

**Report to the Council Housebuilding
Cabinet Committee**



Report reference: CHB-003-2014/15
Date of meeting: 21 August 2014

**Epping Forest
District Council**

Portfolio: Housing

**Subject: Progress Report – Marden Close & Faversham Hall Conversions,
Phase 1 & 2 of the Council Housebuilding Programme**

**Responsible Officer: P Pledger (01992 564248)
Asst Director (Housing Property & Development)**

Democratic Services: Jackie Leither (01992 564756)

Recommendations/Decisions Required:

- (1) That the current progress with regard to Marden Close and Faversham Hall, as well as Phases 1 and 2 of the Council housebuilding programme be noted, and in particular a reduced number of new affordable homes at Burton Road, Loughton as Phase 2 from 56 homes to 52;**
- (2) That the current budget position be noted, based on**
 - a. Marden Close & Faversham Hall tender sum already agreed by the Housing Portfolio Holder in the sum of £890,000 (Works and Fees) for 12 new self-contained flats;**
 - b. Phase 1 tender received and agreed earlier on the Agenda, taking account of the total scheme costs of around £3.35m (Works & fees) for 23 homes at Roundhills and Harveyfields, Waltham Abbey; and**
 - c. Phase 2 feasibility estimate of £8.9m (Works & fees) for 52 new homes at Burton Road, Loughton.**
- (3) That the Programme timetable at appendix 1 of this report be noted**

Executive Summary:

In July 2013, February 2014 and April 2014, the Cabinet Committee considered feasibility studies, investment reports and progress reports for Marden Close and Faverhsam Hall conversions as well as Phases 1 and 2 of the Council's Housebuilding Programme. This report provides Members with an update on both progress to date and budget position.

Reasons for Proposed Decision:

It is a requirement that the Housebuilding Cabinet Committee receives regular updates on progress and monitors expenditure against the Housebuilding budget as delegated by the Cabinet.

Other Options for Action:

This report is for noting only.

Report:

Marden Close and Faversham Hall Conversion

(1) In July 2014 the Housing Portfolio Holder agreed the appointment of PA Finley Ltd to undertake the Design and Build Contract for the conversion of 20 bedsits at Marden Close and the ground floor of Faversham Hall into 12 self-contained 1-bed flats, in the sum of £819,861 (excluding the Development Agent fees of around £70,000). The contract is currently being drawn up and a Date of Possession is estimated to be around the beginning of September 2014 after the detailed design has been completed by the Contractor. Completion is estimated to be 12-months later around September 2015.

Phase 1

(2) Earlier on the agenda the Cabinet Committee is to consider the tender for Phase 1 of the Council's house building programme. From that report, it is noted that the lowest tender received by MK Building Contractors (UK) Ltd was in the sum of £3,066,839 with a construction period of 55 calendar weeks. This was £52,161 (1.7%) below the Pellings pre-tender estimate of £3,119,000 and £178,304.62 (13.1%) below the second lowest tender.

(3) The funding for Phase 1 will therefore consist of around £920,000 (30%) 1-4-1 RTB receipts, £127,000 grant from the Harlow Growth Area Fund, £87,000 from the sale of land in Millfield, High Ongar and the balance from accrued S.106 contributions as well as from existing Capital funding set aside for Council housebuilding.

(4) MK Building Contractors (UK) Ltd have stated that they would require a 10-12 week design and mobilisation period, which will mean the Date of Possession will need to be agreed, around mid to late November 2014. Therefore, the anticipated completion for Phase 1 will be around December 2015.

(5) Each of the garage tenants across all 4-sites making up Phase 1 has been served a Notice to Quit and their tenancies have been ended. This has allowed the Council to erect "Herras" style security fencing around the sites, thereby creating temporary diversions, which will help to head off any potential claims of access over the land by third party rights, which would in turn frustrate the Council's regeneration objectives for the sites.

(6) A parking study has been carried out in accordance with the planning conditions, which has resulted in the three areas of Roundhills, Waltham Abbey being ranked against other off street parking schemes across the district. The outcome of this is the Red Cross site now sits at the top of the programme for the next phase (phase 6), should the Cabinet agree to progress the Off Street Programme when it is next considered in February 2015. The other two sites in Roundhills, Waltham Abbey would fall within Phases 7 and 8.

Phase 2

(7) Since the Cabinet Committee agreed to progress with a 56-home scheme at the Burton Road site in Loughton as Phase 2 of the Council Housebuilding Programme, Pellings LLP, the Architects appointed by the Council's Development Agent East Thames, have consultation with the Council's Planning Officers and developed the designs in line with their observations around overlooking issues. This has resulted in a slight reduction from 56 new homes to 52. The mix will therefore be as follows:

- 2 x 2-bed houses
- 15 x 3-bed houses

- 13 x 1-bed flats
- 22 x 2-bed flats
- 27 off street parking spaces

(8) The estimated cost for Phase 2 remains at around £8.9m with a £1.512m subsidy to achieve a 30-year pay-back and a positive NPV. This excludes the sum of £18,400 agreed by the Cabinet Committee as a financial contribution to the NHS to fund healthcare by way of a Unilateral Undertaking, subject to the money being specifically spent on services in the Loughton area.

(9) The planning application for the Burton Road development is due to be submitted by the end of August 2014. Assuming planning approval is granted, Phase 2 will commence on site around May 2015.

(10) A programme in the form of a gant chart is attached at appendix 1 of this report illustrating the programme timescales for each of the phases 1 and 2 as well as Marden Close and Faversham Hall.

Resource Implications:

- Around £890,000 – Marden Close and Faversham Hall conversion (Works and Fees) This is funded from the Service Enhancement Fund. However, 1-4-1 RTB Receipts can be used to part fund the conversion of Faversham Hall, but not Marden Close.
- Around £3,350,000 – Phase 1 of the Council Housebuilding Programme (Works and Fees) funded from 1-4-1 RTB Receipts, other grants, S.106 contributions and existing Capital budgets for Council Housebuilding.
- Around £8,900,000 – Phase 2 of the Council Housebuilding Programme (Works and Fees) funded from 1-4-1 RTB Receipts, other grants, S.106 contributions and existing Capital budgets for Council Housebuilding.

Legal and Governance Implications:

Within its Terms of Reference, the Housebuilding Cabinet Committee is expected to monitor both progress and budgets for the Housebuilding programme.

Safer, Cleaner and Greener Implications:

Redeveloping under-utilised garages adds value to and enhances the local environment and streetscape.

Consultation Undertaken:

Local Ward Councillors and Residents associated with each of the sites have been consulted, either at the Cabinet Committee meeting or through the Town and County Planning Act consultation process.

Background Papers:

The Development Strategy, as well as feasibility studies and investment reports for Marden Close & Faversham Hall, Phases 1 & 2, together with the Housing Portfolio Holder report on the outcome of the tender exercise for Marden Close and Faversham Hall.

Risk Management:

Within the financial viability assessments, the greatest risk is that the assumptions prove to be incorrect resulting in each phase being un-viable. Now that the tenders for Marden Close & Faversham Hall as well as Phase 1 of the Council Housebuilding Programme have now been received, these risks are significantly reduced.

In other cases where tenders have not yet been received, these risks are mitigated by the Council being able to either add more subsidy or not to progress the works beyond the planning stage.

In addition, a project wide risk register has been compiled and are monitored by the Cabinet Committee, with site specific risk assessments monitored by the Project Team.

Due Regard Record

This page shows **which groups of people are affected** by the subject of this report. It sets out **how they are affected** and how any **unlawful discrimination** they experience can be eliminated. It also includes information about how **access to the service(s)** subject to this report can be improved for the different groups of people; and how they can be assisted to **understand each other better** as a result of the subject of this report.

S149 Equality Act 2010 requires that due regard must be paid to this information when considering the subject of this report.

Within the Housing Service Strategy, it has been identified that the target groups that are affected by the Council's house building programme are people in need of:

- affordable housing,
- homelessness assistance,
- supported housing for special needs groups,
- owners and occupiers of poor condition housing
- council and housing association tenants.

From that, it was identified that generally, there is an under provision of suitable accommodation for nearly all target groups. This has been reaffirmed in the most recent Strategic Housing Market Assessment.

Decision making is affected by funding and other factors, such as the availability of building land suitable for particular groups e.g. the elderly or young families.

There is no evidence of unlawful discrimination in relation to the provision of affordable housing.