

HOMES & COMMUNITIES COMMITTEE
18 JANUARY 2021

HRA NEW BUILD DEVELOPMENT UPDATE

1.0 Purpose of Report

1.1 This report provides the Homes and Communities Committee with the up to date performance of the HRA new build development programme.

2.0 Background Information

2.1 Newark and Sherwood District Council approved a HRA new build programme to deliver an indicative 335 new additional housing units within the district to increase the Council's housing stock. The programme commenced in the 2017/18 financial year and is due to complete in the 2022/23 financial year.

2.2 A significant site being developed as part of the HRA new build development programme, will provide a 40-unit Extra Care Facility located on land in the Boughton area of the district. The construction of the Extra Care Facility started on site in October 2019 and is due for completion in July 2021. The development has a budget allocation of £8.937 million in August 2019 and secured £2,080,000 via Homes England Grant.

2.3 The HRA Development Programme has to date provided 190 additional new council homes. This is the largest single contribution of affordable new build homes by any single provider within the district during this period.

2.4 The 190 new council houses have been delivered as follows:

- 60 units Gladstone House
- 70 units phase 1
- 50 units phase 2
- 10 units phase 3

3.0 Update on Progress

3.1 In addition to the 190 new homes completed to date, the development programme has a further 70 homes currently under construction (Phase 3) due for completion during 2021 (inclusive of Boughton Extra Care site).

3.2 There are also a further 54 potential houses currently being progressed through the planning process for start on sites during 2021, which will form part of Phase 4.

3.3 The development programme has experienced delays both with onsite construction and with pre-construction works as a result of the Covid-19 pandemic which stopped construction on site for a period of 6 weeks during March and April 2020. Construction has also been delayed due to the availability of some materials, notably plaster and plaster board. Covid-19 safe working practices have also resulted in reduced trades, which has affected the site construction periods.

3.4 The delays are being mitigated and managed out of the development programme by progressing multiple sites concurrently. Sites are also having works phased to ensure works

progress with Covid safe working practices in place. Online arrangements are being utilised for progressing meetings, design workshops and briefings.

- 3.5 The HRA new build development programme is utilising council owned land where possible for the delivery of the programme to ensure the existing HRA land is used to its full potential. Of the 190 homes completed to date, all have been built on existing council owned land.
- 3.6 The existing HRA land bank has almost been exhausted in relation to viable development sites. To ensure the programme delivers the targeted 335 additional houses, additional land needed to be identified for acquisition.
- 3.7 So far, the following sites have been identified as potential acquisitions and are currently being progressed:

Newark Old Fire Station
 The Crescent Bilsthorpe
 Dale Lane Blidworth
 Land off Kestrel Drive Rainworth
 Vicars Close Clipstone

The above sites have the potential to provide approximately 70 HRA properties. Negotiations are at the advanced stages on most of the identified sites.

- 3.8 In terms of range, the HRA new build development programme is providing accommodation from one bed flats to three bed houses across the district.

Below shows areas where new homes have been completed or are currently under construction:

Area	Type of Properties	Number of Properties
Newark	Flats, Houses, Bungalows	94
Hawtonville	Flats, Houses, Bungalows	37
Balderton	Flats, Houses, Bungalows	14
Collingham	Houses, Bungalows	9
Coddington	Houses, Bungalows	8
Farndon	Flats, Houses, Bungalows	19
Elston	Bungalows	3
Sutton on Trent	Bungalow	1
Boughton	Flats, Bungalows	43
Ollerton	Houses,	2
Clipstone	Houses, Bungalows	7
Rainworth	Flats, Bungalows	6
Blidworth	Flats, Bungalows	8
Southwell	Flats, Bungalows	6
Winthorpe	Bungalow	1
Caunton	Houses	2
	Total	260

- 3.9 The average cost of the HRA properties is £154,353 (inclusive of fees and costs) compared to the current average affordable new build property in the district at £182,403.99 which demonstrates the HRA programme is delivering additional affordable properties within the district at very competitive rates.
- 3.10 The council has secured Homes England grants over the course of the development programme of £7,887,635. The average level of grant achieved per property has been £36,000.
- 3.11 We monitor satisfaction through customer surveys carried out six months after the tenants has moved into the property. The survey asked 8 questions in relation to the quality of the new build property; the service from the development team, the design and facilities provided. This also covers any defects arising during the first 6 months of occupation to help monitor build quality.
- 3.12 The survey responses showed 100% of the respondents were satisfied with the quality and design of the property; 100% were satisfied with the service delivery, 95% were satisfied with the information in the user manual supplied. The response rate was 55%.
- 3.13 Most of the properties surveyed had needed to report a minor defect within the first six months of occupancy within the property; however 100% satisfaction was received for the way the issue was resolved and the time it took to resolve the defect.
- 3.14 A review of the defects raised took place and the majority of the defects were plumbing related items, the second most common defect was related to the kitchen unit doors operation. A workshop has been carried out with the site team to review the feedback, specification and the quality of the products to eliminate future defects.
- 3.15 The development programme has presented a number of challenges and constraints due to the nature of the sites including: overlooking properties, access to sites, long utility runs, asbestos, rights of way, keeping sites within budgets, ensuring continuation for the supply chain to retain labour. Despite this, our build costs have been favourable due to using existing HRA land.
- 3.16 Local car parking has also proved challenging and a proportion of the sites developed have provided additional car parking facilities for local residents - above what is normally required as part of the planning application process. When carrying out the feasibility study of a development, local resident car parking is now reviewed to ensure the development proposed will not have a negative impact on the area.
- 3.17 Contracts and the contractors are performing in line with expectations. Properties are being delivered in line with the rates submitted at tender stage and regular reviews and value engineering of the sites takes place, with the last review carried out in July 2020.
- 3.18 Our future sites will also consider renewable heat sources as we start to consider how respond to the climate emergency and zero carbon. So far, we have built a number of homes with renewable heat sources and we will continue to build our knowledge and application to give better fuel economy for our tenants and better for the environment.

4.0 Equalities Implications

4.1 The HRA new build development programme contributes to the council's equalities commitments by providing level access to all ground floor new build properties. In addition, all ground floor accommodation on the developments benefit from level access bathing facilities as standard specification for the new build programme.

5.0 Digital Implications

5.1 No digital implications are identified in this report.

6.0 Financial Implications (FIN20-21/5146)

6.1 A summary of budget and spend (to the end of November 20) including grant received is below:

Scheme	Units	Revised Budget £m	Expenditure £m	HE Grant £m	Other External Funding £m
Gladstone House	60	8.842	8.190	1.500	3.825 NCC
Phase 1	70	10.128	10.130	2.986	0.089 BCF
Phase 2	50	7.803	7.700	1.322	0.048 BCF
Phase 3	10 *	8.741	2.223	0	0
Boughton Extra Care	40	8.937	3.291	2.080 **	0
Total	230	44.451	31.534	7,888	3.962

*10 completed 30 under construction – spend to the end of November 2020.

** Received £1.560m to date, final £0.560m to be received upon Practical Completion.

6.2 The Development Team work closely with Finance to ensure all budgets are accurate and any variations are approved in a timely manner and budgets are closely monitored.

6.3 96 Right-to-Buy (RTB) sales were completed between 2017/18 and 2019/20 with gross receipts of just over £6m. The RTB receipts for Replacement Homes (known as 1-4-1 Receipts) are retained through a RTB agreement. Under the terms of that agreement, the RTB receipts have to be spent on new supply of affordable housing within 3 years of arising, or have to be returned to Government with penalty interest applied.

6.4 A combination of grant funding and RTB 1-4-1 receipts cannot be used to finance the same scheme. Therefore, the latter phases of the development programme will maximise the use of 1-4-1 receipts in order to avoid any penalties.

7.0 Community Plan – Alignment to Objectives

7.1 The Council's development programme contributes to a number of objectives :

- Accelerate the supply of new homes including associated facilities.
- Reduce levels of deprivation in target areas and remove barriers to social mobility across the district
- Improving the health and wellbeing of local residents, with a particular focus on narrowing the gap in healthy life expectancy and other health outcomes.

9.0 RECOMMENDATION(S)

- a. The committee are asked to note the current position and progress of the HRA new build development programme delivery and the financial performance thus far.
- b. That members feedback their observations about the content and any further information that may be useful in future reports.

Reason for Recommendation(s)

The HRA New Build Development programme is key to supplementing affordable housing in the District as it brings forward difficult sites that would otherwise not be developed.

Background Papers

Nil.

For further information, please contact (Kevin Shutt - Development Manager) on Ext 5670

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