

Southend-on-Sea Borough Council

Report of Deputy Chief Executive & Executive Director
(Growth & Housing)

Cabinet

On 15 September 2020

Report prepared by:

Glyn Halksworth – Director of Housing Development
Alan Richards – Director of Property & Commercial

Agenda
Item No.

Housing & Development Pipeline Update

Relevant Scrutiny Committee(s)

Cabinet Member: Councillor Ian Gilbert

Part 1 (Public Agenda Item) / Part 2 (Confidential Agenda Item)

1. Purpose of Report

- 1.1 To update members on the work underway on the pipeline of housing and development opportunities across the borough.

2. Recommendations

- 2.1 To note progress on the Acquisitions Programme for Council Housing as set out in sections 3.6-3.11 of this report.
- 2.2 To note progress towards the development of the MMC pilot projects and HRA Land Review Phase 3 Project on various sites in Southend as set out in sections 3.12-3.17 of this report.
- 2.3 To note the work progressing with Southend United Football Club and Citizen Housing in respect to the development of housing at Roots Hall and Fossett's Farm, as set out in section 3.18-3.20 of this report and in particular to note the proposals relating to the Youth Commemoration Ground Trust land.
- 2.4 To note progress underway with PSP Southend LLP and proposed developments at Ilfracombe Road car park and Southchurch Library, as set out in sections 3.21-3.25 of this report.

3. Background - General

- 3.1 On 25th 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 17th September 2019 and 5th November, Cabinet noted the progress of both the regeneration framework and the Acquisitions of Programme for Council Housing.
- 3.3 On 17 September 2019, Cabinet also agreed to the re-branding of PSP Southend LLP and to updating related governance arrangements. Agreement was also reached for the Ilfracombe Avenue site to be delivered under the PSP Housing model and 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.
- 3.4 Cabinet received reports on 5th November 2019, 16th January 2020 and 25th February 2020 providing further updates on the progress of the Acquisitions Programme, the LLP resetting and rebranding and the Allocations Policy.

Housing & Development Pipeline Progress

- 3.5 The below table provides an overview of the Progress and Planned Outcomes of the Housing & Development Pipeline since its inception.

Project name	Outcome
2019 -20 Outcomes	
Acquisitions Programme	27 properties purchased from the private market to be converted to Council Housing
HRA Land Review Phase 2	15 Council homes (3 x houses and 12 flats) built in Rochford Road completed as part of the HRA Land Review Phase 2
2020 – 2021 Planned Outcomes	
Acquisitions Programme	c20 properties purchased from the private market to be converted to Council Housing
PSP Friars Development	Development of 9 x private family homes completed as part of the PSP development in Shoeburyness
2021 -2022 Planned Outcomes	
MMC Saxon Gardens	Completion of 2 x MMC Pilot projects on Saxon Gardens
MMC Archer Avenue	Completion of the MMC Pilot on Archer Avenue for a shared accommodation unit.
2022- 2023 Planned Outcomes	
HRA Land Review Phase 3 – Shoeburyness	Completion of Phase 3 of the HRA Land Review Project in Shoeburyness – unit numbers to be agreed
HRA Land Review Phase 4 – St Laurence	Completion of Phase 4 of the HRA Land Review Project in St Laurence – unit numbers to be agreed

Acquisitions Programme Update

20-21 Acquisitions Programme Progress

- 3.6 As per the 2019-20 Acquisitions Programme, this year's Programme is linked to the Council's 1-4-1 Right to Buy spend requirements. This year's budget has

been agreed at £5m to accommodate the 1-4-1 Right to Buy spend requirements for this year and elevate pressures for subsequent years due to the cumulative nature of these spend requirements. Following last year's spend the adjusted Right to Buy targets are set out below:

	Original Spend Target	Actual Spend Required
2020/21 Q1	1,382,507.92	0.00
2020/21 Q2	1,121,699.75	466,052.15
2020/21 Q3	2,123,383.22	2,123,383.22
2020/21 Q4	0.00	0.00
Total	4,627,590.88	2,589,435.37

- 3.7 It should be noted however that due to the onset of Covid-19, the Ministry of Housing, Communities and Local Government (MHCLG) have now been temporarily relaxed the rules in regards to spending the 1-4-1 Right to Buy Receipts meaning that both Q1 and Q2 have been incorporated into the Q3 deadline. The new spend requirements are therefore outlined below:

	Original Spend Target	Actual Spend Required
2020/21 Q1	1,382,507.92	0.00
2020/21 Q2	1,121,699.75	0.00
2020/21 Q3	2,123,383.22	2,589,435.37
2020/21 Q4	0.00	0.00
Total	4,627,590.88	2,589,435.37

- 3.8 Despite restrictions imposed by the outbreak of Covid-19 and associated effect on the housing market, the Strategic Housing team have continued to investigate opportunities and progress offers on a number of properties in partnership with the Council's Property and Commercial team and South Essex Homes. The programme follows the same criteria utilised for last year's Programme. Progress is summarised below:

- 10 Property purchases are now in solicitors' hands, totalling £1.9m (including Stamp Duty Land Tax (SDLT)). It is expected that 3 of these transactions will be completed during Q2.
- 16 further opportunities are currently being investigated, with 3 offers currently being considered
- The team are confident are therefore of achieving the required Right to Buy target by Q3.

- 3.9 Despite the challenging times, value for money for the acquisitions has increased this year and average purchase prices are detailed overleaf:

Bedroom Number	No. of properties	Average Price 2020/21	Average Price 2019/20
1	3	£135,000.00	N/A
2	1	£185,000.00	£213,500.00
3	4	£238,125.00	£260,142.86
Total	8	£192,812.50	

19-20 Acquisitions Programme Update

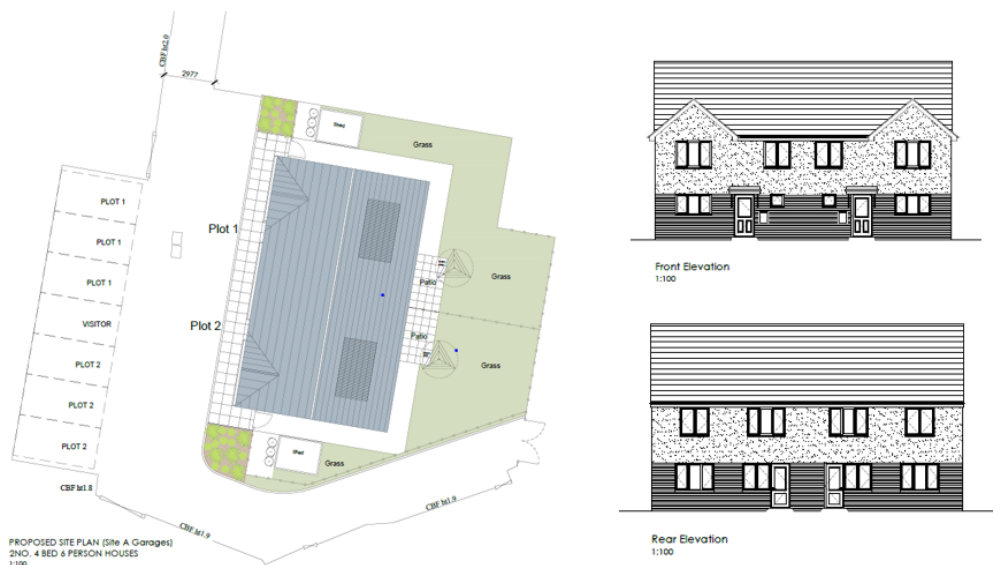
- 3.10 The 2019-20 Acquisitions Programme was successfully completed with 27 properties purchased from the private market and converted to Council Housing.
- 3.11 Of 27 properties purchased, 14 have now been let to households on the Council's Homeseeker's Register with the remaining 13 progressing through the void works process which has been delayed to due to Covid-19 restrictions.

MMC Pilot Projects – Saxon Gardens & Archer Avenue

- 3.12 The Strategic Housing team are progressing with three pilot sites on which to develop housing on Council-owned land utilising Modern Methods of Construction (MMC). Two of these sites are in Saxon Gardens within the West Shoebury Ward and one site is in Archer Avenue in the Southchurch Ward.

Saxon Gardens A

- 3.13 This is a former garage site and following the completion of the site investigation, feasibility, consultation, and design stages the site has now secured planning permission for two x four-bedroom council houses (approved Planning drawing shown below). The next steps of the project will be to procure an MMC specialist contractor and this site will be linked to the Saxon Gardens B site for this purpose.



Saxon Gardens B

- 3.14 This site is adjacent to the allotment site on Saxon Gardens and has been a target for antisocial behaviour and fly tipping for many years. As with the Saxon Gardens A site, the necessary site investigation, feasibility, consultation, and design stages have now been completed and the proposed scheme has been submitted for Planning and will go to Development Control Committee for decision. Ward members in West Shoebury have been consulted on both Saxon Gardens MMC pilot projects and will kept up to date of the progress of the projects as they move towards the completion of the planning stage.

Archer Avenue

- 3.15 This is another former garage site on Archer Avenue and it is anticipated it will provide a seven-bed shared accommodation pilot using Modern Methods of Construction. The project is being progressed with a different approach to the Saxon Gardens schemes with the opportunity having been published to procure an MMC contractor to secure planning permission and build out the scheme. It is anticipated that the contractor will be appointed by October with planning submission by end of the calendar year. Ward members have been consulted and kept up to date throughout the course of the project.

HRA Land Review Phase 3 Update

Phase 3 – Shoeburyness

- 3.16 Phase 3 of the HRA Land Review project consists of several former garage sites within the Shoeburyness ward (Eagle Way and Anson Chase). Pre-application planning meetings were held in June and the team is working through the formal response. Architectural and design works are ongoing with the plans being revised, taking on board both Pre-application advice and residents' feedback ahead of planning submission.
- 3.17 Ward members have been consulted on the proposals and kept up to date on the progress of the project and a *Your Say Southend* page has been set up for the project with a public survey published to engage with local residents.

Southend United Football Club and Citizen Housing - Roots Hall and Fossetts Farm

- 3.18 Work has been progressing well with the development for Roots Hall and Fossetts Farm. The Council has appointed a legal firm, Gowling WLG, to work alongside the officer team and its property advisers, Cushman Wakefield, on the various transactions and the work to document the proposed transaction is progressing well. Some further appointments will be required as we move forward to ensure that costs, specifications, quality and rent estimations are all accurate and all elements remain viable in balance.
- 3.19 Officers and representatives from the Football Club and Citizen Housing team have been meeting regularly to progress design discussions leading up to the

submission of the revised planning documents which will amend the existing application, essentially to replace the retail element with residential development. There is a collective desire to deliver a high quality, highly sustainable development with a strong sense of community with excellent transport options and high-quality walking and cycling connections.

- 3.20 The Council and the Football Club are working on the principles of a shared use agreement for Cecil Jones Academy to use the Youth Commemoration Ground (YCG) Trust land. This would enable the former Cecil Jones junior school playing fields (which are no longer used as school playing fields) to be released by the academy trust. That land would then form part of the land for housing at Fossetts Farm. The principle is that the school would benefit from a capital receipt for the land, and the YCG Trust will benefit from investment to improve facilities. This will give them the opportunity for better income generation opportunities along with some form of profit share from the development of the land released for housing, all whilst operating within the objects of the trust and without the need for any form of disposal. The Council would also benefit from this arrangement because it would not need to subsidise the YCG Trust as much (if at all). There is further work to do on this and once the principles are settled, these will need to be agreed by all parties, including the Youth Commemoration Ground Trust, the Loxford Trust, the Council, the Football Club, Citizen, the Charity Commission and the Department for Education.

PSP Southend LLP

- 3.21 Progress on documenting the updated PSP Southend LLP work has not been as significant as hoped due to Covid 19. This is because the matter which was due to be considered at 17 March Policy and Resources Scrutiny Committee following the 25 February Cabinet decision was delayed until 9 July Policy and Resources Scrutiny Committee. Following Full Council on 16 July 2020, the necessary approvals are now in place and the legal completion of the new arrangements is instructed and being finalised.
- 3.22 The above decision also means that the funding is in place to proceed with the Ilfracombe Avenue car park development of c.24 homes (20% affordable rent, 80% market rent) with the profit rent generated being used to fund the capital investment required to refurbish, or more likely, replace the Southchurch Library building. The scheme will therefore now be progressed by the LLP board to planning with all the usual consultations and resident engagement taking place.
- 3.23 In the meantime, work has continued at a good pace on the Constable way development which is scheduled for completion in September 2020 with all plots pre-sold in advance of completion by Tern developments. This site is approximately 6 weeks behind schedule due to a short period of site closure and the impact of Covid-secure site practices on reopening of the site.
- 3.24 There are several other sites being identified through the housing pipeline work which will be suitable for the LLP to progress and once the initial feasibility work is completed across the pipeline these can be progressed.

- 3.25 PSP has offered its expertise in senior and specialist living to contribute to the pipeline assessment work and the team will be working this through with them over the coming months.

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 The Council does not need to continue the relational partnering arrangement with PSP however this is a useful non-committal additional delivery option for the Council which will be well placed to assist with capacity and delivery, particularly (but not exclusively) of housing sites, going forward.
- 4.3 The Council does not need to pursue either the pilot developments of MMC housing, or the delivery of housing via the HRA Land Review, however these approaches are considered important contributions to the aims of the *Housing, Homelessness and Rough Sleeping Strategy* and of the 2050 ambitions endorsed by the Council.

5. Reasons for Recommendations

- 5.1 To update Cabinet on the progress of the Pipeline of Housing & Development opportunities namely the Acquisitions Programme, MMC pilot projects, Phase 3 of the HRA Land Review, PSP Southend LLP and the work with Southend United Football Club and Citizen Housing in respect to Roots Hall and Fossetts Farm.

6. Corporate Implications

- 6.1 Contribution to the Southend 2050 Road Map

6.1.1 The development and acquisition of the housing and regeneration pipeline contributes 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”**.

6.1.2 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

6.2.1 Cabinet has previously agreed the budget of £5million for the acquisitions programme and it is anticipated this will be fully used during this financial year.

6.2.2 In terms of PSP projects, the financial implications will be assessed in detail on a scheme by scheme basis and schemes will only proceed when they clear

both the Council's and the private sector partner's viability measures. The overall financial performance of the LLP will be reported periodically to Shareholder Board along with the progress against agreed objectives for particular schemes.

6.3 Legal Implications

6.3.1 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.

6.3.2 Legal considerations relating to individual sites will be dealt with through the usual due diligence process.

6.3.3 Legal considerations relating to the LLP governance changes are being consulted upon and appropriate advice received at the relevant stages.

6.3.4 The Council has appointed a legal firm, Gowling WLG, to work alongside the officer team and its property advisers, Cushman Wakefield, on the various transactions and the work to document the proposed transaction is progressing well.

6.4 People Implications

6.4.1 No direct people implications have been identified however this will be monitored through the course of the projects.

6.5 Property Implications

6.5.1 The main purpose of the different aspects of the housing pipeline is to identify, review, and progress development opportunities, including relating to Council assets. This work will generate many strategic and detailed property implications as the projects progress and all such implications will be considered on a site by site basis.

6.6 Consultation

6.6.1 Consultation has taken place with internal colleagues and external advisers throughout the development of the pipeline of sites. Additionally, there is ongoing consultation with residents with a number of schemes as noted above, and a commitment to continue strong engagement in order to progress development inclusive of a broad array of considered views.

6.7 Equalities and Diversity Implications

6.7.1 The relevant equality assessments will be undertaken as necessary on a project by project basis.

6.8 Risk Assessment

6.8.1 Risk assessment and analysis, risk register and issue logs will be used as part of the development of all sites within the Pipeline, including the acquisitions

programme and any new schemes which may be agreed such as the MHCLG Next Steps work.

- 6.8.2 PSP Project risks will be monitored and managed within the LLP and reported to Partnership Board and where these are significant and appropriate, up to Shareholder Board.

6.9 Value for Money

- 6.9.1 All spend in relation to the projects is subject to the relevant procurement rules, in order to ensure full procurement compliance and value for money. Financial and legal due diligence form a core part of the LLP process including an independent review and validation of each case by CIPFA and external legal review.

6.10 Community Safety Implications

- 6.10.1 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

- 6.11.1 Sustainability requirements are important to all development schemes being considered and the MMC pilot is one route towards better understanding the suitability of more energy efficient, modular built housing in some settings. Environmental health advice is regularly sought in this regard.
- 6.11.2 Environmental and ecological studies form part of site appraisals and their findings are taken account of in the final design of any schemes being brought forwards.

7. Background Papers

Cabinet Report. Future Phases of Affordable Housing Development Programme Update, 17th January 2019

Report, Housing Update, 25th June 2019

Cabinet Report, Housing and Development Pipeline Update, 17th September 2019

Cabinet Report, Housing and Development Pipeline Update, 5th November 2019

Cabinet Report, Housing and Development Pipeline Update, 16th January 2020

Cabinet Report, Housing and Development Pipeline Update, 25th February 2020

8. Appendices

None