

2023/24 Council House Building Programme Update

Housing Committee Tuesday, 20 June 2023

Report of: Chief Finance Officer

Purpose: For information

Publication status: Unrestricted

Wards affected: All

Executive summary:

This report is for information for new and existing members and gives an overview of the Council's house building programme to date including:

- The Council's original house building programme
- Specific scheme updates
- Current programme budget, targets and key risks
- Progress update on the Local Authority Housing Fund (LAHF)
- Affordable housing delivery by other affordable housing providers
- The Council's application to become an Investment Partner with Homes England

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

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Recommendation to Committee:

That the contents be noted.

Reason for recommendation:

To update the Committee on progress in delivering the House Building Programme.

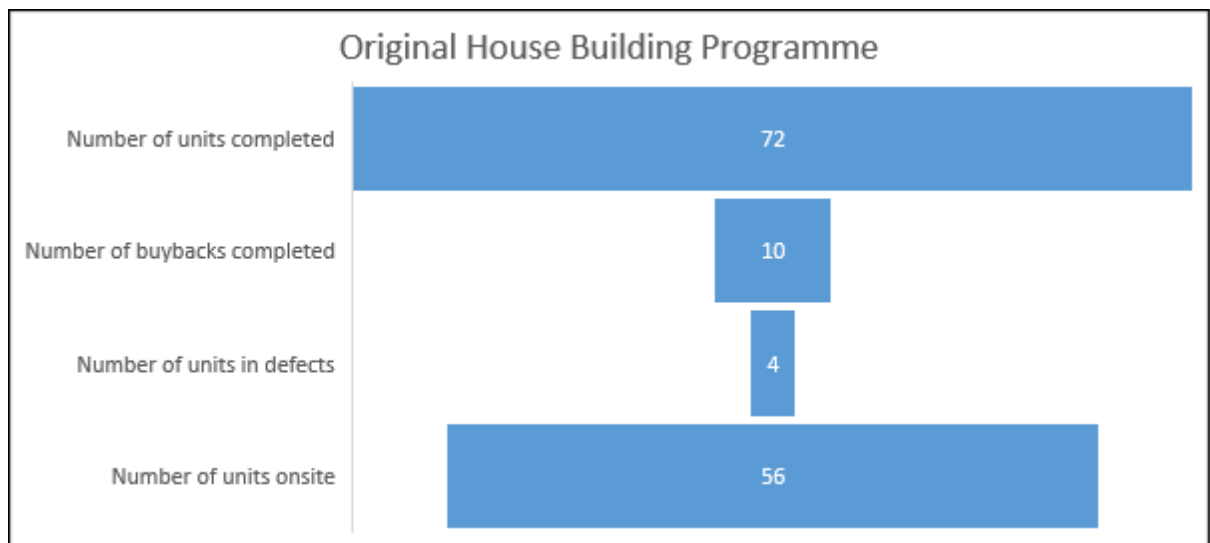
1 Introduction and background

1.1 The Council has an ambitious house building programme which aims to assist in the delivery of new affordable housing to rent to help meet the growing demand on the Council's housing register. This report sets out the current position of the previous and existing programme with individual scheme updates where schemes are already on site, in planning or already have this committee's approval to proceed

2 Original Council House Building Programme

2.1 The original council house building programme commenced in 2015 and consisted of 142 units. There have been 86 completions to date including 10 buybacks. There are 4 remaining schemes onsite which are due to complete this year, and one in early 2024/25.



Annual Targets								
	2023/24				2024/25			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Completions			24	26	6			
Schemes onsite (56)			Rochester (5) Foxacre (2) Uplands (17)	Bronzeoak (26)	Windmill (3) Auckland (3)			



2.2 Ongoing discussion with Homes England is likely to result in our bids for grant at Rochester/Foxacre and Windmill/Auckland to be sufficient to let the new homes at social rent levels. Uplands and Bronzeoak will be at affordable rent levels.

2.3 Scheme updates

2.3.1

Uplands			
Location:	Eden Way, Warlingham	Ward:	Warlingham East, Chelsham & Farleigh
Approval status:	Full scheme budget approval		
Approved budget:	£5,300,000		
No. and type of units:	21 units of general needs housing- 4 x 2 bed houses (completed and occupied) 4 x 3 bed houses 13 x 2 bed flats		
Progress/milestone reached:	Onsite		
Start on Site (SoS) date:	January 2020		
Practical Completion (PC) date:	TBA		
High level risks			
Risk	Rating	Mitigation	
New contractor will not guarantee the work of the previous contractor		Electrical validation undertaken prior to tender. Contractor has permission to survey existing buildings - intrusive where necessary, with a view to assuming responsibility for earlier work.	
New contractor goes into administration / financial stress		Undertake credit scoring exercise before appointment. Ensure fast payments of invoices to assist with cash flow. Follow usual process to ensure that payments reflect work completed and materials received. Develop contingency plans for rapid intervention if contractor fails.	
Commentary:			
<p>The site has been inactive since the previous contractor entered administration in September 2022. There is a combination of onsite security and CCTV providing 24 hour cover of the site. A new contractor has been identified via a competitive tender process and the scheme is forecast to remain within the new approved budget. The Council hopes to be in contract with the new contractor around the end of June and the time to complete the contract and deliver the remaining 17 units is forecast at 24 weeks (November 2023) although there is the potential for the 4 x 3 bed houses to be delivered earlier.</p>			
			


2.3.2

Bronzeoak			
Location:	Stafford Road, Caterham	Ward:	Caterham Valley
Approval status:	Full scheme budget approval		
Approved budget:	£10.68m (plus Settlement Agreement of £704k)		
No. and type of units:	26 units: 14 x one bed flats for sheltered housing 12 x two bed flats for general needs		
Progress/milestone reached:	Onsite		
Start on Site (SoS) date:	January 2020		
Practical Completion (PC) date:	TBA		
High level risks			
Risk	Rating	Mitigation	
Contractor fails to perform against contract		Appoint Employer's Agent to administer contract. Seek advice from specialist construction lawyer.	
Contractor enters administration		Contractor has gone into administration. Site has been secured. Contract determination underway. Officers exploring options to restart works as soon as possible. Performance bond in place.	
Site is accessed by unauthorised persons (damage &/or theft or injury)		Appoint security firm to secure site and patrol perimeter. Afix metal grills to any openings. Mark scaffolding as unsafe. Insurance informed.	
Site requires re-tendering and there is lack of interest from contractors		Commence soft marketing as soon as appropriate to gauge interest from market. Conduct 2-stage contract to make project more attractive or consider construction management contract	
Completion of scheme requires additional budget		Use 2-stage contract to maintain competition. Endeavour to recover items taken from site but already paid for	
Commentary:			
The contractor for Bronzeoak House had been reporting cash flow issues since September 2022. The Council entered into a Settlement Agreement to provide additional payments over and above the contract sum to reflect the increased market costs associated with materials and labour. The Settlement Agreement was linked to milestones which were not reached and consequently no additional monies were paid to the contractor. The Council did make some direct payments to sub-contractors to assist with liquidity as part of the Settlement Agreement. Work progressed slowly with some trades not materialising. All trades have now left site			



due to non-payment of invoices by the contractor. The site has 24 hour manned security. We have been advised that as of 31st May 2023 Claritas Group are in administration.



2.3.3

Rochester Gardens and Foxacre		
Location:	Townend, Caterham	Ward: Queens Park
Approval status:	Full scheme budget approval	
Approved budget:	£2,171,845	
No. and type of units:	9 units - Rochester: 7 units - 2 x 2 bed flats, 2 x 1 bed disabled bungalows, 1 x 3 bed house Foxacre: 2 x 1 bed bungalows for sheltered housing	
Progress/milestone reached:	Onsite	
Start on Site (SoS) date:	July 2022	
Practical Completion (PC) date:	November 2023	
High level risks		
Risk	Rating	Mitigation
Impact on residents at Rochester Gardens due to close proximity of works		Updates to tenants when required, close contact with team to resolve issues when they arise. Good site manger to resolve issues and communicate with residents.
Health and safety of existing residents at Rochester Gardens due to proximity of works		Provision of safe, separate access to rear of existing flats. Restriction of front access until roof trusses are on and safe passage for residents can be provided. Dust suppression during dry weather.
Planning conditions that are time consuming to resolve		Submission as early as possible for pre-occupation conditions
Contractor goes into administration/financial stress		Ensure fast payments to assist with cashflow
Commentary:		
Progress onsite is going well. Brickwork is ongoing, drainage connections are awaiting final connections, car park and access road are well advanced. There has been a small delay in the programme of works onsite but our contractor is hopeful to catch up now there is better weather.		
		

2.3.4

Windmill Close and Auckland Road			
Location:	Windmill Close and Auckland Rd	Ward:	Queens park and Westway
Approval status:	Full scheme budget approval		
Approved budget:	6 units		
No. and type of units:	6 units - Windmill - 1 x 2 bed bungalow, 2 x 3 bed houses Auckland - 1 x 3 bed house, 2 x 2 bed houses		
Progress/milestone reached:	Onsite		
Start on Site (SoS) date:	July 22		
Practical Completion (PC) date:	April 24		
High level risks			
Risk	Rating	Mitigation	
Numerous and extensive planning conditions that are time consuming to resolve		Submission as early as possible for pre-occupation conditions	
Delays caused by planning - decisions and resolving conditions		Significant delays due to delays with discharging planning conditions	
Problematic access to site for vehicles and deliveries (Windmill)		Contractor to have good communication with residents in regard to parking.	
Contractor goes into administration/financial stress		Ensure fast payments to assist with cashflow	
Commentary:			
Garages demolished. Windmill and Auckland have experienced significant delays due to slow discharge of planning conditions. Piling has been completed at Auckland and is progressing at Windmill			
			

3 Current Council House Building Programme

3.1 The current council house building programme was approved in March 2021. There is an approved budget of £74m to build 200 new homes, 40 homes per year, predominantly of family sized accommodation. The aim of the programme is to build 25% (50 units) for social rent (to reflect affordability issues) and the programme was costed to include 30% (60 units) on acquired land (reflecting the limited opportunities available on currently owned council land).

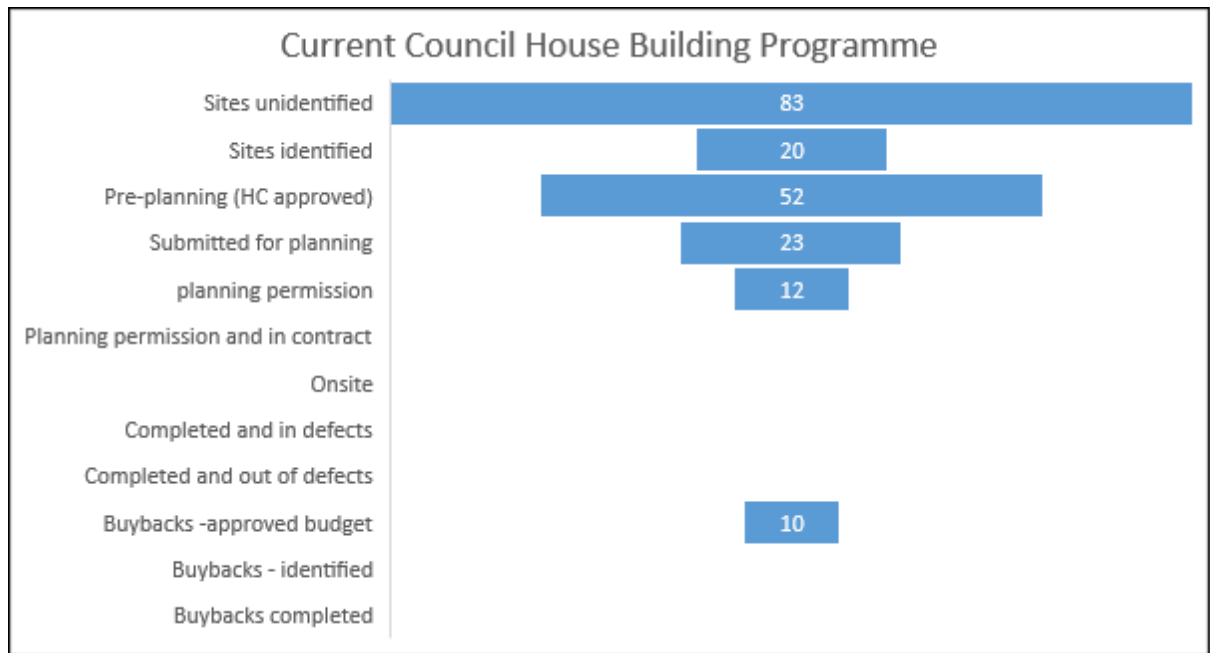
3.2 The programme experienced initial delays from its inception due to short staffing issues in the Housing Development team. There have also been additional delays with onsite schemes from the original programme still not reaching practical completion for various reasons. The delay in reaching completion means a continuation of staff involvement with the inevitable impact on progressing the current programme. This means the target of 40 homes per year has not been achieved for 2022/23 and will not be achieved in 2023/24. Work is under way to strengthen resource in the Housing Development Team, linked to the Assets and FM restructure being reported to this Committee and Strategy & Resources.

Annual targets						
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Start on sites	40	40	40	40	40	
Completions		40	40	40	40	40
Current profile*						
Start on sites	0	35	72			
Completions	0	5	33	59	20	

*Note the discrepancy in numbers is the 10 buybacks which have no start on site date

Nonetheless good progress has been made in the past year:

- Three sites (23 units – Featherstone and Hollow Lane) have been submitted for planning and are awaiting committee dates.
- Wolfswood received planning at committee on the 8th of June and tender documents are currently being drawn up.
- The Sea Cadets site was identified, and the purchase completed in March.
- A further four sites (52 units – Warren Lane Depot, Pelham House, Sea Cadets and Stanstead Road) have been brought to Housing Committee for initial approvals and are in the feasibility/pre-app stage.
- An additional potential site acquisition has been identified and is currently being progressed (20 units)
- An extension of the buyback programme was approved with a strategic aim of assisting with future development sites



3.3 Programme budget

3.3.1 The £74m budget for the programme was calculated in line with the following assumptions:

- Inflation of 2-2.5% per annum
- No receipt of Homes England grant or commuted sums
- Net zero carbon homes
- Based on small and medium sized sites
- 30% purchased land (60 units)

The programme was modelled on a range of small, medium and large schemes with associated costs which can't be exactly replicated via delivery of the programme. At present the costed schemes per unit average is very close to what was modelled when deciding the budget, however as we are yet to receive actual construction costs through the tender prices we cannot yet state which schemes lie within the profiled cost per unit in the programme budget.

3.3.2 There are concerns associated with delivering the 200 units within budget, which are changes in the operating environment since the budget was calculated: These include; material inflation, wider inflation, higher costs of meeting net zero carbon, impact of additional Bronzeoak and Uplands costs met by this programmes budget, higher home loss payments when decanting and biodiversity net gain costs. However we have also investigated and found that we can claim stamp duty land tax relief on acquisitions of land and buybacks (and can claim it back on previous purchases made within the last four years) and will be bidding for Affordable Housing Grant from Homes England which was not included in the modelling.

3.4 Programme targets

- 30% purchased land (60 units)
- 25% of social rented units, 75% affordable rented units

Currently the Council has acquired land for 16 units in the programme, equal to 8% of the total. Further land has been identified that, if acquired, will take that figure up to 18%.

Consideration is being given to which of the schemes can be viably delivered as social rent. It will not be viable to charge social rent on homes that are built on land purchased on the open market but discussions with Homes England regarding grant for social rent on homes built on the Council's own land are positive.

3.5 Programme level high risks.

Risk	Consequences	Rating	Mitigations
Increase in material/labour costs	Higher tender prices, fewer units delivered, contractors going into administration, contractors requesting additional money to complete contract, lack of appetite to tender for schemes		Move away from fixed price contracts to either two stage contracts or ones with fluctuation clauses. Programme monitoring and reassessment of schemes where appropriate.
Contractors going into administration (onsite projects)	Delay in completing units, additional costs to complete contract, additional work for staff,		Performance bonds required for each contract to partially negate additional costs. Dun & Bradstreet searches prior to entering into contract
Planning decisions not made in statutory time limits	Delays in delivering programme		We currently profile applications to take 5 months for determination, significantly above statutory time limits. However recent applications are likely to be determined in 8 months.
Delays in discharging planning conditions	Delays in delivering programme, additional costs to contactors causing them to become contractual and attempt to recoup losses, impact on		Reduce the number of conditions by engaging with planning officer extensively through planning process, emphasise need to contractors to apply early and push for progress. Improved engagement with planning team to deal with conditions in a timely manner

	Homes England timescales		
Planning refused for schemes	Delays in delivering programme, abortive costs,		Early involvement of ward councillors and residents, public consultations, pre-application advice, appointment of consultants for input into planning application.
lack of suitable land available in council holdings	Inability to deliver the programme, higher cost to programme by sourcing additional open market land,		Close working with AM colleagues, list of potential sites identified and rated, strategic purchases to enhance land available. Work closely with Community Surveyors to identify properties in poor condition and where the costs of raising them to NZC are uneconomical. Strategic buyback programme.
Inability to purchase open market land for a viable price	Higher costs, lack of land to build out programme		Identification of land sales from other public sector bodies, appraisals, consideration of joint ventures with housing associations on sites.
Lack of capacity in Housing development team to deliver programme	Lack of time to project manage schemes effectively, essential tasks being missed, reactive approach as opposed to a proactive controlled way of working, delays in delivery		Two Housing Development Specialists in post, Development Admin post now filled, improved programme and project management processes being implemented for efficiency. Consideration of a Project manager role for delivery.

3.6 Scheme updates

3.6.1

Featherstone			
Location:	Featherstone, Blindley Heath	Ward:	Godstone
Approval status:	Full scheme budget approval		
Approved budget:	£5,109,030		
No. and type of units:	16 units: 9 x 2 bed flats 4 x 3 bed houses 3 x 2 bed houses		
Progress/milestone reached:	Planning submitted		
Start on Site (SoS) date:	TBA		
Practical Completion (PC) date:	TBA		
High level risks			
Risk	Rating	Mitigation	
Failure to gain planning consent		Pre application discussions to establish the development potential of the site and measures that need to be included in the application. Seek ward councillor support.	
Slow planning - decisions for application and resolving conditions		Profile in extensive timescale for planning applications	
Tenders come in above budget		A value engineering exercise will be undertaken with the highest ranked tenderers with a view to bringing the tender within budget. In the event that this is not possible and the project cost cannot be contained within the approved budget and still leave a workable contingency a revised budget approval will be sought from the Housing Committee	
Discovery of further Roman artefacts disrupting construction			
Works take longer than expected		Use of liquidated damages (LADs) in contract based on the lost rental income that would be received for each week the project is delayed.	
Commentary:			
Proposed redevelopment of 16 1-bed and studio flats to provide family sized housing. Planning application submitted and awaiting determination.			

3.6.2

Wolfswood			
Location:	Wolfs Wood, Hurst Green	Ward:	Oxted South
Approval status:	Full scheme budget approval		
Approved budget:	£3,525,000		
No. and type of units:	12 units: 4 x 1 bed flats 3 x 2 bed houses (inc one fully wheelchair accessible) 5 x 3 bed houses		
Progress/milestone reached:	Planning permission granted		
Start on Site (SoS) date:	Sep-23		
Practical Completion (PC) date:	TBC		
High level risks			
Risk	Rating	Mitigation	
Slow planning –resolving conditions		Profile in extensive timescale for resolving conditions	
Tenders come in above budget		A value engineering exercise will be undertaken with the highest ranked tenderers with a view to bringing the tender within budget. In the event that this is not possible and the project cost cannot be contained within the approved budget and still leave a workable contingency a revised budget approval will be sought from the Housing Committee	
Works take longer than expected		Use of liquidated damages (LADs) in contract based on the lost rental income that would be received for each week the project is delayed.	
Commentary:			
Proposed redevelopment of 12 x 1 bed-studio flats and adjoining garage site. Planning application approved by 8th June Planning Committee. Tender being prepared with a view to start on site in September 2023			

3.6.3

Hollow Lane Garage Site			
Location:	Hollow Lane, Dormansland	Ward:	Dormansland & Felcourt
Approval status:	Full scheme budget approval		
Approved budget:	£2,075m		
No. and type of units:	7 units: 1 x 1 bed bungalow 2 x 1 bed flats 4 x 2 bed flats		
Progress/milestone reached:	Planning submitted		
Start on Site (SoS) date:	TBA		
Practical Completion (PC) date:	TBA		
High level risks			
Risk	Rating	Mitigation	
Failure to gain planning consent		Pre application discussions to establish the development potential of the site and measures that need to be included in the application. Seek ward councillor support.	
Slow planning - decisions for application and resolving conditions		Profile in extensive timescale for planning applications	
Tenders come in above budget		A value engineering exercise will be undertaken with the highest ranked tenderers with a view to bringing the tender within budget. If this is not possible and the project cost cannot be contained within the approved budget and still leave a workable contingency a revised budget approval will be sought from the Housing Committee	
Works take longer than expected		Use of liquidated damages (LADs) in contract based on the lost rental income that would be received for each week the project is delayed.	
Commentary:			
Proposed redevelopment of Hollow Lane garage site. Garages are in poor repair. Alternative parking proposed by developing a parking court on New Farthingdale. Currently submitted for planning and awaiting determination. Queries on drainage and ecology outstanding.			

3.6.4

Warren Lane depot			
Location:	Warren Lane, Hurst Green	Ward:	Oxted South
Approval status:	Approval to acquire 122 Mill Lane for access Approval to pre-application advice		
Approved budget:	£495,000 for acquisition of 122 Mill Lane £80,000 for budget to pre-app		
No. and type of units:	22 houses - 6 x 2 bed houses, 16 x 3 bed houses including one disabled unit		
Progress/milestone reached:	Working to pre-app advice and public consultation		
Start on Site (SoS) date:	Estimated - Spring/summer 2024		
Practical Completion (PC) date:	Estimated - Summer/Autumn 2025		
High level risks			
Risk	Rating	Mitigation	
Ecological - Biodiversity Net Gain		Ecologist appointed, open space for additional planting, consideration of offsite planting	
Contaminated land and remediation		Soils/contamination survey completed. Remediation works to be costed	
Foul sewer onsite to be relocated		Underground survey carried out. Drainage consultant being appointed, works to be costed	
Difficulty relocating TDC staff and vehicles or rationalisation of depot site where necessary		Asset Management leading on identifying options and solutions	
Drainage issues		High water table identified - drainage consultant being appointed	
Delays caused by planning - decisions and resolving conditions		Factor in long timescale for planning	
Rising costs of materials/labour result in tenders being higher than expected		Works cost estimate to be prepared, generous contingencies, value engineering if required	
Commentary:			
<p>The architect is finalising designs ready for pre-application advice which will take place in June. This will be followed by a public consultation.</p> <p>Arboricultural, ecologist, transport and drainage consultants are being appointed.</p> <p>Asset Management are reviewing the rationalisation of the depot.</p>			

3.6.5

Sea Cadets			
Location:	Hawarden Road, Caterham	Ward:	Westway
Approval status:	Approval to pre-application advice		
Approved budget:	£50,000		
No. and type of units:	16 units		
Progress/milestone reached:	Pre-application		
Start on Site (SoS) date:	Estimated - Spring 2024		
Practical Completion (PC) date:	Estimated - Summer 2025		
High level risks			
Risk	Rating	Mitigation	
Failure to gain planning consent	Yellow	Pre application discussions to establish the development potential of the site and measures that need to be included in the application. Seek ward councillor support.	
Slow planning - decisions for application and resolving conditions	Yellow	Profile in extensive timescale for planning applications	
Tenders come in above budget	Red	A value engineering exercise will be undertaken with the highest ranked tenderers with a view to bringing the tender within budget. If this is not possible and the project cost cannot be contained within the approved budget and still leave a workable contingency a revised budget approval will be sought from the Housing Committee	
Works take longer than expected	Yellow	Use of liquidated damages (LADs) in contract based on the lost rental income that would be received for each week the project is delayed.	
Commentary:			
The Employers Agent appointment is currently being tendered for. Documents for the architect's tender are being drawn up			

3.6.6

Pelham House			
Location:	Harestone Valley Road, Caterham	Ward:	Harestone
Approval status:	Full scheme budget approval		
Approved budget:	£3,667,926		
No. and type of units:	10 units: 2 x one bed flats 2 x two bed flats 6 x 3 bed houses		
Progress/milestone reached:	Planning pre app / decant		
Start on Site (SoS) date:	TBA		
Practical Completion (PC) date:	TBA		
High level risks			
Risk	Rating	Mitigation	
Unable to achieve Biodiversity Net Gain		Appoint ecologist early in design stage. Minimise loss of habitat	
Failure to gain planning consent		Pre application discussions to establish the development potential of the site and measures that need to be included in the application. Seek ward councillor support.	
Progress delayed as Wadey Court (Bronzeoak House) not available for decant causing uncertainty for residents		Provide regular updates to sheltered scheme coordinators. Advise residents they can bid on alternatives to Wadey Court if they prefer.	
Slow planning - decisions for application and resolving conditions		Profile in extensive timescale for planning applications	
Tenders come in above budget		A value engineering exercise will be undertaken with the highest ranked tenderers with a view to bringing the tender within budget. If this is not possible and the project cost cannot be contained within the approved budget a revised budget approval will be sought from the Housing Committee	
Works take longer than expected		Use of liquidated damages (LADs) in contract based on the lost rental income that would be received for each week the project is delayed.	
Commentary:			
Proposed demolition of existing sheltered scheme once existing sheltered residents have been re-housed in Wadey Court (Stafford Road). Demolition of 8 x 1 bed and 4 x studio flats to provide family sized accommodation. Pre app advice received, and architect appointed. Decant progressing although most residents are waiting for Wadey Court. Slow progress due to delays at Wadey Court / Bronzeoak.			

3.6.7

Stanstead Road		
Location:	53-67 Stanstead Rd, Caterham	Ward: Queens Park
Approval status:	Pre app budget approval	
Approved budget:	£110k (inclusive of Home Loss Payments)	
No. and type of units:	4 units: 4 x 3 bed houses	
Progress/milestone reached:	Approval to serve Initial Demolition Notice obtained Decant commenced	
Start on Site (SoS) date:	TBA	
Practical Completion (PC) date:	TBA	
High level risks		
Risk	Rating	Mitigation
Unable to achieve Biodiversity Net Gain		Appoint ecologist early in design stage. Minimise loss of habitat
Failure to gain planning consent		Pre application discussions to establish the development potential of the site and measures that need to be included in the application. Seek ward councillor support.
Progress delayed as Wadey Court (Bronzeoak House) not available for decant		Keep residents up to date to limit anxiety. Reassure residents there is no pressure to move and decant to Wadey Court still feasible.
Slow planning - decisions for application and resolving conditions		Profile in extensive timescale for planning applications
Tenders come in above budget		A value engineering exercise will be undertaken with the highest ranked tenderers with a view to bringing the tender within budget. In the event that this is not possible and the project cost cannot be contained within the approved budget a revised budget approval will be sought from the Housing Committee
Works take longer than expected		Use of liquidated damages (LADs) in contract based on the lost rental income that would be received for each week the project is delayed.
Commentary:		
Proposed redevelopment of block of 7 x 1 bed and 1 x 2 bed flats to provide 4 x 3 bed family houses. All surveys and architect to be tendered to get scheme to pre app advice stage. Existing residents consulted under S105 of the Housing Act. No objections to re-development. Residents to be given priority Band A and eligible for Home Loss Payments. At least 2 residents eligible for and requesting Wadey Court (which is subject to delay).		

3.6.8

Buyback programme 2			
Location:	Various	Ward:	Various
Approval status:	Full approval		
Approved budget:	£3,000,000		
No. and type of units:	10 - likely to be a range of 2 and 3 bed flats		
Progress/milestone reached:	Identification of suitable units commenced		
High level risks			
Risk	Rating	Mitigation	
Slow rate of acquisitions due to capacity issues and prioritisation of LAHF due to short timescale		New Development Assistant in post assisting with work	
Lack of suitable properties on market		Alerts set up on Rightmove for properties in suitable roads and blocks. Letters to leaseholders sent in key areas.	
Commentary:			
Initial work to identify suitable properties is being undertaken.			

4 Local Authority Housing Fund (LAHF)

Local Authority Housing Fund			
Location:	Various	Ward:	Various
Approval status:	Full approval		
Approved budget:	£3,260,000 (inc of £1,350,000 grant)		
No. and type of units:	7 properties - 1 x 4+ bedroom house (bridging element) 6 x 2/3 bedroom flats / houses (main element)		
Progress/milestone reached:	Identification of suitable units commenced		
High level risks			
Risk	Rating	Mitigation	
Purchases of main element properties take longer than expected.		Identify properties as soon as possible, and progress sales quickly. Regular updates from legal to check progress/issues. Consideration of sellers circumstances and how they may impact timescales of purchase. Two weekly reviews of progress to identify problematic purchases early	
Purchases of bridging element property take longer than expected.		As above	
Bridging element property is unaffordable for designated cohort.		Work with partners to identify a family that are not subject to the benefit cap (i.e. a household member is in work or a household member is in receipt of a benefit that excludes them from the cap)	
Slow rate of acquisitions due to capacity issues and short timescale		New Development Assistant in post assisting with work	
Lack of suitable properties on market		Alerts set up on Rightmove for properties in suitable roads and blocks. Letters to leaseholders sent in key areas.	
Commentary:			
<p>DHLUC funding allocation to provide accommodation to families with housing needs who have arrived in the UK via Ukrainian or Afghan resettlement and relocation schemes.</p> <p>Viewings to date = 7</p> <p>Offers to date = 2 (with 2 pending)</p> <p>Funding requirement for TDC to be in contract to purchase all 7 properties by 30th November 2023.</p>			

Type of Unit	Progress	Location
5 bed house	Offer accepted, sale progressing	Caterham Valley
3 bed flat	Offer accepted, sale progressing	Nutfield
3 bed house	Viewed and awaiting RICS valuation	Godstone
3 bed house	Viewed and awaiting RICS valuation	Godstone

5 Enabling

5.1 Officers continue to work with other affordable housing providers to deliver affordable housing on developments that have come forward through S106 sites across the district, as well as Rural Exception Schemes. Officers negotiate a suitable affordable housing mix on a site-by-site basis but with the aim of the provision of a broad range of affordable property sizes that reflect the highest demands from the housing register.

5.2 Affordable Housing Completions

5.2.1 There were 60 completions of affordable housing units in the year 2022/23 including the following:

Burstow Gardens, Cophorne	English Rural Housing Association	3 x 2 bed houses for rent
Halyngbury Road, Caterham	Rosebery Housing Association	2 x 1 bed flats, 4 x 2 bed flats, 1 x 2 bed house and 1 x 3 bed house for rent. 1 x 2 bed house and 1 x 3 bed house for shared ownership
Edgeworth Close, Whyteleafe	Transform Housing	1 x 1 bed flat for rent (supported housing)
Whyteleafe House, Whyteleafe	Dovepark Homes	19 x 1 bed flats and 21 x 2 bed flats for 'affordable private rent'

5.2.2 The following schemes are expected to deliver within 2023/24:

Broadleaf Place, Caterham	Mount Green Housing	1 x 1 bed flat and 7 x 2 bed flats for rent
Oldencraig Mews	N/A	1 x 2 bed flat, 1 x 2 bed for discounted market sale
Former Rose and Young site, Caterham	Clarion Housing Group	12 x 1 bed flats, 30 x 2 bed flats and 6 x 3 bed flats for rent

5.2.3 The following schemes have affordable housing secured in a S106 agreement and are expected to deliver in or after 2024/25:

Land to the rear of Dormans Station	N/A	6 x 1 bed flats, 2 x 2 bed houses and 1 x 3 bed house for discounted market sale
Land at De Stafford School, Caterham	TBC	3 x 3 bed houses for rent
Land west of Limpsfield Road, Warlingham	TBC	12 x 1 bed flats, 12 x 2 bed flats, 4 x 2 bed houses and 2 x 3 bed houses for rent 1 x 2 bed house, 7 x 3 bed houses and 2 x 4 bed houses for shared ownership

6. Homes England

- 6.1 Homes England is a non-departmental public body which holds the responsibility for the Affordable Homes Programme (AHP) 2021-26. The AHP provides grant funding to support the capital costs of developing affordable housing.
- 6.2 Up to now council house building has been part funded by the use of Right to Buy Receipts (RTBR) which can be used to fund up to 40% of total scheme costs. RTBR cannot be utilised alongside AHP grant on new properties. The Council does not have enough actual or projected RTBR to fully subsidise the approved council house building programme.
- 6.3 To qualify for bidding for grant on individual schemes the council must become an Investment Partner (IP) of Homes England. This is an application form that covers a statement of good standing and the ability to deliver the capital projects funded. The first grant bid has to be submitted with the IP application. We would then bid for grant funding on individual development schemes when appropriate as part of Continuous Market Engagement. The first bids will be for Rochester/Foxacre,

Windmill/Auckland and Uplands and will be submitted prior to the units completing onsite.

- 6.4 Homes England has a significant level of requirements that need to be adhered when in receipt of grant. These are outlined in a standard Grant Agreement and in the Capital Funding Guide which outlines the rules and procedures that will need to be complied with by AHP funded schemes. Homes England run an annual Compliance Audit where specific schemes are audited independently.
- 6.5 Homes England utilises its AHP to support Small and Medium Enterprises (SMEs), which aligns with the SME contractors we invite to tender for schemes. They also are promoting and supporting the move to Modern Methods of Construction (MCC) in the construction industry, something that we are tentatively exploring.
- 6.6 Assuming a flat rate of £60,000 of grant per unit and securing grant for 100 units we estimate we can secure a minimum of £6m of grant. In reality the grant rate will vary depending on individual scheme finances, whether the units are affordable or social rent, whether we can secure grant on sites where we are demolishing existing units and the timescales of delivery.
- 6.7 As we progress with our IP Application and individual scheme grant bids Housing committee will be updated.

7. Other options considered

N/A

8. Consultation

N/A

Key implications

Comments of the Chief Finance Officer

The cost of delivering the council house building programme by 200 homes over 5 years, which started in 2022/23, has been modelled in the 30-year HRA business plan and is considered affordable. The business plan has been tailored to allow for to specific circumstances unique to Tandridge, such as higher land costs, and costs have been increased over time to allow for inflation.

The Council will take full advantage of the different funding streams available including maximising the use of retained RTB receipts and applying for Homes England Grants where possible. Historically, low interest rates coupled with the current 1% discount available on Public Works Loan Board borrowing for housing projects made this a favourable environment for borrowing. This position is tightening with increased interest rates, however it is still possible to deliver financially viable and positive schemes. All borrowing options will be fully and

robustly evaluated at the time borrowing is needed, however long-term borrow at fixed rates is likely to be preferable and will provide certainty over future cashflows.

The current economic climate and its impact on the construction industry heightens the risk of contractor failure. The Housing Development Team work closely with Finance and Legal Services, with external support where needed, to manage, mitigate and ultimately react to this risk. This places additional pressure on the approved programme. The budget is refreshed at least annually in line with the 30 year business plan to ensure that emerging and anticipated risks are factored in. Each scheme includes a contingency to lessen the overall programme risk linked to each scheme.

Comments of the Head of Legal Services

The Council has statutory powers to deliver the Council House Building Programme, to undertake any related procurement activity, and to enter into development agreements under the general power of competence under section 1 of the Localism Act 2011. Notably, the power to do anything an individual can do provided it is not prohibited by other legislation.

Section 8 of the Housing Act 1985 provides the Council with a duty to consider housing needs in respect of its District. Section 9 of the Housing Act 1985 provides the Council with the power to provide housing accommodation.

Under Section 111 of the Local Government Act 1972 the Council has the power to do anything incidental to the exercising of any of its functions.

As has been indicated in this report the current market for house building is extremely challenging, with an unprecedented level of cost inflation being experienced. On some existing projects, this has placed significant pressure on being able to deliver viable housing schemes. Despite the highly challenging external factors, the Council is still seeking to build a programme that brings more affordable homes to the District. Where necessary, Officers have taken full advice from Legal Services on any issues associated with the developments and in respect of appropriate ways to address any issues revealed.

Equality

The Council's house building programme has and continues to provide affordable homes for families, single people, older people and those with a physical disability. The main beneficiaries of new housing will be those on lower incomes within the community who have a housing need and who are currently on the Council's housing register. This includes those households who are homeless to whom the Council has a statutory responsibility. The mix of any individual scheme is determined through discussion internally with those teams dealing with the housing register and housing need in order to determine the levels of need within the locality. Individual schemes are also the subject of further consultation with ward members, this committee and the parish council where the proposed development is sited.

Climate change

The Council's new homes programme seeks to maximise the energy efficiency of our homes with an emphasis on minimising heat loss through improvements to the external fabric of the building, as this approach has both a low capital cost and low future maintenance costs; but also to use photovoltaic panels, mechanical vented heat recovery systems and air source heat pumps to provide heat and power. At Bronzeoak House the Council is using a Combined Heat and Power system. In addition to this the new schemes submitted to planning from this date will also make use of grey water heat recovery systems. The Council has also undertaken to plant 3 new trees for every tree (Class C and above) that is removed to facilitate residential development and employs ecology experts to assist in achieving Biodiversity Net Gain on new residential schemes.

Appendices

None

Background papers

Affordable Housing Provision and council House Building programme report – Housing Committee 11th March 2021

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