

**1,000 Homes Programme – Individual Scheme Updates**

<b>Timetable</b>	
<b>Meeting</b>	<b>Date</b>
Housing Health and Environment Policy Advisory Committee	30 <sup>th</sup> January 2024
Cabinet	7 <sup>th</sup> February 2024

<b>Will this be a Key Decision?</b>	Yes
<b>Urgency</b>	Not Applicable
<b>Final Decision-Maker</b>	Cabinet
<b>Lead Head of Service</b>	Philip Morris, Head of New Business & Housing Development
<b>Lead Officer and Report Author</b>	Philip Morris, Head of New Business & Housing Development
<b>Classification</b>	<p>Private – The information contained within the Appendix has been considered exempt under the following paragraph of part 1 of schedule 12A to the Local Government Act 1972:-</p> <p>3 = Information relating to the financial or business affairs of any particular person (including the authority holding that information)</p> <p>Public Interest Test</p> <p>It is in the public interest that the Appendix be taken in private because it relates to commercially sensitive information and releasing the information could jeopardise the financial position of the Council and third parties.</p>
<b>Wards affected</b>	Fant, Bridge, and North

## **Executive Summary**

In 2023, the Policy & Resources Committee and HHE Committee approved the acquisition of 4 brownfield sites, including the Bathstore, Britannia House, Corbens Place and Land at Granville Road, with the intention of delivering these sites as 100% affordable housing, as part of the 1000 affordable homes program. The approvals received for all 4 sites were based on an assumed level of grant funding from Homes England and an anticipated works cost with a condition that once out to tender, should there be a variance to these figures, officers would return to the committee and seek approval for the new works price based on tender returns. The report also relates to one further previously approved scheme, the Royal British Legion (RBL) site adjacent to Heather House, where approval is sought to change the tenure of seven units from private rented sector (PRS) to affordable.

The schemes are all included in the capital programme, Officers are seeking approval for the updated works cost, changes in tenure and to appoint the contractor to deliver four of the schemes.

## **Purpose of Report**

Decision

## **This report makes the following recommendations to the Cabinet:**

1. That the increased works costs for Bathstore, Land at Granville Road and Britannia House, be approved, taking note of scheme performance summaries in Appendix 1. To approve the switch in tenure from Affordable Rent to Social rent for all 4 sites and in addition the 7 Market rented units to social rented units at the RBL site.
2. That the Director of Finance, Resources and Business Improvement, be given delegated authority, to appoint the preferred contractor to carry out the necessary building works as per the tenders for Britannia House, Corbens place, Land and Granville Road, and the Bathstore noting that the Corbens place works tender was returned under the works budget previously approved.

## 1,000 Homes Programme – Individual Scheme Updates

### 1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
<b>Impact on Corporate Priorities</b>	Accepting the recommendations will materially improve the Council’s ability to achieve: <ul style="list-style-type: none"> <li>• Embracing Growth and Enabling Infrastructure;</li> <li>• Homes and Communities.</li> </ul>	William Cornall-Director of Regeneration & Place
<b>Cross Cutting Objectives</b>	The project will support the cross-cutting objectives: <ul style="list-style-type: none"> <li>• Health Inequalities are Addressed and Reduced</li> <li>• Deprivation and Social Mobility is Improved</li> <li>• Biodiversity and Environmental Sustainability is respected.</li> </ul>	William Cornall-Director of Regeneration & Place
<b>Risk Management</b>	Already covered in the risk section	William Cornall-Director of Regeneration & Place
<b>Financial</b>	Funding for this project is included within the capital programme.	Adrian Lovegrove-Head of Service
<b>Staffing</b>	We will deliver the recommendations with our current staffing within the New Business & Development Team and Mid-Kent Legal Services.	William Cornall-Director of Regeneration & Place
<b>Legal</b>	Under s1 of the Localism Act 2011 the Council has a general power of competence which enables it to do anything that individuals generally may do.  Under section 111 of the Local	Robin Harris-Team Leader (Contentious and Corporate Governance)

	<p>Government Act 1972 the Council has power to do anything (whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions.</p> <p>The Council has the power to acquire properties by agreement under the Local Government Act 1972, section 120.</p>	
<b>Information Governance</b>	The recommendations do not impact personal information (as defined in UK GDPR and Data Protection Act 2018) the Council processes.	Lauren McNicol and Georgia Harvey-Information Governance Team
<b>Equalities</b>	We recognise the recommendations may have varying impacts on different communities within Maidstone. Therefore, we have completed an Equalities Impact Assessment responding to the needs of the community.	Nicola Toulson-Equalities & Communities Officer
<b>Public Health</b>	No implications	Shafiqullah Hemat-Senior Public Health Officer
<b>Crime and Disorder</b>	No implications	Philip Morris-Head of New Business & Housing Development
<b>Procurement</b>	On accepting the recommendations, the Council will then follow a standard procurement & appointment	Adrian Lovegrove-Head of Service

	exercise. We will complete that exercise in line with financial procedure rules.	
<b>Biodiversity and Climate Change</b>	The implications of this report on biodiversity and climate change have been considered and will impact Action 7.1 "Deliver Maidstone Borough Council 2030 Net Zero Commitment" by increasing the Council's carbon footprint. Ensuring development is aligned with the Future Homes Standard with 75-80% less carbon emissions, efficiency measures and on-site renewables will reduce the impact of the five schemes.	James Wilderspin- Biodiversity and Climate Change Manager

## 2. INTRODUCTION AND BACKGROUND

- 2.1 The development strategy to deliver 1,000 new affordable homes was agreed by the Policy and Resources Committee on 19th January 2022.
- 2.2 This report relates to the five schemes that form part of the 1000 homes programme, that have already been approved by Cabinet since the inception of the programme. The schemes in question are:-
- a. Royal British Legion Site (RBL) Heather House Site
  - b. Bathstore
  - c. Corbens Place
  - d. Britannia House
  - e. Land at Granville Road
- 2.3 Cabinet re-approvals are required on all five sites in respect of changes to each scheme. These changes are as follows:
- a. Royal British Legion Site (RBL) Heather House site – a change in tenure from 7 market rented homes to 7 affordable homes, with the addition of grant funding from Homes England and the use of MBC S106 contributions. The four First Homes units will remain unchanged.
  - b. Bathstore- Increased construction costs.
  - c. Corbens Place- Reduced construction costs.
  - d. Britannia House- Increased construction costs.
  - e. Land at Granville Road-Increased construction costs.
- 2.4 The RBL scheme is already on site, and for the others the tender procurement process has been completed and there is now a need to

appoint the preferred contractor on aggregate higher cost than previously approved.

- 2.5 However more positively, the increased cost and tenure change can be accommodated without materially diminishing the financial returns to the council. If the Council chooses to let the properties at Affordable Rents (80% of market rent capped to the Local Housing Allowance), this is **Option A** and the returns are broadly maintained because the Local Housing Allowance has recently risen, and because the council is advised to allocate £15,000 per affordable homes of S106 monies that it holds from developers contributions for off-site affordable housing provision.
- 2.6 If the Council chooses to let the properties at Social Rents (a formula linked to local property prices in 1999, and average local earning), that yields rents at circa 50% of the Market Rent plus service charges, then this is **Option B**, the returns are maintained by a more favourable grant rate for this tenure from Homes England.

### **Financial Commitments**

- 2.7 The exempt Appendix 1 sets out the previously agreed metrics of the schemes, with the latest tenures, and construction costs as either **Option A Affordable Rent** or **Option B Social Rent**.

### **Proposed Schedule of Events**

- 2.8 All Contractors were invited to tender based on a maximum construction period of 105 weeks including any allowance for the detailed design of the schemes. Details of the programme proposals, in accordance with the preferred contractor's tender submission are given below.

<b>Activity</b>	<b>Finish Date</b>
Design Period	16 weeks
Contractor Appointment	February 2024
Construction Period	66 weeks
Start on Site	July 2024
Practical Completion	October 2025

## **3 AVAILABLE OPTIONS**

- 3.1 **Option 1:** To approve that the Director of Finance and Business Improvement is granted delegated authority to enter into the works contract based on Option A of the exempt appendices, (Affordable Rent) and to approve the change in tenure for the RBL site from Market rent to Affordable Rent, noting the grant rates from Homes England and the allocation of MBC Section 106 monies to all five schemes.
- 3.2 **Option 2:** To approve that the Director of Finance and Business Improvement is granted delegated authority to enter into the works contract based on Option B of the exempt appendices (Social Rent) and to approve the change in tenure for the RBL site from Market rent to Social Rent, noting the grant rates from Homes England and the

allocation of MBC Section 106 monies to all five schemes.

- 3.3 **Option 3:** Nto to approve entering into the works contract, leave the sites secured and re tender at a later date although tender prices are unlikely to come down. This however would continue to incur utilities costs and site security costs. This is not recommended as there would continue to be uncertainty as to the future of four of the sites.
- 3.4 If Cabinet were minded to pursue option 1, they could advise officers to bid for more favourable terms from Homes England, but that would be above the level allocated by Homes England generally, so this may not be successful. Homes England have provided a verbal confirmation in respect of the terms set out in Option 2 above.
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#### **4 PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS**

- 4.1 The preferred option is Option 2, outlined above in paragraph 3.2. This is because:-
- a. The amount of external borrowing per new home is reduced due to the favourable grant rate for social rented units available.
  - b. The eventual income stream to the council will be more secure as it will be more affordable to the end user.
  - c. The residents will benefit from lower rents. The housing team have advised that they are aware of a number of individuals, 86, within temporary accommodation that cannot afford affordable rent. They would therefore recommend the provision of some social rented units within our stock.
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#### **5 RISK**

- 5.1 The risks associated with this proposal, including the risks if the Council does not act as recommended, have been considered in line with the Council's Risk Management Framework. We are satisfied that the risks associated are within the Council's risk appetite and will be managed as per the Policy. It is worth noting that the Council have invested a lot of time and resource into the delivery of these sites.
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#### **6 NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION**

- 6.1 The Housing, Health and Environment Policy Advisory Committee considered the matter on the 30 January 2024, and have recommended that this reports recommendations be agreed by the Cabinet.
- 6.2 The approval of the recommendations will enable the project team to appoint the contractor to commence works.

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## **7 REPORT APPENDICES**

The following documents are to be published with this report and form part of the report:

- Exempt Appendix 1: Scheme Performance Metrics

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## **8 BACKGROUND PAPERS**

- Bathstore – Executive, 25/01/2023
- Britannia House – Executive, 27/07/2022
- Corbens Place - Cabinet, 28/06/2023
- Land at Granville Road – Cabinet, 18/04/2023