

Council House Delivery Programme Update

Overview and Scrutiny Economy and Enterprise

18 December 2024



Agenda

- Background
- Updates since January 2024 E&E OSC
- Council House Delivery Programme – New Build development Pipeline
- Building conversions programme
- Property acquisitions programme
- Next Steps
- Questions

Objective/Purpose:

- Members of the Economy and enterprise Overview and Scrutiny Committee are asked to note and comment on the information provided within this report and the associated presentation

Background



Background

- In October 2020, the council agreed to begin a council house delivery programme of up to 500 homes by 2026
- Cabinet reports in February 2021 and December 2021 agreed Phase 1 and Phase 2 sites for the programme.
- Progression of the council house delivery programme has been impacted by a series of macro-economic factors:
 - Covid 19
 - War in Ukraine
 - The global energy crisis

July 2023 Business Case

- On the 12 July 2023, Cabinet approved an updated business case for the council house delivery programme, including a revised financial model.
- The July 2023 updated business case responded to three challenges for the programme:
 - a) macro-economic changes had seen both inflation and interest rates rise significantly since the first business case was prepared.
 - b) the opportunity to revisit both the delivery approach and assumptions, to support viability considerations within the programme.
 - c) to understand how the programme could support a reduction in the cost of using temporary accommodation.
- Updated financial model forecast HRA is financially viable on a self-financing basis, without capital investment from the council.

Update since January 2024 E&E OSC



Progress update

Action	Status	Comment
Concluding the procurement exercise to appoint a main contractor to build council homes.	Complete	T Manners appointed as main contractor.
Progressing of 'first sites', Portland Avenue, Seaham and Greenwood Avenue, Burnhope.	Complete	Planning applications submitted November 2024.
Work with the appointed main contractor to develop a delivery pipeline of sites.	Complete	Pipeline beyond first two sites in place.
Undertake a procurement process to appoint a Modern Methods of Construction (MMC) provider to deliver the Merrington View, Spennymoor site.	Complete	Procurement exercise completed and Core Haus appointed. Planning application submitted November 2024.
Prepare a report to Cabinet in 2024 to outline the operational and management considerations of the programme.	Pending	Reprofiled to 2025.

Council House Delivery Programme – New Build development Pipeline



Delivery pipeline overview

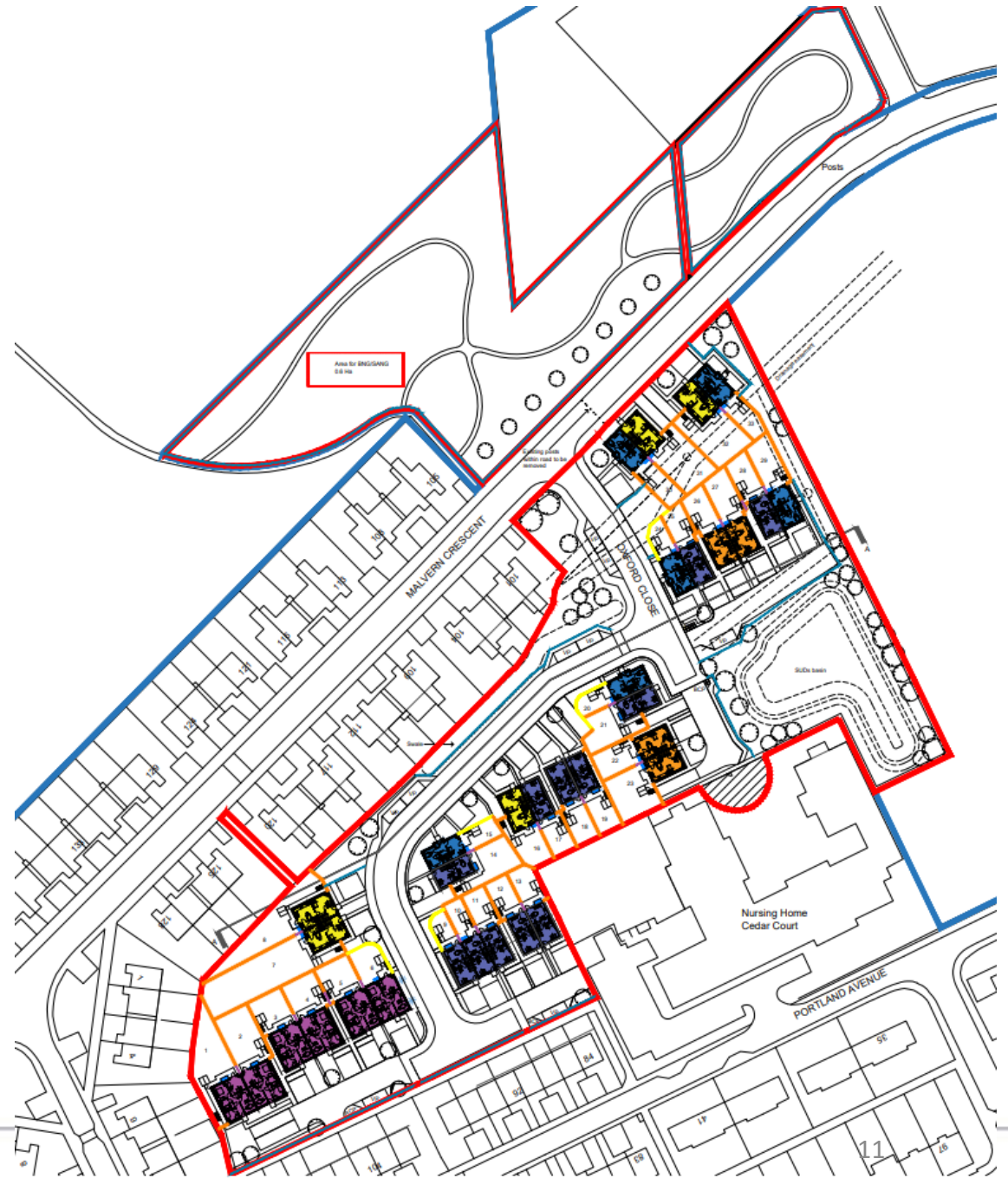
- The council will deliver 500 new build council houses as part of the council house delivery programme.
- Original intention was to deliver these by 2026, however owing to macro-economic factors, the programme will be delivered by 2029.
- Pipeline is to be delivered in phases, progressing two or three at a time across a rolling programme.
- If the programme is a viable proposition, it is likely that it will extend beyond 2029 and the number of new houses built will exceed 500.

The first three sites

- July 2023 cabinet report identified three sites for the initial stage of the programme:
 - Greenwood Avenue, Burnhope
 - Portland Avenue, Seaham
 - Merrington View, Spennymoor

Portland Avenue, Seaham

- 33 units - a mix of two-bedroom bungalows along with two and three-bed houses.
- Two car parking spaces per property.
- Nine visitor parking bays.
- Planning application submitted in November 2024.
- Commence on site Spring 2025 - subject to planning approvals, Homes England grant and contractual gateways.



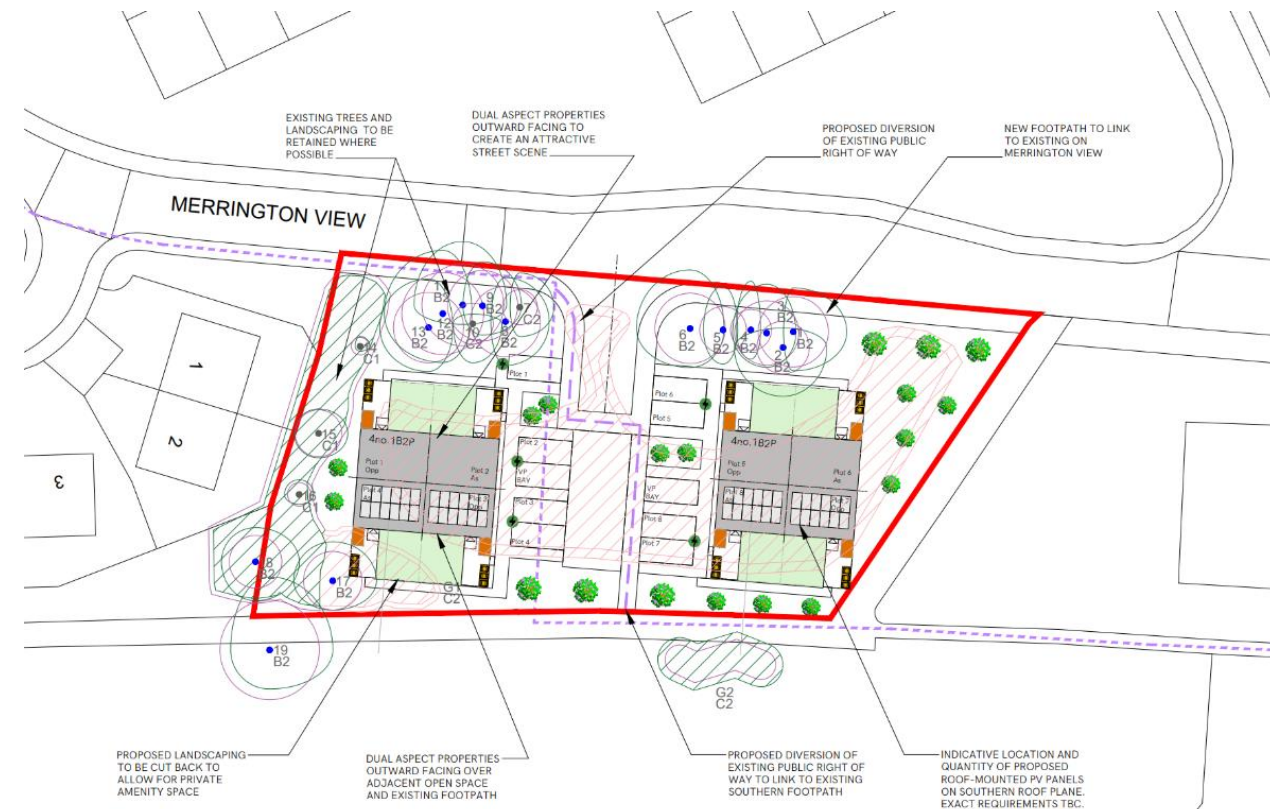
Greenwood Avenue, Burnhope

- 32 units. A mix of two-bedroom bungalows along with two, three and four bedroom houses.
- Two car parking spaces per property.
- Eight visitor parking bays.
- Planning application submitted in November 2024.
- Commence on site Spring 2025 - subject to planning approvals, Homes England grant and contractual gateways.



Merrington View, Spennymoor

- Eight one-bedroom properties.
- MMC scheme as part of SHAP.
- One car parking space per property. Two visitor parking bays.
- Planning application submitted in November 2024.
- Commence on site Spring 2025 - subject to planning approvals, and contractual gateways.



Wider pipeline (1/2)

- Sites likely to be suitable and viable for development.
- Set out in three phases
- The pipeline is subject to change as schemes are developed.
- Envisaged that the current pipeline will deliver 372 units.
- Alongside the pipeline, the council will continue to consider other opportunities as they arise.
- The council is actively exploring opportunities to the west of the A68 in rural communities.

Wider pipeline (2/2)

Site	No. of units	Current stage	Anticipated planning application date	Delivery timescale (anticipated start on site)	Anticipated Completion
Portland Ave, Seaham	33	Planning application submitted November 2024	Submitted November 2024	Spring 2025 start on site	Summer / Autumn 2026
Greenwood Ave, Burnhope	32	Planning application submitted November 2024	Submitted November 2024	Spring 2025 start on site	Summer / Autumn 2026
Merrington View Spennymoor	8	Planning application submitted November 2024	Submitted November 2024	Spring 2025 start on site	Summer 2025
South Parade, Thornley	17	Pre-application submitted November 2024	Q2 25	Q3 25	Q4 26
Grey Terrace, Ferryhill	22	Pre-application submitted November 2024	Q2 25	Q3 25	Q4 26
Third Street, Fourth Street and Fifth Street, Horden	60	Design Development / Confirming Brief	Q3 25	Q1 26	TBC
St Agatha's Close, Brandon	45	Initial feasibility	Q3 25	Q2 26	Q2 28
Claude Terrace, Murton	10	Future scheme in pipeline			
Fishburn Hall Farm	30	Future scheme in pipeline			
Moorside School, Consett	20	Future scheme in pipeline			
Derwentside Crescent, Leadgate	40	Future scheme in pipeline			
Delves Lane, Consett	30	Future scheme in pipeline			
Barrington School, Dene Bank	10	Future scheme in pipeline			
Blackthorn Close, Brandon	15	Future scheme in pipeline			

Unsuitable sites

- A number of sites originally allocated to the programme would likely be unsuitable.
- These sites have been considered as being unsuitable for reasons including:
 - the form of the site;
 - topography of the site;
 - the scale of the site; and
 - the scope for the developable area.
- Anticipated to total 197 units.

Building conversions programme



Conversions Overview

- Conversions in certain circumstances can form an important part of the delivery programme.
- Repurposing and converting surplus buildings within the Council's property portfolio can provide a contribution towards meeting housing needs
- Current Activity as part of SHAP programme providing 10 units at:
 - Tow Law Former Children's Home
 - Bishop Auckland Registry Office.

Property acquisitions programme



Acquisitions overview

- Property acquisitions form an important part of the delivery programme.
- Targeted acquisitions can supplement the new build element of the programme
- Provide an opportunity to meet housing needs in locations where there are limited land opportunities.

Acquisitions schemes

- The council has undertaken acquisitions in connection with the following schemes:
 - General needs affordable housing
 - Temporary Accommodation
 - Local Authority Housing Fund
 - Rough Sleepers

Current acquisitions schemes

- Current and ongoing acquisitions include:
 - Temporary Accommodation
 - Local Authority Housing Fund
 - SHAP
 - Use of S.106 to acquire Temporary Accommodation
- Alongside acquisitions, an active leasing scheme in place.

Distribution and form of properties

- Properties distributed across a range of settlements.
- Properties consist of studio apartments, 1, 2, 3 and 4-bedroom properties.
- 2-bedroom properties are the largest component of the stock.
- 1-bedroom properties the second largest component of stock
- Range of property sizes reflects housing needs.

Next steps



Next steps

- Continued progression of first schemes.
- Bringing sites forward within the pipeline.
- Continuation of acquisitions programmes.
- Future report to cabinet on operational management and maintenance for the council house delivery programme.

Questions

