



Report for:	Cabinet
Date of meeting:	25th June 2019
Part:	I
If Part II, reason:	

Title of report:	Council New Build Programme Update
Contact:	<p>Margaret Griffiths, Portfolio Holder for Housing</p> <p>Mark Gaynor, Corporate Director for Housing and Regeneration</p> <p>Fiona Williamson, Assistant Director for Housing</p> <p>Nigel Howcutt, Assistant Director for Finance and Operations</p> <p>David Barrett, Housing Development Group Manager</p>
Purpose of report:	<p>To be read in conjunction with Part II.</p> <p>To seek approval for the appropriation of three garage sites at Eastwick Row and West Dene.</p> <p>To seek approval for the disposal process for the individual market sale units at Martindale.</p>
Recommendations:	<ol style="list-style-type: none"> 1. That the appropriation by the Housing Revenue Account of the General Fund land, set out in part II the report, for council house new build purposes be approved. 2. That the process set out in the report for market sales on Council new build developments be approved 3. That, in order to act sufficiently quickly, authority to approve offers in line with the Sales Strategy be delegated to the officers noted in the authorisation matrix at paragraph 4.3 of the report 4. To amend the existing Housing Disposals Policy to include the sale of new build properties as set out in Appendix 2
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</p>

<p>'Value For Money Implications'</p>	<p>variances agreed formally through a change control process.</p> <p>The rationale in having market sales on certain new build developments is to assist in tenure balance and to provide cross subsidy for the social rented homes.</p> <p>In order to respond efficiently and to reduce the time properties for sale remain empty it is essential that all offers received are dealt with within a 48-hour period (Monday to Friday) to reflect the commercial nature of the property sales market.</p> <p><u>Value for Money</u></p> <p>The lifting of HRA borrowing cap has provided the opportunity to take out additional borrowing, through PWLB, at what are still historically low rates of interest, enabling the expansion of the new build programme in a sustainable and affordable way.</p> <p>Land purchases are in line with Red Book Valuations to ensure value for money.</p> <p>The Council will seek to obtain the highest market value for all properties offered for market sale.</p> <p>The sales strategy will allow best value and flexibility and include an agreed dealing margin on all offers. A dealing margin on all offers will allow for sale flexibility and will be dependent upon market conditions and customer interest.</p>
<p>Risk Implications</p>	<p>Risk Assessments are completed within the new build Project Initiation Document (PID) and reviewed and updated on Project Management Office, on a monthly basis.</p> <p>The sales programme needs to function efficiently. If the Council is unable to respond quickly to sales offers, there is a risk that genuine buyers will be lost. Delays in processing and approving, or rejecting offers, may result in potential buyers looking to purchase elsewhere on competing sites. It is therefore vital to ensure that buyers are secured, committed and processed in real time.</p>
<p>Community Impact Assessment</p>	<p>Community Impact assessment not required. The sales strategy proposes that we do not sell to investors but genuine home seekers thus avoiding the potential of the properties being for private rental at least in the first instance. The sales approach is that which applies on the housing market and must be in accordance with the Equalities Act.</p>
<p>Health And Safety Implications</p>	<p>Each new build scheme has in place a Principal Designer and Construction Design and Management Regulations (CDM) Advisor. Contractors are required to comply with the Council's Health and Safety (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 and Communities Overview and Scrutiny Committee on a quarterly basis. To ensure compliance monthly site checks carried out on behalf of DBC as the client to ensure adherence to H&S procedures.</p> <p>Any empty properties will be monitored on a regular basis following completion and handover from contractor.</p>
<p>Monitoring Officer/S.151 Officer Comments</p>	<p>Monitoring Officer:</p> <p>The Council has power under S122 of The Local Government Act 1972 to appropriate land from one statutory purpose to another where:</p> <p>(i) The land is no longer required for the purpose for which it is currently held: and</p> <p>(ii) The purpose for which the land is to be appropriated is one for which the authority is empowered to acquire land by agreement.</p> <p>The land meets the requirements as it is now no longer needed for its current purpose as garages.</p> <p>Deputy S.151 Officer</p> <p>The General Fund land to be acquired by the HRA is land that is no longer in operational use and the sale value agreed is based on independent professional valuations, to ensure that the true value of the councils assets are being realised.</p> <p>The delegated authority proposed in section 5.3 of this report ensures that there is a transparent and robust process for authorising sales that ensures both the budget holder and finance opinion is required prior to house sales. This sales approval process protects council assets and prevents the sales consultants from approving sales of council assets.</p>
<p>Consultees:</p>	<p>Mark Gaynor, Corporate Director for Housing and Regeneration</p> <p>James Deane, Corporate Director for Finance and Operations</p> <p>Mark Brookes, Assistant Director for Corporate and Contracted Services</p> <p>Fiona Williamson, Assistant Director for Housing</p>

	Nigel Howcutt, Assistant Director for Finance and Resources
Background papers:	Sales and Marketing Cabinet Report - Part I (January 2019) Sales and Marketing Cabinet Report - Part II (January 2019) Housing Disposals Policy (2019)
Glossary of acronyms and any other abbreviations used in this report:	HRA – Housing Revenue Account PWLB – Public Loan Works Board

1. Background

1.1 Since 2013 the Council has embarked on a development programme, which to date has seen the delivery of 170 new Council homes, including St Peters, a block of energy efficient, Passive House flats. Additionally the Council has needed to respond to an increasing pressure from Homeless applicants and completed a 41 bed homeless hostel, The Elms in 2015.

Table 1. Properties delivered to date

Scheme	Tenure	No. of units	Completion	Site source
The Elms	Supported Housing	41	2015	Council
Farm Place	Social rent	26	2015	Council
St Peters	Social rent	9	2015	Private
Aspen Court	Social rent	36	2016	Private
Queen Street	Social rent	6	2016	Council
Able House	Social rent	14	2017	Private
Kylna Court	Social Rent	79	2019	Private
TOTAL		211		

1.2 The Council already has both a good record of accomplishment on delivery of new homes to date and a strong pipeline of new schemes programmed. The lifting of the borrowing cap on the HRA has presented an opportunity to accelerate delivery and enable a sustainable ongoing development programme.

Table 2. Properties in construction

Scheme	Tenure	No.	Completion	Site source
Corn Mill Court	Social rent	12	2019	Private
Northend/Westerdale	Temporary Accommodation	12	2019	Council
Magenta Court	Social rent	29	2019	Private
Martindale	Social rent Sale	44 21	2021	Private
TOTAL		128		

2. Introduction

2.1 The next phase of the development programme is underway with Corn Mill Court in Berkhamsted nearing completion and four other sites, Magenta Court, Apsley, Martindale Fields, the ex-school site, Northend and Westerdale, ex-garage sites, are all under construction.

3. Appropriation of garage sites by the HRA

3.1 In order to ensure the continued pipeline of the future development sites, this report seeks approval to consider the appropriation by the Housing Revenue Account of General Fund land, at market value, of three garage sites, two at Eastwick Row and one at West Dene, in the village of Gaddesden Row. The two Eastwick Row, General Fund sites, comprise a number of lock-up garages serving the surrounding residential area. The West Dene site comprises a concrete surfaced yard, which is clear of any buildings.

3.2 After undertaking local resident consultation, these sites have been submitted for pre-application planning advice, and the current proposals will deliver 34 flats and 2 houses at Eastwick Row and 3 houses at West Dene. Whilst the number of units at West Dene is lower than would ordinarily be considered within the development programme, this is a village site, which are limited in number and the scheme can be delivered within the financial thresholds. The independent valuation report for the three sites is contained in Part II of this report

4. Martindale Fields Sales process and timescale

4.1 The Martindale Fields development will deliver 65 residential units, a mixture of 21 for market sale and 44 social rented properties. It will be the first Council scheme to deliver residential units for sale on the open market and therefore it is necessary to consider a marketing strategy, which promotes these properties in order to achieve a high level of interest and completion of sales. The details of the sales strategy is contained within Part II of this report.

4.2 In January 2019, Cabinet approved the appointment of Site Sales Ltd. to undertake the Sales and Marketing services for Martindale Fields. The process to sell and approve individual offers will need to be managed commercially and require informed decisions to be made in a timely manner, to allow Site Sales Ltd to deliver these sales to budget and forecasted timescales.

4.3 The following authority matrix is therefore proposed to ensure that timely decisions can be made on offers received:

Approved by Corporate Director of...	In conjunction with either the Corporate Director or the Assistant Director for...	In consultation with
Corporate Director for Housing and Regeneration	Corporate Director Finance and Operations or the Assistant Director for Finance	Portfolio Holder for Housing or the Portfolio Holder for Finance and Resources.
Corporate Director Finance and Operations	Corporate Director for Housing and Regeneration or the Assistant Director for Housing	Portfolio Holder for Housing or the Portfolio Holder for Finance and Resources.

- 4.4 The Council's decision to sell units to generate income, in order to cross subsidise the Council's New Build Programme. This in turn will help facilitate a greater provision of affordable housing delivered under the New Build Programme.
- 4.5 The Government's Help to Buy scheme will be available for the development, which helps first time home buyers get a property with just a 5% deposit.
- 4.6 The Show Home and Marketing Suite is expected to be ready by Autumn 2019, and the sales and marketing plan is underway with the production of brochures, and the development of the advertising plan.
- 7 Construction is expected to be completed in Summer 2020.