

# CABINET



Report subject	<b>Princess Road Housing Scheme</b>
Meeting date	12 July 2019
Status	Public
Executive summary	<p>The Princess Road and Prince of Wales Road site previously contained 9 detached and semi-detached properties of accommodation for approximately 60 people with complex needs. The only property remaining is 129-131 Princess Road, the other properties having been demolished due to their condition and in readiness for the new development.</p> <p>The current proposal presents a new build scheme of 121 apartments and a 20-bed family hostel and associated parking to be provided on this site. This is a significant increase in the number of homes on the site and will help towards imminent new Local Plan housing targets and will also contribute significantly to unmet housing needs.</p>
Recommendations	<p><b>Cabinet recommends that Full Council:</b></p> <ol style="list-style-type: none"> <li><b>1. Approve the proposed £32m housing scheme for progressing to planning and subsequent tender, commencement and completion of build subject to the conditions set out in the Financial Strategy and authorises the Corporate Director for Environment and Community to approve necessary appropriations and contractual and legal agreements in consultation with the Monitoring Officer and Chief Finance Officer.</b></li> <li><b>2. Approve the financial strategy for the scheme as set out in paragraphs 34 to 58 with specific approval for:</b> <ol style="list-style-type: none"> <li><b>2a. The appropriation of land from the General Fund to the Housing Revenue Account (HRA) to enable the development of the affordable housing is valued at £1.25m.</b></li> </ol> </li> </ol> <p style="text-align: right;"><b>Continued.</b></p>

	<p><b>2b. £18.222m of prudential borrowing to be repaid over 50 years with £8.88m being used to finance the General Fund (Hostel and Private Rented Sector) scheme and £9.342m being used to finance the Housing Revenue Account (HRA) (Affordable rented and Shared Ownership Scheme).</b></p> <p><b>2c. The utilisation of the capital receipt (valued at £495k) from the sale of the building at Oxford Road referred to in paragraph 43 of the report.</b></p> <p><b>3. Authorises the Section 151 Officer in consultation with the Portfolio Holder for Finance to determine the detailed funding arrangements.</b></p> <p><b>4. Authorises the Corporate Property Officer in consultation with the Monitoring Officer to agree the detailed contract provisions; and</b></p> <p><b>5. Approves the grant of a 25-year lease of the completed private rented sector (PRS) part of the development to Seascope Homes and Property Limited on terms to be agreed by the Corporate Property Officer in consultation with the Monitoring Officer.</b></p>
Reason for recommendations	To enable the proposed housing scheme to progress with the agreed funding arrangements through to planning and subsequent completion in order to deliver the wide range of benefits to the Council and local communities.
Portfolio Holder	Cllr Kieron Wilson, Portfolio Holder for Housing
Corporate Director	Kate Ryan, Corporate Director of Environment and Community
Contributors	Lorraine Mealings, Director of Housing Jon Thornton, Housing Development Manager
Wards	Westbourne and West Cliff
Classification	For Recommendation

## Background

### Housing Market Context

1. Levels of unmet housing demand in Bournemouth, Christchurch and Poole (BCP) are very high, with housing demand exceeding supply. Providing more housing is a key priority of the council.
2. The government has set out a new methodology for calculating Local Plan housing targets and as a result the BCP Council area will need to increase its

housing delivery significantly to approximately 2,600 new homes to be built every year. This will need a step change from current delivery levels and is one of the key housing challenges locally, as well as nationally.

3. There is a need for additional homes across all tenures and the demand for 'affordable housing' at sub-market rates in particular is very high. There are c4,300 households on the Housing Register for the Bournemouth area, c950 in Poole area and c400 in the Christchurch area waiting for 'affordable housing' in the form of either Council Housing or Housing Association properties.

### **Council's direct delivery of new homes**

4. BCP Council now has a well-established Housing Development Team who are well placed to help deliver the future pipeline of in-house residential new-build developments.
5. Princess Road is one of the largest sites within the conurbation that has the potential to be developed by the Council in this way and the proposal presented here is a large mixed tenure scheme with the majority being 'affordable homes', both affordable rent and shared ownership, for those in housing need.

### **Site background information**

6. The site in the Westbourne and West Cliff ward was previously 9 detached and semi-detached properties converted for shared use and accommodating approximately 60 people with complex needs. One of the properties provided emergency family hostel accommodation, managed within the Strategic Housing Options team, for families where the Council had a statutory homeless duty.
7. Over the last one to two years the properties have been deemed to be no longer fit for purpose with disrepair, end of life component replacement (roofs, floors, windows, damp proofing, etc) and improvements for fire safety which are no longer economical to fund. Recognising the need for redevelopment in some form, all but one of the properties have been demolished. The properties were boarded up with a security presence for some time but demolition was undertaken in light of the impending redevelopment and to avoid any anti-social behaviour or squatting issues.
8. The site is Council owned and is held within the General Fund.
9. The site has very high constraints and abnormal items including tree cover, Wessex Way widening potential currently identified within the Local Plan reducing the developable area, a spring located at one end of the site, a gradual sloping site, access needed to the retaining wall and highway drainage crossing the site.

### **Proposed scheme**

10. The proposed development will provide a total of 121 apartments and a 20-bed hostel. Subject to consents the proposed commencement date is late 2019/early 2020 with the scheme ideally due to be completed by September 2022.
11. It is recommended that the site is developed directly by the Council to provide a mixed tenure residential scheme comprising the following:-
  - Affordable Rent (65 homes)
  - Shared Ownership (22 homes).

- an emergency family hostel (20 beds),
- private rented sector homes (34 homes),

Plans for the proposed scheme are included in Appendix 5.

12. This tenure mix has been developed after consideration of numerous factors including the need for financial viability and return, housing demands, site specifics and the need to ensure a sustainable community. The Council Housing team and the Strategic Housing Options team have been closely involved in the development of this scheme to help ensure that it adequately meets housing needs and is designed in such a way to be sustainable and to enable good quality housing management.
13. As noted earlier, the need for affordable rented housing is high as is the need for shared ownership affordable housing. A shared ownership scheme recently developed by the Council illustrated high demand for this tenure type.
14. In terms of the emergency family hostel, one of the other key priorities within the preceding Bournemouth Borough Council's Refreshed Housing Strategy 2017-2020 is '*Preventing homelessness and improving health and wellbeing through housing*'; similarly in the Borough of Poole Housing Strategy Refresh 2018-2020 is '*Preventing homelessness and rough sleeping*'. In line with the national context, homelessness has increased locally and the demand for accommodation specifically for these households presenting to BCP Council is relatively high.
15. Whilst the primary policy aim is to prevent homelessness wherever possible, the need for emergency accommodation and the provision of Council owned good quality emergency accommodation for families is much more preferable financially and most importantly when considering the welfare of families, compared with emergency placements in bed and breakfast accommodation.
16. The existing family hostel on this site is being demolished and another family hostel nearby is also to be decommissioned for another use within the next 12/18 months. The demand for new provision therefore remains although the accommodation is being designed with an exit strategy for conversion into self-contained apartments should demands fall.
17. The private rented sector (PRS) represents a very high proportion of the total homes within the local area. This sector is buoyant and remains in very high demand. The PRS homes proposed within the scheme will improve tenant choice in the market place and ensure access to high quality, professionally managed, private-rented homes. It is anticipated that, combined with low entry and exit costs for tenants, they will appeal to an increasingly mobile, professional workforce.
18. It is proposed that the Council retain this part of the completed development as an investment asset. Since the Council is not able to grant Assured Shorthold Tenancies (ASTs), the apartments will be leased to the Council's wholly-owned company, Seascope Homes and Property Limited, under a 25-year lease to manage the lettings.
19. Under the terms of the lease between the Council and Seascope Homes and Property Limited the company will collect all rents receipts and make quarterly lease payments to the Council less a management fee. The lease payment will cover the cost of borrowing as well as contribute a surplus to the General Fund.

20. Seascope Homes and Property Limited will market the PRS homes and let the apartments on assured shorthold tenancies at market rents. This commercial element will help support the overall financial viability of the scheme and generate long term surpluses back into the General Fund.
21. A key objective of Seascope Homes and Property Limited's Business Plan 2018-2020 is to develop and grow its PRS market sector share.
22. The scheme is designed over 4 blocks, each with a specific tenure to support good housing management and the self-contained homes would be a mix of one bed, two bed and three beds. The larger homes will be nearer ground level for ease of access to outdoor amenity space and to minimise noise.
23. The scheme would provide 109 parking spaces in line with the existing parking policy.

### **Environmental build standards**

24. The proposed scheme will have a centralised (district) heating system to improve energy efficiency to the apartments.
25. The scheme aims to have Photovoltaic panels on the roof to provide power to the heating system and communal lighting.
26. The building will be fully building regulation compliant whereby energy usage and insulation standards are higher than the historical Code for Sustainable Homes Level 3. Due to the site constraints, scale and financial limitations, we are not proposing an exemplar energy efficient scheme on this occasion although the environmental standards will still be very high. We would however propose delivering highly innovative sustainable schemes on some of our future new build sites to help role-model the emerging priorities of BCP Council.

### **Summary of key benefits**

27. The following summarises the key benefits of the proposed scheme:-
  - Maximise the Council's land assets to bring about financial gains, as well as delivering the Council's housing aspirations.
  - Provide much needed additional homes to meet unmet housing demands and housing needs within the BCP area.
  - Provision of 121 self-contained homes and a 20-bed hostel to help address the challenging Local Plan housing targets and help meet local housing demands.
  - Provide 87 new affordable homes (affordable rent and shared ownership) to meet housing need which comprises 72% of the total homes on the proposed site and is significantly higher than the 40% required within the Affordable Housing Planning Policy.
  - Provision of much needed good quality emergency family 20 bed hostel accommodation to help address homelessness. This provides financial benefits to the Council and a much better environment for the families. This avoids the alternative use of bed and breakfast placements. This will replace two specific schemes which are being decommissioned.

- Provision of good quality well managed PRS accommodation which ensures a long-term revenue stream back to the Council through the General Fund from the existing land asset.
- Generates a capital receipt from the HRA to the General Fund to fund the land to be used for the affordable housing homes. This proposed capital receipt of £1.25m will help the funding of the PRS homes.
- Receipt of £474k grant funding from Homes England to support the build project and a further estimated £1.1m to be bid from Homes England towards the shared ownership homes.
- Utilisation of £4.411m Right to Buy receipts to help fund the scheme. If these are not spent within 3 years of receipt, they cannot be used locally and need to be returned to central government.
- Use of £1.075m section 106 monies to help fund much needed affordable housing provision on the site.
- The scheme will bring improvements to the area with the provision of good quality and well managed homes. It will deliver high levels of sustainability in terms of design and will generate employment during the construction phase to help grow the local economy.

### **Development Feasibility Work already undertaken**

28. In 2016 and in 2018 feasibility funding was secured from the General Fund to cover the preliminary work needed to work up the site plans for redevelopment, to take us up to this stage prior to a full planning application being submitted.
29. A total of circa. £370k has been committed to date in terms of demolition costs and professional fees, funded by both the General Fund and the HRA.

### **Financial overview**

30. Appendix One, sets out the proposed financial profile of the scheme with a split presented for the Housing Revenue Account (HRA) element of the scheme (where the affordable housing elements of the scheme need to be accounted for) alongside the General Fund (GF) element of the scheme.
31. The total scheme costs are estimated to be £32.239m profiled over the next 3-year period as the construction phase moves ahead. £21.14m of this is within the Bournemouth Neighbourhood HRA and £11.099m is within the General Fund.
32. Over half of this total scheme cost will be funded through capital receipts, grants etc. whilst £9.342m borrowing is required within the HRA and a further £8.88m borrowing is required within the General Fund.
33. Appendix Two shows the long-term cashflow for all parts of the scheme. Appendix Three sets out the financial appraisal assumptions.

### **Financial Strategy**

34. The tenure mix of the properties provides a balance in terms of financial returns required by the Council.
35. Estimated long term cash flows presented in Appendix Two indicates the positive contribution in terms of cashflow to the General Fund from the first year after completion (Year 3), once the Private Rental Sector (PRS) and hostel

accommodation has been constructed and fully occupied. For the HRA, similarly to the General Fund long term cashflow, a positive contribution after the first year of completion (Year 4), once the shared ownership homes are sold and the affordable rented homes are fully occupied. The initial deficits, due to interest costs incurred on the borrowing during the construction phase (HRA £121k; General Fund £115k), will be funded from a negative HRA and General Fund reserve which will be replenished from the scheme once the positive contributions commence. A cumulative positive position for the whole scheme will be achieved in year 5 and this will be one of the key financial benefits assumed from this project.

36. The PRS element of the scheme for example ensures a longer term positive cash flow back to the Council which will be helpful in supporting the long term financial pressures it faces. The rental of these homes through Seascope Homes and Property Limited will enable all profits to be returned back to the Shareholder, the Council, to reinvest in services for vulnerable residents.

#### *Land appropriation*

37. The land on which the affordable homes will be developed needs to be appropriated (transferred) to the HRA from the General Fund because of the legislation around where affordable housing needs to be accounted for within the Council. The RICS Valuer from Property Services has valued the parcel of land containing the affordable homes at £1.25m which is proposed to form the appropriation value paid from the HRA to the General Fund.
38. The land value for the appropriation of the HRA element of the site into the General Fund is proposed to assist the funding of the PRS element of the scheme. This is set at market value for the HRA element of the scheme, £1.25m and works by reducing the historical General Fund debt position and increasing the historical HRA debt position. This reduction enables the General Fund to then take on an additional £1.25m of debt without changing its base budgeted position.
39. The indicative funding for the HRA scheme of £21.14m is already allocated with the Bournemouth Neighbourhood 2019/20 HRA budgeting process as part of the recognised Housing Development programme which was approved by the BCP Shadow Authority in February 2019.

#### *Grants and 3<sup>rd</sup> party funding*

40. The £474k grant funding from Homes England through their Local Authority Accelerated Construction programme has been agreed in principle and the funding agreement has been signed by BCP Council. A generic funding agreement was produced by Homes England for Councils to sign but it does include some risk factors. In light of strong partnership relations between Homes England and BCP Council and a historical relationship of ongoing grant payments from Homes England for a pipeline of housing schemes over recent years, it has been accepted that the funding agreement is applied nationally - local risks are very unlikely to materialise and risks will be mitigated.

An estimated additional £1.1m Homes England Grant, based on £50k per shared ownership unit, will be applied for in relation to the shared ownership homes. If this is unsuccessful, tenure could be changed to provide Affordable Rent with use of Right to Buy receipts or similarly convert to a tenure that can attract external funding.

41. A total of £1.075m Section 106 monies will be used to part fund the 65 affordable rented homes. Due diligence has identified that this sum has actually been received and is available to be used in support of this scheme.

#### *Capital funding*

42. Due diligence has also been undertaken around the Right to Buy funding stream to ensure that this is achievable. £4.411m of Right to Buy funds will be used to part fund the 65 affordable rented homes scheme.
43. It is recommended that a £495k capital receipt generated from the disposal of a housing scheme at Oxford Road will be used to fund this scheme. The disposal was agreed as part of a wider land assembly strategy in the Lansdowne area.
44. £2.8m of HRA capital reserves have been allocated to the scheme.
45. Through the shared ownership initiative £2.412m will be generated through the 50% sale of 22 shared ownership homes within the HRA.

#### *Taxation*

46. An initial tax evaluation has highlighted a number of potential VAT issues associated with a construction of the hostel. Further clarification from HM Revenue and Customs will be sought but for the purpose of this report it has been assumed that the operation of the hostel will be governed by general VAT rules. As a result, rental income has been adjusted accordingly to reflect potential VAT charges on short term accommodation (lettings less than 30 days).
47. Stamp Duty Land Tax (SDLT) has also been considered but discounted as a land transfer between the General Fund and HRA will not constitute a chargeable consideration for SDLT purposes.

#### *State Aid*

48. State Aid has been considered and assessed as a low risk, as we are not passing on funding to a third party. We have been informed by Homes England that the grant they have provided is exempt from State Aid.

#### *Prudential Borrowing*

49. The Council is able to borrow under the Prudential Code as long as it is affordable and can be repaid over the life of the asset. The proposed scheme is predicated on £9.342m of prudential borrowing on the HRA element of the scheme and £8.88m of prudential borrowing on the General Fund element of the scheme.
50. Appendix Two demonstrates a positive contribution from the scheme in total as well as separately from both the HRA and General Fund elements. This is after provision has been made for both capital and interest repayments as well as management, maintenance and major repair costs, and an adjustment to the rental income to cover void costs. Any potential capital growth has been ignored for the purposes of this modelling. The financial modelling assumes the use of flexible short-term funding (at an interest rate of 1.74%) during the construction period before entering into a long-term arrangement (at an interest rate of 3%) consistent with the expected life of the asset (50 years total combined term). The 3% interest rate has been used as a matter of prudence for the financial modelling as the current (21/06/19) prevailing rate would be 2.29%. Ultimately the decision to actually borrow will be a treasury management decision based on the overall financial position of the Council.



51. Furthermore, any funding will only be drawn down when required and not in advance of need.

#### *Value for Money*

52. The total construction costs are higher than the Gross Development Value (GDV) which is estimated at £25.8m – the total estimated value of the completed homes.
53. Despite this, the financial appraisals set out in Appendix One, Two and Three show that the scheme is still very viable in the short, medium and long term for the Council. The high proportion of affordable homes on the site influences the GDV and the construction costs are based on a relatively high build value of £2650m<sup>2</sup> which we would expect not to exceed and would hopefully come below. The cost per m<sup>2</sup> has been estimated by the appointed Employers Agent/Quantity Surveyor due to the complexity of the site. At this level, the scheme remains viable in terms of costs but this includes a 5% contingency budget and conditions have been set to revisit the scheme through Cabinet/Council should costs further exceed this as set out below.

#### *Approval Conditions*

54. The proposals to date are indicative prior to submitting a planning application. It is therefore inevitable that the final details in terms of unit numbers, total cost etc. will vary from the estimates presented here. Whilst the proposals presented here are based on the professional judgements of the Housing Development Team, our contracted professionals such as architects, planning colleagues, the design panel and consultation with local residents, the planning process and tendering process will establish the final costs and design.
55. The scheme design is likely to develop during the planning application stage. It is unlikely that the scheme will increase in the number of apartments, so the financial modelling is based on the maximum number of homes to be built. Should the number of homes reduce, the borrowing and other funding will reduce accordingly. For example, with Right to Buy Receipts (RTBr): the use of this funding is limited to a maximum of 30% of total scheme cost (for Affordable Rented homes), so if the number of homes decreases, the build cost reduces and so the amount of RTBr that can be used also reduces.
56. Should the build cost increase across the scheme, the RTBr can be increased accordingly, and to pay the balance, the Prudential Borrowing would need to be increased to maintain a near steady state for the long-term cash flow.
57. Should costs reduce, for example if the number of apartments is reduced, typically the funding will reduce proportionately.
58. It is therefore suggested that approval is sought here subject to some conditions as follows whereby deviation from these will require further Cabinet or Council approval: -
- a) Any changes to the scheme resulting in a reduction to costs or additional costs greater than £1m will require the scheme to be reapproved by *Council*.
  - b) Any changes to the scheme resulting in a reduction to costs or additional costs of greater than £500k will require the scheme to be reapproved by *Cabinet*.

- c) Any changes to the scheme causing the positive cumulative cashflow to be achieved later than currently modelled (Year 5) shall require approval by Council.
- d) A reduction to any of the non-prudential borrowing funding elements (grants, reserves, capital items, third party funding, sales receipts) that cannot be offset by increases from other non-prudential borrowing funding elements associated with the scheme, thereby necessitating additional prudential borrowing shall require approval by Council.
- e) Any changes to the final funding strategy that result in a greater utilisation of BCP resource (e.g. earmarked capital reserves, capital receipts, prudential borrowing) than as outlined in this paper.

## **Consultation**

- 59. Significant internal consultation within BCP Council teams has been undertaken in preceding years to help the development of this scheme. This has included colleagues from Property, Highways, Planning, Finance and Legal. Pre-application advice has been gained in some detail through our Planning colleagues.
- 60. Consultation undertaken by the Housing Development Team within other housing teams has similarly been extensive with input gained from the Housing Landlord, Enabling and Strategic Housing Options teams. This includes investigations into proximity and impact on other temporary and supported housing schemes managed directly and by agencies in the surrounding area.
- 61. Discussions have taken place with Homes England in light of the funding agreement in terms of the overall design of the scheme and they are similarly supportive of the proposals as a sustainable development.
- 62. The scheme has been discussed by the area's Design Review Panel which is a team of independent development professionals who provide design advice for new schemes. Positive comments were received in overall support of the scheme and suggestions were incorporated where appropriate.
- 63. Resident consultation took place at an event in early 2019 where local residents were invited to comment on the draft proposals. This was promoted through the local press and attendance was relatively good.
- 64. Former Cabinet Members and Ward Councillors have been involved as the scheme has developed with overall support for the scheme and the benefits that it would bring for the area, our residents and the Council. Current Ward Councillors have also been fully briefed in advance of Cabinet and are in support.
- 65. The new Cabinet Member for Housing has been briefed as has the Unity Alliance in advance of the scheme and they are in support of the proposals.

## **Alternative Options**

- 66. The following options have been considered but discounted: -

### ***Option 1 : Market disposal of site***

- 67. One option would be to dispose of the site for development. The valuation made by Property colleagues for the whole site is circa £2m and would be a potential capital receipt to the Council's General Fund. If planning permission was gained

on this site prior to disposal then the value could be higher. This option however would not deliver the wider corporate aims around housing need and homelessness.

68. Whilst the site would need to comply with the affordable housing planning policy requiring up to 40% affordable housing subject to viability, there would be no certainty about the scale of affordable housing that would subsequently be agreed by the developer.
69. The disposal of this site would take 12-18 months for tender and sale to be completed.
70. Having already worked the scheme up prior to seeking planning, a decision to dispose of the land will incur significant abortive costs for the Council although some of the costs would be partially recouped through the sale price. Costs incurred and committed so far total approximately £370k including demolition costs, professional costs and site surveys across both the General Fund and the HRA.

### **Option 2 : Develop via a Registered Provider**

71. Discussions were previously undertaken with various Registered Provider partners around the potential development of the site. The abnormal costs and constraints on the site identified numerous risks for the developer and with the capacity for BCP Council to develop the site directly with Registered Provider status ourselves, it was agreed to be more appropriate to do so. This decision could be revisited but would significantly stall site progress, lose the Homes England grant and would potentially incur abortive costs for BCP Council.

### **Option 3 : Alternative tenure mix**

72. Other tenure mixes could be delivered on this site. This proposed tenure mix has been developed on the basis of numerous factors at play including the need for financial viability and return, housing demands, site specifics and the need to ensure a sustainable community. The Council Housing team and the Strategic Housing Options team have been closely involved in the development of this scheme to date, to help ensure that it adequately meets housing needs and is designed in such a way as to create a sustainable and balanced community and prevent any housing management issues.
73. If the 65 affordable rented homes were alternatively delivered on the basis of lower social rent levels, this would add significant financial challenges to the delivery of the site. With 65 social rented homes, the scheme would require a further £5.1m subsidy which would make the total scheme unviable. A mix of affordable rented and social rented homes is not recommended because there would be no logical basis for distinguishing homes as one or the other and would create an inequitable charging policy between neighbouring tenants. To help mitigate the impact of affordable rent levels on tenants' ability to pay, rents will be pegged at Local Housing Allowance rates rather than the higher 80% of average private market rent levels. There is likely to be scope for developing viable schemes on the social rent model for other sites within the new build programme.
74. Removal of the PRS element would take away a valuable income stream over the short, medium and long term back to the General Fund from these homes. The loss of PRS homes within the General Fund would also reduce the Homes England grant which is only paid for sites developed on General Fund Land. The

PRS homes also help to provide a sustainable mix of households and a mixed community.

75. The emergency family hostel could be delivered within the HRA but this would involve charging homes at rent levels that are significantly lower than those required to manage the scheme and client group. In addition, the level of Homes England grant would reduce with less homes in the General Fund and would affect the appropriation value with the more land required to transfer across to the HRA.
76. The design of the homes, particularly the emergency family hostel accommodation, have been undertaken to enable an alternative use should housing needs change.

### **Summary of financial implications**

77. Provided within the body of the report.

### **Summary of legal implications**

78. The Housing Act 1985, Part II, provides the power for the Council to acquire and appropriate land for the purpose of providing affordable housing, and powers to build and provide affordable housing accounted for within the Housing Revenue Account (HRA).
79. The Council's powers to establish wholly owned trading companies are contained within the Local Government Act 2003, and Seascope Homes and Property Limited was established in accordance with these powers for the purpose of provision of housing to meet the Council's duties to those homeless or threatened with homelessness.
80. The Council also has the General Power of Competence pursuant to the Localism Act 2011, and the power to borrow within the HRA and the General Fund for the purposes set out within this Report.
81. The Council will need to comply with all relevant procurement requirements in undertaking the proposals contained within this Report and the Council will undertake the work in accordance with ongoing legal advice.

### **Summary of human resources implications**

82. The existing Housing Development Team will oversee the delivery of this scheme alongside the other new build schemes in the pipeline. The construction works will be tendered and other professionals have also been procured e.g. architects to bring this scheme forward.

### **Summary of environmental impact**

83. Whilst the site is increased in housing density, it is providing much more energy efficient dwellings, with greater thermal insulation and more efficient heating systems.
84. A copy of the Environment Impact Assessment is included in Appendix Six.

### **Summary of public health implications**

85. The housing scheme will create a sustainable good quality housing development and bring many benefits to the residents and the wider community. The proposed

scheme gives careful consideration to the wider issues such as trees/amenity space to help create an attractive area which improves the well being of the community.

### Summary of equality implications

86. The housing scheme will provide accommodation for those who may be homeless and those who are on the Housing Register and in housing need. As such, many households will have protected characteristics and have vulnerabilities. The existing Allocation Policy for the Bournemouth area will help manage allocations to the scheme for those most in need.

87. A copy of the EINA is included in Appendix Four.

### Summary of risk assessment

88. The following key risks have been identified alongside mitigating actions :

Overall Project Risk Rating		
Key Project Risks	Gross Risk Rating	Mitigating Actions
Rising construction costs render the project unaffordable	Low	Good project management will enable the close monitoring of progress and any issues that may arise to be dealt with promptly. Build cost budget set at £2,650m2 is an inclusive Design & Build cost provided by our Employers Agent and includes 5% contingency.
Scheme not gaining a satisfactory planning consent	Low	Housing Development Team have completed extensive pre-application discussions with the Planning Team and have amended the designs in line with most of the comments. The scheme has also been approved by the Design Review Panel.
Fall in housing need for accommodation tenure provided caused by changes to the housing market or economy	Low	Monitor through construction period requirement for each tenure with the Strategic Housing Options team. Should a particular need reduce (such as shared ownership), the Housing Development Team can appraise and suggest changes to tenure to suit need and financial viability as required. Should housing need for the Hostel reduce, the exit strategy is to reconfigure this element to become more residential homes. With the formation of BCP Council, the provision of the hostel is likely to assist shortfall of provision in other areas of BCP.
Insufficient funding	Low	£474k grant funding has already been

Overall Project Risk Rating		
Key Project Risks	Gross Risk Rating	Mitigating Actions
available, such as failure to secure grant funding from Homes England		confirmed by Homes England; a further £1.1m is to bid for to fund the shared ownership apartments. Whilst we would hope that this funding would be forthcoming, if this is not the case, tenure could be changed to provide Affordable Rent with use of Right to Buy receipts or similarly convert to a tenure that can attract external funding.
High rise buildings – increased fire risk	Low	Timber frame will not be permitted. Sprinkler systems will be incorporated to all blocks. External cladding of the building is to be majority brick. Two lifts to each block will be provided, including one per block to be a fire fighting lift. Design and construction will be closely monitored by Housing Development Team, Surveying Team and specialist fire consultants.

89. Property development activity involves inherent risks but a cautious approach has been adopted here to minimise these risks as much as possible. Financial contingencies have been included and significant consultation has been undertaken to date to help ensure a sustainable scheme.

### Background papers

90. Refreshed Bournemouth Housing Strategy 2017 - 2020 -

<https://www.bournemouth.gov.uk/Housing/help-with-housing/Documents/bournemouth-refreshed-housing-strategy-2017-2020.pdf>

91. Housing Strategy Refresh 2018-2020 Borough of Poole

<https://www.poole.gov.uk/council-and-democracy/strategies-plans-and-policies/housing-strategy-refresh-2018-2020/>

### Appendices

Appendix One : Income and Expenditure Summary General Fund and HRA

Appendix Two : Financial Appraisal Long-term Cash flow

Appendix Three : Summary of Funding Assumptions

Appendix Four : Equality Impact Needs Assessment (EINA)

Appendix Five : Development proposal plans

- Accommodation schedule
- Proposed Basement Plan 3711/SK/010
- Proposed Ground floor Plan 3711/SK/011
- Proposed First floor Plan 3711/SK/012

- Proposed Second floor Plan 3711/SK/013
- Proposed Third floor Plan 3711/SK/014
- Proposed Fourth floor Plan 3711/SK/015
- Proposed Fifth floor Plan 3711/SK/016
- Proposed Sixth floor Plan 3711/SK/017
- Proposed Seventh floor Plan 3711/SK/018
- Proposed Eighth floor Plan 3711/SK/019
- Proposed Ninth floor Plan 3711/SK/020

Appendix Six : Environmental Impact Assessment