

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 07 October 2024

Portfolio: Housing

Subject: Fareham Housing development sites update

Report of: Director of Housing

Corporate Priorities: Provide Housing Choices

Purpose:
To update the Executive on the Fareham Housing newbuild delivery programme.

Executive summary:
This report provides an update on the newbuild Fareham Housing development sites which are either under construction, have planning permission, or are being progressed as future sites. Information on funding and delivery mechanisms has been included to provide context of the current delivery climate.

Recommendation/Recommended Option:
It is recommended that the Executive notes the progress with individual sites and tenures proposed.

Reason:
Expected progress, funding approach and tenure can change from project inception to completion.

Cost of proposals:
The cost of the Fareham Housing Development Programme is subject to approval on a site-by-site basis.

Appendices: None

Background papers: None

Reference papers: I. Fareham's Affordable Housing Strategy

II. Fareham Housing Regeneration Strategy and Appendices

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Executive Briefing Paper

Date:	07 October 2024
Subject:	Fareham Housing development sites update
Briefing by:	Director of Housing
Portfolio:	Housing

INTRODUCTION

1. Launched in 2017, Fareham Housing has delivered 52 newbuild affordable homes on five sites across the borough, with a further 70 homes on three sites under construction. The homes have been a combination of social rent, affordable rent, and shared ownership, both for general needs and older persons, but all have supported the corporate priority of providing housing choices, building the right homes in the right places for those who need them. The Council's Housing Registers help to inform future developments, and the housing teams work closely together to ensure that the homes meet requirements.
2. Fareham Housing are progressing a range of development opportunities, and this report provides an update on this newbuild programme. The sites under construction are fully appraised and the funding route for each of these sites is included in this report. The future funding landscape for affordable homes is however not entirely clear. Further details are expected following the Spending Review. Whilst we are continuing to create a pipeline of sites, we do not currently know the impact any future funding announcement will have on this programme. We consider the best funding approach and tenure at key stages of a project, and occasionally this can change between project inception and completion, for reasons such as changes in funding availability and requirements. This flexibility in our projects ensures we make the best use of financial resources with no unacceptable detrimental impact to the medium/ long term health of the HRA, whilst also meeting the need of the different tenures of affordable homes required in the borough.

FUNDING THE DEVELOPMENT PROGRAMME

3. Affordable housing developments are often funded by a combination of Homes England grant funding and borrowing. There may also be the option to use the 1-4-1 element of Right to Buy receipts. Updated Government guidance in July 2024 increased the flexibilities on the use of 1-4-1 receipts, both the quantum which can be used and other funding methods they can be combined with. The Council does have some 1-4-1

receipts, which are required to be spent within a certain timeframe. The increased flexibility in the use of 1-4-1 receipts could assist some future development sites in the absence of a future Affordable Homes Programme announcement. The current Homes England Affordable Homes Programme 2021-2026 requires developments to start on site by March 2025 and complete by March 2026.

4. Fareham Borough Council are a member of the Wayfarer Consortium, led by Abri, a Registered Provider. Wayfarer (via Abri) advise Homes England on our development programme and submit our Affordable Homes Programme bids to Homes England. As a member of the Wayfarer Consortium, the Council can access the Wayfarer framework to procure services such as Architects and Employer's Agents.

COMPLETED NEWBUILD FAREHAM HOUSING DEVELOPMENTS

5. The table below provides a summary of the newbuild Fareham Housing developments which have completed since its inception in 2017.

Site name/ location	Total No. of new homes	Social rent	Affordable rent	Shared ownership	Date complete
Oak Tree Close, Sarisbury Green (rear of 123 Bridge Road)	5	2x3bh	3x2bh		July 2020
Rose Court, Fareham (The Hampshire Rose, Highlands Road)	18	10x1bf 8x2bf			July 2021
Queens Road, Fareham	2	2x3/4bh			April 2023
Sir Randal Cremer House, Portchester (Merjen Engineering, Station Road)	16		11x1bf 1x1/2bf 4x2bf		June 2023
Capella Close, Hill Head (Stubbington Lane)	11			2x1bh 7x2bh 2x3bh	March 2023
Total	52	22	19	11	

6. The completed homes are a mix of tenures and bedroom sizes, in locations throughout the borough. Six of the completed homes are wheelchair user dwellings (2 at Rose Court, 2 at Queens Road and 2 at Sir Randal Cremer House) and all the sheltered housing apartments at Sir Randal Cremer House have level access showers. This development received a contribution from the Randal Cremer Cottages Trust to provide accommodation for older persons. All other developments were successful in obtaining grant funding from Homes England through Affordable Homes Programmes.

7. Further new affordable home provision was provided through acquisitions and conversion

works, providing affordable accommodation at 123 Bridge Road (5-bedroom HMO), 92 Gordon Road (9-bedroom HMO), and two large family homes at Arundel Drive. The latter each providing a ground floor wheelchair accessible bedroom and wet room.

FAREHAM HOUSING DEVELOPMENTS WITH PLANNING CONSENT/ UNDER CONSTRUCTION

Ophelia Court, Sarisbury Green (Park Gate ward)

9No. 1&2 bed apartments for shared ownership

8. Also known as the Coldeast Scout Hut site on Montefiore Drive, Ophelia Court is Fareham Housing's second shared ownership development in recent years, following Capella Close. Fareham Borough Council holds an Affordable Home Ownership register, which currently has over 650 registered applicants. The Council purchased the site from Homes England and is developing 9 apartments here, 5No. 1 bed and 4No. 2 bed. Work started on site at the end of 2023, with FE Chase Ltd as the building contractor. The development was successful in its grant bid application to Homes England for £447,000 from the Affordable Homes programme 2021-2026.
9. The homes will benefit from solar panels and electric vehicle charging, as well as private outside space. Ophelia Court is due to be ready for occupation in January 2025. Marketing for the units commenced in September 2024 and the homes will be sold through estate agent Fox & Sons.

51A Bellfield, Titchfield **1No. 3 bed house for affordable rent**

10. 51A Bellfield is a new home in the side garden of 51 Bellfield. Planning permission was granted in March 2023. The new 3 bedroomed home (5 persons) includes a number of greener measures. It will be heated with an air source heat pump and includes solar panels on the roof and electric vehicle charging. The appointed contractor, Daintree Developments Ltd, started on site earlier this year and expect to complete the property in early Spring 2025.
11. 51A Bellfield is an example of a project where the funding approach and tenure has changed since project inception. A range of funding options were explored for this development. Originally the site was considered for Homes England grant funding. However, a better use of resources is to fund the development using 1-4-1 receipts, which have a time limit on when they can be used to fund developments; grant funding is not available alongside the use of 1-4-1 receipts.
12. The tenure of the new property has also been considered thoroughly throughout the project. The property is adjacent to 51 Bellfield, a social rent, 1920's build, which by design will not be as energy efficient as the new 51A Bellfield property. Coupled with the

need to consider income to the HRA when appropriate, the opportunity to differentiate more greatly between the rents paid between 51 and 51A, with the new property set at an affordable rather than a social rent, will ensure transparency in the Council's recognition of the difference in these immediately neighbouring properties.

Sea Lane, Stubbington

4No. Self build plots (not affordable housing)

13. The site at Sea Lane, Stubbington, is one of the package of sites the Council purchased from Homes England (another of which was Capella Close). This small site, in an area of lower housing need than other areas of the borough, has planning permission for 4No. Self-build plots. The site was approved at Executive in November 2020 as a Housing Enabling Capital Programme scheme, with the net sale of the capital receipts available to the Council held in the general fund and used toward the provision of affordable housing in the borough. An element of the proceeds are repayable to Homes England due to an overage that applies to the site.
14. Planning permission was granted in 2021. A Deed of Variation (DoV) was required to the Overage Deed between the Council and Homes England to facilitate the provision of self-build, and this had delayed progress. This DoV was completed in May this year and has meant we can now progress with the site. This includes selling a small strip of land to a neighbour and procuring access works required before the plots can be marketed.

Assheton Court, Portchester

60No. 1&2 bed apartments for older persons

15. In March 2022 Executive approved the funding arrangements and the process to appoint the contractor for the redevelopment of Assheton Court in Portchester, to provide up to 60No. New sheltered housing apartments with an estimated project cost of £20,049,600. This project cost remains appropriate and the phased budget will be incorporated in the revised HRA Capital Programme to be reported to the Executive in February 2025.
16. The old Assheton Court has been demolished and a contractor, Feltham Construction Ltd, has been appointed. Feltham will take possession of the site at the end of September 2024 to start preliminary works. These include hoarding 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).
17. A timetable for the development is not yet available due to some works being dependent on the removal of the existing substation and the lead-in time required by SSE, which will only commence once a legal agreement is finalised. Completion of this matter is expected imminently.
18. A bid was submitted to Homes England for all the Assheton Court apartments to be let at a social rent. The grant bid was approved in the summer for £7,560,000. It was reported to the Executive in March 2022 that we expected the apartments to be offered at

Affordable rent, with some considered for Older Person Shared Ownership. At that time, this approach to tenure reflected anticipated grant rates and the need to avoid the redevelopment having a notable detrimental impact to the Housing Revenue Account. The ability to achieve a far higher social rent grant than originally anticipated means that Social Rent can be offered, whilst also having a positive impact to the HRA over a reasonable period. Being able to offer new sheltered accommodation at Social Rent will benefit the borough's residents, including those who wish to downsize from larger Council social rent accommodation. This could then free up family housing for applicants on our housing register.

FUTURE DEVELOPMENT PROJECTS WITH APPROVAL TO PROGRESS

130-136 West Street, Fareham (Former Birks buildings)

19. In October 2023, Executive approved a bid to be concluded for the acquisition of a town centre property, for its redevelopment as affordable housing. This property was acquired in March 2024 and consists of the former Foresters' Hall, a number of ground floor shops and the Birks of Fareham furniture store, which was thought to be Fareham's oldest business. The redevelopment will bear the Birks name in recognition of this.
20. The site has been stripped out and secured. Some demolition works are taking place, as advised by Building Control, and approved by Planning. Wessex Demolition has been appointed for this work.
21. MH Architects have been appointed from the Wayfarer Framework to design a scheme including both affordable housing apartments, and retail space on the ground floor fronting West Street. Unfortunately, Foresters' Hall cannot be saved due to the state of repair, but we are working with the architect for the design of the new building to be influenced by Foresters' Hall.
22. It is likely that this development will be considered for temporary/ emergency accommodation. The site is well placed in the town centre and will provide a more suitable housing solution for our residents in need, and reduce the reliance on B&B accommodation, which is often outside of the borough.
23. In collaboration with the Regeneration Strategic Lead, printed graphics are being installed on the hoarding fronting West Street. The graphics link together the wider Fareham town centre regeneration and this redevelopment site for affordable housing and business space. The boards can be updated with further information, such as community consultations and development plans/ CGIs.
24. Ward Councillors, local residents and businesses surrounding the site have been kept informed on the works taking place on this prominent site. The current timetable is for a community consultation on the proposals to be held in Spring 2025.
25. Homes England Affordable Homes Programme grant funding may be possible for this development, but to date there has been no announcement of what a future programme will include, and this development will not meet the start on site requirements for the

current programme. Additional flexibilities concerning the use of 1-4-1 receipts to fund affordable housing may benefit this development. Officers will continue to discuss with Homes England, with the situation likely to be clearer in the coming months. Working closely with the Council's Finance team the most appropriate development funding route will be identified in due course.

Redoubt Court, Fort Fareham

26. 'Fort Fareham Housing Estate Regeneration' is a site in the Fareham Housing Regeneration Strategy. This includes the principle of the redevelopment of Redoubt Court, which is an allocated site in the Local Plan.
27. Redoubt Court consists of 8 dwellings across two blocks. One of these blocks is now void and secured, due to the poor state of repair. The properties are of a non-standard construction type and do not meet current standards.
28. Preliminary works are being undertaken to ascertain what could be possible on the site, to inform an architect brief. A procurement exercise to appoint an architect is expected to begin in the next few months.

Menin House, North-West Fareham

29. Another Fareham Housing Regeneration Strategy site is Menin House. Whilst the majority of the 24 properties at Menin House are still able to be let, some of the flats have been boarded up due to issues which cannot easily be rectified, without substantial cost.
30. Menin House includes leaseholder accommodation. Leaseholders have been supported since the Executive agreed the principle to redevelop this site, and one leaseholder has sold their accommodation back to the Council. We continue to work with the remaining leaseholders. Some of the garages on the site have also been sold to private owners. The Council is corresponding to purchase these garages. Once the Council has completed this land assembly process, the project can progress.

DEVELOPMENT SITES PIPELINE

31. A pipeline of future sites is being developed. There is uncertainty of a future Affordable Homes programme, and constraints within the Council's HRA. A future pipeline including regeneration schemes attracts a higher cost due to the addition of a demolition and potential for Home Loss Payments, but also bring with them significant benefits to the borough, and improvements to the Council's housing stock. It may be that other developments (non-regeneration) can be progressed at a similar time, which provide a positive receipt to the Housing Revenue Account and offset the higher costs of other less financially favourable projects. The approach to tenure will be considered balancing both housing need and the requirements of the HRA.

32. The Council's Finance Team are heavily involved in discussions relating to the new build projects and pipeline, and all potential sites will come to Executive for approval once initial work has been undertaken to understand the development potential and costs involved.

ENVIRONMENTAL CONSIDERATIONS/CARBON IMPACT ASSESSMENT

33. Whilst no environmental or carbon impacts are anticipated in relation to this update, this may be triggered in relation to new developments. Where this is the case, a separate review will be undertaken for that specific project.

Enquiries:

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