

**Report to:** Cabinet

**Date:** 22 March 2021

**Title:** New housing development update

**Report of:** Ian Fitzpatrick, Deputy Chief Executive and Director of Regeneration and Planning,

**Cabinet member:** Councillor Alan Shuttleworth, Lead Cabinet Member for Direct Assistance Services

**Ward(s):** Devonshire, Old Town, Langney, Ratton & Upperton

**Purpose of report:** Update on the progress of HRA new developments

**Decision type:** Key Decision

**Officer recommendation(s):**

- (1) To note the progress of the Housing Revenue Account (HRA) Capital Programme for housing delivery.**
- (2) To authorise the development of the garage sites at Brede Close and Timberley Road, as well as the site at Fort Lane, for new homes and to allocate a budget within the capacity of the approved HRA Capital Programme, with reference to the delegations in recommendation 6.**
- (3) To approve a waiver under paragraph 2.4.1(a) of the Contract Procedural Rules (CPR) to allow the direct negotiation with, and appointment of, a main contractor for the development at Brede Close, which has an estimated contract value below £4,733,252.**
- (4) To authorise (a) the transfer for a nominal consideration of the garage site at Biddenden Close to the Eastbourne Community Land Trust (ECLT), and (b) where for any reason the transfer referred to in recommendation 4(a) above does not proceed, the development by Eastbourne Borough Council (EBC) of such property for new homes and to allocate a budget within the approved HRA Capital Programme.**
- (5) To authorise commencement of the project to develop the site known as Cavalry Crescent up to the planning stage, subject to further Cabinet approval on the appointment of a contractor and the commencement of any works.**

- (6) To authorise the Director of Regeneration and Planning, in consultation with the Portfolio Holder for Housing and Chief Finance Officer, to carry out all necessary actions to facilitate the proposals outlined at Recommendations 2), 3), 4) and 5) including feasibility, development and determining the terms of, and authorising the signature of, all necessary documentation and to sub-delegate those actions as required. Also to authorise the Director of Regeneration and Planning to take all necessary actions including determining the terms of, and authorising the signature of, all necessary documentation to let the homes to new tenants and dispose on shared ownership terms as required
- (7) To approve an increase to the feasibility revenue budget of £250,000, approved in July 2018, up to a total amount of £350,000 to enable the development of a new housing delivery project pipeline as part of the HRA Capital Programme and to delegate authority to the Director of Regeneration and Planning to approve all expenditure, to be sub-delegated as required.
- (8) To note that EBC proposes to procure a single provider framework for a contractor offering an off-site manufactured house building solution, through an advertised open competition. Further details to follow.

**Reasons for recommendations:** To provide information and secure approvals in relation to ongoing key development projects.

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## **1 Introduction**

- 1.1 This paper provides an overview of progress made on the Housing Revenue Account (HRA) Capital Programme to develop new housing projects. The majority of the projects have already been presented and approved in past Cabinet reports, however, there are some schemes that are being presented for the first time.
- 1.2 The recommendations are mainly to note the overall progress of the programme, with some specific approvals required.

## 2 New Housing Development Programme

- 2.1 The approved HRA Capital Programme includes a budget for new housing, with the potential to deliver approximately 200 new homes. The developments will be on a mix of acquired sites and land that Eastbourne Borough Council (EBC) has owned historically.

Projects are graded on their progress (Stages 1-3 Feasibility and Planning, Stage 4 Technical Design, Stage 5 Construction)

<b>Scheme Name</b>	<b>Indicative Number of Residential Units</b>	<b>Project Stage</b>
Bedfordwell Road	100*	1-3
Brede Close	6	4
Cavalry Crescent	20*	1-3
Eastbourne Law Courts	40*	1-3
Southfields Road	19	4
Fort Lane	7	4
Timberley Road	4	4
Biddenden Close	5	4
<b>Total</b>	<b>201</b>	

*\*Subject to planning consent*

## 2.2 Small Sites

The garage sites at Brede Close, Timberley Road and Biddenden Close were identified as having potential for developing housing several years ago and planning permission was granted in September 2018.

Following the granting of planning permission, two of these sites were previously proposed to be sold and developed through Aspiration Homes LLP (AHLLP) and one site through Eastbourne Housing Investment Company Limited (EHICL). However, the nature of small sites meant that their viability was marginal and rising build costs soon made development unviable through a development vehicle. However, recent changes and efficiencies created by the wider HRA Capital Programme, have meant these sites can now be delivered within the capacity of the HRA, primarily by smaller, local firms or by modular off-site builders.

EBC is working with the Eastbourne Community Land Trust (ECLT) to develop the garage site at Biddenden Close. The site remains in the HRA Capital Programme and could be developed by EBC, should the ECLT be unable to take it forward.

The site at Fort Lane has planning permission for 7 homes and was included in an earlier Capital Programme, as highlighted in Cabinet Reports from March and September 2019.

In 2019, proposals for the development at Brede Close were progressed through the Clear Sustainable Futures (CSF) framework. This involved seeking tenders for the construction of 6 homes under an existing planning consent. It was not possible through this route to secure a contractor, who could develop the homes at a cost level that was financially viable to the Council. The Council has now identified a small local house building company that could construct the homes to a viable cost level. The estimated contract value is below the threshold that would require a competitive and advertised procurement process under the Public Contracts Regulations 2015. Given the value of the contract, the Council's Contract Procedure Rules ("CPR") would normally require an advertisement seeking four tenders. Given the challenges of delivering the site to date, a waiver of the CPR requirements are therefore sought on this occasion to allow a direct award without further competition as it is considered that the market has already been sufficiently tested.

### **2.3 Cavalry Crescent**

There are many homes in the Old Town area of the Borough that were built with non-traditional construction methods and contain sub-standard features. Building surveys have been carried out in the past which support a gradual approach to redevelop some properties with modern energy conservation features. We propose that a pilot scheme involving modern sustainable features be developed at the Cavalry Crescent location.

A site on the corner of Cavalry Crescent and North Road has been identified as having very good potential for developing up to 20 new homes, which would require the demolition of only Council 8 properties, many of which are already vacant. Initial designs and local consultation have been carried out and, following this report, the plans would be submitted for a planning decision in due course. Of the 8 properties, 5 are currently occupied, the residents of which have said they are prepared to be re-housed and who will receive home-loss payments. The project will be presented to Cabinet for approval before works commence on site.

### **2.4 Feasibility Budget**

As the scope and pipeline of the HRA Capital Programme continues to be developed, a range of projects are coming forward from both within the existing Council asset portfolio and via other external sources.

To continue to develop a consolidated capital project pipeline, a level of initial feasibility must be undertaken to determine viability and deliverability. The increased scope of the HRA Capital Programme, approved in February, would therefore benefit from an increase to the existing feasibility revenue budget.

Increasing the budget to £350,000 will help enable the pipeline to meet core corporate objectives. Delegating authority to the Director of Regeneration and Planning will also ensure the budget is effectively managed and monitored, together with a streamlined approvals process.

## **2.5 Off-site Manufacture Framework**

EBC and Lewes District Council (LDC) will be jointly advertising a procurement process for modular housing companies to apply to be appointed as the sole contractor for each Council under separate framework agreements. The framework agreement will allow the successfully tenderer the ability to be awarded contracts for appropriate development projects over a 4-year period. The companies who apply will, among other things, will be assessed on cost, sustainability of their processes and final product, as well as their ability to employ and train local people.

A further report will be brought to Cabinet for approval to confirm the details of the successful applicant to the framework and the basis under which contracts may be awarded. It is intended to allow the framework agreements to be used by other local authorities across Sussex, as well as each council's development companies and joint partnership.

## **3 Outcome expected and performance management**

- 3.1 The overall outcomes of the recommendations will be the delivery of the HRA Capital Programme to meet corporate objectives. The timeline for delivery is not yet confirmed, but completion is expected to be staggered over the next 3 years, with most projects delivered in 2022/23 and 2022/23.

The increase in the HRA feasibility budget will allow progress to continue on the outlined sites in their early stages. This budget will be re-assessed annually for its effectiveness and costs capitalised once standalone budgets have been approved.

- 3.2 The financial performance will be monitored through a series of financial reporting processes that will assess the Capital Programme as a whole, and each project. Reports will be presented to Cabinet at least once a year to provide an update on housing delivery progress, which will include any changes to the Capital Programme underpinned by the HRA Business Plan.

## **4 Consultation**

- 4.1 Consultation has been undertaken on the sites that have been through the planning process, either prior to submission or during the statutory consultation process. Additional consultation has also been carried out with Ward Councillors as individual projects have progressed, as well as the EHL Board of Directors and Residents Voice have recently received presentations on the programme.

## **5 Corporate plan and council policies**

- 5.1 The development of these sites meets the Council's objectives in the Corporate Plan, delivering more homes for the town and supporting the local economy through thriving communities.
- 5.2 Any affordable housing will be compliant with the Council's Affordable Housing requirements as set out in their planning policy documents. This proposal

increases the affordable homes above the policy requirements, which is a target for the Council to achieve where possible.

## **6 Next Steps**

- 6.1 The programme will continue to progress with planning submissions due shortly on the sites at Bedfordwell Road, the former Eastbourne Law Courts and Cavalry Crescent. Further work will continue over the next 12 months to tender for contractors for the remaining projects that already have planning approval.
- 6.2 The negotiations with the preferred contractor who has been selected to develop the site at Brede Close can be concluded and an agreement entered into for work to commence without further delay.

## **7 Financial implications**

- 7.1 The proposals outlined within this report are in accordance with the HRA Business Plan and Capital Programme for 2021/22 previously approved by the Council.
- 7.2 Increasing the HRA revenue budget to £350,000 will help enable the pipeline to meet core corporate objectives. At the end of each financial year, the revenue spending on approved projects may be capitalised into the approved project budget, releasing further, rolling capacity for feasibility spending.

## **8 Legal implications**

- 8.1 In relation to the affordable rent properties, the Council can rely on section 9 of the Housing Act 1985 (HA 1985) to undertake the development. This is a power to provide sub-market rented housing for its area i.e. to address a gap in the housing market and meet the needs of the local community. Right to Buy will apply to these properties.
- 8.2 In disposing of properties, Section 32 of the HA 1985 permits the Council to let on secure tenancies without the requirement for Secretary of State consent.
- 8.3 In relation to the shared ownership properties the Council can rely on section 9 of the Housing Act 1985 to undertake the development. Right to Buy will not be applicable to the shared ownership properties.
- 8.4 The sale of property held in the Council's HRA requires Secretary of State consent under Section 32 of the HA 1985. However, in the case of the grant of shared ownership leases, the Council may rely on the March 2013 General Consent (the 2013 General Consent) which permits the disposal of unoccupied dwellings to individuals for use as their only or principal home. The 2013 General Consent also sets out specific requirements in relation the level of discount and rights of alienation and pre-emption which the Council must observe with respect to shared ownership leases.

In relation to the potential disposal of a site to ECLT, consent A3.2 of the 2013 General Consent enables the Council to dispose of vacant land at any price determined by it.

The Council has taken full advice on any title issues associated with the developments and in respect of appropriate ways to address any issues revealed.

[9551-EBC-KS 23 February 2021]

## 9 Risk management implications

9.1 The key risks and mitigations are set out in the following table:

Ref	Risk	Mitigations
1	Costs for developing small garage sites may prove too high to be viable	By selecting small local firms to deliver sites, overheads can be kept to a minimum. Some sites can be delivered as part of a wider agreement by a modular house builder. Consideration is also being given to bids to Homes England for infrastructure funding.
2	It may take longer to find appropriate housing for households at Cavalry Crescent than is programmed	Homes First are working closely with Project Managers to ensure appropriate accommodation is identified.
3	Planning may be refused	Extensive pre-application discussions are taking place on all sites prior to submission.

## 10 Equality analysis

10.1 An equality impact assessment has been undertaken and has not identified any equality impacts.

## 11 Environmental impact analysis

11.1 The design of the proposals will undergo a full review of the sustainability features (both for the construction and usage of future residents) in accordance with Council corporate priorities and in consideration of the financial viability.

The programme outline above is being developed on brownfield sites and, where appropriate, full ecology and environmental impact surveys are being carried out.

## **12 Appendices**

- Appendix 1 – Housing Delivery Programme (Exempt)

## **13 Background papers**

The background papers used in compiling this report were as follows:

- Cabinet Report: Housing Revenue Account (HRA) and Rent Setting 2021/22 and HRA Capital Programme 2020-24 - February 2021