

# Southend-on-Sea Borough Council

Report of Executive Director (Finance and Resources)  
and Deputy Chief Executive (People)

To

Cabinet

On

5<sup>th</sup> November 2019

Agenda  
Item No.

Report prepared by:

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## Housing and Development Pipeline Update

**Relevant Scrutiny Committee: Policy and Resources Scrutiny Committee**

**Cabinet Members: Councillor Ian Gilbert and Councillor Ron Woodley**

### Part 1 (Public Agenda Item)

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#### 1. Purpose of Report

- 1.1 To update members on the work underway looking at the pipeline of housing and development opportunities across the Borough and to present recommendations setting out the proposed way forward.

#### 2. Recommendations

- 2.1 To note progress on the Acquisitions Programme for Council Housing as set out in Section 3.4.
- 2.2 To note the progress of initial works with PSP Southend LLP in Section 3.17 and of the first phase of housing and development pipeline sites currently in delivery as set out in Section 3.11.
- 2.3 To agree the expansion of the MMC Pilot Project to include Archer Avenue as set out in Section 3.12 and to agree to allocation of £450,000 from the Land Assembly Fund to fund the project. These are funds which the Council currently receives from developers in lieu of providing affordable housing directly and which are available for the Council to use in order to develop affordable housing.

#### 3. Background

- 3.1 On 25<sup>th</sup> June 2019 Cabinet resolved to progress with a regeneration framework, develop a pipeline of housing and regeneration projects and proceed with the Acquisitions Programme for Council Housing.

- 3.2 On 17<sup>th</sup> September 2019, Cabinet noted the progress of both the regeneration framework and the Acquisitions Programme for Council Housing. It also agreed to the re-branding of PSP Southend LLP and to updating related governance arrangements. Agreement was also reached for PSP Southend LLP to be invited to undertake the next stage of feasibility for sites which the pipeline assessment work has indicated would be suitable for PSP delivery.
- 3.3 This report updates on the work undertaken subsequently and on the next phases of work which will be required to support the Council's ambitious housing and land development programme.

### Acquisitions Programme Update

- 3.4 On 25<sup>th</sup> June 2019, Cabinet agreed to proceed with the Acquisitions Programme for Council Housing. Agreement was given to an initial budget of £4.3m in June, and subsequently at Cabinet on 17<sup>th</sup> September 2019 a further £2.35m was agreed, in order to facilitate exceeding targets and mitigate any risk of needing to repay Right to Buy receipts to HM Treasury due to delays such as conveyancing. The associated budget has been collated in response to the 2019/20 Right to Buy spend pressures for the Council which accounted for £4.641m as detailed below, but will additionally allow progress to be made against 2020/21 targets.

Quarter	19/20 RTB required investment
Q2	£ 1,844,114.14
Q3	£ 1,916,028.32
Q4	£ 880,947.56
<b>Total</b>	<b>£ 4,641,090.02</b>

- 3.5 Housing, Corporate Property & Asset Management and South Essex Homes officers have been progressing with the identification and acquisition process agreed by Cabinet previously. To this end, 13 properties have been purchased to a value of £3.27m, with a further 9 properties under offer and with solicitors to the value of £2m.
- 3.6 The 2019 Quarter 2 target has been met and it is anticipated that the both the Quarter 3 and Quarter 4 targets will be met by the end of Quarter 3.
- 3.7 The table below sets out the properties currently completed or under offer and the total anticipated spend.

Property Type	Bedrooms	Purchase Price
flat	1	£ 335,000.00
bungalow	2	£ 248,000.00
end of terrace house	2	£ 255,000.00
flat	2	£ 230,000.00
flat	2	£ 320,000.00
semi-detached	2	£ 240,000.00

semi-detached	2	£ 260,000.00
semi-detached bungalow	2	£ 245,000.00
end terrace	2	£ 182,500.00
maisonette	2	£ 254,000.00
end of terrace house	2	£ 185,000.00
semi-detached	3	£ 270,000.00
terraced house	3	£ 235,000.00
semi-detached	3	£ 135,000.00
semi-detached	3	£ 248,000.00
semi-detached	3	£ 242,500.00
semi-detached	3	£ 245,000.00
end of terrace house	3	£ 252,500.00
semi-detached	3	£ 225,000.00
terraced house	3	£ 170,000.00
terraced house	3	£ 260,000.00
semi-detached	4	£ 250,000.00
<b>Total</b>		<b>£ 5,287,500.00</b>

## Regeneration Framework and Development Pipeline

- 3.8 As per the previous Cabinet update, 31ten Consulting (31ten) have been engaged to bring some independent advice and rigour to the process of analysing individual sites, their development potential and how they can most beneficially fit in to a comprehensive development pipeline within which capital receipts can be recycled to improve the sustainability of the overall programme. This includes sites for housing, wider regeneration and a range of other land uses.
- 3.9 A housing and development pipeline, including Council owned and private sites has been collated by a corporate team of Assets, Strategic Planning, Housing, Development Control, Regeneration and Finance officers.
- 3.10 The next stage of the pipeline work is now being undertaken which involves assembling and bundling the sites. Following this, survey, feasibility, and high-level design work will be procured in order to demonstrate viability of both individual sites and bundles of sites. The findings of this work will enable a more detailed assessment of the number of units which could be delivered across the sites and the most appropriate delivery vehicle for achieving this.
- 3.11 A number of sites within the Pipeline are currently underway and this section sets out those sites which are approved to proceed and which are now in the delivery phase.

Site	Number of Units	Delivery Vehicle	Progress comment	Estimated completion
Friars,	Nursery	PSP	Nursery has now been	Q4 2020

Constable Way	plus 9 houses	Southend LLP	completed. Housing has now started on site.	
Ilfracombe Avenue Car Park	24 flats	PSP Southend LLP	Agreed to proceed to PSP Southend LLP at Cabinet on 17 <sup>th</sup> September.	Q4 2021
Modern Methods of Construction (MMC) Pilot Project	4-5 Units	Strategic Housing	Employers Agent (EA) & Architect have now been appointed. Site investigation has been carried out. Outline planning application to be submitted by end of year.	2021/22 Q1
HRA Phase 3	Estimated 25 Units	Strategic Housing	Site investigation has now been carried out. EA to be appointed following procurement exercise by November 2019.	2021/22 Q3
HRA Phase 4	Estimated 20 - 31 Units	Strategic Housing	Site investigation has now been carried out. EA to be appointed by November 2019.	2021/22 Q4
HRA Phase 5 & 6	Tbc	Strategic Housing	Feasibility work to determine Phases 5 & 6 now underway.	tbc

### Expansion of the MMC Pilot

- 3.12 As per the above, the Modern Methods of Construction (MMC) Pilot sites at Saxon Gardens are progressing well. As previously agreed, an outcome of this project was for it to be used to explore subsequent pilot sites to test this type of construction.
- 3.13 As part of the feasibility work for these MMC pilots, a subsequent site in Archer Avenue has been identified to be suitable for an expansion site for the project. The site is an irregular garage site located in Southchurch and accessed via a narrow passage via Archer Avenue with the site backing onto Royal Artillery Way to the north. Site plan is shown below:



- 3.14 The Archer Avenue is currently underutilised as a garage site and is a magnet for antisocial behaviour. Preliminary feasibility work indicates that this site can accommodate an energy efficient shared accommodation unit consisting of between 4 - 6 bedrooms with office accommodation.

## **Finance**

- 3.15 A preliminary feasibility study has indicated that the Archer Avenue site can be delivered for a maximum of £450,000 including the necessary site preparation. This cost has been estimated by an Employer's Agent based on the size of the sites and the potential costs of construction thus are subject to change. This is to be funded utilising the Land Purchase Fund (c£1.4m) which was previously agreed by Cabinet in January 2019 to be used for affordable housing assembly purposes.
- 3.16 As well as the requisite procurement procedure, this project will include a review mechanism which will comprise of a value for money exercise. This will ensure the costs of the construction represent appropriate value for money for Council.

## **PSP Southend LLP Update**

- 3.17 On 14 June 2011, Cabinet agreed to establish a Limited Liability Partnership (LLP) which has 50:50 representation and ownership by the Council and BV Strategies Facilitating Ltd. (now PSP Facilitating Ltd) respectively. On 12 December 2011, the LLP was formally incorporated as PSP Southend LLP ("the LLP").
- 3.18 Following Cabinet in September, discussions are now underway with our partners to re-set and re-brand PSP Southend LLP. The intention is that once settled, the new arrangements will be presented to Cabinet for agreement so that the legal work can then be completed to establish the partnership for the next period.
- 3.19 It is expected that this will in place for the start of the 2020-21 Financial Year.

## **4. Other Options**

- 4.1 Alternative arrangements for the Right to Buy spend such as grants to Registered Providers were considered for the Acquisitions Programme however this would not have resulted in the long term benefit to the Council in the way of HRA property.
- 4.2 Alternative uses were considered for the site in Archer Avenue earmarked for the expansion of the MMC Pilot Project such as selling on the open market

however this option would have resulted in a potential loss of affordable housing and revenue income to the Council.

## 5. Reasons for Recommendations

- 5.1 To update Cabinet on the progress of the HRA infill sites, Acquisition programme and PSP Southend LLP developments.
- 5.2 To update for the next stages of feasibility work on the pipeline of sites.
- 5.3 To seek agreement to expand the MMC pilot project to include a further garage site at Archer Avenue.

## 6. Corporate Implications

### 6.1 Contribution to the Southend 2050 Road Map

The development and acquisition of the housing and regeneration pipeline such as the MMC expansion both work towards the Southend 2050 Safe and Well outcomes of **“We are well on our way to ensuring that everyone has a home that meets their needs”** and **“We act as a green city with outstanding examples of energy efficient and carbon neutral buildings”**.

The development of a regeneration framework and pipeline are also key contributors to the Opportunity and Prosperity outcomes **“We have a fast-evolving, re-imagined and thriving town centre, with an inviting mix of shops, homes, culture and leisure opportunities”** and **“Key regeneration schemes, such as Queensway, seafront developments and the Airport Business Park are underway and bringing prosperity and job opportunities to the Borough”**.

Southend's *Housing, Homelessness & Rough Sleeping Strategy* aims to provide 'decent high quality, affordable and secure homes for the people of Southend' and the development and purchase of affordable contributes to this.

### 6.2 Financial Implications

Cabinet has previously agreed the use of S106 contributions received from developers in order to facilitate the provision of affordable housing through the creation of an ongoing fund for affordable housing. It is intended to use £450k of this £1.4m fund bring forward this pilot.

### 6.3 Legal Implications

Initial consultation has been undertaken with the Council's Legal Team for the expansion of the MMC pilot and ongoing work is being undertaken with Essex Legal Services for the Acquisitions Programme.

### 6.4 People Implications

No People Implications regarding the Pipeline or the re-branding of PSP Southend LLP.

There are resourcing implications in the delivery of the pipeline which will need to be addressed as the project develops.

#### **6.5 Property Implications**

The main purpose of the pipeline work is to review, and develop a strategic approach for the Council's forthcoming and latent development opportunities and this will of course generate many strategic and detailed property implications as the work progresses.

#### **6.6 Consultation**

Consultation has taken place with internal colleagues for the pipeline of projects and the work is being progressed by a corporate team. As the MMC pilot develops, further consultation will be undertaken with Planning, local residents and ward members as appropriate.

#### **6.7 Equalities and Diversity Implications**

The relevant equality assessments will be undertaken where necessary.

#### **6.8 Risk Assessment**

Risk register and issue logs will be used as part of the development of the sites within the Pipeline and are continued to be used for the Acquisitions Programme.

#### **6.9 Value for Money**

All spend in relation to the projects will be subject to the relevant procurement rules, designed to ensure procurement compliance and value for money.

#### **6.10 Community Safety Implications**

Sites will be considered individually as they progress and through consultation, the Council will look to meet Secured by Design standards where possible and practical.

#### **6.11 Environmental Impact**

New pipeline schemes such as the MMC will look to improve energy use and environmental standards in the build process where possible and also will look to improve landscaping and environmental and economic sustainability where possible.

### **7. Background Papers**

Cabinet Report. *Future Phases of Affordable Housing Development Programme Update*, 17<sup>th</sup> January 2019

Cabinet Report, *Housing Update*, 25<sup>th</sup> June 2019

Cabinet Report, *Housing and Development Pipeline Update*, 17<sup>th</sup> September 2019