

**SUBJECT: HOUSING DELIVERY PROGRAMME – ROOKERY LANE**

**DIRECTORATE: HOUSING AND INVESTMENT/MAJOR DEVELOPMENTS**

**REPORT AUTHOR: JO WALKER, ASSISTANT DIRECTOR, MAJOR DEVELOPMENTS**

## **1. Purpose of Report**

- 1.1 To provide an update on the programme of development and acquisitions to maintain a pipeline of affordable housing delivery.
- 1.2 To seek approval to submit a bid for grant funding to Homes England under the Affordable Homes Programme (AHP) 2021-26 Continuous Market Engagement (CME) route for an affordable housing scheme at Rookery Lane.
- 1.3 Subject to planning consent:
  - To seek approval in principle to enter into a delivery agreement for the development of new build affordable homes on land owned by the Council off Rookery Lane.
  - To seek agreement to delegate the final approval of the delivery agreement to the Section 151 Officer and the Director of Housing and Investment, in consultation with the Director of Major Developments, provided that the final total scheme cost is considered financially viable.
- 1.4 To agree to widen the scope of the Acquisitions Policy to allow non-Registered Providers to apply for retained useable Right to Buy receipts in order to provide additional social housing and approve the draft at Appendix II.

## **2. Executive Summary**

- 2.1 This report provides an update on the development and delivery of Council housing across the City during 2021-22 and seeks approval in principle to advance with a scheme of 42 new-build homes off Rookery Lane.
- 2.2 Since the previous report to Executive in January 2020, during 2020-21 the Council has successfully delivered the following pipeline:
  - 5 new-build homes developed for affordable rent at Swift Gardens
  - 15 new-build homes acquired for affordable rent at Sandal Street
  - 38 homes acquired under the Council's Purchase and Repair and Move-On Accommodation Programmes
- 2.3 In addition, the Council has completed the demolition of Garfield and Woodburn Views and Trelawney Church as a first step towards enabling the redevelopment of the land north of Queen Elizabeth Road.

- 2.4 Finally, the delivery of De-Wint Court is progressing well, with the 70 unit extra care sheltered housing scheme due to complete before the end of the calendar year.
- 2.5 Proposals for the development of Rookery Lane have been informed by detailed surveys and site investigations and the scheme has been refined to take account of comments received as part of the planning consultation process. The final scheme, which is subject to planning consent, comprises 42 high quality homes. Subject to consent and approval of the final budget and delivery agreement, works will commence during Summer 2021, with scheduled completion by December 2022.

### 3. Programme of Delivery 2021-22

- 3.1 The delivery of quality, affordable housing remains a priority for the Council and significant progress has been made despite the challenges presented by the current Covid 19 pandemic. The below table provides an update on delivery over the period 2019-23.

Scheme	2019-20	2020-21	2021-22	2022-23	Total units
Purchase and Repair acquisitions	34	34	20		88
Sandal Street		15			15
Swift Gardens		5			5
Move-on accommodation acquisitions		15			15
Single person homeless accommodation			10		10
De Wint Court			70		70
Rookery Lane				42	42
<b>Totals</b>	<b>34</b>	<b>69</b>	<b>100</b>	<b>42</b>	<b>245</b>

- 3.2 In December 2020, five new-build properties were completed on the site of the former Markham House, providing good quality, energy efficient and accessible living accommodation for local families.
- 3.3 The demolition of Garfield and Woodburn View and the Trelawney Church site was also completed during 2020 as a first step to enabling the future development of the land north of Queen Elizabeth Road. Alongside this work, a revised masterplan has been developed for the site and delivery options are being considered as part of a wider development pipeline. Opportunities for funding from partners such as Homes England and the Greater Lincolnshire LEP are being pursued and funding bids submitted where appropriate to help support a high quality development solution.
- 3.4 In June 2020 the Council acquired 15 two and three-bedroom homes for affordable rent at Sandal Street from a housing association partner. These homes were part-funded by Homes England grant and provide much needed family housing.
- 3.5 2020-21 has seen the Council continue its purchase and repair programme which is funded through retained Right to Buy receipts. The Council has also embarked on a purchase and repair scheme funded by the MHCLG to deliver move-on accommodation for former rough sleepers and those at risk of rough sleeping. It is

anticipated by that by the end of March 2021, the Council will have acquired up to 48 dwellings in total under these programmes.

- 3.6 Alongside the programme for affordable housing delivery, further work has been undertaken to support the proposals for the Western Growth Corridor, which are currently the subject of an outline planning application. Funding previously secured from Homes England to support the delivery of infrastructure to unlock phase 1a has been safeguarded. Subject to planning, work on the delivery of the infrastructure is expected to commence later in 2021.
- 3.7 The Council continues to work with partners, including Homes England and the Greater Lincolnshire LEP to seek to secure funding to support the delivery of the Tritton Road Bridge (Phase 1b) and the main spine road (Phase 1c). Forward funding the delivery of this infrastructure is critical to unlocking the development value of this site and enabling the accelerated construction of zero-carbon homes. The aspiration is to create an exemplar scheme which embraces sustainability principles and provides a variety of quality house-types across all tenures, including affordable homes. The Council will seek to deliver this scheme in phases through a combination of direct delivery, sale of serviced plots for SME and self-build and by exploring potential partnership delivery options.

#### **4. Rookery Lane**

- 4.1 In January 2020, Executive approved the draw-down of funds to enable the detailed design of proposals for a scheme of new-build homes on land off Rookery Lane to enable the submission of a planning application and to support the technical design and tender process.
- 4.2 This design phase involved extensive survey work and site investigations in order to support the design process and ensure a high-quality development solution which is in keeping with the Council's sustainable growth, planning and housing objectives.
- 4.3 In November 2020 a planning application was submitted. Following comments received during the consultation process a number of changes have been made to the scheme layout, to address the concerns of local residents and improve relationships between the proposed development and existing properties surrounding the site.
- 4.4 In respect of ecology, the site is adjacent to an area of dense woodland and open space beyond, to the west. Ecological appraisal work has been undertaken, with negative results for bat roosting and amphibians however, three badger setts have been identified on site. These setts are considered 'outliers' with the main sett being located on the area of open space to the west. Therefore, under the advice of the project ecologist it is proposed that these setts can be closed without harm to the species. A licence will be required from Natural England and subject to this, the setts will be closed in July 2021. In respect of the trees on site, a full arboricultural assessment has been carried out and proposals will ensure that the protected, higher value trees are maintained within the scheme.
- 4.5 In respect of the drainage and water management, a Sustainable Urban Drainage Solution (SUDS) is proposed, including permeable paving, on plot soakaways and

drainage to a balancing pond to the south of the site. The site is located in Flood Zone 1, with a low risk of flooding. Water monitoring has taken place on site since November 2020 and has continued during January – February 2021 to ensure that the scheme design takes account of the peak water level. Latest water monitoring data shows that the water levels have now peaked and the final scheme is therefore due to be considered by the City Council's Planning Committee on 24<sup>th</sup> March 2021. A Sustainable Urban Drainage Solution (SUDS) is proposed, including permeable paving, on plot soakaways and drainage to a balancing pond to the south of the site. Part of the site to the south will be raised to ensure that floor levels are above the peak water level. In terms of wider servicing, Western Power have confirmed that there is sufficient capacity to service this scheme without the need for a sub-station.

- 4.6 The final scheme now comprises a total of 42 new build affordable homes, all of which will be provided for affordable rent upon completion. The design has taken full account of the constraints and opportunities presented by this site and is considered to be in keeping with the surrounding area, making a positive overall contribution to the housing offer within the City. The housing mix has been informed by local need and demand, with the breakdown as below:

No.	Dwelling type	Proposed GIFA (m <sup>2</sup> )	NDSS minimum GIFA (m <sup>2</sup> )
6	One bedroom two person flat	54	50
4	Two bedroom three person bungalow	67	61
20	Two bedroom four person house	81	79
10	Three bedroom five person house	96	93
2	Four bedroom six person house	101	106

- 4.7 The majority of dwellings' gross internal floor areas (GIFA) are above the Nationally Described Space Standards (NDSS), in addition, the homes will be designed to meet the Lifetime Homes Standard. The homes will meet the highest possible energy efficiency rating that can be delivered viably on this site. The proposed site plan is at Appendix I. The scheme is due to be considered by the Planning Committee on 24 March 2021.
- 4.8 Subject to planning consent and to Executive approval, it is proposed to enter into a delivery agreement through the Procurement Hub Framework to enable the development to proceed to site during summer 2021.

## 5. Rookery Lane: Costs and Funding Strategy

- 5.1 The total additional capital required to complete the scheme is currently estimated to be £6.814m (inclusive of all fees, design and survey costs in addition to the main construction and servicing costs). Costs and values will be subject to final assessment and scrutiny, undertaken by the Council's cost consultant to ensure that the best value for money solution is achieved through the framework.
- 5.2 Based on the current development appraisal, this scheme can potentially be funded through a combination of a bid to Homes England under the AHP 2021-26 CME route and borrowing on rental income. If funding cannot be secured through this route, the scheme can be financed through a combination of retained right to

buy receipts and borrowing on rental income.

- 5.3 Once completed, the rented units on this scheme will be let at an Affordable Rent, this being up to 80% of open market rent or at Formula Social Rent, whichever is the higher.
- 5.4 Officers are mindful of the need to balance quality and cost considerations in respect of this development. Current calculations indicate that total cost of building each property (the 'cost floor') is above the open market value in each case. Abnormals associated with this site – demolition of existing properties, ecological works, raising of site levels to allow for drainage and water management – have all contributed to increased costs. Under the Right to Buy, the valuation controls the discount. If the valuation is lower than the cost floor, as in this case, the discount would be zero and the house would be sold at the valuation, resulting in a potential loss of capital investment for the Council. Property values are expected to increase over time, reducing the risk of any loss to the Council over the long-term. Furthermore, the risk of a tenant exercising the Right to Buy where a property can only be sold at market value is considered to be relatively low.

## **6. Supporting local housing organisations to deliver additional social housing**

- 6.1 Reinvigorating Right to Buy and One for One Replacement 2012, increased the caps on Right to Buy discounts and gave stock holding councils the opportunity to retain useable receipts to spend on the provision of additional social housing. Up to 30% of the total scheme cost can be funded by receipts, however, receipts cannot be mixed with Homes England grant funding. In September 2012 the Council agreed to retain such receipts. Councils can grant any of its retained receipts to another body to provide additional social housing, for example, a housing association or a Community Land Trust (CLT), as long as the council does not hold a controlling interest in this body.
- 6.2 The Council's Acquisition Policy (2019) is specifically concerned with the expenditure of retained Right to Buy receipts to provide additional social housing. It provides delegated authority for officers to acquire individual dwellings, it also enables private Registered Providers (housing association registered with the Regulator of Social Housing) to apply for retained Right to Buy receipts to provide additional social housing. Applicants are required to provide a details of a proposed scheme, including financial information. Applications are assessment in terms of timescale, value for money, affordability, deliverability, quality, the Council's priorities and learning, training and employment. Successful applicants are required to accept nominations from the Council's housing register.
- 6.3 Since the introduction of the Acquisition Policy the Council has not received any applications from Registered Providers for the retained Right to Buy receipts, this is likely to be due to availability of alternative funding, for example, Homes England grant. However, in order to support all local providers of social housing to provide additional social housing it is proposed to extend the Acquisition Policy to allow all providers of social housing to apply for useable retained Right to Buy receipts. Proposed changes to the Acquisition Policy are attached at Appendix II. In order to ensure that the Council is satisfied with the management of properties, an additional assessment criteria is proposed:

***Proposed Management:*** Applicants should clearly set out how the properties are to be managed, for example, whether they are to be managed by the provider or instead a managing agent be appointed. The Council reserves the right to request additional information in order to ensure that it is satisfied with the proposed management arrangements.

## **7. Strategic Priorities**

### **7.1 Let's drive economic growth**

The delivery of new housing and repair of acquisitions will support jobs and training opportunities in the construction sector. Providing access to the right type of housing in the right location, access to infrastructure, helping to support local residents' access local services and assist in accessing employment.

Officers will seek to maximise local economic benefits through the procurement, contracting and delivery of the proposed schemes.

### **7.2 Let's reduce inequality**

The provision of affordable housing promotes equality of opportunity and seeks to tackle deprivation. The Rookery Lane scheme will provide quality affordable housing to meet evidenced housing need.

### **7.3 Let's deliver quality housing**

The Rookery Lane scheme will provide an additional 42 affordable homes in Lincoln which will all be in the ownership of the Council. This is in addition to the five new homes already delivered at Markham House, the purchase of over 90 properties and the development of a 70 unit extra care sheltered housing scheme at De Wint Court. With wider proposals in the pipeline, particularly in respect of Queen Elizabeth Road and at Western Growth Corridor.

### **7.4 Let's enhance our remarkable place**

The Rookery Lane scheme has taken account of the opportunities presented by the site, seeking to protect local ecology and protected trees as well as allowing for additional open green space on site. The proposals are deemed to make a positive contribution to the area. Furthermore the site layout builds in future potential to include connectivity with 'The Backies', leading to Boultham Park. This approach is aimed at enhancing the biodiversity of the area and improving connectivity between the residential area and the parks for cycles and pedestrians.

Further housing proposals at Queen Elizabeth Road will include a range of improvements to the areas surrounding the sites, including enhanced green spaces, play areas and connectivity between the consented development and existing community/ local services as part of the wider housing scheme.

## **8. Organisational Impacts**

### **8.1 Financial implications**

Rookery Lane:

#### **Capital Implications**

Financial commitment of up to £6.814m is required to proceed to enter into a delivery agreement to commence the works on site during summer 2021.

Based on the current development appraisal, this scheme can potentially be funded through a combination of a bid to Homes England under the AHP 2021-26 CME route and borrowing on rental income. If funding cannot be secured through this route, the scheme can be financed through a combination of retained right to buy receipts and borrowing on rental income.

#### **Revenue Implications**

Indicative revenue models for each funding option (bid to Homes England under the AHP 2021-26 and using retained Right to Buy receipts) have been developed which demonstrate a revenue surplus.

### **8.2 Legal Implications including Procurement Rules**

All procurement activity will be undertaken taking account of the Council's Contract Procedure Rules (CPRs) and ultimately Public Contract Regulations 2015 (PCRs), which is embedded into UK Law. All frameworks which the Council are using and may consider using are PCR compliant.

### **8.3 Equality, Diversity and Human Rights**

The Public Sector Equality Duty means that the Council must consider all individuals when carrying out their day-to-day work, in shaping policy, delivering services and in relation to their own employees.

It requires that public bodies have due regard to the need to:

- Eliminate discrimination
- Advance equality of opportunity
- Foster good relations between different people when carrying out their activities

Proposals for Rookery Lane have been designed in response to local housing need as evidenced by the 2019 Housing Needs Survey and the housing register which identify the need for affordable housing for a range of households, including families and older persons, and informed by urban planning principles. All homes will be let in line with the Council's Allocations Policy.

The scheme design aims to deliver high quality housing which seeks to meet of households in housing need.

## **8.4 Human Resources**

This project will be managed by existing staff within the Housing Strategy and Investment and Major Development Directorates. A multi-disciplinary project board and delivery group has been formed to oversee this programme and ensure a coherent approach to delivery.

## **8.5 Land, Property and Accommodation**

This programme will increase the stock of Council housing across the city, bringing additional units into the Housing Revenue Account.

## **8.6 Significant Community Impact**

The scheme at Rookery Lane will seek to integrate with the existing community and will aim to provide accesses through the site to the improved open spaces to the rear of the site.

## **9. Risk Implications**

### **9.1 (i) Options Explored**

#### **Sale**

The Rookery Lane site could be sold with or without planning permission to a developer(s) or for existing use however, this would not provide the Council with additional affordable housing and therefore would not support the Council's Strategic aim to deliver an additional 400 affordable homes through the Vision 2020 Plan.

If sold the site could be developed by a private developer but this would reduce the number of affordable homes to planning policy compliant levels and quality may be compromised in lieu of profit.

### **9.2 (ii) Key Risks Associated with the Preferred Approach**

#### **Planning:**

Risk: planning permission is not secured.

Mitigation: early engagement, pre-planning discussion and consultation; scheme has been refined in response to planning comments and consultation; scheme in line with policy and recommended for approval.

#### **Financial:**

Risk: Tender costs exceed estimates, scheme is not viable.

Mitigation: detailed cost plan and cost consultant retained to scrutinise and challenge to ensure value and cost control.

Risk: Development cost exceeds estimate.

Mitigation: form of contract and management to contain/transfer risk as far as possible; project manager appointed to oversee works and scrutinise costs; value engineering to be considered.



**Procurement:**

Risk: challenge.

Mitigation: Framework approach to allow for mini-competition or direct award or competitive process to comply with the Council's Contract Procedure Rules (CPRs) and Public Contract Regulations 2015 (PCRs).

**Letting:**

Risk: properties developed cannot be let.

Mitigation: development informed by Housing Register and 2019 Housing Needs Survey.

**10. Recommendation**

- 10.1 To agree to submit a bid for grant funding under the Affordable Homes Programme 2021-26 Continuous Market Engagement route for an affordable housing scheme on land owned by the Council off Rookery Lane.
- 10.2 Subject to receiving planning consent:
- a) To approve in principle that the Council enters into a delivery agreement for the development of new build affordable homes on land owned by the Council off Rookery Lane.
  - b) To agree to delegate the final approval of the delivery agreement to the Section 151 Officer and the Director of Housing and Investment, in consultation with the Director of Major Developments, provided that the final total scheme cost is financially viable.
- 10.3 To agree to widen the scope of the Acquisitions Policy to allow non-Registered Providers to apply for retained useable Right to Buy receipts in order to provide additional social housing and approve the draft at Appendix II.

**Is this a key decision?** Yes

**Do the exempt information categories apply?** Yes

**Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply?** No

**How many appendices does the report contain?** 1

**List of Background Papers:** None

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# Appendix I: Site Plan for Rookery Lane



ALL DIMENSIONS AND SETTING OUT ARE TO BE VERIFIED ON SITE AND ALL DISCREPANCIES REFERRED TO THE ARCHITECTURAL ROOM COMMENCEMENT. COPYRIGHT RESERVED

Rev	Description	Date
P01	Layout Revised as per Planning Committee	08.12.2020
P02	Cycle Stairs, Path to West of Plot 31 and Footway off Rookery Lane amended as per comments	20.12.2020

## Key

- House Type 1 (Semi-Detached)  
Refer to Drawings RLD-JRA-H1-ZZ-A-DR-110 & 120
- House Type 1 (Terrace)  
Refer to Drawings RLD-JRA-H1(T)-ZZ-A-DR-110 & 120
- House Type 2 (Semi-Detached)  
Refer to Drawings RLD-JRA-H2-ZZ-A-DR-110 & 120
- House Type 3 (Semi-Detached)  
Refer to Drawings RLD-JRA-H3-ZZ-A-DR-110 & 120
- House Type 4 (Bungalow)  
Refer to Drawings RLD-JRA-H4-ZZ-A-DR-110 & 120
- House Type 5 (Apartments)  
Refer to Drawings RLD-JRA-H5-ZZ-A-DR-110, 111 & 120

Block No.	Plot No.	External Finish (Brick Colour)
Block 1	Plot 1 & 2	HT1.V (Semi) - Red Brick
Block 2	Plot 3 & 4	HT1.V (Semi) - Red Brick
Block 3	Plot 5 & 6	HT1.V (Semi) - Red Brick
Block 4	Plot 7 & 8	HT1.V (Semi) - Red Brick
Block 5	Plot 9 & 10	HT3 - Buff Brick
Block 6	Plot 11 & 12	HT2 - Buff Brick
Block 7	Plot 13, 14 & 15	HT1.V (Terrace) - Red Brick
Block 8	Plot 16 & 17	HT2.V - Red Brick
Block 9	Plot 18, 19 & 20	HT1(T) - Buff Brick
Block 10	Plot 21, 22 & 23	HT1.V (Terrace) - Red Brick
Block 11	Plot 24 - 29	HT3 - As Elevations
Block 12	Plot 30 & 31	HT4 - Buff Brick
Block 13	Plot 32 & 33	HT4 - Buff Brick
Block 14	Plot 34 & 35	HT2.V - Red Brick
Block 15	Plot 36 & 37	HT2.V - Red Brick
Block 16	Plot 38 - 40	HT1.V (Terrace) - Red Brick
Block 17	Plot 41 & 42	HT2 - Buff Brick

**Client**  
Willmott Dixon for City of Lincoln

**Project**  
Proposed Housing Development  
Rookery Lane  
Lincoln

**Drawing**  
Proposed Site Plan

**Scale**  
A1@ 1:500  
**Date**  
OCT 2020

**Drawn**  
FCB  
**Status**  
S2  
**Availability**  
Suitable for Information

**Drawing no.**  
RLD-JRA-ZZ-22-A-DR-110  
**Revision**  
P02

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