



Report for:	Cabinet
Date of meeting:	24 November 2015
Part:	Part I with Part II appendix
If Part II, reason:	The Part II appendix contains information relating to the financial or business affairs of the Council and private companies) Local Government Act 1972, Schedule 12A, Part 1, paragraph 3

Title of report:	Housing Development Update
Contact:	Margaret Griffiths, Portfolio Holder for Housing Julia Hedger, Strategic Housing Group Manager David Barrett, Interim Development Manager
Purpose of report:	To provide an update on the Council's New Build Programme. To seek approval for the employment/commercial element of the Woodhouse site to be developed as an extension of Maylands Business Centre. To seek approval to award the main contract to construct 14 new Council homes at Able House, Figtree Hill , Hemel Hempstead .
Recommendations	<ol style="list-style-type: none"> 1. That approval in principle be given for the employment/commercial element of the Woodhouse site to be developed as an extension of Maylands Business Centre and a detailed business case be developed for further approval.. 2. To award the main contract to construct 14 new Council homes at Able House, Figtree Hill to Taylor French Developments Ltd 3. That the progress on the New Build Programme be noted

Corporate Objectives:	Affordable Housing
Implications:	<u>Financial</u> A detailed breakdown of the tendered costs for Able House is included in the appendix including relevant financial information within the project update.
'Value For Money Implications'	<u>Value for Money</u> This will be achieved through a successful procurement programme for Able House contract.
Risk Implications	Risk Assessment completed within the New Build Project Initiation Document (PID). A risk assessment is completed for each site by the Employers Agent
Equalities Implications	Equality Impact Assessment completed within the New Build PID/Housing Strategy
Health And Safety Implications	Each scheme will have 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.
Monitoring Officer/S.151 Officer Comments	Deputy Monitoring Officer: Comments have been incorporated into the report S.151 Officer The financial implications for the construction of Able House are set out within the paper and can be contained within approved budgets. The detailed business plan for the commercial opportunity at the Wood House site will need to be developed in due course and brought back to Cabinet for approval as part of a future update.
Consultees:	Mark Gaynor, Director of Housing & Regeneration Elliott Brooks, Assistant Director - Housing Nicholas Brown, Group Manager (Commercial Assets & Property Development), Building Services Richard Baker, Group Manager, Financial Services Andrew Linden, Team Leader, Commissioning, Procurement & Compliance
Background papers:	HRA Business Plan September 2014

Glossary of acronyms and any other abbreviations used in this report:	CDA Herts - Community Development Action Herts
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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. The Council completed the first three new build developments in Summer 2015.
- 1.2 This report provides an update to Cabinet on the progress of the current planned development programme. It also seeks approval for the appointment of the main contractor at Able House and for the employment/commercial element of the Woodhouse site to developed as an extension of Maylands Business Centre.

2. Able House, Figtree Hill, Hemel Hempstead

- 2.1 The Council received planning permission to develop 14 new homes at Able House, Figtree Hill in June 2015. This has involved the demolition of the former office block and is on a site in the heart of the Old Town. The proposed works consist of the design and construction of 14 two-bedroom flats.
- 2.2 **Procurement process**
 - 2.2.1 The tender documents for the appointment of the main contractor at Able House were issued in July 2015. The tender route followed was a one stage open tender in line with the Council's Procurement Standing Orders. The proposed development would be built in accordance with the planning application ref: 4/00779/15/MFA.
 - 2.2.2 Each invitation to tender (ITT) return has been scored in line with the scoring methodology set out in the ITT documentation. The scoring was completed by the Housing Development Team and the Council's Employers Agent (John Lester Partnerships).
 - 2.2.3 The form of contract for this appointment will be an amended Joint Contract Tribunal (JCT) 2011 Design and Build Contract, as provided by Eversheds in their capacity as legal advisers for the Council's New Build Programme. A draft copy of this contract was included in the ITT documentation.
 - 2.2.4 A Design and Build Contract was selected as the Council are able to establish the financial commitments prior to works commencing, providing that changes are not introduced during the project.
- 2.3 **Tender returns**
 - 2.3.1 The Council received nine tender returns. The level of tender returns received indicates that a competitive level of tendering was achieved.

- 2.3.2 A financial assessment was carried out by the Council's Finance Department based on the bidders set of accounts (last 3 financial years) and a credit reference report. The recommended successful bidder passed this financial assessment. The tender evaluation scoring is set out in the Part II appendix.
- 2.3.3 Estimated Timescales:
- Start on site – March 2016
 - Practical completion – March 2017

The report recommends the award of the main contract to construct 14 new Council homes at Able House, Figtree Hill, Hemel Hempstead as detailed in Part II Appendix.

3. Wood House, Maylands Avenue

- 3.1 Situated in the Heart of Maylands this project will form an important part of the regeneration of the overall area. This is the largest project to date in the new build programme and comprises a 75 unit development, 40x1 bedroom flats, 35x2 bedroom. The Council appointed RG&P as architects in February 2015. The architects submitted a scheme to planning in September 2015. The development will provide 75 units, 34 shared ownership and 41 social rented.
- 3.2 The Wood House site is in the Heart of Maylands and on a very prominent corner site of Maylands Avenue and Wood End Lane. The Masterplan for the Heart of Maylands, now incorporated into the Council's planning policies, encourages the introduction of new homes but requires an employment or commercial use at ground floor level. Initially it was presumed that this would be a retail outlet but this has been rejected for the following grounds:
- Potential conflict between the retail usage and residents reasonable expectations
 - A retail development already confirmed on the site opposite
 - A retail study suggesting that this use may not be viable
- 3.3 The alternative use of office provision has been selected as being most appropriate and likely to produce a reasonable return based on a report commissioned by the Council (Retail and commercial needs and demands review of the Heart of Maylands - 2014) as part of the pre-development assessment. The preference is that it be developed as an extension of Maylands Business Centre for small serviced office on the same terms and conditions that apply at the Maylands Business Centre itself. The offices at the business centre are all occupied and there is a waiting list of 8 companies seeking space. This indicates a real demand for space of this type. The provisional business plan indicates that it would make a surplus within six months of operation and thereafter. This would continue to be applied to economic development purposes as with the existing arrangement.
- 3.4 The potential for a market interest has also been explored by the Council's Commercial Property team. As designed (13 small offices with shared reception and meeting room) it could attract up to £25 psf (slightly higher than the £22 psf charged by the business centre). There is concern that the restricted number of dedicated parking spaces would limit the occupation levels and it would be very unlikely that all of the units would be taken. A

check has been made as to whether there would be any interest in letting it as a single space but the conclusion is that the combination of parking restriction and the nature of the building shape would preclude this.

- 3.5 This commercial aspect would be General Fund. The costs of development and fit out of this element will be included in a bid to the Herts LEP for match funding (this is only likely to be supported as business incubation space as part of Maylands Business Centre and not as market letting).
- 3.6 The current indicative cost to fit out the business units is in the region of £500,000 and the current estimated cost of the business units shell is £862,000. The current estimate of overall build cost for this development is just over £10m though this will be updated as the project develops.
- 3.7 The Business Centre business plan will be developed in due course and brought back to Cabinet as part of a future update.
- 3.8 Estimated Timescales:
- Start on site – October 2016
 - Practical completion – March 2018

It is recommended that the ground floor employment space be developed as an extension of Maylands Business Centre.

4. Project update

- 4.1 **London Road, Apsley**
36 residential and 2 retail units, 13x1 bedroom flats, 23x2 bedroom flats
- 4.1.2 The ground works started on site in January 2015, and the scheme is forecasted for completion by April 2016.
- 4.1.3 The Council has received a loss and expense claim (in line with the Build Contract with Hills) which is due to a delay in the removal and decommissioning of the existing substation and relocation of supplies to the new substation. The Council's Employer's Agent has been negotiating a settlement with the contractors and an agreement in principle has been reached to settle the claim which falls within the approved project budget.
- 4.1.4 Estimated Timescales:
- Practical completion – April 2016
- 4.2 **Elizabeth Court, Queen Street, Tring**
5 unit development, 1x3 bedroom house, 4x2 bedroom flats
- 4.2.1 Planning permission was obtained in February 2015 for the development of five units. The Council appointed Modplan as the main contractor in July. The existing buildings on the site have been demolished and building work has commenced.
- 4.2.2 Estimated Timescales:
- Practical completion – August 2016
- 4.3 **Stationers Place, Apsley, Hemel Hempstead**

31 unit development, 10x 1 beds & 21x 2 beds

4.3.1 The Council received pre-application advice for a scheme of 31 units in July 2015. A formal response was issued and the architect revised the drawings based on this response. A full planning application was submitted in October 2015 after completing a revised flood risk assessment and a Hydraulic Modelling exercise as requested by the Environment Agency and our specialist consultant.

4.3.2 Estimated Timescales:

- Start on site – September 2016
- Practical completion – October 2017

4.4. Martindale School, Boxted Road, Hemel Hempstead, HP1 2QS

4.4.1 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. The Council appointed PCKO as architects in October 2015. PCKO are further developing the scheme designs to potentially increase the number of units to be provided on the site; the tenure mix is still to be determined.

4.4.2 Martindale School has not been occupied for several years and the building is in poor condition. In order to mitigate health and safety issues the Council needed to demolish the existing buildings. The Council appointed DSR as the demolition contractor in October 2015. Demolition works started on site in October and are due to complete before Christmas. The Council are currently out to tender to appoint an employers agent.

4.4.3 Estimated Timescales:

- Start on site – July 2018
- Practical completion – December 2019

4.5 Swing Gate Lane

11 unit development - 6X1 bedroom flats, 3X2 bedroom flats and 2X2 bedroom houses.

4.5.1 Planning permission for an 11 unit development was granted in June 2015. The Council are currently in the process of purchasing the site from a private developer

4.5.2 Estimated Timescales:

- Appoint an employers agent – Summer 2015
- Start on site – Spring 2016
- Practical completion – Spring 2017

5.0 Proposed future development programme

The table below shows in summary the future schemes in the New Build Programme and the predicted timescales to deliver these schemes.

Scheme	Scheme details	Start date	Practical completion date
Aspen Court, Apsley	36 social rented units.	January 2015	April 2016
Queen Street, Tring	5 social rented units.	October 2015	July 2016
Longlands Hemel Hempstead	6 social rented (roof top development on existing block)	November 14	December 15
Able House, Old Town Hemel Hempstead	14 social rented units.	March 2016	March 2017
Wood House – Hemel Hempstead	75 units consisting of 41 social rented and 34 shared ownership units.	October 2016	March 2018
Stationers Place, Apsley	31 social rented units.	September 2016	October 2017
Martindale school, Hemel Hempstead	Around 70 units consisting of 35 social rented and 35 market sale units.	July 2018	December 2019
Swing Gate Lane, Berkhamsted	11 social rented units.	May 2016	April 2017

The current assumption is that the development of Council homes would cease after 2019/20 to due financial restrictions. This situation will be subject to annual review.