

# Council House Building Programme - New Scheme Update

## Housing Committee Thursday, 24 March 2022

Report of: Executive Head of Communities

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Purpose: For decision

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Publication status: Unrestricted

Wards affected: Harestone, Valley and Godstone

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### Executive summary:

This report seeks approval for a new potential scheme at Pelham House Caterham, involving the redevelopment of the site to provide up to 16 homes to families on our housing register. The report also seeks additional budget for the proposed redevelopment at Featherstone Blindley Heath following receipt of estimated build costs.

**This report supports the Council's priority of:** Creating the homes, infrastructure and environment we need

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### Recommendation to Committee:

It is recommended that:

- A. Officers prepare proposals for and seek pre-application planning advice for the redevelopment of Pelham House, Caterham for a mix of 1, 2 and 3-bedroom dwellings making best use of the site; and approve a budget for the pre-application stage of £50,000.
- B. The approved budget for the proposed Featherstone development be increased by £350,000 from £4,759,030 to £5,109,030 to reflect the increase in build costs since the original approval following advice by the Council's external building surveyor.

- C. In the case of recommendation A, approval to proceed includes the appointment of an architect, Employers Agent and other specialist consultants and surveyors to act for, or advise, the Council and commissioning of necessary reports to take the proposal to pre-application advice stage, all subject to the Council's Standing Orders and Financial Regulations.
- D. That in the case of recommendation A, authority also be given for Officers to commence the process of appropriating the land from housing to planning purposes in accordance with Section 122 (1) of the Local Government Act 1972.

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## **Reason for recommendation:**

The recommendations support one of the Council's key strategic objectives and seeks to address in part the District's need for affordable rented housing.

Early engagement with affected tenants at Pelham House and a transparent approach to preparing for planning advice will mitigate any stress and uncertainty. Surveys can be undertaken, and reports prepared without residents wondering what is happening outside their homes. Officers can also commence with a Section 105 consultation – a legal requirement when secure tenants are likely to be significantly impacted by a landlord's proposals and begin the process of assessment, reassurance and liaison with Pelham House residents over their re-housing options. This will include the option to move directly to a new sheltered housing scheme in Caterham when it completes in the autumn.

The process of appropriation will ensure that the land and property in question is held for the correct statutory purpose under Section 122 (1) of the Local Government Act in advance of any full planning application being submitted.

In respect of Featherstone, the recommendation will allow for the procurement and award of a construction contract to the most economically advantageous tenderer following and subject to planning approval being obtained without first needing to return to this Committee.

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## **Introduction and background**

### **Sheltered Housing Review: current position**

- 1 The 2016 sheltered housing review established that much of the Council's then sheltered housing stock was built over 30 years ago and that whilst the Council had undertaken building works and repairs to ensure that all properties met Decent Homes Standards, many properties did not reflect modern expectations in terms of accessibility and ease of use for those with mobility problems or other disabilities. The review also identified that many Council owned sheltered housing properties were difficult to let due to their age and/or design.

- 2 The Council has responded to this by adopting a strategic approach for the provision of low cost sheltered housing for the elderly and is focussing on quality, rather than quantity of units and investing in new schemes where such individuals are in real need of the support available in sheltered housing and can be housed.
- 3 The Council has been reducing the stock of sheltered housing in the District where schemes are no longer fit for purpose or are located too far from local services. In accordance with the Housing Strategy, it will continue to focus on the five key areas of Warlingham, Caterham Hill/Valley, Oxted/Hurst Green, Godstone/Bletchingley and Lingfield/Dormansland over the next five to seven years.
- 4 In October 2020, the Council completed the first of its new sheltered housing schemes in the form of 19 x one bed flats at Shallcross in Warlingham and by the end of 2022, the next scheme at the former Bronzeoak House site in Stafford Road, Caterham will have supplied a further 14 x one- bedroom sheltered housing flats. Both schemes have lift access to all floors, private outdoor space by way of individual balconies, and a communal lounge and patio.

## **Pelham House**

- 5 The Bronzeoak House sheltered housing development in Stafford Road will be called Wadey Court and is less than 500m from Pelham House. Pelham House is an existing sheltered housing scheme on a large plot of land in Harestone Valley Road. It includes 12 flats (8 x one bed and 4 x studio flats) over two floors. There is no lift at Pelham House and the flats do not have any private outdoor space. The flats were constructed in the mid-70s and do not meet modern accessibility standards. They are due to have new uPVC windows fitted in the next few years at considerable expense.
- 6 The purchase of Bronzeoak House has given the Council the opportunity to deliver on its target of providing a new sheltered housing scheme in Caterham and presents the opportunity to move our existing sheltered housing residents at Pelham House into more suitable accommodation nearby, whilst releasing the land at Pelham House as developable land for affordable family homes for households on the Council's housing register.
- 7 The forecast completion of Wadey Court in the late autumn is the driver for seeking approval to proceed with plans for the redevelopment of Pelham House now.
- 8 Due to the age and vulnerability of some of the residents at Pelham House, it is crucial that residents are informed of the Council's intentions prior to any survey work being undertaken. Residents were visited by their Sheltered Housing Coordinators on 3<sup>rd</sup> March 2022 and informed about this report. They were provided with the information about the proposed redevelopment of Pelham House and their re-housing options. They were also given a set of FAQs, including details of financial compensation and contact details of named officers should they or their family members want to ask any further questions.

- 9 On some past schemes, rehousing has taken place after planning consent has been granted. Not only does this cause considerable stress for residents who must live with the uncertainty of waiting for a decision to be made on a planning application but in the case of Pelham House, the residents would miss the opportunity to be re-housed at Wadey Court.
- 10 Early indications are that the land at Pelham House could be redeveloped to provide up to 16 units of family sized accommodation for general needs, including amenity space and parking.
- 11 Property and land that is already held for housing purposes (as is the case for Pelham House) must be appropriated for planning purposes and then held by the Council under the statutory provisions of Part 9 of the Town and Country Planning Act. The practical consequence (by virtue of section 237 of the Town and Country Planning Act 1990, as amended by Schedule 9 of the Planning Act 2008) is that the demolition, erection, construction or carrying out of any maintenance of any building or work on the land and subsequent use of the land is authorised under those planning powers, if the works are done in accordance with planning permission, even if they interfere with third party rights. On completion of any development the land would need to be appropriated back to housing land.

## **Featherstone**

- 12 At its meeting in March 2021, Housing Committee recommended that Officers prepare detailed proposals for the development of 63-78 Featherstone, Blindley Heath and approved a budget of £4.76m for the project. This decision was later ratified by Full Council.
- 13 Officers have since been preparing for submission of a planning application for a mix of 2 and 3-bedroom houses and flats for affordable rent and the decant process is well underway with only 3 residents still looking for suitable alternative accommodation.
- 14 Increased global demand in the construction sector, combined with multiple and complex impacts of the pandemic and logistic issues have resulted in unprecedented shortages, delays and ultimately, increased prices of materials and labour across the economy. The UK has been further impacted by complications resulting from Brexit. As a result, contractors are building in a much larger element of unknowns into their tenders to limit their financial risk.
- 15 The preliminary budget estimate provided by our consultant indicates that competitive tenders for the construction contract for Featherstone are likely to fall within the range of £3.4m and £4.5m (based on current day pricing). The current approved budget, excluding contingency, allows for a construction contract award with a maximum value of £4.2m.

## **Budget**

- 16 The estimated budget cost of bringing the potential redevelopment of Pelham House to pre planning application advice stage is approximately £50,000. This would be used for the appointment of an architect, planning fees, the procurement of the necessary surveys to inform the design (e.g. arboricultural and topographical surveys) and the appointment of an employer's agent to act as a construction professional and project manager, inputting on processes and procedures that will ultimately be included in a construction contract.
- 17 Officers will return to Housing Committee with a scheme proposal and a request for full budget approval for Pelham House once feasibilities have been completed and pre planning advice received.
- 18 In respect of Featherstone the additional budget will come from the budget envelope of £74m as approved by this committee at its meeting in March 2021 as HRA funding to extend the Council's house building programme by a further 200 homes.

## **Other options considered**

- 19 Officers need this Committee's approval to seek full planning consent for an application for Pelham House and Officers will return to a future Committee with that request. However, it was felt that to proceed with feasibility studies and necessary surveys without first notifying existing residents of the Council's plans or seeking the authority of the Committee for a pre-application budget may expose the Council and Members to avoidable criticism given the age and vulnerability of the affected tenants.
- 20 The option of moving the existing sheltered housing residents at Pelham House to more suitable accommodation at Wadey Court will be the only feasible way of re-developing the Pelham House site. Any other re-housing option would be considered too disruptive for residents and not bring the benefits that new homes at Wadey Court will bring.
- 21 If the Council decided not to appropriate the land there is the potential that third parties could bring injunction proceedings which could stop the construction of a future development or delay its delivery. By exercising appropriation powers, the threat of injunction proceedings for the infringement of third parties rights would be extinguished. Affected parties would still receive compensation but they will not be able to delay or stop the development.

## **Consultation**

- 20 Ward Councillors have been informed of the proposals for Pelham House and the impact to existing residents and how that will be managed. Residents will be consulted formally under Section 105 of the Housing Act. A consultation exercise prior to appropriation of the land will also be undertaken.

## **Key implications**

### **Comments of the Chief Finance Officer**

The cost of all 4 recommendations have been built into the HRA's current capital programme. The Council will take full advantage of the different funding streams available. This will include maximising the use of retained RTB receipts and applying for Homes England grants where possible. The budgeted figures in this report allow for contingency costs for unexpected items.

### **Comments of the Head of Legal Services**

Owners of buildings that benefit from Rights of Light or other easements can apply to the Courts for an injunction if their Rights to Light or other easements are negatively impacted by development proposals. The Court would then decide the appropriate remedy, which may include a temporary injunction, followed by a permanent injunction or an award for damages. In the private sector parties normally negotiate claims and the amount of compensation largely depends on the commercial bargaining position of the parties and can be related to the value of the development being undertaken.

Section 122 of the Local Government Act 1972 empowers councils to 'appropriate' land. The effect of appropriation (via section 203 of the Housing and Planning Act 2016) is to remove the threat of an injunction and to ensure that compensation paid to the affected neighbouring owners is a reasonable compensatory sum for the interference caused to the right of light or other easement.

Under section 204 of the Housing and Planning Act 2016, compensation is payable for such interference, but it is limited to diminution in value of the land caused by the interference with the owners' rights.

For the reasons stated in the report, the exercise by the Council of its statutory powers of appropriation in the circumstances is reasonable and proportionate. The significant public benefits to be derived from the proposed redevelopment are of sufficient magnitude to justify the appropriation.

### **Equality**

The letting rather than the development of housing for sale is key to issues of equality. New housing developed reflects the housing priorities at the time it is conceived, is designed to mitigate against fuel poverty, be mobility friendly and be of a size sufficient to promote working from home.

### **Climate change**

The new housing will be designed to achieve the Council's adopted target of Net Zero Carbon (operational) and any essential tree removals will be replaced in accordance with the Compensatory Tree Planting scheme together with a commitment to deliver bio-diversity net gain on each development.

### **Appendices**

None

### **Background papers**

None

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