

Council House Building Programme – new scheme

Housing Committee Thursday, 16 March 2023

Report of: Chief Finance Officer (Section 151)

Purpose: For decision

Publication status: Unrestricted

Wards affected: Queens Park

Executive summary:

This report seeks approval for a potential new scheme at 53 to 67 Stanstead Road, Caterham, involving the redevelopment of the site to provide up to 4 x 3 bed houses to families on the Council's housing register.

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 to Members that:

- A. Officers prepare detailed proposals for the redevelopment of 53 – 67 Stanstead Road, Caterham to provide up to four 3-bedroom houses for affordable rent; and approve a budget of £30,000 for the pre-application stage and up to £80,000 for disturbance and Home Loss Payments.
- B. In the case of recommendation A, approval to proceed includes the appointment of an architect, Employer's Agent and other specialist consultants and surveyors to act for, or advise the Council and the commissioning of necessary reports all subject to the Council's Standing Orders and Financial Regulations.
- C. In the case of recommendation A, work to rehouse residents displaced by the redevelopment commence following this Committee's decision being

ratified by Full Council, including the payment of compensation where eligible;

- D. In the case of recommendation A, appropriate notices to be served on tenants at the earliest opportunity to preclude the possibility of the Right to Buy;
- E. 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.

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 family housing. Early engagement with affected tenants and a transparent approach to preparing for planning advice will mitigate the stress and uncertainty for residents. A pre-application budget means that 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 the affected residents over their re-housing options.

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.

Furthermore, to preclude the Right to Buy it is proposed to serve at the earliest opportunity appropriate notices under the Housing Act 1985 on all tenants of the properties.

Introduction and background

- 1 A key part of the Council's Strategic Plan is the building of affordable homes. At its meeting on 11th March 2021 the Committee approved an extension to the house building programme of a further 200 homes over 5 years. Most of the new council homes are to be delivered on land that the Council already owns with 30% of the programme delivered on purchased land. If approved, these two new schemes will form part of the extended programme.
- 2 The potential scheme has been the subject of a feasibility study and discussions have been had with Ward Councillors. The proposal involves redevelopment which means it is necessary to rehouse tenants into alternative accommodation and compensate them for having to move home. Considerable care is taken when moving residents and Officers have gained much experience in doing so in recent years. Compensation covers the costs relating to moving home and, residents of more than 12 months are also eligible for a statutory home loss payment, which is currently £7,800 per household.
- 3 The scheme will be modelled to be let at affordable rent. However, with 25% of stock in the extended programme proposed for social rent it is

intended to consider this option at a later stage of the process if it is viable.

Stanstead Road

- 4 53 – 67 Stanstead Road in Caterham comprises of a block of eight purpose-built flats that have been identified for demolition. The flats were constructed in 1952 and although they have received cyclical maintenance, they are nearing the end of their useful life. Except for one 2-bedroom flat the flats are small one-bedroom dwellings designed for single people. The whole building has been identified as in need of refurbishment including an upgrade of the communal heating system at a cost of circa £45k. The uPVC windows are nearing thirty years old and there are numerous reports from each flat of draughty windows and plumbing leaks and issues. The roof will need replacing within the next 5 years at a cost of approx. £80k. The Council owns the block and surrounding communal land and there are no leaseholders.
- 5 The building receives cyclical maintenance but has been identified as reaching the end of its useful life and therefore suitable for demolition to allow for the construction of family sized dwellings to meet the high needs on the housing register.
- 6 Feasibility studies have shown that the Council could deliver up to 4 x 3-bedroom houses on the land, including gardens and parking.

Budget

- 7 The budget for the scheme 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.
- 8 The estimated budget cost of bringing the potential redevelopment of Stanstead Road to planning stage is approximately £30,000. 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.
- 9 The estimated budget cost for Home Loss and Disturbance Payments is £80,000. The decant process would commence following a S105 consultation and ratification by Full Council but prior to submitting a full planning application. This allows for a more transparent approach to redevelopment and means residents are not left in limbo. They have the option to move once Full Council approves the plans, rather than waiting to see if planning consent is achieved.
- 10 Officers will return to Committee with a scheme proposal and a request for full budget approval once feasibilities have been completed and pre planning advice received.

Appropriation

- 11 Property and land that is already held for housing purposes 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.

Other options considered

- 12 Officers need this Committee's approval to seek full planning consent for an application for Stanstead Road 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 authority of the Committee for a pre-application budget may expose the Council and Members to avoidable criticism.
- 13 If the site were not developed then there would need to be significant investment in the building. Reroofing will be required, as well as new uPVC windows. Work would be needed on insulating the properties and the communal heating system is unreliable and will need replacing in its entirety. The properties are below modern space standards but remodelling of the building could allow for 2-bedroom flats to be created by combining existing dwellings. This approach would however be costly, and the design would be restricted by the building's envelope so may not be able to make best use of the space.
- 14 With regard to appropriation, 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 power, the threat of injunction proceedings for the infringement of third parties would be extinguished. Affected parties would still receive compensation but they will not be able to delay or stop the development.

Consultation

- 15 Ward Councillors have been informed of the proposals for Stanstead Road and the impact to existing tenants and how that will be managed. Residents will be formally consulted 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 financial and budgetary implications are set out in sections 7 to 10, above.

The pre-application stage fees and the amounts for disturbance and Home Loss Payments have both been fully provided for in the schemes capital budgets.

Approval of the full scheme costs will be subject to a further report to this committee, following detailed financial modelling and options appraisal, including reference to the prevailing interest rate at the time.

Comments of the Head of Legal Services

The recommendations in this report focus on a project which is early in implementation and further decisions will need to be taken following more detailed analysis. As a result of the above, if issues are identified which affect the implementation, consideration will need to be given to the appropriate actions required to address them. Implementation of the recommendations may result in variations to the terms and conditions, changes to the specifications, design, construction briefs, increased costs, revised pricing mechanisms and structures and may require the agreement of any other parties to future legal agreements.

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 (with wheelchair homes included where there is demonstrable need at the time the scheme is designed); and, be of a size sufficient to promote working from home and homework.

Existing residents of Stanstead Road who are being considered for re-housing will receive any necessary assistance with applying to the housing register and their housing needs assessment and subsequent re-housing options will reflect their current needs in terms of accessibility requirements as a result of a disability or other protected characteristic.

Climate change

The new housing will achieve the Council's adopted target of Net Zero Carbon (operational).

Appendices

None

Background papers

None

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