

Report subject	Council Newbuild Housing and Acquisition Strategy (CNHAS). A 6-month review and Project approvals
Meeting date	13 April 2022
Status	Public
Executive summary	<p>The Council previously approved the Cabinet recommendation (29 September 2021) concerning the Council Newbuild Housing & Acquisition Strategy (CNHAS) 2021-2026 and its 5 associated programmes, this report reflects the subsequent 6 months: -</p> <ol style="list-style-type: none"> 1. 4 schemes (programme 1a) currently 'on site' but with 359 units/ 8 additional schemes projected as 'on site' within next 6 months. 2. BCP & National initiatives/policies have progressed – The Extra Care Housing Strategy for example- refer paras 1-6. 3. £175m Capital Budget allocations (HRA & GF) for CNHAS programmes 1-4a approved in February 2022, refer para 14. 4. Future Places (FP) now leading on sites' - previously within CHNAS, such as Turlin Moor north' & Constitution Hill - so not accounted for within current CNHAS programmes totals and budget allocations, but could return after their evaluation by FP. 5. Seeks specific project approval for 4 of the 33 sites in CNHAS programme- representing an additional 170 homes.
Recommendations	<p>It is RECOMMENDED that:</p> <p>Cabinet notes the CNHAS 6-month progress review and recommends that Council approves:</p> <ol style="list-style-type: none"> (a) Annex 1 for Hillbourne project, including an increase in indicative capital budget approved from £24.4 million to £25.1 million. (b) Annex 2 for 43 Bingham Road project, including the repurposing of £1.2 million CNHAS capital budget from scheme no longer progressing. (c) Annex 3 for Crescent Road project, including the repurposing of £1.7 million CNHAS capital budget from scheme no longer progressing. (d) Annex 4 for A35- Roeshott Hill, a new scheme to be included within CNHAS with capital budget of £10.9 million.
Reason for recommendations	<p>To significantly contribute (10% by 2026 target) to the 15,000 homes within the Big Plan and achieve the 1000+ homes by direct delivery set in the Dynamic places Corporate Strategy, by supporting CNHAS's 5 programmes at pace and scale, within agreed funding arrangements through to construction and subsequent completion to deliver the wide range of benefits to the Council and local communities.</p>

Portfolio Holder(s):	Cllr Phil Broadhead, Portfolio holder for development, growth and regeneration
Corporate Director	Jess Gibbons, Chief Operations Officer
Contributors	Nigel Ingram – Head of Housing Delivery
Wards	Council wide
Classification	For Decision & Recommendation

Background

The Council Newbuild Housing and Acquisition Strategy (CNHAS) was developed both in response to identified housing needs and demands within the newly formed BCP – by delivering homes at pace and scale on its own land but also a strategy that endeavours to future proof our places and communities in respect of climate change, providing socially diverse homes and offering the widest possible choice to those within BCP. The long-term income generation for the council of the PRS and Street Acquisition represented by programme4, is also an essential driver within the strategy.

Consequently, the strategy and programme need to adapt and evolve to the environment around it and this 6-month review - since its approval at Cabinet on the 29th of September 2021 - aims to reflect the changing landscape update on progress.

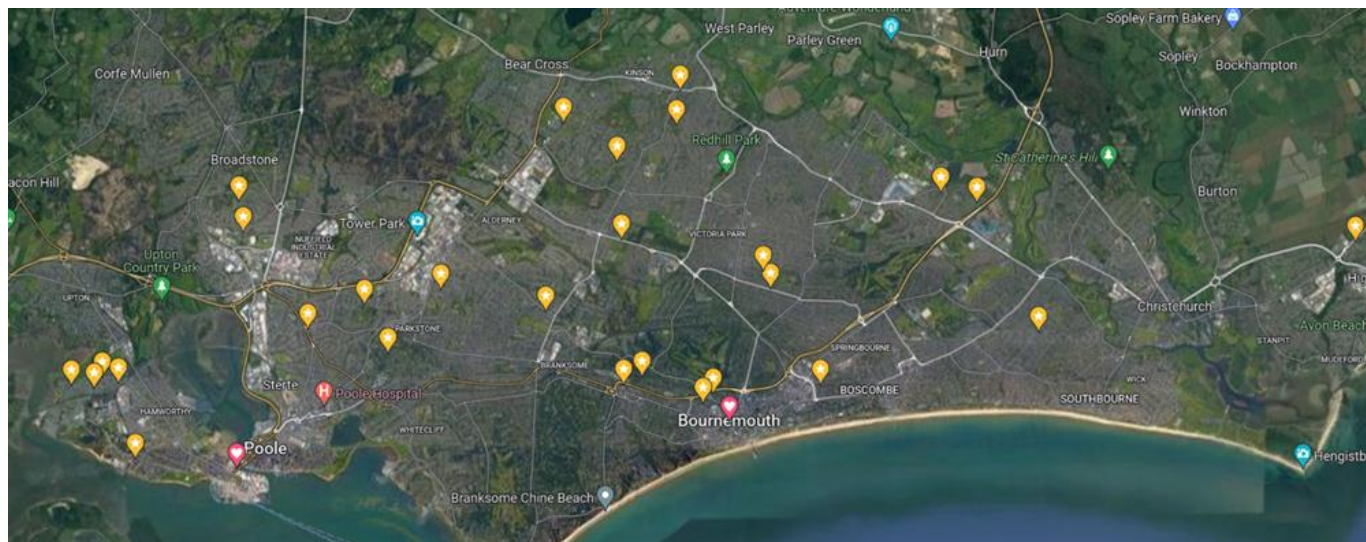
Latest Context Changes - from September 2021

- 1) **Local Plan Issues & Options Consultation** commenced Jan 2022- section 4.2 – Objective- *Provide a sufficient supply of new market and affordable homes to meet the different needs of our communities –*
- 2) **Extra Care Housing Strategy-** approved in September 2021, with 15 objectives several which centre around increasing significantly, the unit numbers of this accommodation typology in BCP, by 2030.
- 3) **BCP Future Places Urban Regeneration Company, Future Places,** launched 10 November 2021- 14 major mixed-use large-scale regeneration projects identified – many with significant housing elements.
- 4) **Building Safety Bill-** The potential for 18m building height thresholds being lowered to 11m becoming closer to reality. The duty holder, those who procure, plan, manage and undertake building work will have duties under the legislation. These *duty holders* will be:
 - Client (BCP for example) • Principal Designer • Designers • Principal Contractor • Contractors.
The government published its proposed amendments to the Bill on 14 February 2022.
- 5) **The Future Homes Standard** was renamed the Future Homes and Buildings Standard in December 2021. The Department for Levelling Up, Housing and Communities (DLUHC) announced major Building Regulation changes which will come in from June 2022, one of which is that new homes in England will have to produce around 30% less carbon emissions, and new buildings such as offices and shops will have to cut emissions by 27%.
- 6) **Housing Delivery Test Action Plan 2019-22-** Housing completion numbers were lower than required in 2021 BCP (Private developers, Housing Association etc) and the BCP Housing Delivery Steering Group (comprising planning, housing and infrastructure representation) will be reviewing the Action Plan to help increase overall delivery.

Progress of 5 CNHAS programmes – on the 33 BCP sites (refer Appendix 1)

The following provides an update on the various sites and progress overall is positive with many sites underway: -

CNHAS sites currently being progressed (assessed), with Carters Quay assurance.



7) Programme 1a

Cynthia rd. (CNHAS site 1, 22nr homes) - Demolition works completed, passivhaus development proceeding well. **Practical Completion (PC) forecast October 2022.**

Moorside Road (CNHAS site 2, 14nr homes), Plots 1-2 roof tiling underway, Plots 3-4 trusses complete. Plots 5-14 masonry walls commenced to various stage from DPC to wall plate. Challenges to scheme with construction price inflation **PC forecast late Summer 2022.**

Northbourne Day Centre, Wimborne Road (CNHAS site 3, 9nr homes), Foundations and drainage plots 3-9 completed and blockwork walls commenced to 1st floor slab. Plots 1-2 delayed providing site access. **PC forecast October 2022.**

Mountbatten Gardens (CNHAS site 4, 2nr homes) Plots 1+2 second fix ongoing, external boundary wall completed. **Completion forecast for March 2022- opening prior to Easter.**

8) Programme 1b

Craven Court (site 5, 24nr homes) Housing Management have been working with existing tenants to find suitable alternative accommodation, prior to work commencement. Build works have been tendered and the outcome is to be confirmed. **Start on site expected in April 2022.**

Wilkinson Drive (site 6, 11nr homes). The Housing Delivery Team are working with BCP's Construction Works Team (CWT) towards a service level agreement. Challenges have unit reductions to get planning permission and material price increases. **A provisional start on site is anticipated in May 2022**

Templeman House (site 7, 27nr homes) Now in build contract, with the new electrical substation and Demolition underway. Material price increases have been included in the revised scheme approvals. **Main Start on site of homes in March 2022.**

Duck Lane (site 8, 12nr homes) We have delayed procurement of the modular build until the leasehold rights have been resolved. Discussions are ongoing with SW Framework organisation, Procurement and Legal Services for the modular tender, with documents now finalised. **Start on site of homes estimated for summer 2022.**

Cabbage Patch, St Stephens Road (site 9, 11nr homes), Now in build contract. Material price increases have been included in the revised scheme approvals. **Start on site March 2022.**

9) Programmes 2a

Herbert Ave, Poole (site 10, 24nr Temporary homes), recently approved by council and with an anticipated start on site of **Spring 2022.**

Princess Road (site 12a and 12b, 119 nr homes & 20bed hostel) Pre-Construction Services Agreement signed with successful tenderer - Kier Construction, to provide detailed post planning design and to optimise build cost. We are in negotiations with Homes England concerning milestones to retain the £474k grant funding and have also applied for additional Homes England funding for the shared ownership homes of £1.05M. **Estimated main works start on site at end of summer 2022**

10) Programme 2b

Hillbourne school site, Poole (site 11, 110nr homes)- recently secured planning permission and at stage 2 of its build tender process, risks around land appropriations need to be resolved prior to start on site - **details at Annex 1 for project approval.**

Oakdale AEC (site 13, 60nr+ homes), Housing delivery is co-ordinating the response to several the objectives within the new Extra Care Housing Strategy including its first potential new scheme, a project approval **will come forward with the next CNHAS report in the Autumn 2022** with a detailed planning permission secured before the end of the year.

11) Programme 3

Surrey Road, (site 17, 8nr homes), Design suitably progressed, and planning approval targeted for summer 2022.

Alma Road new surgery & flats, (site 18), progression of this exciting scheme dependant on suitable engagement from CCG and their needs for new ground floor surgery. May need its budget swopping for other more advanced projects.

Sites 19-24 (6 sites, 34nr homes) comprising - **Egmont Road, Redhorn Close, Junction Road, Dale Close, Lake Avenue & Cavan Crescent/Sopers Lane.** To be planned for, tendered and developed sequentially as one package – if practicable.

Sites **14 (Turlin Moor-large)**, & **16 (Constitution Hill)** have been removed from CNHAS programme, with BCP Future Places leading the evaluating for the most appropriate uses of these sites. It is envisaged that Constitution Hill will be developed for some form of housing.

Site 15 (Beaufort Park) is the third scheme to be paused (potentially indefinitely) until the parks review is complete. So, its budget allocation is to be redistributed across sites 25 & 26.

12) Programme 4a

Acquisition of residential street properties – this budget was recently increased from £47m to £50m- to help ensure extra environmental works are undertaken at point of purchase.

- Temporary accommodation (target 50 homes) including 40 for DLUHC sponsored and Homes England funded Rough Sleepers Approved Programme (RSA) for capital delivery in 2022 (probably stretched into 2023) and revenue by 2023 (probably 2024).
- Care Leavers (target 20 homes), existing residential street properties for predominantly self-contained opportunities, with nominal numbers of supported shared solutions.
- Market Rent (target 150+ homes), 1, 2 & 3beds across Poole, Bournemouth and Christchurch- **revenue generation for BCP** of circa £0.5m in 2022/23

13) Programme 5, Harder to reach BCP sites

Previously 9 sites in this programme, 3 brought forward to replace 3 removed from CNHAS (Turlin moor north, Constitution Hill, and Beaufort Park), forming a new **Programme 3b** represented at **Annex 2, 3 & 4 of this paper**, for specific project approval.

- 43 Bingham rd. (site 25, 6nr homes), the ex-social services building.
- Land at Crescent rd. (site 26, 8nr homes) - decommissioned park near flyover.
- Ex-Nursery Land at Roeshot Hill (site 31, 46nr homes).

Summary of financial implications

- 14) In February 2022 the Council approved capital budgets for CNHAS of £69.9 million for general fund housing development and £105.0 million for HRA housing development – a combined CNHAS capital budget of £174.9 million.
- 15) The CNHAS programme has continued to evolve since February 2022 approval, with increases to approved capital budgets (in response to ongoing market pressures), schemes removed, and new schemes proposed. 4 changes to capital schemes within CNHAS are proposed. Each one of these is detailed separately within Annexes to this summary paper.
- 16) The net impact of these changes is an overall increase to the £174.9 million CNHAS capital budget approved by Council in February 2022 of £10.5 million (£7.8 million in the general fund and £2.8 million in the HRA). The proposed overall capital budget for CNHAS is now £185.4 million.
- 17) There is corresponding change in the number and type of new housing units that are now proposed. The CNHAS programme now proposes to deliver a further 44 housing units to that approved by Council in February 2022. 35 new homes are proposed in the general fund for rental in the private rented sector (PRS) and 9 new homes within the HRA. Refer table below for comparison of February and proposed April Budgets.
- 18) The removal of site 15 (Beaufort) from CNHAS means a loss of 16 affordable housing units within the HRA. This decrease is partly mitigated by the proposed inclusion of new development at 43 Bingham Road, which will develop 6 new affordable homes.
- 19) Annexes to this report detail the full financial implications (including financial and operational risks) of each proposed change but also contain confidential marketplace information effecting future procurement activity.

CNHAS general fund schemes				no. of units			capital budget		
prog	project description		change proposed	no. of units			capital budget		
				Feb 22	Apr-22	inc/(dec)	Feb 22	Apr-22	inc/(dec)
4a	4a	Acquisition of 250 residential street properties	no change	250	250	0	47,900	47,900	0
3	18	Alma Road GP surgery	no change	20	20	0	3,800	3,800	0
2b	13	Oakdale	indicative budget only	16	16	0	4,370	4,370	0
2a	12b	Princess Road hostel and PRS	no change	57	57	0	13,794	13,794	0
3b	26	Crescent Road PRS	new scheme	0	8	8	0	1,685	1,685
	31	Roeshot Hill PRS	new scheme	0	27	27	0	6,095	6,095
				343	378	35	69,864	77,644	7,780
CNHAS HRA schemes				no. of units			capital budget		
prog	project description		change proposed	no. of units			capital budget		
				Feb 22	Apr-22	inc/(dec)	Feb 22	Apr-22	inc/(dec)
1a	1	Cynthia House	no change	22	22	0	4,134	4,134	0
	2	Moorside Road	no change	14	14	0	3,939	3,939	0
	3	Northbourne Day Centre	no change	9	9	0	1,791	1,791	0
	4	Mountbatten Gardens	no change	2	2	0	475	475	0
1b	5	Craven Court	no change	24	24	0	5,186	5,186	0
	6	Wilkinson Drive	no change	12	12	0	2,727	2,727	0
	7	Templeman House	no change	27	27	0	5,382	5,382	0
2a	8	Duck Lane	no change	12	12	0	2,362	2,362	0
	9	Cabbage Patch	no change	11	11	0	2,290	2,290	0
	10	Herbert Avenue	no change	24	24	0	3,173	3,173	0
3	12a	Princess Road (HRA)	no change	82	82	0	21,998	21,998	0
	15		scheme removed	16	0	(16)	3,960	0	(3,960)
	17	Surrey Road	no change	8	8	0	2,310	2,310	0
	19	Egmont Road, Turlin Moor	no change	9	9	0	1,675	1,675	0
	20	Redhorn Close, Turlin Moor	no change	8	8	0	2,000	2,000	0
	21	Junction Road, Turlin Moor	no change	3	3	0	739	739	0
	22	Dale Close	no change	4	4	0	651	651	0
	23	Lake Avenue	no change	6	6	0	955	955	0
	24	Cavan Crescent / Sopers Lane	no change	4	4	0	2,020	2,020	0
	3b	25	43 Bingham Road	new scheme proposed	0	6	6	0	1,170
2b	31	Roeshot Hill (HRA)	new scheme proposed	0	19	19	0	4,799	4,799
	13	Oakdale	indicative budget only	47	47	0	12,830	12,830	0
	11	Hillbourne	additional budget	110	110	0	24,385	25,133	748
				454	463	9	104,982	107,739	2,757
CNHAS programme total				797	841	44	174,846	185,383	10,537

- 20) Approval of proposed changes will result in an overall increase in the council's capital financing requirement of £10.4 million and reduce its 'borrowing headroom' (the difference between its self-imposed borrowing limit of £855m and its forecast borrowing levels). Borrowing headroom is reduced every time additional borrowing is approved. The current forecasted headroom is £18 million by March 2027. This will reduce to £7 million once CNHAS changes are approved. A review of the borrowing headroom will be carried out and an update provided as part of the Treasury Management report to Audit and Governance in June 2022. This is particularly important as it is likely that additional prudential borrowing will be required for future CNHAS schemes not yet formally approved.
- 21) The Council is permitted to undertake new borrowing under the Prudential Code if it is affordable. Prudential borrowing requirements for every CNHAS scheme have been reviewed to ensure that annual borrowing repayments are met from net additional rental income.
- 22) The council's budget 2022/23 and MTFP have been adjusted to reflect net surplus projected from programme 4a CNHAS – the acquisition of 250 residential street properties which are already underway. Progress in achievement of 2022/23 budgeted additional net income will need to be closely monitored. There is a need to ensure appropriate and transparent governance processes are in place to make sure the 250 new homes acquired are done so at 'the right price, in the right location and are of the

right standard'. Additionally, there is financial risk that the Council is not able to utilise government grant funding as a capital funding source for the acquisitions if not acquired in advance of grant utilisation deadline.

23) The MTFP will need to be further updated for additional surpluses expected from other CNHAS schemes as the schemes near completion.

24) **Financial risks** are detailed separately for each proposed change within Annex 1 to 4. For ease a summary of main financial risks is provided below:

- the transfer of surplus school playing field land from Hillbourne school to the HRA for housing development needs further approval from the Secretary of State for Education (Annex 1). This has implications for both the capital financing of Hillbourne new school build in the capital investment programme (which assumed the land transfer will take place in 2021/22) as well as the new housing development
- risk of £0.5 million abortive spend from entering into a pre-construction services agreement (PCSA) for Hillbourne housing development in advance of Secretary of State revised approval effecting the land transfer to the HRA (annex 1)
- inherent risks around future rental income projections
- inherent risks around adequacy of capital budget estimates in advance of procurement processes and in light of current market conditions
- risk that additional prudential borrowing will be required should alternative future capital funding sources (for example government grant) not be secured

25) **VAT implications** for each proposed change are considered within Annex 1 to 4

26) **Summary of legal implications** (For overall CNHAS Strategy)

No Change from September 2021 for the CNHAS Strategy but specific Programme and project matters are raised within actual project approvals within the Annex's 1-4 and significant risk comments at para 31.

27) **Summary of human resources implications** (For overall CNHAS Strategy)

No Change from September 2021

28) **Summary of DIA impact** (For overall CNHAS Strategy)

No Change from September 2021

29) **Summary of public health implications**

No Change from September 2021

30) **Summary of equality implications**

No Change from September 2021

31) **Summary of risk assessment**

Only 1 **CNHAS strategy risk** addition from September 2021, concerning the 250 residential street properties acquisition target, concerning the sourcing of the right properties 'in time' to satisfy both RSAP, other critical needs groups & Income generation projections built into the budgets.

Appendix 1 (@ March 22) – Summary of sites within 5 programme, inc. New Acquisitions

33 identified sites, 3 existing property acq programmes and 10 unidentified sites					Unit Numbers (fixed/proposed) by Tenure							total unit nr	Location
Site nr (fixed)	Scheme or Street name	Land Ownership/ Fund	Property Type		Affordable & Social rent	Shared ownership	First Homes (Discounted sale)	Market rent / PRS	OMS	Specialist affordable			
			houses / bungalows	Flats									
Programme 1a - capital budget approved and on-site													
1	Cynthia House, Poole	HRA	10	12	16	6	0	0	0	0	22	Poole	
2	Moorside Road, Bournemouth	HRA	14	0	14	0	0	0	0	0	14	Bournemouth	
3	Northbourne Day Ctr ART	HRA	4	5	9						9	Bournemouth	
4	Mountbatten Gardens	HRA	2	0	2	0	0	0	0	0	2	Bournemouth	
Programme 1b- budgeted, project approved & works tendered													
5	Craven Court, 8 Kneveton rd. Bournemouth	HRA	0	24	24	0	0	0	0	0	24	Bournemouth	
6	Wilkinson Drive, Bournemouth	HRA	2	9	12	0	0	0	0	0	12	Bournemouth	
7	Templeman House, Leedham Rd, Bournemouth	HRA	0	27	27	0	0	0	0	0	27	Bournemouth	
8	Duck Lane, Bournemouth	HRA	0	12	12	0	0	0	0	0	12	Bournemouth	
9	Cabbage Patch car park, St Stephens Road	HRA	0	11	11	0	0	0	0	0	11	Bournemouth	
Programme 2a - budgeted, project approved & works tendered													
10	Herbert Avenue / Bourne Valley, Poole	HRA	0	24	24	0	0	0	0	0	24	Poole	
12a	Princess Road/Prince of Wales Road, Bournemouth	HRA	0	82	61	21	0	0	0	0	82	Bournemouth	
12b	Princess Road - Hostel and Private Rented Sector development	GF		57				37		20	57	Bournemouth	
Programme 2b - budgeted													
			11%	89%	72%	9%	0%	13%	0%	7%	296		
11	Hillbourne School, Poole	HRA	81	29	69	41	0	0	0	0	110	Poole	
13	Oakdale Adult Ed site, Poole	GF		80	30	30	0	20	0	0	80	Poole	
			81	109	99	71	0	20	0	0	190		
			23%	77%	311	98	0	57	0	20	486		
Programme 3a - budgeted													
17	Surrey Road, Bournemouth	GF	8	0	0	0	0	4	4	0	8	Bournemouth	
18	Alma Road surgery flats, Bournemouth	HRA	0	20	12	8	0	0	0	0	20	Bournemouth	
19	Egmont Road, Turlin Moor	HRA	9	9	0	0	0	0	0	0	9	Poole	
20	Redhorn Close, Turlin Moor	HRA	8	8	8	0	0	0	0	0	8	Poole	
21	Junction Road, Turlin Moor	HRA	3	3	3	0	0	0	0	0	3	Poole	
22	Dale Close	HRA		4	4	0	0	0	0	0	4	Poole	
23	Lake Avenue	HRA		6	6	0	0	0	0	0	6	Poole	
24	Cavan Crescent/Sopers Lane	HRA	4	4	4	0	0	0	0	0	4	Poole	
			23	39	46	8	0	4	4	0	62		
			25%	75%	357	106	0	61	4	20			
Programme 3b - sites 15's budget re-allocated													
					65%	19%	0%	11%	1%	4%	548		
25	43 Bingham rd,	HRA	0	6						6	6	Bournemouth	
26	Crescent Road, Bournemouth	GF	0	8	0	0	0	8	0	0	8	Bournemouth	
No Budget yet allocated													
31	Nursery Site, Lyndhurst Road (part of CN1 Roeshot Hill Allocation), Christchurch	GF	20	26	13	6		19	0	0	46	Christchurch	
			20	40	370	112	0	88	4	26	60		
					61%	18%	0%	14%	1%	4%	608		
Programme 4a- Acquisition of Street properties													
	Acquisitions1- Market rent	GF	10	150	0	0	0	160	0	0	160	BCP	
	Acquisitions 2- Care leavers	GF/HRA	5	20	0	0	0	0	0	25	25	BCP	
	Acquisition 3- Temp housing Strategy & unidentified older persons /specialist needs	GF	5	60	0					65	65	BCP	
			20	230	0	0	0	160	0	90	250		
			21%	79%	370	112	0	248	4	116	858		
					43%	13%	0%	29%	0%	14%			
Programme 4b- Acquisition of development land /change of use property													
	Christchurch site 1	GF	2		0	2		0	0	0	2	Christchurch	
	Christchurch site 2	GF	6		0	6		0	0	0	6	Christchurch	
	Christchurch site 3	GF		8	0	8		0	0	0	8	Christchurch	
	Christchurch site 4	GF	4	6	0	10		0	0	0	10	Christchurch	
	Christchurch site 5	GF	14	20	0	17		17	0	0	34	Christchurch	
	Various sites- years 4-5	GF	100	250	0	50	20	80	0	200	350	TBC	
			126	284	0	93	20	97	0	200	410		
					370	205	20	345	4	316	1268		
Programme 5- harder to reach BCP sites													
					29%	16%	2%	27%	0%	25%			
27		GF	38	31	34	35	0	0	0	0	69	Poole	
28		GF	0	111	16	9	0	20	40	0	85	Bournemouth	
29		HRA	0	50	20	25	5	0	0	0	50	Bournemouth	
30		HRA	1	0	1	0	0	0	0	0	1	Bournemouth	
32		GF		8	0	0	0	8	0	0	8	Christchurch	
33		GF		8	0	0	0	8	0	0	8	Christchurch	
			39	208	71	69	5	36	40	0	221		
Note	sites 14,15 & 16- removed from CNHAS programme		Programme 1 - 5 Sub-total		441	274	25	381	44	316	1489		
			Programme 1 - 5 Tenure split		30%	18%	2%	26%	3%	21%			

Background Papers

1. Council Newbuild Housing & Acquisition Strategy ([BCP Council – Democracy](#))

Annex one: Hillbourne School scheme- site 11

Annex Two: 43 Bingham Rd – site 25

Annex Three: Crescent Rd- site 26,

Annex Four: Garden Nursery @ Roeshott Hill – site 31.