

# STROUD DISTRICT COUNCIL

## HOUSING COMMITTEE

TUESDAY, 19 MARCH 2024

<b>Report Title</b>	<b>Swedish Timber Houses - Redevelopment Sites</b>
<b>Purpose of Report</b>	To consider the proposal to redevelop 3 sites which include Swedish Timber Houses and to add these to the New Homes and Regeneration Programme and to request that Council is asked to allocate the additional budget required.
<b>Decision(s)</b>	<b>The Committee RESOLVES to add the sites at The Avenue, Stinchcombe; The Knoll, Uley; and Mount Pleasant, Wotton-under-Edge to the New Homes and Regeneration programme and progress redevelopment for the provision of new council homes, subject to planning permission</b> <b>and</b> <b>The Committee RECOMMENDS TO COUNCIL to approve the request for additional budget of £14.7m to be funded from capital receipts, Homes England funding and borrowing as set out within the report to enable the council to continue with the next phase of the New Homes and Regeneration Programme.</b>
<b>Consultation and Feedback</b>	<p>Further information has been provided in terms of the recommendation in this report and feasibility layouts shared with all the impacted tenants and private owners, Ward Councillors and the Town and Parish Councils and meetings have been held with those who have requested this.</p> <p>An information sharing meeting has been held with the Head of Uley C of E Primary School which is adjacent to the site at The Knoll. The feedback from this is shown in paragraph 2.14.</p> <p>Feedback from initial stakeholder meetings was set out in Appendix B to the report to Committee in February. Further feedback is set out in the body of this report.</p> <p>Consultation has taken place with the Senior Leadership Team and Alliance Leadership Team.</p>
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<b>Options</b>	<ol style="list-style-type: none"><li>1) Three layout options have been considered at the Knoll, and one of the alternative layouts could be brought back to Committee for approval; numbers of affordable homes and the financial implications will be different for each one.</li><li>2) The Committee could decide not to approve one or more of the sites. A subsequent decision would need to be made to refurbish or to sell the Swedish Timber houses on any of the sites that were not approved for redevelopment.</li></ol>

<b>Background Papers</b>	<a href="#">Moving Tenants; Decanting Policy</a>			
<b>Appendices</b>	Appendix A: Draft Layout, The Avenue, Stinchcombe Appendix B: Draft Layout, The Knoll, Uley Appendix C: Draft Layout, Mount Pleasant, Wotton-Under-Edge Appendix D : Financial, Social and Corporate Viability Matrices Appendix E (i): Summary of Additional feedback Appendix E (ii): C20 Society letter of objection Appendix F: Estimated Key Project Milestones Appendix G: Equalities Impact Analysis			
<b>Implications (further details at end of report)</b>	Financial	Legal	Equality	Environmental
	Yes	Yes	Yes	Yes

## 1. Introduction / Background

- 1.1. At this Committee’s meeting in February 2024, members approved the preferred option to redevelop the sites at The Avenue, Stinchcombe; The Knoll, Uley; and Mount Pleasant, Wotton-under-Edge, subject to a further report to Committee setting out details on the proposed schemes, the financial implications and feedback from further stakeholder consultation.
- 1.2. This work has been undertaken with additional pre-apps sought from Development Management on the proposed layouts, informal advice from Gloucestershire County Council Highways and a tree survey at The Knoll, Uley to confirm the health of trees on site and root protection areas which need to be taken into consideration. This additional work has been undertaken now because of the concerns regarding highway safety that has been fed back from Ward Councillors, Parish Councils, and residents.
- 1.3. All three sites are located within their settlement boundaries, where the principle of development can be supported subject to satisfactorily addressing all other material planning considerations. The loss of the Swedish Timber houses (and harm in heritage terms) would need to be balanced against any public benefit (e.g. the delivery of affordable homes) in accordance with policy ES10 of the Local Plan and the National Planning Policy Framework (NPPF).
- 1.4. The inputs and assumptions used to model the financial appraisals in terms of costs and values have also been reviewed, revised and challenged by officers including further discussion with the Accountancy Manager and S151 Officer.
- 1.5. Further meetings have been held across the three sites, if requested, by private owners and tenants or where properties needed to be re-inspected.
- 1.6. Confirmation of the recommendation in this report and draft layouts have been sent to all the key stakeholders; namely Ward Councillors, Parish and Town Councils, tenants and private owners who are directly impacted and Uley CofE Primary School. Meetings have been held with Stinchcombe, Uley Parish Councils and Wotton-Under-Edge Town Council and the Head Teacher and a Governor of Uley Primary School.
- 1.7. All residents who are affected by the recommendations in this report will be offered meetings after this committee meeting, regardless of the outcome.

## 2. The Proposed Redevelopments

- 2.1 Initial layouts and drawings have been prepared in order to assess the redevelopment potential and seek pre-app advice from Development Management and informal advice from Gloucestershire County Council Highways.

## 2.2 **The Avenue, Stinchcombe**

- 2.3 The site comprises 2 pairs of semi-detached Swedish Timber houses, comprising 3 no. 2 bedroom properties and 1 no. 4-bedroom property, set in large gardens on the edge of the village. The site is within the settlement development boundary, in the Area of Outstanding Natural Beauty and adjacent to the Stinchcombe Conservation Area. There is no vehicular access or private parking to the existing properties.
- 2.4 There is one privately owned house on the site, one tenanted property and 2 long-term major voids that require extensive work. The residents do not wish to move. The Parish Council has also objected to the redevelopment (as appended to the February report), unless it is with a similar scheme i.e. replacement in terms of design, materials and number of homes.
- 2.5 A scheme which only redeveloped one pair of the houses was also tested to avoid having to acquire the private property and move a tenant household. This did not receive support from Development Management officers. Subject to securing planning permission, the site has the potential for redevelopment at a higher density. The layout in Appendix A shows a scheme of 18 new council homes, however, following pre-app advice, the council has reduced the density assessed the site assuming a maximum of 16 new affordable homes can be delivered.

## 2.6 **The Knoll, Uley**

- 2.7 This site comprises 2 pairs of 3 no. bedroom semi-detached Swedish Timber houses on the lower half of the site (numbers 5 to 8) and 2 pairs of semi-detached traditionally built houses, comprising 3 no. 3 bedroom and 1 no. 4 bedroom on the upper part of the site (numbers 1 to 4), including 8 existing houses in total. The traditional houses are set in large gardens, with their back gardens adjacent to the school. Only one of the traditional houses has vehicular access and one of the Swedish Timber houses has vehicular access/parking to the side. There is also a resident's only parking area with 10 (useable) spaces adjacent to the site, this is quite narrow and some of the spaces are difficult to access.
- 2.8 The site is within the settlement development boundary, surrounded by Uley Conservation Area to the North, South and East.
- 2.9 An application by the Twentieth Century Society in 2018 to Historic England for a Listing assessment for all four Swedish Timber houses was unsuccessful. This was in response to the council's planning application for External Wall Insulation, which the Society had objected to.
- 2.10 The council took the opportunity to buy back 7 The Knoll in 2021 as it had not progressed with the proposal to install External Wall Insulation and the opportunity to redevelop the site was apparent. However, it wasn't considered appropriate to progress any proposals during the pandemic. Only one of the non-traditional Swedish Timber houses is now tenanted and these tenants have been clear that they do not wish to move. Of the traditional houses, two are tenanted and two privately owned. The residents here have a mixed view on redevelopment, some not wishing to move/sell their property, whilst others are prepared to consider this.
- 2.11 Three options have been considered for this site; this was to assess the impact of only redeveloping the 4 Swedish Timber properties and leaving the 4 traditional houses as they are, against delivering a larger redevelopment of all 8, and a compromise between the two which leaves out one of the pairs of semi-detached properties, which could reduce the impact on residents. It was clear that all 3 options would impact on the traditional homes, requiring land from the front gardens to allow for a new vehicular access and parking on the site.
- 2.12 A draft layout of the larger site is shown at Appendix B. This site could deliver a maximum of 18 units (houses and flats).

- 2.13 The Knoll also lies next to a primary school which is tightly constrained with a narrow footpath into the school grounds and no parking. An initial meeting has been held with the Head and a school Governor to share the proposals and see if there are any opportunities to improve access to the school in any of the redevelopment options.
- 2.14 The school has highlighted several concerns, in particular with regard to building so close to the school, overlooking and safeguarding of children, disturbance to pupils during construction; a possible detrimental impact on pupil numbers and highway safety concerns which also been expressed by other stakeholders.
- 2.15 Redevelopment of the larger site is recommended as the financial appraisals between the 3 options are not significantly different and this option would deliver the most affordable new homes. This will also allow more flexibility in considering the impact on the school and opportunities to adjust to the layout which could be beneficial to it.
- 2.16 **Mount Pleasant, Wotton-under-Edge**
- 2.17 This site comprises two pairs of 2-bedroom semi-detached Swedish Timber houses. Of these properties, 2 are major long-term voids, one is tenanted and one privately owned. The tenants and private owners have mixed views, on the redevelopment of this site.
- 2.18 The site is within the settlement development boundary, it is relatively small but has the potential to deliver 8 affordable homes and a feasibility layout is shown at Appendix C. The Town Council is supportive of redevelopment of these houses in principle, subject to planning.

### **3. Site Appraisals**

- 3.1 The Financial, Social and Corporate Viability Matrix which was approved by Committee in December 2022 for assessing sites is attached at Appendix D. This sets out a summary of the key outputs and metrics of each site.
- 3.2 Together, the three schemes are expected to be able to deliver an increase from 16 homes (12 non-traditional and 4 traditional build) to a potential 42 new homes, with off road parking, all at an EPC A. This is an increase from the 11 council owned houses (excludes 7 The Knoll which has been brought back and included at cost in the financial appraisal) to 42. This will result in lower running costs for tenants and lower maintenance costs to the HRA. In addition, the new homes would be designed and built to Part M4(2) Building Regulations meaning they would be adaptable and accessible for tenants. The homes would have an expected life span of 100+ years.

### **4. Funding**

- 4.1 Members will be aware of the impact on the New Homes & Regeneration Programme of rising building costs and in December 2022 agreed to fund an additional £5.42m for the current programme. A contractor is currently being re-procured for Tranche 2 of the programme and bids will be submitted by Mid-April this year. An update on the programme is included on the agenda for this meeting.
- 4.2 The viability of other sites and projects in the pipeline that are currently being progressed are also impacted by these rising costs and changes to the property market. The impact is compounded by the lack of certainty regarding funding from Homes England which is unable to provide subsidy estimates until a bid for funding has been made. Homes England advise submitting bids following a tender return due to the volatility of the market.
- 4.3 Whilst the financial appraisals for these sites are showing the need for high levels of subsidy and a longer borrowing period, the need to continue to provide affordable homes has also increased, making the council's New Homes Programme arguably more important than ever.

- 4.4 However, it is important to highlight that if Committee approves the redevelopment of these sites, it is unlikely that it will be able to fund or provide sufficient project management resources to significantly progress other sites in the medium term, even if construction costs decrease and/or funding sources are significantly better than currently forecast.
- 4.5 The New Homes team will be at capacity dealing with the Tranche 2 sites which are expected to start on site later this year and, if approved, progressing these Swedish Timber sites. Approving the redevelopment of these sites means that they are being given priority over other sites being worked up. Officers will continue to progress those other sites as far as possible within current budgets and officer resource and will continue to report on the pipeline sites to future Committee meetings.
- 4.6 Homes England is currently in discussion with central Government about a future Affordable Homes Programme beyond 2021-26. It is proposed that funding of these schemes would comprise a mixture of Homes England (or other) subsidy, the use of Right to Buy and other HRA capital receipts as well as additional borrowing.

## **5. Consultation Update**

- 5.1 The feedback from key stakeholders has not changed significantly since the Committee meeting in February, as set out in the appendices to that report, this has been referred to again in section 2 above. New information has also been included with the feedback from Uley CofE Primary School.
- 5.2 The Chair of Committee has received some correspondence objecting to the proposal at the Knoll and a letter of objection from the Twentieth Century Society. The correspondence is summarised at Appendices E(i) and E(ii) and discussed in this section.
- 5.3 The Twentieth Century Society is not a statutory consultee in the planning process. Historic England have said that the buildings are not of evident significance and hence haven't been taken forward to a full assessment for Listing. Nevertheless, the heritage value of these houses is acknowledged and it is appreciated that some have considerable value to their local communities, this has been raised at Uley and Stinchcombe.
- 5.4 This will be a material consideration in the planning process and the reasons for proposing their redevelopment has been set out in this report and the February report to Committee.
- 5.5 It is worth noting that the houses were not gifted to the Country as is being stated as an argument for retaining them. They were bought as part of an emergency programme of temporary housing by the Government for agricultural workers after the war and they have outlived their original life span (60 years) and purpose. It is also worth noting that this could only have been achieved through regular maintenance and investment by the Council and its predecessors. The Council should not be fettered by their original purpose when considering if they are still suitable for current and future tenants.
- 5.6 Also among the objections for The Knoll in particular are highway safety issues, which will be addressed during the planning process as explained in the response to public questions during February's Committee. Comments on the site's unsuitability largely linked to the highway concerns and the rural setting (these are similar to Stinchcombe where concerns have also been raised regarding contributions to infrastructure and the scheme density) will also be addressed through the pre planning and planning stages, as will ecology and biodiversity on the site including the requirement for biodiversity net gain. The layout plan allows for a tree protection zone around the large trees on the site and they have recently been surveyed to confirm this is sufficient. There is no intention to remove these.
- 5.7 The comments regarding lack of maintenance is to some extent a result of the site being identified as a potential redevelopment site. Where this is confirmed as a definite option, planned works are paused and only urgent repairs carried out. The comparison of refurbishment against redevelopment has been assessed as part of the options appraisal

and was set out in February's Committee report. They are also discussed again in the financial implications to this report.

- 5.8 Energy efficiency comments. The Council has achieved EPC 'A' ratings on its most recently completed sites within the New Homes Programme and the revised specification provides for future homes to achieve this. The refurbishment of the non-traditional homes on these sites is not expected to deliver more than an EPC 'C'.
- 5.9 Moving residents: Finally, it is laudable that there is concern expressed for the tenants and private owners who will need to be moved as part of any redevelopment. This concern has been made for all 3 locations. These residents will be offered accommodation according to the Council's decanting policy which provides for tenants and qualifying homeowners to choose whether they move temporarily or permanently once registered on GlosHomeseekers.
- 5.10 Direct matching may be offered to facilitate timely moves and the process allows for tenants to remain in the local area and have a high priority for properties in other areas. There is provision for exceptions to the policy regarding bedroom needs assessments which is made by the Council's Housing Advice Manager. The policy gives every resident the option to choose the geographical area in which they wish to move within the District. However, there is of course no guarantee as to which properties will become available within the timescale for redevelopment. Hence considerable support is offered through the process by the Council, and residents are encouraged to register on GlosHomeseekers as soon as possible.
- 5.11 Residents will be made 3 reasonable offers of suitable accommodation with the option of a 4<sup>th</sup> at the discretion of the Head of Housing Services. The terms 'reasonable' and 'suitable' take into account the resident's preference and residents have the right to refuse offers.
- 5.12 All tenants being moved from a development site will also have the right to return to the new site if a suitable property is available (at social rent) and officers consider these needs with regard to the housing mix proposed. Private owners are also given the option of a property on the new development.
- 5.13 Disturbance payments are paid for both temporary and permanent moves and potentially a home loss statutory payment to compensate tenants who have to permanently move out of their home. This includes tenants who move back onto the new site.
- 5.14 The council will seek to acquire any private houses by negotiation at a reasonable cost. Should there be a need to consider the use of Compulsory Purchase Orders, a further report would be brought to Committee and Full Council to be considered and seek approval to this.
- 5.15 Officers and members are due to attend an extraordinary meeting of Uley Parish Council after this report has been published and will update the Committee on any further feedback at its meeting.

## **6. Conclusion**

- 6.1 Further work has been undertaken on assessing the proposals for these sites and whilst acknowledging the objections received from Stinchcombe and Uley Parish Council's and residents and the impact this decision will have on tenants and private owners, it is recommended that the sites are progressed for redevelopment.
- 6.2 The need to address the improvement of the Swedish Timber houses, which would still require a higher ongoing maintenance programme, and to deliver more energy efficient, high quality council homes is pressing and the demand for affordable homes in the district continues to rise.
- 6.3 The delivery of new council owned, energy efficient, affordable housing remains a priority in the Council Plan and redevelopment of these sites will support action CW2.1b 'design,

build and deliver new affordable housing across the district via our own New Homes Programme which will deliver EPC A rated properties.

- 6.4 In addition, the Strategy for New Council Homes contains seven strategic objectives; the building blocks of the programme. The recommendations in this report will support delivery of all 7 strategic objectives but primarily; 1) be agile in assessing land opportunities and maximise existing land holdings to exploit the limited supply of land available across the district, 3) design good quality, sustainable, dynamic, energy efficient homes that address the Council's 2030 commitment, 4) build new council homes that strengthen communities and growth in the local economy.
- 6.5 Investment in the construction of new affordable homes brings with it a number of economic and social benefits, such as employment, lower crime (as a result of higher employment) improved access to healthcare and education and reduced homelessness.
- 6.6 It is, therefore, recommended that, whilst acknowledging the impact on the delivery of other sites and the challenging funding position, these Swedish Timber sites should be redeveloped as the priority and next phase of the programme, subject to planning permission and funding.
- 6.7 This will address the major long-term voids which have been held pending this review and provide certainty on the future of these properties, in addition to delivering much needed energy efficient affordable housing. The refurbishment of the Swedish Timber houses on these sites is not considered appropriate or value for money due to the significantly high refurbishment costs and their still limited quality and life span; particularly when the maintenance programmes in the HRA are under increasing pressure and difficult choices will need to be made in future years.
- 6.8 This option does, of course, involve moving tenants at all three sites and acquiring private properties, and the impact of this on these residents is fully acknowledged. The council has extensive experience of successfully supporting tenants and private owners in these circumstances. If the recommendation is approved and, subject to Council approving the budget requirement to redevelop these sites, the next step will be to meet with all the tenants and private owners and understand their particular circumstances and views in more depth, with the ability to be clear about the decisions that have been made, the process, next steps and the support that can be offered to them. In the meantime, officers are available to discuss these in principle and any concerns, questions they may have.

## **7. Implications**

### **7.1 Financial Implications**

From a strictly financial perspective the best option would be to sell the sites. However, this would not meet the Council's aim of providing affordable housing or improving energy efficiency of homes in the district.

The refurbishment option would improve energy efficiency in the homes to an adequate level. The cost of the works is substantial (in the region of £100k per property), and the external wall insulation would need to be replaced after 30 years. The lifespan of the refurbished property is expected to be a maximum of 60 years, at which point the housing would very likely need to be replaced. This option is marginally financially viable, with the cost of the works approximately being repaid over the 60-year life. Where no other option is available this would be considered in order to keep the affordable housing available for tenants.

The redevelopment option is the most expensive but would provide much higher quality housing in terms of energy efficiency and allows higher numbers of housing to be available

for current and future tenants. The new housing can also be expected to last significantly longer than refurbished housing. The total cost associated with the three schemes is £14.7m. It is expected that borrowing (of £9.4m) will need to be taken out over a period of 60 years, which although is higher than has been included for previous new build schemes, matches the period of repayment needed for the refurbishment option. The housing would be expected to last well beyond these 60 years and provide future rental income to the HRA.

After receipts from shared ownership sales (currently estimated at £1.1m, but would depend on the percentages sold), remaining subsidy required of £4.2m would need to be sourced from Right to Buy receipts, shared ownership capital receipts, other HRA capital receipts including the sale of garage sites, and Homes England Funding. The mix of funding would be confirmed when further details are known about levels of Right to Buy (RTB) funds available (capital receipts from future RTB sales) and Homes England funding levels. Using RTB receipts on these schemes would allow us to maximise the use of future RTB receipts and keep a programme of schemes that will help prevent repayment of unused receipts to Government. As with all affordable housing schemes there is a risk that tenants would exercise their Right to Buy, but this cannot be avoided. There would be a property cost floor in place for the first 15 years, where a tenant would not be eligible for discount that would take the price below the cost of building the property, which gives some protection.

Since subsidy would be incorporated to reduce borrowing to a level that is repayable from the rents paid (i.e. the rent receivable less any ongoing maintenance costs, would be enough to fund the interest and repayment of the borrowing) there would be no overall impact on the HRA revenue position. There would, however, be a draw on the HRA capital receipts to fund the additional subsidy needed. These capital receipts from the sale of housing (through RTB), garages and unused HRA land are set aside for the new build and development programme and so this would be an appropriate use of the reserves. However, this would reduce funding available for future, as yet unidentified, schemes.

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## **7.2 Legal Implications**

If the Council needs to purchase some of the existing houses for redevelopment, then subject to the agreement of the property owner, such purchase will be under the powers contained in section 17 of the Housing Act 1985, which allows the Council to purchase houses or other land for housing purposes.

Any future sale or lease (excluding to owner/occupiers) of the property will have to comply with the restrictions contained in that Act. It will not be possible to dispose of the property (including by a lease for a term of 21 years or more) without first obtaining the consent of the Secretary of State. This may prevent the Council from being able, for example to grant a long lease of the premises to a management company and other options would need to be considered for the management of the sites.

Specialist tax advice may need to be obtained in respect of SDLT liability if any of the properties need to be purchased. Such figures will vary according to the price paid for the property. SDLT payable may also be subject to change if there is a budget prior to the completion of a purchase.

In the event that the Council decides to proceed with redevelopment of the sites where this option is proposed and the current owner occupiers are not agreeable, then compulsory Housing Committee Agenda Item 10 06 February 2024 purchase may be considered. In order for the Council to be able to use compulsory purchase powers, it must:



- be able to make a compelling case and consider what enabling powers may be used;
- know that planning permission would be granted (although it does not need to be in place);
- demonstrate that it has attempted to negotiate acquisition and made a formal offer; and
- If using housing powers (s17 Housing Act 1985), demonstrate a benefit in terms of housing provision.

Any redevelopment of the sites will need planning permission, with any applications assessed against planning policies (national and local) including in respect of tenure mix. The Council will also need to ensure that it adheres to its Decant Policy (April 2022).

If the Council needs to appoint external contractors to carry out the redevelopment, the appointments will need to be undertaken in compliance with the Council's Contract and Procurement Procedures Rules set out in the constitution.

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### **7.3 Equality Implications**

An EIA has been carried out by Officers in relation to the decision made in this report and due regard will be given to any implications identified in it.

### **7.4 Environmental Implications**

The following sets out details of significant implications identified by officers:

The council's previous specification was for a minimum SAP rating of 86 (EPC B), however it achieved a much higher SAP rating on the first 36 new homes delivered in the first tranche of the programme, achieving an EPC A rating. It is intended that this will be replicated across the remainder of the programme and the latest specification for the council's new homes aims to achieve a minimum SAP rating of 92 resulting in an EPC A rating.

This is a significant step towards meeting the targets set in SDC's Carbon Neutral 2030 Strategy and officers will continue to work with contractors to develop ways of meeting our 2030 stretch goals. The specification of our new homes is above Building Regulations standard and complies with Local Plan policy. Some of the features which have been included within the specification to support the environmental aspects are: the inclusion of air source heat pumps; recyclable kitchens; and ecological enhancements, including bird/bat boxes, bug hotels and hedgehog holes in all fencing.

These sites include the demolition of existing homes traditional and non-traditional. There is embedded carbon in these properties but the council does not have an assessment tool for calculating this. Where properties have been demolished on other sites, significant reuse and recycling of materials has been undertaken by the contractor with approximately 91% of demolition materials reused or recycled from the first tranche of the programme.