

5th November 2014

Housing & Health Committee

Garage Site Redevelopment Proposals

Report of: *Helen Gregory, Head of Housing Services*

Wards Affected: *All*

This report is: *Public*

1. Executive Summary

- 1.1 The Council owns a range of garage sites across the borough that are disused and hard to let. Members agreed at Housing Committee in September that officers should identify the potential redevelopment of sites that provided an immediate opportunity for new affordable housing.
- 1.2 Three sites have been identified, that subject to surveys of utilities, provide opportunities for redevelopment. These sites will potentially provide twelve new homes at a cost of £1.64m.
- 1.3 The Committee is requested to agree to develop the individual scheme designs, seek outline planning approval for each site and consult local residents.

2. Recommendation(s)

That approval is given to:

- 2.1 **Seek outline planning approval for development of three homes at Magdalen Gardens CM13 1RL.**
- 2.2 **Seek outline planning approval for development of six homes at Fawters Close CM13 2SY.**
- 2.3 **Seek outline planning approval for development of three homes at Fielding Way CM13 1JN.**

- 2.4 Incur fees up to £120,000 funded from this year's HRA capital budget to prepare outline planning applications for three sites.**
- 2.5 Incur additional fees of £90,000 to develop detailed designs and tender documentation if outline planning is granted.**
- 2.6 To undertake procurement to appoint a suitable developer/partner to deliver each scheme.**

3. Introduction and Background

- 3.1 At the September Housing Committee it was agreed that officers would review the Council's HRA garage and parking assets to identify potential sites to build new affordable homes. Three sites have emerged from the investigations where there is potential to progress the development of new affordable housing. The details of the sites are set out in Section 4.
- 3.2 Each of the three sites is significantly under utilised and there are local alternatives to offer the current users. The current occupation of parking spaces and garages is by permit and the right to use can be terminated at no more than one month's notice. Current users will be consulted prior to planning approval being sought. They will be advised of options for parking / storage. Notices will be served when and if outline planning approval is obtained.
- 3.3 Garage users will be given notice in line with the leases / licenses and offered alternative garages at the same cost. The time scales for development of the sites will mean that garage users will be permitted to occupy the current accommodation beyond the official notice date. Formal action to repossess the garages will only be exercised once a contract to develop has been let.

4. Issue Options and Analysis of Options

Scheme Proposals

Magdalen Gardens Magdalen Gardens CM13 1RL

- 4.1 The site is 0.19ha located at the end of a cul de sac in Hutton. It formed part of a housing land transfer to Brentwood in the early 1980's. It has been used as ad hoc parking ever since. Currently three residents have an agreement to park on it and a neighbour has agreement to use two parking places for building materials while an extension is built. The site plan is shown as Appendix A.
- 4.2 The consultant architect has reviewed the site and has produced an indicative scheme of 1 x 4 bed and 2 x 2 bed houses and associated parking on the site (Appendix B).

Fawters Close CM13 2SY

- 4.3 This is a current garage site of 0.19 ha behind Fawters Close. It has 48 garages on it with 20 units (40%) currently vacant. There is another adjacent site at Wainwright Avenue that has 7 vacant units. There are other vacant garages in the area. The site plan is shown at Appendix C.
- 4.4 The consultant architect has reviewed the site and produced an indicative layout of 6 x 2 bed flats and 2 x 1 bed flats plus associated parking (Appendix D). Subject to discussions with planners it is also proposed to provide up to six parking spaces for local residents to hire. The scheme would require the loss of all the garages.

Fielding Road CM13 1 JN

- 4.5 This is an underused site at Fielding Way, behind the Rayleigh Parade shops (Appendix E). The site includes the former council depot – Oak Yard. Only three of the six garages on this site are used. There are vacant garages on sites nearby.

4.6 It is proposed to build three x 2 bed flats on this site and demolish the garages (Appendix F).

4.7 **Tenure Mix**

It is recommended that the new homes provide a mix of affordable tenures, including affordable rental and shared ownership homes. If all three sites are developed, this will provide twelve new homes. The detail of the tenure mix will be set out for each scheme when approval to the full scheme cost is sought. It is recognized that there is a particular need for supported living in the borough and this will be specifically considered with the development of the designs.

4.8 **Programme**

The outline programme is

1	Outline design development	Sept / Oct 14
2	Housing Committee – Consideration of scheme options	Nov 14
3	Outline Planning Application submitted	Dec 14
4	Development of Design Specification	Nov 14 / Jan 15
5	Preparation of tender documents	Dec 14
7	Judicial review	Dec 14 / Feb 15
8	Procure constructor	Jan/ Feb 15
9	Constructor Mobilisation	Mar / May 15
10	Start on Site	June 15

4.9 **Procurement:** Consultants – Officers have appointed Tauer Architects to prepare initial design proposals. If approval to develop the initial designs is granted, a procurement exercise will be required to be undertaken to appoint a professional team including architects, structural engineers, mechanical and electrical engineers and quantity surveyors to develop the initial designs and submit a planning application. The construction of any units will be undertaken after a procurement exercise.

- 4.10 **Procurement** : Contractors – Subject to approval of Outline Planning Approval, Tauer will produce detailed specifications to enable competitive tenders to be sought. Prospective contractors may be selected from the South Eastern Consortia's Approved List.
- 4.10 **Registered Providers** – Currently there is a funding gap for the development of the three sites (See 8.3 below). One option is to sell part of the asset (site). Officers could consult Registered Providers (RP) working in the borough to discuss their willingness to work in partnership with us. This may include a development partnership where the RP is involved in the build process prior to taking ownership of part of the asset. Once the financial and procurement options have been considered in more detail, the Committee will be consulted as part of the approval of the detailed delivery mechanism.

5. Reasons for Recommendation

Members are asked to approve the specific scheme proposals and for officers to progress designs and submit applications to initially obtain outline planning approval and, if successful, seek tenders to build the homes.

6. Consultation

- 6.1 No formal consultation has been undertaken to date. Ward Councillors have been advised of the outline proposals and comments sought. If approval is given to develop the designs, officers will consult with current garage users and local residents whose homes bound the sites.
- 6.2 The planning process requires consultation with affected parties. It is intended that we will consult in advance of this to ensure affected residents are aware of and can discuss the proposals with officers before formal notices are served.

7. Reference to Corporate Plan

The provision of new homes will help to address the Council's aims to meet housing demand in the borough.

8. Financial Implications

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8.1 The current cost per scheme estimates are:

	Build £	Fees (15%) £	Total £
Magdalen Gardens	400,000	60,000	460,000
Fawters Close	650,000	97,500	747,500
Fielding Way	375,000	56,250	431,250
Total	1,425,000	213,750	1,638,750

As these schemes are comparatively small the consultant fee costs are proportionately higher than they would be for larger schemes. The costs of developing the schemes to submit an Outline Planning Application is estimated at £120,000. This is 45% of the architect's fees plus other site investigation works and planning fees. To date £10,000 has been spent on producing the feasibility studies. If the schemes did not receive Outline Approval, the costs incurred in preparing the applications would be abortive.

8.2. The anticipated profile of expenditure is:

2014/15	2015/16	2016/17
£190,000	£1,377,500	£71,250

- 8.3 The Right to Buy (RTB) receipts are capped at 30% of the cost of the scheme. The Council has set aside £500,000 of its reserves in an HRA Investment Fund. These could be used in full or in part to contribute towards these new developments. Using both these sources leaves a funding gap of £648,750 based on the current estimated cost of the three schemes. The proposed source of funding is:

RTB Receipts	£491,625	(30%)
Investment Fund reserves	£500,000	(31%)
Other	£647,125	(39%)
Total	£1,638,750	

- 8.4 One option is to only develop homes that the Council can afford from its RTB receipts and its current Investment Fund. As the RTB contribution is capped at 30% the Investment Fund would contribute the other 70%. This would limit the development capacity to £714,000 which would be made up of RTB £214,000 (30%) plus Investment Fund £500,000 (70%). Based on the estimates in 8.1 above, **only one site could be developed in full.**
- 8.5 The funding gap can be bridged through prudential borrowing and there is capacity at the moment to do so. However, the interest costs arising from the additional borrowing would need to be met from the HRA budget. Alternatively, the Council could sell part of these assets to bridge the gap to either reduce or avoid the need for borrowing.
- 8.6 As the Council is contributing the land for these homes, the actual value of each home significantly exceeds the build cost. It is highly likely that the Council could find a housing association partner to purchase homes. This could be achieved by offering part of one or two sites or all of one site. There may however, be government restrictions on the use of this income, as with RTB income, depending how the deal is structured.
- 8.7 These options will be explored in more detail and costed options will be presented to Committee when approval of the full development costs are sought.

9. Legal Implications

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10. Background Papers

Housing Committee – Garage Site Redevelopment 10 September 2014.

11. Appendices to this report

Appendix A – Magdalen Gardens Site Plan

Appendix B – Magdalen Gardens Proposed New Homes

Appendix C – Fawtens Close Site Plan

Appendix D – Fawtens Close Proposed New Homes

Appendix E – Fielding Way Site Plan

Appendix F – Fielding Way Proposed New Homes

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