

Report subject	3 Housing Regeneration Schemes – Craigmoor Avenue, Rochester Road and Grants Close, Bournemouth																																													
Meeting date	25 October 2023																																													
Status	Public																																													
Executive summary	<p>These schemes are being brought forward though the Council Newbuild Housing and Acquisition Strategy (CNHAS), a direct housing delivery route approved by Full Council in November 2021.</p> <p>The proposal presented here is for all three sites to be progressed, they have very similar characteristics, being built at a similar time to a similar standard and designed by the same architect, but they are split into Individual approval recommendations - so each site -whose individual budget is less than £1m, can be assessed on its own merits by Cabinet.</p> <p>These proposals replace unsustainable homes/underutilised garages which carry significant maintenance requirements should they be retained - and renew them with replacement family homes built to a highly sustainable standard. Overall, the proposals present a net gain of 2 new affordable homes which will be let to those with a housing need.</p> <p>Detailed reports are attached as appendices on all three proposed schemes.</p> <table><tr><th></th><th>Homes</th><th>Types</th><th>Bed's</th><th>Tenure</th><th>Total scheme costs in</th><th>Additional subsidy per scheme for Social Rent</th><th>Contractor proposed</th><th>Change in 50yr surplus if social rent</th></tr><tr><td>Rochester Rd</td><td>2</td><td>Houses</td><td>2</td><td>affordable</td><td>£598k</td><td>(£120k)</td><td>CWT</td><td>(£184k)</td></tr><tr><td>Craigmore Ave</td><td>2</td><td>Houses</td><td>3</td><td>affordable</td><td>£680k</td><td>(£153k)</td><td>CWT</td><td>(£281k)</td></tr><tr><td>Grants Close</td><td>2</td><td>Houses</td><td>2</td><td>affordable</td><td>£597k</td><td>(£120k)</td><td>CWT</td><td>(£218k)</td></tr><tr><td>Totals</td><td>6</td><td></td><td></td><td></td><td>£1,875k</td><td>(£393k)</td><td></td><td>(£683k)</td></tr></table>		Homes	Types	Bed's	Tenure	Total scheme costs in	Additional subsidy per scheme for Social Rent	Contractor proposed	Change in 50yr surplus if social rent	Rochester Rd	2	Houses	2	affordable	£598k	(£120k)	CWT	(£184k)	Craigmore Ave	2	Houses	3	affordable	£680k	(£153k)	CWT	(£281k)	Grants Close	2	Houses	2	affordable	£597k	(£120k)	CWT	(£218k)	Totals	6				£1,875k	(£393k)		(£683k)
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Recommendations	<p><b>Cabinet approves:</b></p> <ol style="list-style-type: none"><li>1. The development of 2 x 3 bedroom affordable rented homes at Craigmoor Avenue at a total scheme cost (Capital Budget) of £680,000.</li><li>2. The development of 2 x 2-bedroom affordable rented homes at Rochester Road at a total scheme cost (Capital Budget) of £598,000.</li><li>3. The demolition of underutilised garages at Grants Close and the development of 2 x 2-bedroom affordable rented homes at a total scheme cost (Capital Budget) of £597,000.</li><li>4. Awarding of the build works to the in-house Construction Works Team - subject to capacity and acceptable budget compliance.</li></ol>																																													

	<p>5. Delegation to relevant Service Director to undertake an external procurement process should the in-house team not be able to comply with the budget and/or have insufficient capacity.</p> <p>6. The delegation to the relevant Service Director, in consultation with the Chief Finance Officer of the authority to enter into the Contracts for build works, - provided that all key parameters (including delivery within the approved capital budget) are met.</p>
Reason for recommendations	This proposal supports the redevelopment of three sites which contain assets which carry significant maintenance requirements if retained and the opportunity to provide additional affordable housing to meet housing need.
Portfolio Holder(s):	Cllr Kieron Wilson, Portfolio Holder for Housing and Regulatory Services
Corporate Director	Jess Gibbons, Chief Operating Officer
Report Author	Nigel Ingram, Head of Housing Delivery
Wards	Muscliff and Strouden Park (Craigmoor Avenue), Kinson (Rochester Road) East Cliff and Springbourne (Grants Close)
Classification	For Decision

## Background

1. In October 2021, Council approved the Council Newbuild Housing and Acquisition Strategy (CNHAS) and named these sites within the programme.
2. The Council's long-term plan is to modernise properties where required (as part of Bournemouth Neighbourhood HRA Asset Management Strategy April 2020-24), thereby reducing future maintenance costs and supporting the Climate Change Strategy. This can include the redevelopment of existing properties.
3. The three sites proposed for approval within this report are as follows;

### Craigmoor Avenue

4. This is a council owned site, held within the Housing Revenue Account (HRA) currently providing 2 x 3-bedroom homes let through BCP Homes at social rent levels.
5. The existing houses present significant maintenance issues, including structural defects. Given the prohibitive cost of retrofitting and refurbishment of the properties, the opportunity has been identified to demolish the existing 2 x 3-bedroom houses and provide better quality affordable environmentally friendly homes.

### Rochester Road

6. This is a council owned site, held within the HRA with 2 x 2-bedroom homes let through BCP Homes at social rent levels.
7. The existing houses present significant maintenance issues, including structural defects. Given the prohibitive cost of retrofitting and refurbishment of the properties, the

opportunity has been identified to demolish the existing 2 x 2-bedroom houses and provide better quality affordable environmentally friendly homes.

### **Grants Close**

8. This council owned site comprises of 12 x garages held within the General Fund, providing an income of c£10,000 per annum. However, the site is underutilised and would require investment to improve income.
9. The opportunity -as a consequence of underuse locally- has been identified to demolish the garages and provide 2 x 2-bedroom quality affordable environmentally friendly homes via the HRA.

### **Quality Build Standards**

11. These developments will provide energy efficient homes which will support the BCP Council declared Climate and Ecological Emergency 2019 - by demolishing four currently inefficient houses.
12. A carbon reduction statement has been completed for each of the schemes and these can be reviewed in the respective annexes at their appendix 8.
13. All three schemes are to be built to high fabric first sustainability standards associated with Passivhaus principles in line with the CNHAS Strategy objectives.

### **Financial Strategy**

14. Appendix 1 of each annex sets out the proposed financial profile for the HRA. Each project generates a total scheme cost requirement of:
  - a. £680,000 - Craigmoor Ave
  - b. £597,000 - Rochester Road
  - c. £595,000 – Grants Close
15. Right to Buy receipts, affordable housing s106 contributions, HRA Capital contributions and Prudential borrowing represent the funding sources utilised within the financial strategy for each scheme. The exact amounts are presented in each annex, with their respective Appendix 3 setting out the financial appraisal assumptions.
16. The tenure mix of the properties (and associated rental stream) provides a balance in terms of financial returns required by the Council and ensuring low rents. This has been considered in the context of the whole HRA development pipeline identified to date. Estimated long term cash flows are presented in each annex's Appendix 2. Rent loss figures for each site have been included for existing homes. Rent loss for garage income has been excluded as the Grants Close scheme will benefit the General Fund with a land transfer value.
17. Whilst Social Rent levels would be the preferred option, this would increase the subsidy required per home on average by £65,500 – specifics per scheme are noted within individual annexes. The affordable rent that can be charged is capped by the Local Housing Allowance rate. The weekly affordable rent equates to circa 60% of the open market rent. Rents charged are shown in appendix 3 of each annex.
18. Contact with Homes England has not been made regarding bidding for Housing Grant for these three schemes. It is considered that the combination levels of Right to Buy receipts (RTBr) affordable housing s106 & HRA contributions are higher than what Homes

England would provide grant levels for in respect of the 4 replacement homes (out of 6) - of any tenure - including Social Rent.

### **Taxation and Public Sector Subsidy (State Aid)**

19. A positive statement on this matter is provided in each annex. State Aid is not applicable as no State resource is given to the Council.

### **Value for Money**

20. Please refer to annex 1 & 2's clause 15 for a specific statement on replacing existing properties with new homes- not applicable for annex 3's Grants Close.
21. Please refer to the financial appraisals set out in Appendix 1, 2 & 3 at each annex, which show that the schemes are viable in the short, medium and long term for the Council and that the gross development value (GDV) is greater than the Total scheme costs- summarised at clauses 16/17 for each scheme.
22. Clause 25 identifies the process for addressing changes/increases – if experienced - to the total scheme cost, supported by the risk statement at para 32.

### **Consultation**

23. Public consultation was undertaken prior to submitting the planning application on all three schemes, with planning for all 3 schemes having been approved but Grants Close (annex 3) having additional engagement –as set out in annex 3's para 18 to 21 .
24. Significant internal consultation within BCP Council teams has been undertaken to support the development of this scheme. This has included colleagues from Planning and Housing Management. Pre-application advice has been gained in some detail through our Planning colleagues.

### **Approval Conditions**

25. Should the build cost increase across the scheme, the use of 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. Should costs reduce, typically the funding will reduce proportionately.

### **Summary of legal implications**

26. No bespoke implications, to those which apply to all housing developments undertaken by the council- Refer to the appropriate section of each annex.
27. Each site has an individual budget less than £1m, so whilst the Cover report is an aggregate report, the schemes are separate - Cabinet can agree none, 1, 2 or all three so they are making three decisions so aggregation should not apply in decision making terms.

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

28. The existing Housing Delivery Team will oversee the delivery of these schemes alongside the other new build schemes in their pipeline. The construction works will be priced by CWT and if the price is above budget, the works will be tendered, and other professionals as have also been procured e.g. architects to bring this scheme.

## Summary of DIA impact

29. A copy of the Decision Impact Assessment (overall impact assessment of the scheme in a wider context) for each scheme can be found at their Appendix 4- they are all green, which is a low impact.

## Summary of public health implications

30. Four of the six new homes are replacements for poor performing properties and therefore these new schemes will create a positive environmental impact. The proposed scheme considers the wider issues such as trees to help create an attractive area which improves the wellbeing of the community, particularly in respect of the new homes where underused garages are at Grants Close.

## Summary of equality implications

31. A copy of the EIA is included in Appendix 6 of each Annex and all 3 schemes have positive conclusions associated with them. The noticeable exception is that by the very fact that 2 or 3-bedroom homes are being developed, those seeking accommodation suitable for singles/couples/wheelchair users, may consequently be excluded. Please note that CNHAS by design, provides as part of its mandate, a wider delivery programme of homes for these needs' groups also.

## Summary of risk assessment

32. The key risks have been identified alongside mitigating actions are set out in each annex.:

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 £3,200 is an inclusive Design & Build cost provided by our Employers Agent. A further 10% contingency is included in our financial appraisals.

## Background Papers

[CNHAS report for 29-09 Cabinet Final.pdf \(bpcouncil.gov.uk\)](#)

## Appendices

**Annex1 – Craigmoor Ave & Appendices 1-8 Craigmoor Ave.**

**Annex 2 – Rochester Road & Appendices 1-8 Rochester Road.**

**Annex 3 – Grants Close & Appendices 1-8 Grants Close.**