

## BOROUGH OF KETTERING

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<b>Report Originator</b>	John Conway (Head of Housing)	<i>Fwd Plan Ref No:</i>	
<b>Wards Affected</b>	Brambleside and William Knibb	20 <sup>th</sup> September 2017	
<b>Title</b>	<b>Scott Road and Albert Street Garage Sites - New Build Council Housing</b>		

**Portfolio Holder: Cllr Mark Rowley**

### 1. PURPOSE OF REPORT

To update Members on the new build feasibility work that has been undertaken and present a proposal to develop Scott Road and Albert Street garage sites for affordable housing

### 2. INFORMATION

- 2.1 Members will recall that changes in national housing policy in recent years have effectively made it increasingly difficult for local authorities to develop new build council housing schemes. Changes to national policy such as the annual 1% rent reduction have had a material impact on the medium term business plans of Housing Revenue Accounts, that together with the restrictions of the HRA debt-cap and the current Right to Buy scheme make new build difficult in financial terms.
- 2.2 The Council continues to lobby national government on the issues of national policy. In the meantime, members of this council has continually expressed a desire to explore whether there are any new build opportunities that could be considered given the current national policy position. Clearly, significant new build programmes are not deliverable in the current environment however some smaller scale schemes may be deliverable if other funding is available to help the financial model and in effect help mitigate other associated risks.
- 2.3 For some time, officers have been looking at the possibility of building new council housing on a number of council-owned garage sites. The two potential schemes that are outlined in this report are likely to be feasible due to other funding being available
- 2.4 Scott Road and Albert Street were identified as having significant potential for development, and detailed feasibility studies were therefore undertaken. As part of this process, outline designs, costs estimates and site remediation schemes were prepared.

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- 2.5 Over the past six months, we have also considered how the schemes could potentially be funded and have had discussions with Westleigh Homes, who built the new council housing at Laburnum Crescent, about options for further joint working.

### **Scott Road Proposal**

- 2.6 The proposal for Scott Road is to build a mix of 21 properties. The feasibility study identified that the Scott Road site could contain ten x one bed flats, seven x two bed houses, two x two bed bungalows, one x three bed house and one x four bed house at an estimated total scheme cost of £2.8m.
- 2.7 Following discussions, Westleigh Homes have submitted a partnership proposal for the Scott Road site. Unusually for a private developer, Westleigh Homes receive funding from the Homes and Communities Agency (HCA) to build affordable housing. They are therefore in the position where they can provide a significant level of funding towards affordable housing schemes across the East Midlands. In the case of the Scott Road site, Westleigh Homes have proposed entering into a partnership with the Council under which they would provide HCA grant subsidy of £30,000 per unit which would help with the scheme viability.

### **Albert Street Proposal**

- 2.8 For the Albert Street garage site, the proposal is to build six one-bedroom bungalows at a total scheme cost of approximately £753,000.
- 2.9 Several alternative procurement options for delivering new homes on the Albert Street site are currently under consideration. Due to the relatively small size of the Albert Street site, Westleigh Homes have indicated that they are unable to enter into a partnership with us to develop the scheme as it does not meet the minimum size criterion that their business model requires.

## **3. CONSULTATION AND CUSTOMER IMPACT**

- 3.1 Both sites will make a significant contribution in meeting housing needs within our community. In addition, they will visibility improve the neighbourhoods in which they are situated.
- 3.2 During the pre-contract phases of both projects, officers would consult with ward members and residents to ensure that the schemes took account of their local needs. This would include a dialogue with people currently renting garages at Albert Street.

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## **4. POLICY IMPLICATIONS**

- 4.1 The Government's recently published Housing White Paper. 'Fixing Our Broken Housing Market', talks about diversifying the market to achieve the amount, quality and choice of housing that people want and is 'backing local authorities to build'. We are looking at a number of measures by which we may be able to do this, one of which is through some small scale council new build within our Housing Revenue Account.

## **5. FINANCIAL IMPLICATIONS**

- 5.1 The schemes at Scott Road and Albert Street are estimated to cost around £3.6 million.
- 5.2 It is anticipated that Westleigh's HCA funding of £30k per unit will be used at Scott Road. For Albert Street we propose utilising RTB 1-4-1 receipts up to 30% of the scheme costs. Both forms of subsidy will assist with viability and reduce the borrowing costs we will incur to fund the remainder.
- 5.3 Officers are currently working on detailed financial modelling and programmes for bringing both developments to fruition.
- 5.4 A further report containing more detailed information will be brought to Executive Committee which will provide detailed costs and, subject to financial viability, a firm programme for both schemes. Executive Committee will then be required to make a final recommendation to Full Council.

## **6. HUMAN RESOURCE IMPLICATIONS**

- 6.1 None at this stage

## **7. LEGAL IMPLICATIONS**

- 7.1 We have considered a number of procurement options for delivering these sites and a Framework approach would appear to be the most straightforward route. Specifically the Blue Skies Framework approach has the advantage of being set up and operated by housing providers in the East Midlands and has a focus on delivering high-quality, affordable housing. The framework ensures that contractors' prices are competitive and fully compliant with EU procurement regulations. A number of local authorities have utilised the Framework to deliver council housing.
- 7.3 By signing up to the Framework, as well as being able to work with Westleigh on Scott Road we would also have access to 32 additional contractors some of

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whom deliver smaller sites such as Albert Street however at this stage we are keeping the procurement option open as outlined above..

- 7.4 To deliver the schemes we would enter into design and build JCT contracts with the relevant developers.

### **8. RECOMMENDATION**

That Members endorse the proposals for Scott Road and Albert Street as set out in this report and authorise the officers to undertake detailed financial modelling for both schemes.

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#### Background Papers:

Title

Date

Contact Officer

#### Previous Minutes/Reports:

Ref:

Date: