

# FAREHAM

## BOROUGH COUNCIL

### Report to the Executive for Decision 07 March 2022

<b>Portfolio:</b>	Housing
<b>Subject:</b>	<b>Assheton Court Redevelopment</b>
<b>Report of:</b>	Deputy Chief Executive Officer
<b>Corporate Priorities:</b>	Providing Housing Choices

**Purpose:**

To seek approval for the funding arrangements for the redevelopment of Assheton Court in Portchester, to provide up to 60No. new sheltered housing apartments.

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 enable the redevelopment of Assheton Court in Portchester. This to include the demolition of the existing building and a new building comprising of up to 60No. sheltered housing apartments.

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 up 60No. new sheltered housing apartments; and
- (b) that the award of contract and the appointment of building contractor(s) for the Assheton Court redevelopment 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 if/when a formal planning consent is available for the site.

**Cost of proposals:**

The total estimated cost to deliver the redevelopment of Assheton Court is outlined in the accompanying Confidential Appendix.

**Appendices:**

**A:** Funding arrangements (confidential)

**B:** Site Location Plan

**C:** Artist Impression of front elevation (based on initial drawings)

**Background papers:** None

**Reference papers:** None

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## BOROUGH COUNCIL

### Executive Briefing Paper

<b>Date:</b>	07 March 2022
<b>Subject:</b>	Assheton Court Redevelopment
<b>Briefing by:</b>	Deputy Chief Executive Officer
<b>Portfolio:</b>	Housing

#### INTRODUCTION

1. The adopted Affordable Housing Strategy (2019) recognises the ongoing affordable housing need in the Borough. The Strategy also seeks to improve and update existing Council owned affordable homes and specifically mentions Assheton Court as one of the early projects to be addressed.
2. In December 2019 Executive agreed the principle to redevelop Assheton Court, including the inclusion of a small area of the adjacent Long Stay East car park (with no net loss of car parking spaces in the Council owned public car parks).
3. The main objectives were to seek additional sheltered housing accommodation in this location, and to address the poor condition and longevity of the existing Assheton Court building; this thereby advocating complete redevelopment as the most appropriate approach.
4. A public consultation event took place in autumn 2021 to obtain opinions and comments on initial plans/drawings for the new Assheton Court (visual impression at Appendix C). In addition to this Officers have attended coffee mornings with the existing tenants to discuss the initial plans. The design for the new Assheton Court is in the process of being altered and improved to acknowledge many of the comments raised, and a full planning application for the redevelopment of the site is expected to be submitted on or before summer 2022.
5. This will be one of the largest Fareham Housing projects for many years and the potential costs are reflective of the scale of the project involved. 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 redevelopment as soon as is practically possible.

#### BACKGROUND

6. Assheton Court was built in 1971 and comprises 33 flats, 13 of which are bedsit accommodation. Flaws with the current design, and the costly works involved in retaining the current building, were explained in the December 2019 Executive Report. In addition, the 2019 report outlined the unmet need for further quality older person affordable accommodation in the Portchester area.
7. Executive agreement to the principle of the development also included the use of a small area of the adjacent car park.
8. The timings for the nearby scheme on land at Station Road (Sir Randal Cremer House), where 16No. sheltered housing apartments are under construction will provide an ideal opportunity for re-housing remaining residents at Assheton Court.
9. Sir Randal Cremer House should complete in Spring 2023. This will not be the only alternative option for Assheton Court residents and discussions will take place on an individual basis as to the best and most appropriate solution for each individual tenant. There are currently 14 residents in Assheton Court and the majority of these are likely to choose a move to Sir Randal Cremer House. Any residents formally decanted from Assheton Court will have the option to return to the new Assheton Court, and they will be assisted at every stage of the decant process including reasonable moving costs and in most cases an entitlement to Home Loss Payment.

## **DESIGN AND USE OF THE NEW BUILDING**

10. The final design for the scheme is still being formulated by the appointed architects. This will include appropriate greener technologies to reduce the potential carbon footprint of the building whilst also ensuring costs, such as heating, are affordable for the occupants.
11. Most of the apartments will be available for persons on the Council's Housing Register and offered at Affordable Rent. A small proportion of the apartments may be made available as Older Person Shared Ownership (OPSO) accommodation.
12. OPSO works on a similar format to standard shared ownership, whereby a purchaser buys a share of the home (typically between 10% and 75%) and then they pay a proportional rent to the Council for the remaining unowned share (i.e. the greater the share owned then the smaller the rent payable). This type of accommodation is available to persons aged 55+ and, as with standard shared ownership, the occupants can purchase additional shares. In the case of OPSO the maximum share owned cannot exceed 75%, and once 75% is owned then no rent is payable. OPSO can help individuals/couples through one or more of the following: -
  - to move to more suitable accommodation
  - to help financially (those who may be struggling to make ends meet in retirement)
  - Providing a downsizing option
13. OPSO has proved successful at neighbouring authorities who have recognised this need for older person affordable home ownership and found it to be popular. The final amount of OPSO apartments will be determined taking into account the final design of the scheme and by working in conjunction with the Council's Finance team.

## **PROJECT COSTS**

14. Confidential Appendix A to this report outlines the overall expected project costs. This acknowledges expected demolition costs, build costs (including the inclusion of greener

measures), on-costs and other associated costs with the scheme (such as moving the existing sub-station).

15. Build costs have risen considerably during the last two years and this is reflected in the overall project cost. The tender process for this scheme (subject to planning permission) will most likely take place in late 2022/early 2023; by this time there may be some levelling/settling in the market.

#### *Sources of Funding*

16. The costs to deliver this scheme will principally be met from long term borrowing, along with initial sale receipts for the OPSO units at the scheme, and the non-ringfenced elements of Right to Buy receipts.
17. The extent and type of borrowing will be determined by the Council's Finance Team having regard to borrowing costs and any other available capital receipts that are suitable and available for this project. All this will be determined closer to a start on site taking account of the relevant borrowing costs and availability of other capital/borrowing resources at that time.
18. The strategic approach to the Council's new affordable home building programme has always acknowledged the potential cross subsidy from other projects, and to this extent some projects will deliver a more positive financial outcome over 30-40 years than others. The Council's Finance Team are content that even at the maximum envisaged borrowing extent required to deliver this project, it will not result in a detrimental financial impact to the HRA when considered alongside the wider package of recent new build housing schemes completed by the Council.
19. Other sources of funding to be utilised could include other Shared ownership scheme receipts and/or s106 monies toward affordable housing provision. Homes England Grant Funding will also be sought toward the development costs.
20. Further detail on the sources of funding and anticipated project costs are outlined in Confidential Appendix A to this report. The estimated projects costs should be kept confidential to ensure a competitive tender exercise for a contractor can take place in due course.

#### **CONTRACTOR APPOINTMENT**

21. 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.
22. 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 an open tender approach will be used to ensure a competitive tender price can be achieved. Contractors would be subject to pre-qualification questions to ascertain they are eligible to tender, and the tender process will include a balance between cost (value for money) and service quality questions.

#### **TIMELINE**

23. The timings of the delivery remain approximate and dependant on several factors. If

planning consent is achieved in 2022 then detailed technical designs will then be produced by the Architect/Engineers. An Employers Agent would be appointed, 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 Spring/Summer 2023. This potential tying in very well with the build programme and completion of Sir Randal Cremer House (Station Road) in Spring 2023.

24. The build programme for Assheton Court may be approximately 18-24 months, indicating completion in 2024/25. This is an approximate indication at this time and the timetable will become clearer as matters progress.

## **CONCLUSION**

25. This project represents substantial and positive investment in the Council's affordable housing stock. It will help to address older person affordable housing need in the area and provide modern, high standard, more accessible apartments in this ideal location for older person living.

### **Enquiries:**

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