

Report to:	EXECUTIVE
Relevant Officer:	Antony Lockley, Director of Strategy and Assistant Chief Executive
Relevant Cabinet Member	Councillor Mark Smith, Cabinet Member for Levelling Up - Place
Date of Meeting:	11 December 2023

CONSTRUCTION OF TWO ADDITIONAL COUNCIL HOMES AT GRANGE PARK (PHASE 2 HOUSING SITE), BLACKPOOL.

1.0 Purpose of the report:

1.1 This report outlines the proposal and level of investment required to deliver two additional two-bedroom bungalows at Grange Park scheme (Phase Two site). These additional units will replace the existing Blackpool Coastal Housing neighbourhood office on Sidford Court, Grange Park. The report seeks formal approval for the units to be delivered as an addition to the existing build programme (EX34/2021). The report also updates Executive on the additional costs incurred by the scheme.

2.0 Recommendation(s):

- 2.1 To approve the redevelopment of the former Blackpool Coastal Housing neighbourhood office site on Sidford Court providing two new two-bedroom bungalows
- 2.2 That the Council bids to Homes England for capital grant to help fund the construction of the proposed two units.
- 2.3 That the existing principal contractor, Tyson Construction, is formally instructed to build the additional units under the existing JCT Design and Build contract dated 09 November 2021.
- 2.4 To approve the additional expenditure to develop the additional bungalows and note the revised scheme costs outlined in Appendix 6b financial considerations.

3.0 Reasons for recommendation(s):

3.1 The site identified for the two additional units is currently occupied by a former Blackpool Coastal Housing neighbourhood office. The office building is currently being utilised by Tyson Construction as a temporary site office and the building will be demolished at the end of the

scheme development which would leave a relatively small area of land for alternative use. It is not deemed suitable for use as open space due to its small size and location (adjacent to housing and Family Hub) making it difficult to maintain, of limited functional use and the potential to attract anti-social behaviour. New high-quality open space is incorporated into the existing designs for both the Phase 1 and 2 new Grange Park housing.

Demand for bungalows has been clearly demonstrated following the development of the Grange Park Phase 1 site. The bungalows on this site highlighted significant interest from the waiting list. Blackpool Coastal Housing lettings department have shared their support for the additional units. Both units tenure will be affordable rent, ensuring consistency across the scheme. The unit type will fully replicate that as provided on Phase 1 being wheelchair accessible and adaptable together with inclusion of private garden space and in curtilage car parking.

To ensure value for money, it is recommended that the additional units are built as part of the existing construction contract. This provides value for money in respect of site mobilisation and set up enabling the additional two units to be completed within the existing scheme delivery timeframe (to complete summer 2024). Development of the site as a standalone project would encounter viability and practical delivery issues due to the small size of the site.

To acknowledge the existing scheme cost was approved (EX34) based on the pre-construction tender estimate. The revised scheme cost reflects the tender return price (which in turn is in-line with the current construction market trends) a further uplift for inflation and minor design changes, agreed as a variation within delegated limits. It also covers the BCIS contractor uplift as a result of bringing forward the start on site of the Phase 2 site. Additional costs to-date are within allowable delegated tolerance.

3.2 Is the recommendation contrary to a plan or strategy adopted or approved by the Council? No

3.3 Is the recommendation in accordance with the Council's approved budget? Yes

4.0 Other alternative options to be considered:

4.1 Once the former Housing office building is demolished, there is scope for alternative use as open space. However the area is located in a cul-de-sac between existing residential properties and the North Family Hub. There are concerns this space may attract anti-social behaviour and provide challenges in respect of maintenance regimes.

4.2 Alternative development options were also considered including differing mix of unit numbers and types. The two unit bungalow option was considered most suitable in meeting identified need, providing suitable layout for the size of the site including provision of sufficient car parking and garden space and ensuring no overlooking to neighboring uses. These properties also provide an accessible and adaptable option meeting current and future needs of tenants, a property type

generally in high demand.

5.0 Council priority:

5.1 The relevant Council priority is: “Communities: Creating stronger communities and increasing resilience”.

6.0 Background information

6.1 The creation of high quality affordable housing for local residents has been a clear priority for the Council, and the development of new housing on Grange Park contributes to meeting housing need in the town.

6.2 The two additional units proposed are located on land immediately adjacent to the previously approved (EX34/2021) Grange Park Council housing Phase 2 development. Phase 2 site is located to the west of the existing Boundary Primary School, with Gateside Drive bounding the site to the north, Chepstow Road to the west and Sidford Court to the south. The existing scheme commenced construction with enabling works in September 2021 and is due for completion in Summer 2024 to provide a total of 131 new homes. The two additional two bedroom bungalows will increase the total number of units overall to 133.

6.3 The two bungalows will be Council homes managed by Blackpool Coastal Housing and rented at Affordable Rents (maximum of 80% of market rent). The choice of two bed true bungalows has been selected to meet a pressing need for adaptable affordable homes in the area. The property layout and specification will exactly replicate that provided in the units on Phase 1.

6.4 In support of the Blackpool Climate Emergency Declaration the Grange Park scheme takes a ‘test and learn’ approach to renewable technology in new build housing. This is to support the Council’s understanding of the impact and implications of the chosen technology in reality. The carbon reduction and energy efficiency measures selected for the properties is deemed the most appropriate mix of improvements, balancing capital expenditure, tenant running costs alongside maintenance and associated costs. All houses and bungalows completed so far on the Phase 1 site have achieved an EPC ‘A’ rating.

6.5 The two additional units will be added to the existing Grange Park housing scheme and additional grant funding will be sought to support the viability of the two units. The existing 131 unit scheme, application of Local Housing Allowance capped rents, additional units and scheme additions (see Appendix 6b Items D to F) results in a 35 year payback period. The majority of the cost of the development that is not met from grant funding will be funded by borrowing through the Council’s Housing Revenue Account, with the costs of loan interest and repayment met from rents.

6.6 Does the information submitted include any exempt information? No

7.0 List of Appendices:

- 7.1 Appendix 6a: Proposed Scheme Layout
Appendix 6b: Financial Summary

8.0 Financial considerations:

- 8.1 The cost of construction of the two additional bungalows is set out in Appendix 2 to the Executive Report. It is anticipated that around 25% of the cost will be made available to the Council by Homes England through the 2021-2026 Affordable Housing Programme, subject to successful funding bid, with the remaining cost funded by borrowing through the Council's Housing Revenue Account, with the costs of loan interest and repayment met from rents.
- 8.2 The new affordable homes will be let at Affordable Rents that are 80% of market rents. This will enable the costs of the new homes, when added to the existing 131 unit housing scheme to be met from estimated rental income over 35 years and allow us to access grant funding. Initial rentals will be set lower than the prevailing Blackpool Local Housing Allowance, and so remain genuinely affordable to people on low incomes.
- 8.3 It is assumed that rents will rise in line with the Consumer Price Index (CPI). The level of outstanding debt in the Housing Revenue Account will remain at a reasonable and sustainable level.
- 8.4 An updated scheme cost profile is provided in Appendix 6b. This outlines the additional scheme costs to support delivery, approved by officer delegation, including contract/ tender requirements, inflation, agreed BCIS uplift to enable the staggered start on site between Phase 1 and 2, design changes to provide a three bed bungalow and inclusion of solar panels and batteries on all units.

9.0 Legal considerations:

- 9.1 The land is fully within Council ownership. A Report on Title will be produced prior to any bid for funding being submitted to Homes England. Legal to review the terms of any Homes England affordable grant offered to the Council to ensure advice is given with regard to compliance with obligations contained within the grant.
- 9.2 Planning permission will be sought, all Building Regulations will be met and building certification secured as required.
- 9.3 Works will be undertaken under the existing JCT Design and Build contract.

10.0 Risk management considerations:

- 10.1 The risk of grant funding not being available from Homes England is minimal because of Government's commitment to funding new affordable homes, but a bid for funding will be made as soon as possible after approval of the additional spend by Executive; the Council is experienced in meeting Homes England's funding and audit requirements.
- 10.2 Pre-application discussions have taken place with planning to confirm support for the principle of new homes on the site and minimise the risk of not getting planning approval for the additional bungalows.
- 10.3 There is always a risk of increased development costs, but this has been minimised by using the existing contractor. The scheme has been designed to be sustainable for the long term through the use of high quality design and materials and traditional forms of construction.
- 10.4 The infill site for the additional units has been identified for development, driven by risk mitigation. There are concerns the isolated area may attract anti-social behaviour. The area may be considered in future for development but this would present issues with creating a viable financial appraisal as a stand-alone development. Other concerns are lack of market interest. Given the existing contractor is mobilised on the adjacent site presently and instructed to build out the approved scheme, this would ensure the Council benefit from a reputable contractor with all the necessary connections with involved stakeholders and be delivered within the existing contract period.

11.0 Equalities considerations and the impact of this decision for our children and young people:

- 11.1 The housing type has been chosen to provide the affordable homes that are in most demand in the area.
- 11.2 The new true bungalows have been designed to be accessible to people with limited mobility/ those in wheelchairs and to be easily adaptable to support the principles of lifetime homes. The new homes will be let using the Council's latest allocation policy which has been subject to an equalities impact assessment.

12.0 Sustainability, climate change and environmental considerations:

- 12.1 The two proposed bungalows will include 4.8kW solar panels and associated battery storage, Mechanical Ventilation Heat Recovery (MVHR) units and building fabric standards to meet current Part L of Building Regulations. An EPC 'A' rating is expected based on the units already delivered and assessed on the Grange Park Phase 1 site.

13.0 Internal/external consultation undertaken:

- 13.1 Public consultation on the new larger development was undertaken in April 2021 which broadly outlined support for new Council housing. Contact with the immediate neighbours of the site will be undertaken prior to submission to planning.

14.0 Background papers:

14.1 None

15.0 Key decision information:

15.1 Is this a key decision? Yes

15.2 If so, Forward Plan reference number: 22/2023

15.3 If a key decision, is the decision required in less than five days? No

15.4 If **yes**, please describe the reason for urgency:

16.0 Call-in information:

16.1 Are there any grounds for urgency, which would cause this decision to be exempt from the call-in process? No

16.2 If **yes**, please give reason:

TO BE COMPLETED BY THE HEAD OF DEMOCRATIC GOVERNANCE

17.0 Scrutiny Committee Chairman (where appropriate):

Date informed: 1 December 2023 Date approved:

18.0 Declarations of interest (if applicable):

18.1

19.0 Summary of Discussion:

19.1

20.0 Executive decision:

20.1

21.0 Date of Decision:

21.1

22.0 Reason(s) for decision:

22.1

23.0 Date Decision published:

23.1

24.0 Alternative Options Considered and Rejected:

24.1

25.0 Executive Members in attendance:

25.1

26.0 Call-in:

26.1

27.0 Notes:

27.1