



New Homes Board Report	Date: 2nd March 2020	Ward(s): All
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SUBJECT: HRA SMALL SITES DELIVERY OPTIONS

1.	Synopsis
1.1	There are a number of small sites held within the HRA identified as possible development opportunities by the New Build Team (NBT) but which are not currently in the new pipeline programme for development for both resource, outcome and financial reasons. Further to the report submitted on 4 th September 2019, this paper offers more detailed analysis of small sites and their development potential, options to consider to bring these sites forward for development, specifically those that might be suitable for development by a third party, and a matrix to recommend a development route for individual schemes.
1.2	For the purposes of this report, small sites are defined as sites with the development potential of up to 25 new homes which is consistent with the GLA definition of small development sites.
2.	Background
2.1	From its inception, the council's New Build Team (NBT) has historically delivered small sites and still have a very small no. of these sites within the current programme.
2.2	However, small sites are more often than not just as difficult to deliver as larger sites and can take up an equal amount of a project manager's time to deliver as well as causing significant disruption to residents. Though these sites had previously been 100% social rented, financial pressure on the HRA has meant that the actual number of affordable homes on small sites would have to be reduced so the gain to the council is further minimised. The unattractiveness of developing small sites was exacerbated by the growth of the new build programme in terms of both number and size of sites.

2.3	In 2018 the council decided to 'turbo charge' the new build programme to increase the number of new genuinely affordable homes delivered. To focus resources to achieve an ambitious new programme and because of the financial context mentioned above, the NBT decided to further reduce the number of small schemes delivered and focus on larger sites that could deliver greater numbers.
2.4	However, the NBT has an historic pipeline of small sites which are on a long list for future potential development. The Islington Site Finder exercise identified approximately 27 locations with development site opportunities of 25 units and under. Each location often comprises several distinct development opportunities with different characteristics – these total c.60 opportunities. As the NBT intends to focus on medium to large schemes there are now an increased number of small development opportunities that are unlikely to be exploited in short or medium term.
2.5	As recommended by the September New Homes Board, more detailed analysis of the individual sites has been undertaken, to better understand the characteristics of the sites and to establish whether there is a preferred route to development.
3.	Recommendations
3.1	<p>The recommendations are:</p> <ul style="list-style-type: none"> • To approve the approach used to establish whether an individual site should be developed. • To review the external route to delivery of those opportunities. • Agree the matrix.
4.	Islington Small Sites: Approach
4.1	<p>In establishing how the NBT could take forward the delivery of the Islington Small Sites, it has been necessary to break down each site into its particular characteristics. A matrix of attributes has been created, out of which the following factors have been considered:</p> <ul style="list-style-type: none"> • The location of a site within an estate (i.e. whether it is separate, on the edge, or within an estate); • The nature of the development proposal and its likely impact on existing residents (i.e. building above occupied flats or on a stand alone site with separate highways access); • The loss of different amenities (i.e. mature trees, landscape, play or parking areas).
4.2	These factors have been scored and a matrix generated which ranks the opportunity and impact of development of the individual sites, as well as identifying those that could potentially be delivered by third-party organisations (e.g. small housing association, or community groups); or whether a site should not be developed outside of the context of a wider estate redevelopment.
4.3	It should be noted that the sites have only had initial planning advice and outline massing studies, which may mean they are not deliverable or may deliver fewer new homes than anticipated.

5.	Islington Small Sites: Typical Characteristics & Recommendation
5.1	<p>Roof-Extensions or 'build-over' – c.15 opportunities:</p> <ul style="list-style-type: none"> • The addition of single or double additional floors of housing, possibly suited to prefabricated modular construction. • The creation of new dwellings within existing pitched roofs. <p>Issues to consider:</p> <ul style="list-style-type: none"> • Can this type of work take place in an occupied block? • What are the impacts of enabling works such as extending services (including lifts) into the new units, or relocating existing services (including tank rooms, etc.)? • Relatively few additional units are generated. • Ideally undertaken alongside future full block refurbishment or redevelopment works. <p>Outcome:</p> <p>Not suitable for delivery by third party through disposal as the Council needs to integrate management of the property with the existing asset. However, officers are exploring the potential to increase capacity through working in partnership with a roofspace development specialist Apex. The Council would effectively pre-purchase completed homes at an agreed price with Apex managing development of the homes with funding from the GLA and Homes England. This will be the subject of a future report.</p>
5.2	<p>In-Fill Blocks – c.30 opportunities:</p> <ul style="list-style-type: none"> • The addition of in-fill blocks in gaps to the street frontage. • The addition of in-fill block within estates, on car parking or other hard landscaped areas. • The addition of sideways 'block-extensions'. • The addition of single-houses or extension blocks besides access routes into estates. • The demolition of single storey buildings to create a block in keeping with the scale of other estate buildings. <p>Issues to consider:</p> <ul style="list-style-type: none"> • Does an in-fill block remove valuable estate amenity areas (landscape, play, parking)? • Does an in-fill block on a street frontage add to the streetcape? • Can an in-fill or sideways 'block extension' within an estate be built without undue impact on existing residents? • Does the location of an in-fill block allow effective transfer of ownership of land to a third party owner (and developer), without negatively impacting the rest of an estate? <p>Outcome:</p> <p>Generally not suitable for development by a third-party owner, unless separately located on the edge of an estate.</p>
5.3	<p>Stand alone (non-estate) Sites – 5 sites:</p> <ul style="list-style-type: none"> • Small plots on a street frontage that could be developed. • Under-utilised community centres that could be redeveloped. • Council facilities that could potentially be vacated and the site redeveloped.

	<p>Issues to consider:</p> <ul style="list-style-type: none"> • Are facilities used, and is permanent change of use accepted? <p>Outcome: Suitable for development by a third-party owner.</p>
6.	<p>Delivery Options</p> <p>The September Small Sites Briefing Paper identified the following methods of development. Now the small sites have been reviewed in more detail, the appropriateness of these options have also been reviewed.</p>
6.1	<p>Disposal via the GLA's Small Sites Programme</p>
6.1.2	<p>The GLA's Small Sites programme aims to provide a streamlined service for public sector landowners to:</p> <ul style="list-style-type: none"> • bring small, publicly-owned sites forward for housing-led development; and • invigorate new and emerging 'sources of supply' including small developers, small housing associations and community-led housing groups.
6.1.3	<p>The GLA provides:</p> <ul style="list-style-type: none"> • support to bring small public-sector sites forward for development; • online marketing to c.1,200 organisations, with basic agency support, for efficiency and greater reach to small developers and community groups; and • standard contracts for easy comparison of bids and minimal negotiation with small developers.
6.1.4	<p>The GLA has just launched a third round of funding for site surveys and due diligence work, with a closing date of 20 April 2020 and has welcomed a bid by Islington council.</p>
6.1.5	<p>The council would be able to include <u>covenants limiting the use of the site to delivering affordable and/or community-led housing</u>, where this would not ordinarily be delivered on very small sites via the planning system. The GLA will confirm to the council that a covenant requiring affordable housing provision can also include future nominations being given to the council.</p>
6.1.6	<p>Particular issues that the council will want to be assured of are:</p> <ul style="list-style-type: none"> • Access to the appropriate number of future nominations that a site disposal will generate. • Satisfaction that any selected small developer is committed and resourced to work with the council to minimise any impacts of development and future management on the council's existing tenants and leaseholders. • Satisfaction that a small developer is not profiting excessively from the council's site disposal (this should be mitigated through the GLA's standard contract documentation) • Comfort that the council's procurement requirements are being satisfied by utilising the GLA's Small Sites programme.
	<p>Recommendation - Suitable route for any disposal of small sites</p>

6.2	Disposal directly to RPs
6.2.1	Prior to the creation of the council's new build programme, surplus sites were often disposed of to RPs to develop affordable housing.
6.2.2	Sites were sold at a discounted price to increase the proportion of affordable homes delivered on the sites. The discount was calculated by a formula that valued each nomination the council would receive over subsequent years. The formula is still in existence and need updating in terms of the current financial value to the council of each nomination it would receive, if it is to be reused.
6.2.3	Recommendation - Suitable route for any disposal of small sites
6.3	Disposal by auction to provide funding to the council's New Build Programme
6.3.2	This would be a straight forward disposal via auction to maximise the receipt to directly increase the proportion of affordable housing delivered in the New Build Programme. For the limited number of sites which would involve the demolition of current housing stock, this would require the completion of a small decant programme prior to marketing.
6.3.3	Recommendation - Suitable route for any disposal of small sites
6.4	Package up deliverable sites for Contractors on New Contractor Framework
6.4.1	The council's new Contractors Framework is due to become available during early 2020. Sites where it would be feasible for the NBT to develop in a future programme could be packaged up as a single contract to make more attractive through potentially reducing the cost of project management on a per-unit basis.
6.4.2	Recommendation – due to the very small number of sites suitable for disposal this would not be a viable route.
6.5	Remove sites from active consideration, realising as part of future programmes
	Sites which are not considered able to support viable development, given their location or the negative impact that their development would have on estate residents, could be removed from active consideration. The potential for development could then be realised if wider estate regeneration or redevelopment becomes necessary at a future date, or when the NBT has sufficient resources to address the smaller sites.
7.	Recommendations
7.1	The recommendations are:

	<ul style="list-style-type: none"> • To approve the approach used to establish whether an individual site should be developed. • To review the preferred route to delivery of each opportunity identified, specifically those highlighted as suitable for 3rd party delivery in Section 7. • Agree the matrix as a suitable mechanism for identifying development potential of small sites and whether that development should be undertaken internally or externally.
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