

FAREHAM BOROUGH COUNCIL

EXECUTIVE MEMBER DECISION (HOUSING)

Date: Thursday, 30 April 2020

Time: 11.30 am

Venue:

Executive Member: Councillor F Birkett



1. Report Published

To consider the following matters for decision for which reports have been published:-

Key Decision(s)

(1) Stubbington Lane Development Site, Hill Head (Pages 3 - 14)

A report by the Deputy Chief Executive Officer.



P GRIMWOOD
Chief Executive Officer

www.fareham.gov.uk
22 April 2020

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FAREHAM

BOROUGH COUNCIL

Report to the Executive Member for Housing for Decision 30 April 2020

Portfolio:	Housing
Subject:	Stubbington Lane Development Site, Hill Head
Report of:	Deputy Chief Executive Officer
Corporate Priorities:	Providing Housing Choices

Purpose:

To seek approval for the funding arrangements to deliver 11No. new affordable houses for shared ownership on land at Stubbington Lane in Hill Head.

To also seek approval of the process toward the appointment of contractors for the scheme.

Executive summary:

The attached report provides Members with an overview of the funding arrangements proposed to be used to deliver new affordable homes on land at Stubbington Lane, a site which is owned by Fareham Borough Council and allocated for residential development.

Further details surrounding the funding arrangements, including the total estimated cost to deliver the project, are provided in the Confidential Appendix A attached to this report.

The report also seeks Executive approval for delegated authority that will allow a time efficient appointment of an appropriate contractor to build out the scheme.

Recommendation/Recommended Option:

It is recommended that the Executive agrees:

- (a) the funding mechanisms, as outlined in the confidential Appendix A attached to this report, for the delivery of 11No. new shared ownership properties; and
- (b) that the award of contract and the appointment of building contractor(s) for the Stubbington Lane development be delegated to the Deputy Chief Executive Officer, following consultation with the Executive Member for Housing.

Reason:

To ensure the funding arrangements are acceptable and to enable a time efficient process to deliver the scheme when a formal planning consent is available for the site.

Cost of proposals:

The total estimated cost to deliver the Stubbington Lane shared ownership development is outlined in the accompanying Confidential Appendix.

Appendices:

A: Funding arrangements (confidential)

B: Site Location Plan

C: Extract from Site Layout Plan

Background papers:

None

Reference papers:

Affordable Housing Strategy (2019)

FAREHAM

BOROUGH COUNCIL

Executive Member Briefing Paper

Date:	30 April 2020
Subject:	Stubbington Lane Development Site, Hill Head
Briefing by:	Deputy Chief Executive Officer
Portfolio:	Housing

INTRODUCTION

1. Construction work has been underway for some months at two Fareham Housing sites (Highlands Road and Bridge Road). These sites will complete in 2020 and deliver additional Council owned housing stock (Social/Affordable Rent) for customers on the Council's Waiting List.
2. The adopted Affordable Housing Strategy recognises the ongoing affordable housing need in the Borough and this includes the need for affordable home ownership products such as shared ownership.
3. As part of the rolling programme of new affordable home delivery by the Council the site at Stubbington Lane in Hill Head is now making further progress. A planning application to provide 11No. shared ownership houses on the site was submitted in September 2019. An approach to achieve 'nitrate neutrality' has now been found acceptable by Natural England. This approach involves water efficiency improvements to other Council owned stock that will effectively offset the water use at the proposed development. This should allow the planning application to now progress to the Council's Planning Committee.
4. To facilitate a time efficient delivery of this scheme Executive approval for the funding arrangements and process to appoint a contractor is sought. No actions will be taken toward the appointment of contractors until such a time that an appropriate planning permission is in place but, should planning consent be granted, Officers will then be able to move forward with the development as soon as is practically possible.

BACKGROUND

5. The site on Stubbington Lane (as shown in Appendix B) was formally owned by Homes England before transferring to the Council as part of a package of sites in 2017. It is formally allocated for residential development in the Council's adopted Local Plan (Housing Site H12).
6. The planning application for the site provides a range of property sizes that are likely to

appeal to potential shared ownership occupants. The proposed development includes 2No. 1-bed houses, 7No. 2-bed houses and 2No. 3-bed houses together with parking and access onto Stubbington Lane.

7. New shared ownership homes will contribute to affordable housing need in the Borough. It will also help to cross subsidise the provision of Social/Affordable Rent properties elsewhere, through the capital receipt and on-going rent from the shared ownership properties.
8. Officers will also look at ways that the shared ownership homes can be brought to the attention of existing Council tenants (in Council rent homes) whose circumstances may have changed and who might consider affordable home ownership. Potential moves of this kind would have the added benefit of freeing up a Council Rented home for another household in need.

FUNDING MECHANISMS

9. The costs to deliver this scheme will principally be met from borrowing. Homes England Grant funding will also be used together with some funds from the Housing Revenue Account Capital Development Fund.

Borrowing

10. Borrowing will fund the majority of the project costs. However, much of the borrowing is expected to be repayable in the short term when the properties are sold. Shared ownership typically sees purchasers buy a share of the home (for example 25%, 50% or 75%) depending on what they can afford. The receipts from these sales will then offset much of the borrowing costs.
11. An on-going rental income will also be provided from the development from rent payable for the share of the homes that occupiers do not own. The rent paid by occupiers is proportionate to the share owned (i.e. someone owning 25% of a property will pay more rent than someone owning 75% of a property).
12. The Council's Finance Team are satisfied that the sales and rental income from the development will comfortably support the borrowing required to deliver the development. Ultimately it will provide a positive receipt to the Council that can be used to fund the development of other new affordable homes elsewhere in the Borough.

Homes England Grant

13. An application has been made to Homes England for £484,000 in grant to support the delivery of this scheme. The current grant funding programme by Homes England runs until 2020/21. All grant receiving projects should start by March 2021 and be completed by March 2022. This is achievable for this project and adds to the need to ensure a time efficient approach to the appointment of contractors. Home England are yet to confirm the approach to grant funding after the current 2020/21 programme.

HRA Capital Development Fund

14. A limited amount of money from the Housing Revenue Account Capital Development Fund will be used toward this project. Much of these funds have been used or committed to the projects at Highlands Road (Rose Court) and Bridge Road (Oak Tree Close). No borrowing was required for these earlier projects but borrowing will now be necessary to progress the construction of further new affordable homes by the Council.

CONTRACTOR APPOINTMENT

15. To enable a time efficient delivery of the scheme (and subject to planning permission being granted) it is important that progress can quickly be made toward construction. Executive approval is sought for the Deputy Chief Executive Officer to have delegated authority to appoint contractors for the site, at a level not in excess of that outlined in Confidential Appendix A, following consultation with the Executive Member for Housing. This will enable works to commence at the earliest opportunity. This will be important in securing the time limited Homes England Grant funding opportunity.
16. The tender process to appoint a contractor will be undertaken in accordance with the Council's Procurement and Contract Procedure Rules (October 2018). It is likely that a closed tender approach will be used, by inviting a minimum of three appropriate contractors to tender. Contractors will be subject to pre-qualification questions to ascertain they are eligible to tender, and the list of selected contractors to quote will be informed by the market knowledge, understanding and experience of Officers in the Council's Property team.
17. Value for money will be the main consideration in appointing contractors but it will not be the sole consideration. It will also be important that a quality build will be achieved in a timely manner and that a good working relationship will be maintained with the Council throughout. This will all be managed appropriately through the tender process.

TIMINGS OF DELIVERY

18. The timings of the delivery remain approximate and dependant on several factors. If planning consent is achieved in Spring/Summer 2020 then detailed technical designs will then be produced by the Architect, an Employers Agent would be appointed, pre-qualification procurement requirements undertaken, detailed requirements for the build identified and, when appropriate, the full contractor tender process undertaken. Depending on the availability of potential contractors and the tender process outcomes, construction could start in Autumn/Winter 2020. The build programme is likely to be 12-18 months. This is an approximate indication at this time and the timetable will become clearer as matters progress.

Enquiries:

For further information on this report please contact Robyn Lyons (Ext 4305)

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

Stubbington Lane development site

APPENDIX B



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APPENDIX C

Stubbington Lane development site

Extract from Site Layout Plan (subject to copyright, not to scale)



