

	<p align="center">London Borough of Hammersmith & Fulham</p> <p align="center">CABINET</p> <p align="center">30 MARCH 2015</p>
<p>VERULAM HOUSE DEVELOPMENT - CHANGE OF TENURE OF THREE NEW BUILD PROPERTIES FROM DISCOUNT MARKET SALE (DMS) TO SOCIAL RENT.</p>	
<p>Report of the Cabinet Member for Economic Development & Regeneration: Councillor Andrew Jones</p>	
<p>Open Report</p>	
<p>Classification: For Decision</p> <p>Key Decision: Yes</p>	
<p>Wards Affected: Hammersmith Broadway</p>	
<p>Accountable Executive Director: Melbourne Barrett, Executive Director Housing & Regeneration</p>	
<p>Report Author: Matt Stafford, Development Officer</p>	<p>Contact Details: Tel: 020 8753 2734 E-mail: Matthew.Stafford@lbhf.gov.uk</p>

1. EXECUTIVE SUMMARY

- 1.1. Approval was granted in 2014 to develop three one bedroom homes in an undercroft area at Verulam House. These homes were intended to be sold on a Discount Market Sale (DMS) basis. It is now proposed that the three homes will be let at social rent.
- 1.2. Residents had previously been advised that the units were to be sold on a DMS basis. Residents will be informed about the Cabinet report prior to the meeting on 30 March 2015.

2. RECOMMENDATIONS

- 2.1. That the three, new one-bedroom units at Verulam House be let at social rent and allocated through the housing allocation scheme.

- 2.2. That £326,000 from future S106 commuted funds be allocated from Riverside Studios to this project, and to note that if these funds are not received as expected then alternative funding will need to be identified for this scheme.

3. REASONS FOR DECISION

- 3.1. To provide additional Social Rented homes in the Borough

4. INTRODUCTION AND BACKGROUND

- 4.1. Approval was granted in 2014 to develop three one bedroom homes in an undercroft area at Verulam House. These homes were intended to be sold on a Discount Market Sale (DMS) basis. It is now proposed that the three homes will be let at social rent.
- 4.2. This report sets out details of the homes that have been built and the proposed revised funding for the project. The homes are expected to be completed by the end of March 2015
- 4.3. This scheme is included within the Council's four year Housing Development Programme Business Plan (2013 – 2017), which was approved by Cabinet on 24 June 2013.

5. PROJECT PARTICULARS

Site Description

- 5.1. The Verulam House estate is located in the north of the borough. The property is located on the corner of Hammersmith Grove and Goldhawk Road, and a short distance from Goldhawk Road tube station on the Hammersmith and City Line and Shepherd's Bush on the Central Line.
- 5.2. The project converted the undercroft and underused storage area in the ground floor of the residential block into three new one-bedroom residential properties. Where possible the scheme has been designed to comply with London Housing Design Guidelines, Lifetime Homes Standards and Secure by Design Standards.

Site Photographs – Verulam House Scheme – Before



Site Photographs – Verulam House Scheme – After



Table A: Verulam House - Schedule of Properties

Property Type	No. of units	Size (m²)	Revised Proposed Tenure
Ground floor flat (1b2p)	1	53.8	Social Rent
Ground floor flat (1b2p)	1	65	Social Rent
Ground floor flat (1b2p)	1	54.7	Social Rent

- 5.3. The project also comprised works to existing sheds and the addition of secure fobbed access to the refuse and store areas together with associated external landscaping works, including new cycle and motorcycle storage areas.

Programme

- 5.4. Practical Completion is scheduled for 31/03/15, subject to successful completion of outstanding Thames Water utility connections. Handover of the units to Housing will occur approximately two weeks later c14/04/15.

6. FINANCIAL AND RESOURCES IMPLICATIONS

- 6.1. The final cost of constructing the three flats is forecast to be £520k; this is £37k less than the original approved cost of the project. In addition to the cost of constructing the flats £600k has been spent on associated estate improvement works, these have been funded by receipts from the sale in January 2013 of a plot of land adjoining Verulam House.
- 6.2. The cost of constructing the three homes was previously funded by a combination of receipts from the Discount Market Sales and £81k of GLA grant. As Verulam House is no longer providing DMS units then the £81k GLA grant previously expected on practical completion will now not be realised.
- 6.3. The revised proposed funding for the project is set out below:

Cost of Construction Total	520,418
Proposed Funding	
Recycling of RTB 1-4-1 receipts - 30% of costs	156,125
Future S106 funding - Riverside Studios	326,000
Bought Forward Housing Capital Receipts	38,293
Total	520,418

- 6.4. The Council's legal agreement with DCLG allows for 30% of the costs of construction to be funded by retained RTB 1-4-1 receipts. The Council currently has £8,649,948 of retained RTB 1-4-1 receipts, allocating £156,125 to this project will leave a balance of £8,493,823 available for other Affordable Rented Housing. Details of applied RTB funding will need to be disclosed in the quarterly pooling of capital receipts return made to DCLG.
- 6.5. The remaining 70% of the development costs will be funded from future S106 commuted funding (source: Riverside Studios) (£326k) & Housing capital receipts (£38k). As the S106 commuted funding from Riverside Studios is not yet due there is a risk that it will not be received. Progress on this site will need careful monitoring and should this receipt not be received alternative funding would need to be identified for this project, which may impact on other housing capital investment.

- 6.6. Implications provided by : Firas Al-Sheikh, Principal Accountant (Housing & Regeneration). Tel. 020 753 4790.

7. DELIVERY MECHANISM

- 7.1. Advice from Eversheds LLP confirmed that the Council was able to undertake development activity directly. Pricewaterhouse Coopers also provided taxation advice looking at stamp duty land tax (SDLT), VAT and corporation tax which confirmed that there was no financial disadvantage to the Council if the housing development activity was undertaken directly. The Verulam House scheme was therefore undertaken directly by the Council, using the Council's Term Void Contractor, Mitie.
- 7.2. Project progress has been monitored by the Housing Development Programme Board (chaired by the Executive Director of Housing & Regeneration). Quarterly progress reports have been provided to H&F Business Board and to Members as part of the housing development programme governance structure and reporting process, details of which are presented separately in the Business Plan.
- 7.3. The project has been managed by a dedicated Development Officer supported by professional consultants (Baily Garner LLP).

8. CONSULTATION

- 8.1. Formal planning consultation was undertaken with both residents of the estate and the wider area, resulting in planning consent being granted on 18th November 2012. The units were described as "affordable" as part of this planning application and no reference to DMS was made.
- 8.2. A pre-construction resident consultation event took place on 6th November 2013 and further resident consultation has been undertaken by the contractor. Residents had previously been advised that the units were to be sold on a DMS basis and this is still the current expectation. The recommended change of tenure to social rent will be communicated to the residents via letter drops and a consultation event prior to the Cabinet meeting on 30 March 2015.

9. EQUALITY IMPLICATIONS

- 9.1. As per the Equality Act 2010, the Council must consider its obligations with regard to the Public Sector Equality Duty (PSED). It must carry out its functions (as defined by the Human Rights Act 1998) with due regard to the duty and its effect on the protected in a relevant and proportionate way. The duty came into effect on 6th April 2011.
- 9.2. An Equality Impact Analysis (EqIA) was undertaken for The Verulam house scheme. It shows that the conversion of the vacant premises in to

new affordable accommodation will have a positive impact on, the following groups:

- Age (especially younger/older age groups)
- Disabled people (and the Council recognises that some disabled people may require more assistance to benefit)
- Race groups (BME in particular)
- Women

9.3 Implications completed by: Matthew Stafford, Development Officer
0208 753 2734.

10. LEGAL IMPLICATIONS

10.1 There are no legal implications for this report.

10.2 Implications verified/completed by: Janette Mullins, Principal Solicitor (Housing and Litigation). Tel. 0208 753 2744.

11. RISK MANAGEMENT

11.1 There is a reputational risk associated with the change of tenure because the existing residents of Verulam house were originally consulted on the grounds that the homes would be sold on a DMS basis.. As set out in 8.2 it is intended to inform residents of the proposal and it will be stressed that the change of tenure is necessary to meet the Council's objective of providing additional new homes for social rent.

11.2 There is a potential risk of S106 funding not being received. Commuted sums from the redevelopment of Riverside Studios have been identified to fund the scheme, should this receipt not be received alternative funding would need to be identified for this project, which may impact on other housing capital investment.

11.3 Implications verified/completed by: Matthew Stafford, Development Officer
Tel. 0208 753 2734.

12. PROCUREMENT AND IT STRATEGY IMPLICATIONS

12.1 There are no procurement or IT implications arising from this report.

12.2 Implications verified/completed by: Robert Hillman, Procurement Consultant. Tel. 0208 753 1538.

LOCAL GOVERNMENT ACT 2000
LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT

No.	Description of Background Papers	Name/Ext of holder file /copy	Department/ Location
	None		