

Special Cabinet

31 August 2022

Wards: Cricket Green, Figges Marsh, St Helier

Affordable Housing Delivery

Lead officer: Adrian Ash, Interim Director of Environment and Regeneration

Lead members: Cllr Billy Christie, Cabinet Member for Finance and Corporate Services
Cllr Andrew Judge, Cabinet Member for Housing and Sustainable Development

Contact officers: James McGinlay, Assistant Director for Sustainable Communities, Paul McGarry, Head of Future Merton

Recommendations:

- A. That Cabinet note the options appraisal work currently underway to deliver genuinely affordable housing on council owned sites.
 - B. That Cabinet agree to transfer £300,000 from the corporate contingency to Environment and Regeneration to update the approved plans for four council owned sites; bringing them up to current building regulations and sustainability standards prior to development for affordable housing.
 - C. That delegated authority be given to the Director of Environment and Regeneration, in consultation with the Cabinet Members for Finance and Corporate Services and Housing and Sustainable Development, to approve the award of contract post approval by Procurement Board.
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1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. This report seeks approval to allocate £300,000 in Merton's Capital Programme to update plans for four council owned sites to deliver affordable housing.
- 1.2. At the Cabinet meeting of 6th December 2021, Cabinet agreed to dispose of surplus property assets to facilitate increasing the supply of housing. The recommendations were agreed including;
- 1.3. *Properties declared surplus by the Council be marketed for housing as soon as they are ready for sale provided the Director of Environment and Regeneration, in consultation with the Cabinet Member for Finance, considers that the market is favourable.*
- 1.4. *That authority is delegated to the Director of Environment and Regeneration, in consultation with the Cabinet Member, to determine which of the properties agreed for disposal be sold on one or more of the following terms:*
 - *Option 1. Disposal to maximise capital receipt; or*
 - *Option 2. Disposal to provide redevelopment with 50% affordable housing; or*
 - *Option 3. Disposal to provide redevelopment with 100% affordable housing.*

- 1.5. Four of the sites identified for the delivery of affordable housing are the former Merantun Development Ltd sites, which benefit from existing planning permissions to deliver 93 homes.
- 1.6. The Council resolved to grant planning permission for the sites on 16th July 2020. Since granting planning permission there have been various policy changes centred on sustainability and updates to building regulations which mean that the detailed technical drawings and specifications for the sites need updating prior to implementation.
- 1.7. The transfer of £300,000 from the corporate contingency will allow the council to re-engage the design team and supporting consultants (cost, energy, engineering) to bring the plans up to current regulations and provide a detailed pack of construction drawings for each site to support and speed up the delivery of affordable housing.

2 DETAILS

- 2.1. Following the Cabinet decision of 6th December 2021, officers had been progressing the marketing of the following sites to a range of housing associations with a view to dispose of the sites to deliver 100% affordable housing.
 - Elm Nursery Car Park, Mitcham CR4 3TA (21 units)
 - Raleigh Gardens Car Park Mitcham CR4 2JB (36 units)
 - Land at Canons, Madeira Road, Mitcham CR4 4HD (18 Units)
 - Farm Road Church, Farm Road, Morden SM4 6RA (18 units)
- 2.2. Since the local elections in May 2022; the new administration has made clear, the ambition to increase the delivery of genuinely affordable housing in Merton, with a target of 400 new homes by 2026 utilising surplus council land. Creating a sustainable Merton is a strategic priority of the Council whereby the strategic service priority relating to this report is the creation of new, high quality social housing.
- 2.3. Officers are preparing an options appraisal which will be presented to Cabinet later in 2022; building on Merton's Housing Strategy and setting out a strategy for increasing affordable housing delivery on council owned land. This work will consider options for all surplus council owned sites.
- 2.4. Whilst the wider options appraisal is being developed, the four sites listed in paragraph 2.1 have been identified as a priority for affordable housing delivery as they benefit from having planning permission in place.
- 2.5. In advance of the options appraisal and without pre-empting the options for delivery, there is a need to bring the plans up to current sustainability and building regulations to expedite on-site delivery. Whether the option is to dispose with planning permission or deliver directly as the local authority; updating the plans and completing the construction drawing packages is necessary to speed up the overall delivery programme.

- 2.6. Cabinet approval is sought to transfer monies from the corporate contingency to update the approved plans for the four council owned sites; bringing them up to current building regulations and sustainability standards prior to development for affordable housing.

3 ALTERNATIVE OPTIONS

- 3.1. As set out in paragraph 2.5; in any event, the detailed plans and specifications need to be updated given the time that has passed between the granting of planning permission and the delivery of homes on the sites.
- 3.2. The alternative option to the recommendations in this report would be to continue with the programme in train since the December 2021 Cabinet decisions. Updates to plans would be undertaken by the purchaser of each site; adding further time in the overall programme for housing delivery.
- 3.3. There is a desperate need to deliver affordable homes as quick as possible to respond to the housing crisis and cost of living crisis. Investing in updating the plans now will support either option emerging the work outlined in paragraph 2.3. Updating plans now would make the sites more marketable to housing associations or assist the council's timescales should the Council decide to deliver the sites directly.

4 CONSULTATION UNDERTAKEN OR PROPOSED

- 4.1. None for the purpose of this report.

5 TIMETABLE

- 5.1. Should the finance be agreed, the Council would re-engage the consultancy team, undertake due diligence and update the technical specifications and construction tender packs. The timescale for completing this work would be September 2022 – March 2023.

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1. The cost of the works estimated at £300,000 for the design team can be met by a transfer from the corporate contingency budget – which is currently £1.5m
- 6.2. Once the options for the sites have been agreed and taken forward, the revenue funding can be reviewed to see if it can be capitalised.

7 LEGAL AND STATUTORY IMPLICATIONS

- 7.1. Officers are recommending that Cabinet agrees to make available, financial provision in the sum of £300,000 to allow the Council to re-engage a design team and supporting consultants (cost, energy, engineering) in relation to this project. The re-engagement is required for the consultants to update the approved plans for four Council owned sites in order to bring them up to current building regulations and sustainability standards prior to development for affordable housing.

- 7.2. The procurement of the consultants will be carried out in accordance with the Council's Contract Standing Orders.
- 7.3. The Local Government Act 2000 section 9E permits the recommended delegation.

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 8.1. None for the purpose of this report.

9 CRIME AND DISORDER IMPLICATIONS

- 9.1. None for the purpose of this report.

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 10.1. None for the purpose of this report.

11 APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT

- None

12 BACKGROUND PAPERS

- 12.1. Cabinet Report, 6 December 2021: Disposal of surplus property assets to facilitate the increase in the supply of housing.
Agenda Item 7
<https://democracy.merton.gov.uk/ieListDocuments.aspx?CId=146&MId=3977>
- 12.2. Planning Approvals for LBM owned sites:
- [Elm Nursery Car Park](#)
 - [Raleigh Gardens Car Park](#)
 - [Land at Canons, Madeira Road](#)
 - [Farm Road Church, Farm Road](#)