



Report sponsor: Shiraz Khan, Cabinet Member  
for Housing, Property and Regulatory Services  
Samantha Dennis, Director of Communities

# **ITEM 11**

Report author: Mark Crown, Derby Homes  
Development Manager

## **Development of the Grange Avenue School Site**

### **Purpose**

- 1.1 This report seeks approval for the development of a council owned former school playing field site at Grange Avenue for affordable housing.
- 1.2 The new homes would form part of the Council's affordable housing stock and would be managed by Derby Homes (DH), the Council's Arm's Length Organisation (ALMO),
- 1.3 To seek the necessary financial and contractual approvals to deliver the new affordable homes.

### **Recommendation(s)**

- 2.1 To agree in principle the development of the site as detailed in the report funded through the HRA Capital Programme with subsidy from Right to Buy (RTB) receipts.
- 2.2 To approve the project budget as defined within the confidential version of this report within the HRA Capital Programme including RTB receipt subsidy and to note that there is capacity within the latest approved HRA business plan to develop the site.
- 2.3 To delegate authority to the Director of Communities, in consultation with the s. 151 Officer and the Cabinet Member for Housing, Property and Regulatory Services, to agree the terms to enable the Council to enter into all appropriate contracts and agreements necessary to deliver the project within the approved budget.

### **Reason(s)**

- 3.1 To enable the delivery of new affordable homes to meet the high level of need in Derby in line with the Council plan and delivery plan expectations.
- 3.2 To ensure the best value use of the Council's assets (the land).
- 3.3 To comply with the Council's Financial Regulations and Contract Procedure Rules.

## Supporting information

- 4.1 Developing additional Council homes is set out as a priority of the Council Plan 2022-25 and the Council Delivery Plan 2022-23. The Council has a 30-year business plan for its HRA, with an aim to build or acquire an average of 100 new homes per year.
- 4.2 As at 31<sup>st</sup> March 2023, there were 8,300 applicants registered for social housing through Derby Homefinder and during the financial year 1<sup>st</sup> April 2022 to 31<sup>st</sup> March 2023 there 2086 homeless approaches.

### Outline of The Proposed Development

- 4.3 This Council owned site is located to the south of Grange Avenue in the Normanton ward and is vacant land being managed by Derby Homes.
- 4.4 The development has **full planning permission with conditions (21/02214/FUL)** which expires on 22<sup>nd</sup> July 2025. The start on site conditions are currently being worked through by designers and colleagues such as the Council's Drainage and Highways teams. This development did receive pre-planning feedback from the planning authority.
- 4.5 The site is on a gentle slope towards the Sunnyfields Extra Care facility at 109 Blackmore Street. Because of the site's proximity to Sunnyfields, the new development will comprise exclusively of 36 bungalows comprising of:
  - 6 x 1bed/2 person bungalows to M4(2) adaptable standard
  - 24 x 2bed/3 person bungalows to M4(2) adaptable standard
  - 3 x 2 bed/3person bungalows to M4(3) fully adaptable standard
  - 3 x 3 bed/5 person bungalows to M4(2) adaptable standard
- 4.6 This proximity may provide a housing pathway for tenants who wish to move on from a bungalow to an extra care facility and allow access to Sunnyfields's domestic facilities such as hairdressing, a restaurant and communal space by residents of the new development.
- 4.7 The Building Regulations 2010, Approved Document M sets outs optional requirements to ensure that newly erected dwellings and dwellings undergoing material change provide access to and use of, for most people.
- 4.8 M4(2): Category 2 – Accessible and adaptable dwellings. This requirement is met when a new dwelling provides reasonable provision for most people to access the dwelling and includes features that make it suitable for a range of potential occupants, including older people, individuals with reduced mobility and some wheelchair users.
- 4.9 M4(3): Category 3 – Wheelchair user dwellings. This requirement is achieved when a new dwelling provides reasonable provisions for a wheelchair user to live in the dwelling and can use any outdoor space, parking and communal facilities.

- 4.10 The homes will be owned by the Council, managed by Derby Homes and will be made available to rent for those in housing need through the Council's choice-based lettings scheme (Homefinder).
- 4.11 The 36 homes are designed to meet the improved Building Regulations of 2021/22 and to be as financially sustainable for tenants by keeping running costs as low as possible. All the units will be fitted with solar PV and air source heat pumps with underfloor heating as per the very successful War Memorial Village scheme.
- 4.12 The scheme will also have its own electrical substation on site to assist the local electricity supply in powering the air source heat pumps and charging apparatus.
- 4.13 A fire suppression system will be provided to each property. This is likely to be either a misting or full sprinkler system but is subject to water pressure tests at the site.
- 4.14 A fully adopted road will provide access and egress to the scheme and follow the units in a circle around the site. At the centre of the site will be a communal landscaped garden that will contribute to reducing the ecological impact of the development. A number of preserved trees are on the site particularly on the Northern boundary, where the plan is to use meadow grass to offset the loss of greenspace.
- 4.15 Current progress is that the procurement for the Employer's Agent/project management role is in progress, and a contract is being drawn up between Derby Homes and Arcus LLP who are our Employers Agent. Pre-commencement planning conditions are being worked through as well as finalising site levels and boundary treatments. We anticipate a start on site in the 2024/25 financial year.

### **Public/stakeholder engagement**

- 5.1 Derby Homes will have responsibility for managing and maintaining the homes on behalf of the Council. Colleagues from both the Housing Management and Property sections at Derby Homes have been consulted since the start of the project and continued engagement will remain during the construction phase.
- 5.2 Details of the proposals have been shared with the councillors for Normanton Ward. Councillors are aware that they can contact the project team to raise questions on behalf of residents.
- 5.3 Residents immediately neighbouring the site have been informed of the proposals by letter. We considered an entrance at the Woodroffe Walk side of the site, but this was overwhelmingly rejected by local people, so the entrance will be from Blackmore Street and the new homes will have Blackmore Street addresses. The homes have been designed to minimise any impact on the privacy and amenity of existing properties. Neighbouring residents have had the opportunity to comment on the proposals through the statutory planning process.

## **Other options**

- 6.1 To not develop the site. This option has been discounted as it does not maximise the use of an existing Council owned asset and would miss an opportunity to deliver on the Council's priority to build affordable homes.
- 6.2 To sell the site. It is not considered appropriate to sell this asset as it is required for the development of social housing. The other half of the site was used to develop a free school (the Akaal Primary School on Grange Avenue).
- 6.3 Develop the site in partnership with a Registered Provider. Although the Council does have valuable partnerships with other Registered Providers of social housing, this site can contribute to the strategic aim to deliver more Council housing. As there is capacity within the latest approved HRA business plan to develop this site there is no particular benefit to a partnering route.

## **Financial and value for money issues**

- 7.1 The Council has the capacity within its latest approved HRA business plan to develop the site. It is proposed that the project costs are to be funded through HRA capital (60%) and RtB receipts (40%).
- 7.2 The forecast capital cost is detailed in the confidential version of this report
- 7.3 For the purposes of the appraisal, HRA capital has been taken to be borrowing at the typical rate. The project will achieve the required financial parameters.
- 7.4 The completed homes will be protected from any financial loss from subsequent right to buy applications by the cost floor rules, meaning that the property cannot be sold for less than the value of the cumulative total spend for 15 years from the date of completion.
- 7.5 Following completion of the homes, an application will be submitted to the Department for Levelling Up, Housing and Communities (DLUHC) for exemption from the pooling agreement on use of capital receipts to provide replacement homes. This would allow the Council to retain 100% of the capital receipt (after discount) if it is sold under Right to Buy (RTB). This minimises the financial loss to the Council that could result from RTB sales.
- 7.6 This site of 36 units is being contracted out as one project because of its size and number of units achieving suitable economies of scale.

## 7.7 The principal financial risks to the project are:

- Continued inflation in construction costs.
- Poor response to tender for main contractor.
- Potential for contractor failure, in the context of recession and falling house prices.

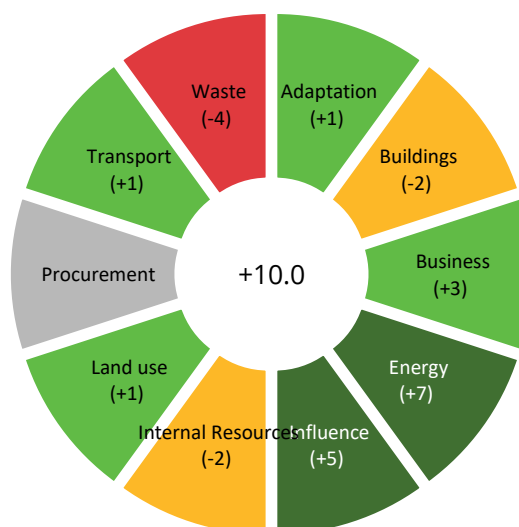
The project will be monitored for risk by Derby Homes in its role as Client under the Construction Design Management Regulations 2015, which will include regular progress meetings with the Employer's Agent/Lead Designer as well as regular project valuations to feed back into the program. Derby Homes has its own internal Process A & B methodology to bring the new homes from completion into management and successful letting at practical completion.

## Legal implications

- 8.1 External design teams have been appointed under direct and competitive awards from a compliant framework using a suite of appointment documents drafted by the Derby Homes procurement team.
- 8.2 An Overarching Deed of Appointment will be used by Derby Homes supported by a project specific JCT contract to appoint an Employers Agent as Lead Designer.
- 8.3 Internal and external legal and procurement advice is on hand throughout the duration of the project.

## Climate implications

- 9.1 A Climate Change Impact Assessment (CIA) has been carried out, see diagram 1 below:



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- 9.2 The use of embedded carbon in the manufacturing and build process of these units cannot be ignored or avoided.
- 9.3 However, these are one-off negatives compared with the possible 60+ year life of these units and the lower and higher energy efficiency provided during their life cycle by a combination of air source heat pumps, underfloor heating, air tightness and end-user orientation of the new low carbon systems.
- 9.4 In terms of adaptation, a drainage design has been accepted by the local authority which will take advantage of the gentle slope to reduce any build-up of surface water, supplemented with water attenuation tanks controlling the release of waste/storm water into the nearby existing drainage infrastructure.
- 9.5 Potential over-heating will be mitigated by window ventilation and overhanging eaves and helped by the single floor design of the bungalows.
- 9.6 The provision of EV charging and safe areas to charge electric cars, scooters and electric bikes will encourage people to take up more environmentally friendly modes of transport to get around.
- 9.7 Attenuation tanks on site will help the drainage to absorb surface water from storms and ensure that it is discharged into existing drainage without overpowering it.

## **Socio-Economic implications**

- 10.1 The purpose of developing new Council homes is to provide secure, affordable, and high-quality homes for people whose housing needs may not be met by the private market. Some of the people on the housing register are among the most disadvantaged in the city and the proposed use of the land, targets support towards these people.

## **Other significant implications**

- 11.1 Covered in the report.

**This report has been approved by the following people:**

<b>Role</b>	<b>Name</b>	<b>Date of sign-off</b>
<b>Legal</b>	Olu Idowu	06.12.23
<b>Finance</b>	Amanda Fletcher	12.12.23
<b>Report sponsor</b>	Sam Dennis	11.12.23
	Councillor Shiraz Khan	
<b>Other(s)</b>	Ian Fullagar	

<b>Background paper</b> Climate Impact Assessment <b>List of appendices: 0</b>
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