

H & F BUSINESS BOARD

Cabinet Sponsor: Cllr Andrew Johnson, Cabinet Member for Housing	Executive Director & HFBB Sponsor: Melbourne Barrett, Executive Director of Housing & Regeneration
Date of meeting: Wednesday, 3 April 2013	Report Author: Matin Miah, Head of Regeneration & Development
Title: Housing Development Programme – New Build Innovative Housing	
Summary: <p>Further to Cabinet approval in December 2012 to establish a Framework for Innovative Housing Built Using Modern Methods of Construction and Associated Development Management Services by City House Limited (CHPL), the attached report sets out a detailed development proposal for the Pilot Site at Spring Vale Estate as part of the Council's New Build Innovative Housing programme and seeks Cabinet approval for funding to proceed to detailed design and construction phase (subject to planning approval). It also provides details of two further sites, where development of new housing would be possible as part of this programme, and seeks approval to undertake work to develop detailed development proposals, including design and resident consultation up to planning submission stage for each.</p>	
Key Issues: <ul style="list-style-type: none"> - Approval of £3,394,000 (funded from the decent neighbourhoods fund) to undertake development of the Pilot Site at Spring Vale Estate; to build ten new homes (six affordable and four private for sale units). Gross Development Value is estimated at £5,550,000 and after costs the total return to the Council is projected to be £2,106,000 (profits and retained equity). - Following further legal advice it may be possible for the Council to directly undertake development at Spring Vale site. Tax advice is currently being sought from PWC in relation to Council undertaking the development directly. - Whilst the Council's housing development company structure remains an appropriate delivery mechanism, the freedoms and flexibilities introduced through the Localism Act and HRA Reform – together with Council's clear policy articulation through the adopted Housing Strategy - allows the Council to now undertake a greater range of housing development activities directly. This includes the Council directly developing - without the need to undertake through an arm's length development company - private for sale and low cost home ownership housing (such as Discount Market Sale) to achieve its aims and objectives of creating a ladder of housing opportunity as set out in the Housing Strategy. - A further report detailing the housing development programme business plan and delivery mechanism will be presented separately. Business plan finalisation has been held pending receipt of advice from Eversheds and PWC regarding maximising direct development undertaken by the Council in relation to vtries and taxation. Initial feedback from Eversheds is positive and welcomed which means the business plan will not be ready for consideration by HFBB before 1 May, however the intention is to circulate well in advance. - Further funding approval is being sought for two additional sites at Becklow Gardens and Barclay Close sites for professional fees (£230,000 from the decent neighbourhoods fund or should the schemes prove to be abortive, the costs would fall to revenue - funded from s106) to commission City House Projects Ltd (in phases) to undertake design, consultation and viability assessments 	

to submission of planning stage, including detailed sensitivity analysis.

- Note that we are currently seeking an independent report on build costs to enable us to further benchmark the cost of the scheme to ensure it provides value for money.

Proposed Action (Recommendations)

Members are requested to note and comment on the proposed action (recommendations) to be taken by Cabinet at a future meeting.

The Cabinet report recommendations are set out below:-

1. Note the work completed to date on the Pilot Site at Spring Vale Estate to develop detailed development proposal; and that approval is given for further expenditure of £3,394,000 (to be funded from the decent neighbourhoods fund) comprising:
 - Construction costs (£2,504,000)
 - Scape framework fee & pre-construction fees (£70,000)
 - City House Projects Limited's professional fees (£240,000)
 - Sales and marketing fees (£82,000)
 - Statutory fees and project contingency (£498,000)
2. That approval is given to appoint Willmott Dixon Capital Works Ltd., through the SCAPE Framework, as building contractor for the Spring Vale scheme.
3. That authority be delegated to the Cabinet Member for Housing in conjunction with the Executive Director of Housing and Regeneration to appoint a sales and marketing agent following completion of the procurement process.
4. Note the initial appraisals undertaken to date to identify two additional development sites at Becklow Gardens and Barclay Close; and that approval be given for expenditure of £230,000 (to be funded from the decent neighbourhoods fund or should the schemes prove to be abortive, the costs would fall to revenue - funded from s106) for professional fees for City House Projects Limited (appointed under the Council's Framework for Innovative Housing Built Using Modern Methods of Construction and Associated Development Management Services) to undertake resident consultation, site investigation surveys, and design of the two sites to planning (RIBA Stage D). Cabinet are asked to note that this work will be let in phases ensuring that funds are not expended if a feasibility issue emerges.
5. Note that a further Cabinet report will be presented setting out detailed development proposals – including construction methodology options - for the Becklow Gardens and Barclay Close sites and approval for further funding to proceed with the schemes, following consideration of the Housing Development Programme Business Plan.

Communications and Consultation

Details of the resident and ward member consultation is set out in the attached Briefings to Cabinet report, which included resident drop-in, presentations at TRA meetings, questionnaire surveys, newsletter, etc.

Formal pre-application process was followed with Planners. Proposals and report recommendations have been endorsed by the Housing Development Project Board.

Is this report for decision (HFBB only), discussion or information only? Decision

Is this report on the Key Decision List?

Is this report exempt or part exempt from

YES	disclosure? YES (Briefings to Cabinet)
Is this report for Executive Directors' eyes only (HFBB only)? No	