place a Principal Designer as required under the Construction Design and Management Regulations. Contractors are required to comply with the Council's H&S policy along with Considerate Constructors requirements.</p> <p>Health & Safety is identified as a key risk of the Housing Service and is reported to the Council's Housing & Communities Overview & Scrutiny Committee on a quarterly basis.</p>
Monitoring Officer/S.151	Deputy Monitoring Officer:

<p>Officer Comments</p>	<p>Under the scheme introduced in 2012 investment in new affordable housing can be made by the Council itself or through grant funding registered providers.</p> <p>This decision proposes the funding of several developments by Watford Community Housing Trust.</p> <p>Officers should ensure that each site going forward is covered by the grant agreement (referred to in para 8.2 below) to ensure that the Council's position is protected and enable it to meet audit requirements.</p> <p>S.151 Officer</p> <p>No further comments to add to the report.</p>
<p>Consultees:</p>	<p>Mark Gaynor, Corporate Director of Housing & Regeneration James Deane, Corporate Director Finance & Operations Caroline Souto, Financial Planning & Analysis Team Leader, Financial Services David Barrett, Group Manager, Housing Development</p>
<p>Background papers:</p>	<p>n/a</p>
<p>Glossary of acronyms and any other abbreviations used in this report:</p>	<p>n/a</p>

1. Introduction

1.1 Dacorum Borough Council's Development Strategy - New Council Homes 2013-2020 'Building for the Future' was approved by Cabinet in December 2013 and sets out the Council's ambitious plans for the Council New Build Programme. So far, the Council has delivered over 90 new homes and a homeless hostel. This report is to provide a full update on the current development programme and plans to secure the next phase of schemes.

2. Kylna Court (Wood House), Maylands Avenue, Hemel Hempstead.

2.1 Situated in the Heart of Maylands this project forms an important part of the regeneration of the overall area. This project comprises a 79 unit development, 42x1 bedroom flats, 37x2 bedroom. The scheme achieved planning permission in March 2016. The development will provide 79 social rented units along with a business suite as an extension to the Maylands Business Centre.

2.2 Jarvis Contracting Ltd was awarded the build contract and commenced on site in March 2017 with completion anticipated during November 2018.

2.3 The project is progressing well on site and the construction of the concrete frame is complete. The external cladding and windows are being installed whilst internally the flats are being formed and first fix has commenced.

2.4 In the Cabinet Report submitted on the 17th October 2017 it was highlighted that a review had taken place in the light of the Grenfell Tower fire. A comprehensive review of the fire strategy took place and it was decided to revise the specification of some elements of the construction including introducing non-combustible insulation into the external wall construction. Although at this time there is no regulatory requirement to install sprinklers because the dwellings are less than 18 metres in height, a decision was taken in consultation with the Portfolio Holder to install a full sprinkler system.

2.5 This has placed pressure on the construction cost and therefore it is necessary to request approval to increase the overall budget by £483,200 against the approved budget of £12,008,000 (not including business suite). The additional sum requested can be broken down as follows:

1. Sprinkler design: £13,200
2. Sprinkler installation and associated works: £295,000
3. Non-combustible cladding: £175,000

This will be funded by a budget virement from the New Build General budget.

2.6 Due to the high number of properties which will be let at once, preparations are underway to resource this and a local lettings plan will be in place.

3. Corn Mill Court (Swing Gate Lane), Berkhamsted

3.1 Planning permission to deliver 11 new homes was granted in June 2015, this consisted of 9 new-build flats (6 x 1-beds and 3 x 2-beds) and the conversion of three existing building into two units of accommodation. Osborne Homes were the successful contractor and the new build works started in August 2017.

- 3.2 The work on the new build flats has carried on as planned. The external walls are now up to the second floor and the roof steels are in on the lowest section.
- 3.3 A planning application has been submitted to increase the number of units in the existing building from two to three units and expect to hear the outcome at the end of the month. The existing building once converted will deliver two 3-bedroom houses and one 2-bed house. The middle unit is locally listed and does present some issues with regard to window heights and floor levels which is being considered by our Architects.

4. Stationers Place, London Road, Apsley

- 4.1 Full planning permission was granted in March 2016 for a 31 flat development for social rent.
- 4.2 Cabinet approval was obtained to go out to tender and the contract was awarded to Jarvis Contracting Ltd under a Design & Build contract. Jarvis started pre commencement investigations and were originally due to be on site early this summer, however there have been a couple of issues to resolve prior to being in a position to start work.
- 4.3 Under planning conditions the Environment Agency (EA) required the culvert that runs under the rear of the site to be opened up and naturalised “de culverted” however, in liaising with the EA and the Contractors engineers it became apparent that the EA required much more than just a naturalised bank for the culvert. Subsequently to meet the EA’s requirements would be unworkable due to H&S requirements and the area would become unusable. Discussions are continuing to look at alternative solutions.
- 4.4 An advanced package of works have started to deal with all site condition around existing boreholes, buried services and demolition of existing buildings. This has also provided an opportunity to validate the location of all buried services and given the extent of them check that there are no further site constraints.
- 4.5 Based on site constraints a revised scheme delivering 29 units is ready for submission for planning approval and this takes into account issues identified around the culvert and buried services that we have encountered on the site. This scheme would not require the culvert to be opened up, just repaired underground.

5. Martindale School, Boxted Road, Hemel Hempstead.

- 5.1 The Council purchased the site from Hertfordshire County Council in May 2015. The scheme had already received outline planning permission for 43 units in February 2015.
- 5.2 After two public consultations a planning application was submitted in August 2017 for consideration and comprised 65 new homes: 33 proposed for outright sale – 17x2 bedroom houses and 16x3 bedroom houses and then 32 new Council homes for social rent – 19 flats (14x1 bedroom & 5x 2 bedrooms) plus 5x3 bedroom houses and 8x2 bedroom houses. Planning approval was achieved in October 2017.
- 5.3 The scheme is currently out to tender to seek a suitable Contractor to build out the scheme. Due to the value an Official Journal of the European Community

(OJEU) compliant tender process is required. These will be returned in April. The pre-tender estimate currently exceeds the existing budget by approximately £2 million. However, the expected return from the market sale properties has increased and may offset this amount. Once the tenders have been adjudicated a report for approval to Cabinet will be submitted.

- 5.4 Based on receiving a suitable tender it is envisaged that works will start on site Summer / Autumn 2018.

6. Westerdale and Northend garage sites, Hemel Hempstead.

- 6.1 The Council has identified 2 garage sites as part of the garage asset strategy for redevelopment, using General Fund resources, for new temporary accommodation housing. They are to be redeveloped in tandem to deliver 6x2 bedroom flats at Westerdale and 4x2 bedroom flats and 2x1 bedroom flats at Northend. The properties would provide an ongoing revenue stream as well as being a valuable flexible asset.
- 6.2 After a public consultation the schemes were submitted for planning approval during early October 2017. Planning approval was achieved in December 2017.
- 6.3 Tenders are currently being obtained to find a suitable Contractor to build out the scheme. Construction is targeted to start on site during the summer 2018 subject to successful appointment of a contractor.

7. Pipeline for Building New Homes

- 7.1 The Council has been planning the next phase of potential schemes and have undertaken some early feasibility work to assess viability of various sites. These are predominately on land already in the Council's ownership. The following sites have been identified as suitable to take forward to obtaining planning approval.

Bulbourne, Tring (rural site)

- 7.2 The site is located on the north eastern side of Tring. It is on the northern side of Bulbourne road and close to the Grand Union Canal. The site is roughly rectangular in shape, and has an area of approximately 0.4ha (1ac). It has the entrance frontage to Bulbourne Road. The adjoining residential properties – Myrtle Cottages - mainly comprise two storey terraced houses.
- 7.3 The land is currently owned by Tring Parish Council. Although the site is in green belt and in an area of outstanding natural beauty it is envisaged that a scheme of 8-10 houses maybe achievable. The proposal is for low rise housing following the existing build line of neighbouring terrace houses.

Eastwick Row, Hemel Hempstead

- 7.4 Eastwick Row is a residential street ending in a cul-de-sac. This space serves two residential towers. Using two existing garage plots (owned by the general fund) the proposal is to construct an additional block of flats on the site along with three terraced houses. The flat block could contain somewhere between 22 to 28 flat units depending on the size.
- 7.5 There is also potential to undertake a refurbishment of the existing towers re-cladding them to improve their appearance. The public realm space would also

be re-planned more efficiently to provide increased parking provision and landscaping.

St Margarets Way. Hemel Hempstead

- 7.6 The existing site is currently occupied by open grassland with a band of mature woodland along its east and west boundary edges. The site has potential to deliver circa 40-50 units with a combination of flats and houses.

Paradise Fields

- 7.7 This is a site that Homes England are looking to dispose of and discussions have commenced around purchasing the land from them which falls into four distinct categories:

- The Housing site at the South of the overall site
- Paradise Fields nature reserve/wildlife area
- The open space to the North
- The hospital car park

- 7.8 The housing site runs from the St. Albans Road to the footpath at the bottom of the nature reserve. The site has the potential to deliver apartments similar to the neighbouring Hightown scheme potentially going to 4 storeys. A red book valuation has been commissioned to determine the price the Council would pay for the site.

Coniston Road, Kings Langley

- 7.9 A site owned by the general fund located at the junction of Coniston Road and Barnes Lane on the northern edge of the village with open farmland to the north and predominantly 2 storey residential to the east, south and west. This site could be developed to receive in the region of 8-10 units.

Garage Sites

- 7.10 Up to three garage sites from the existing disposal programme to sell sites on the open market are being considered. Using the template already established for Northend and Westerdale. The Council could deliver some further flat blocks.
- 7.11 In order to develop all these schemes through to a planning approval a budget of £600,000 is requested for consultancy services to include professional fees and surveys required to support the development of these schemes. This will be funded by virement from the New Build General budget.

8. 141 Right to Buy Replacement Scheme – Applications for Approval

- 8.1 The Council signed up to an agreement with the Department for Communities and Local Government, following the government's major increase in the level of potential discount for Right to Buy, which allowed the Council to use the receipts to part fund new affordable homes – the one for one replacement scheme.
- 8.2 Grant funding these schemes has been agreed in principle by the Council's Finance Department and fits within the profile of receiving and using one for one receipts. A formal agreement drawn up by the Council's Legal team was agreed

as a template through a recent Portfolio Holder decision signed by the Council's Portfolio Holder for Housing. Each scheme will have its own agreements which following approval will be signed by both the Council and the individual Housing Association. This agreement commits the Council to make the payments at agreed timescales and places an obligation on the Housing Association to spend the funding within specific timescales or otherwise face financial penalties.

Watford Community Housing Trust – 6 No Garage Sites known as Cupid Green Lane, Hyde Meadows, Pulleys Lane, Rucklers Lane, Wood View and Long Arrotts. - £3,750,000

8.3 Watford Community Housing Trust have submitted an application for £3,750,000 for grant funding for the provision of the following units on garage sites that the Council has agreed to sell to them:

8.4 Cupid Green Lane, Hemel Hempstead – 2 x Two Bed Houses (Affordable Rent)

8.5 Hyde Meadows, Bovingdon – 5 x Two Bed Houses (Affordable Rent)

8.6 Pulleys Lane, Hemel Hempstead – 2 x Three Bed Houses (Affordable Rent)

8.7 Rucklers Lane, Kings Langley – 4 x Two Bed Houses (Affordable Rent)

8.8 Wood View, Hemel Hempstead – 5 x One Bed Flats and 7 x Two Bed Flats (Affordable Rent)

8.9 Long Arrotts, Hemel Hempstead – 2 x Two Bed Houses and 6 x Two Bed Flats (Affordable Rent)

8.10 Watford Community Housing Trust proposes that this grant will be drawn down as follows:

2017/18 - £1,080,000

2018/19 - £1,700,000

2019/20 - £970,000

8.11 The cost data provided is based on the Housing Associations current estimate. An additional +/- 5% cost adjustment as a contingency sum should be included in addition to the stated figures.

Watford Community Housing Trust – Nova House, Jupiter Drive, Hemel Hempstead - £344,440

8.12 Watford Community Housing Trust have submitted an application for £343,820 for grant funding for the provision of 4 x 2 Bed Apartments (Affordable Rent)

8.13 Watford Community Housing Trust proposes that this grant will be drawn down as follows:

2017/18 - £42,210

2018/19 - £301,610

8.14 The cost data provided is based on the Housing Associations current estimate. An additional +/- 5% cost adjustment as a contingency sum should be included in addition to the stated figures.

9. 141 Right to Buy Replacement Scheme – Withdrawn applications

- 9.1 The following applications previously approved by Cabinet have now been withdrawn by the relevant Housing Association.
- 9.2 £133,168 to Hastoe Housing Association for a development known as garage site adjacent to 28 & 30 West Dene, Gaddesden Row, Great Gaddesden. Approved at Cabinet on the 19th September 2017.
- 9.3 £2,950,000 to Thrive Homes for a development known as Hempstead House, Hemel Hempstead. Approved at Cabinet on the 30th January 2018.

10. Recommendations

- 10.1 To note progress of the Council New Build Programme
- 10.2 To approve an increase to the budget to Kylna Court by £483,200.00 to accommodate amendments to the design to incorporate a sprinkler system and design changes to the cladding.
- 10.3 To approve a consultancy budget of £600,000 to develop plans for the next phase of the Council's New Build programme.
- 10.4 That individual '141 Right to Buy replacement scheme' grant funding agreements be made with, and payments made to, the following Housing Associations:
 - 10.4.1 Watford Community Housing Trust for the 6 No Garage Sites know as Cupid Green Lane, Hyde Meadows, Pulleys Lane, Rucklers Lane, Wood View and Long Arrotts of £3,750,000 to be drawn from one for one receipt.
 - 10.4.2 Watford Community Housing Trust for Nova House, Jupiter Drive, Hemel Hempstead of £343,820 to be drawn from one for one receipts.
 - 10.4.3 In addition, this recommendation authorises a +/- 5% adjustment to the stated cost figures as a contingency sum should the Housing Association revise their cost data as these are based on current estimates which could adjust as the project develops.
- 10.5 To note the two '141 Right to Buy replacement scheme' grant funding applications that have now been withdrawn by Hastoe and Thrive.