

## Rother District Council

**Report to:** Cabinet

**Date:** 6 February 2023

**Title:** Old Lydd Road, Council Led Housing Development

**Report of:** Ben Hook - Director of Place and Climate Change

**Cabinet Member:** Councillor Terry Byrne

**Ward(s):** Eastern Rother

**Purpose of Report:** To present details of the Brownfield Land Release Fund Round 2 funding recently awarded for the Council Led Housing Development at Old Lydd Road. Request approval to progress the project to both procurement, contract and delivery stages assigning the £185,000 grant and a further £210,000 of facilitating costs subject to planning approval.

**Decision Type:** Non-Key

### Officer

**Recommendation(s):** **Recommendation to COUNCIL:** That the Old Lydd Road, Council Led Housing Development be included in the Council's Capital Programme with a budget provided partially from Brownfield Land Release Fund Round 2 subject to planning permission being granted.

### AND

It be **RESOLVED** that:

- 1) the Director – Place and Climate Change be granted delegated authority to accept the £185,000 grant from the Brownfield Land Release Fund Round 2, for the purposes of delivering this project;
- 2) an addition to the Capital Programme of £395,000, funded by £185,000 Brownfield Land Release Fund and £210,000 capital borrowing be authorised to facilitate the remediation and delivery of the site for housing (to be reimbursed by eventual capital receipt); and
- 3) the Director – Place and Climate Change be granted delegated authority to procure the contractor/s required for the remediation works and close the carpark, subject to planning approval, including procuring contractors and entering into other contracts as necessary for the completion of this phase of the project.

### Reasons for

**Recommendations:** To enable the scheme to progress.

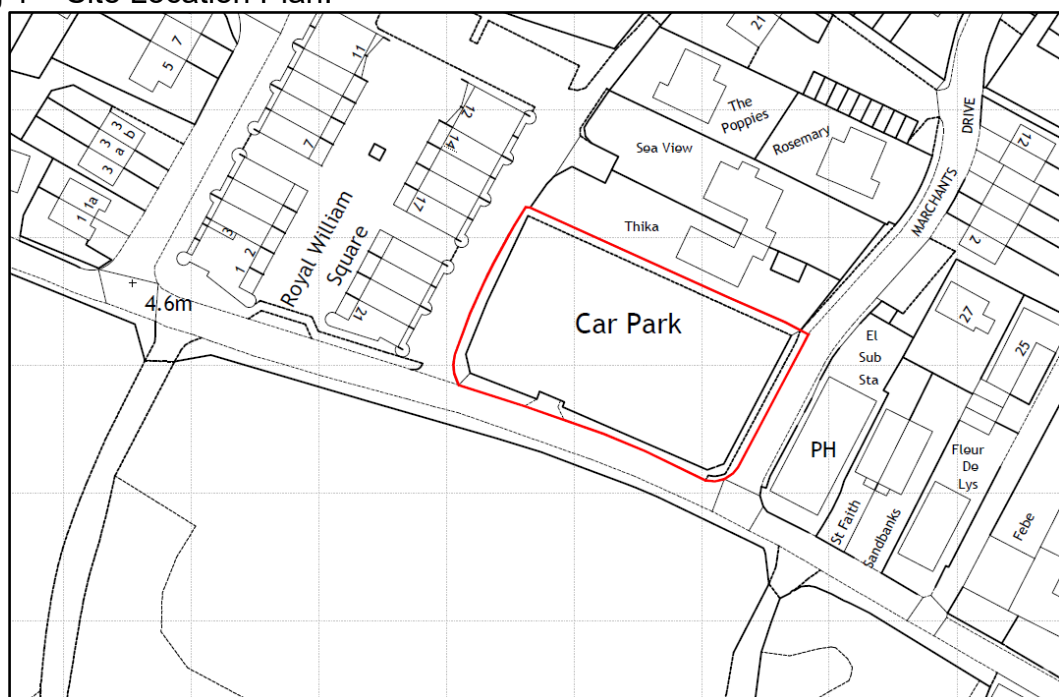
## Introduction to Brownfield Land release Fund

1. The Brownfield Land Release Fund (BLRF) is a cross-government initiative between the Department for Levelling Up, Housing and Communities (DLUHC) and One Public Estate (OPE) which is delivered in partnership by the Local Government Association and the Cabinet Office. OPE's joint aim is to bring public sector bodies together, to create better places by using public assets more efficiently, creating service and financial benefits for partners and releasing land for housing and development.
2. The BLRF is set up to help council led developments with remediation works on previously attributed Brownfield land to help councils overcome the difficulties with these plots of land, such as expensive demolition, decontamination and even new services for plots that have previously never been developed.
3. In 2022, officers at Rother District Council (RDC) completed a successful bid for BLRF Round 2 alongside our OPE partner SPACES (Strategic Property Asset Collaboration in East Sussex). This bid was for £185,000 to help bring forward housing on the complicated and unique site just behind Camber Sands, Sites of Special Scientific Interest (SSSI) and RAMSAR Beach.

## Project Background and Progress

4. The site is a small carpark to the north side of Old Lydd Road. The current address is Old Lydd Road Car Park, Old Lydd Rd, Camber, Rye TN31 7RH. The site is sometimes known as the former putting green on Old Lydd Road.
5. In November 2022, the Council submitted an amended planning submission for the site. Previous planning submissions are detailed in Appendix A.

Fig 1 – Site Location Plan:



6. The submission [RR/2021/2947/P](#) is scheduled to be considered at the Planning Committee meeting being held on the 16 March 2023.

Fig 2: Proposed Visual from south west:



Fig 3: Proposed Visuals from South



Fig 4: Proposed Site Plan:



## Homes for Rother Residents

7. Camber is a nationally known holiday destination and like much of the south coast and District of Rother suffers from a problem of holiday lets and second homes. This causes strain on the already difficult housing market in the area, pricing out locals who want to buy and renters who want to stay in the area.
8. Camber has a higher acute housing situation than other wards in Rother. Currently 67% of the habitable dwellings in Camber are holiday homes, second homes or empty homes.
9. RDC is aware of this problem and will work to help safeguard these homes from this issue. Officers will work closely with legal services and are planning to:
  - Propose a scheme of increased affordable housing above policy compliant mix of 40% by providing 50% affordable homes. The proposal comprises of 3x Affordable Rented Units, 1x First Home and 1x Shared Ownership unit as the additional to policy compliant out of a total 10 Homes. The policy compliant mix will be agreed through planning and section 106 and the Shared Ownership unit will be an 'additionality unit' allowing for receipt of Homes England Grant.
  - Add covenants to the units for sale to prevent their use as second homes or holiday lets;
  - Prioritise the sale of the private sale, first home and shared ownership units to people in Rother district, giving higher preference to those with a connection to the Camber area, by holding a priority window for local people when the properties come onto the market.
  - Write the above stipulations into the disposal of the site, if this is becoming the delivery route for the units.
10. The BLRF funding application explains how, at the funding stage, homes for Rother residents are a key priority for RDC. Now the funding has been awarded it is a stipulation of the grant and will require reporting, any changes to this will have to be requested and reasoned to OPE and DLUHC.

## Financing Specifics

11. The full remediation works budget of £185,000 is funded by the BLRF Round 2 announced in November 2022. The Application was predicated on the complicated nature of the site with the adjacent sand dunes. The unique nature of the site and its local adjacencies to the SSSI sand dunes and RAMSAR designated beach clarified the need for funding for the remediation work to bring the site forward.
12. The funding requested was detailed on figures that came from a high-level cost analysis of the facilitating works required on the site including the exceptional costs associated with moving sand from this site.as follows:
  - £ 52,000 Budget estimate for: Site preparation, levelling and sand clearance
  - £133,000 Budget Estimate for: External drainage including Sand Traps and a complex drainage system to safeguard the adjacent SSSI.



13. This report requests an additional £210,000 to be allocated to the Capital Programme. This allocation will bring the site forward to its next phase. Costs include but are not limited to: Consultants fees; Immediate site works; Site security; Legal fees; Staffing costs; Valuation; Contingency; and Interest.

## Key Risks

14. Listed below are some of the key risks and the relevant mitigations:

<b>Risk Description</b>	<b>Mitigation</b>
Planning Permission not Granted	Officers have been working closely with the local planning authority to make sure the scheme can be recommended for approval. Throughout the public consultation and prior to Planning Committee officers will continue to work closely with planning colleagues to provide more information where necessary, explain narratives and make minor amendments required. Other planning issues such as flood risk are mitigated by initial excavation testing completed at the end of August and winter soakaway tests ongoing following the similarity with the neighbouring development of RR/2020/1051/P that sits in an identical proximity and had a successful HRA and drainage plan agreed at planning in 2021. Following this example and advice from specialist consultants will help mitigate this possibility.
Rising cost implications	The construction market is currently in a period of flux with increases in prices very likely, though the BLRF funding was secured recently, costs are likely to increase. We will continue to work with consultants to make sure mitigation works and designs are efficient and stay within the budgets provided.
Increase in costs beyond the specified budget	The project team will closely monitor budget as the project progresses and have included a contingency. We will work closely with our estates and maintenance team who will advise on particulars of demolition and make sure we are giving the correct brief.
Failure to procure suitable contractor/s	The project team will procure for contractors through the East Sussex Procurement Hub who have contractors within their frameworks and will complete initial market testing to confirm contractors are available and keen to bid. We will also keep procurement process brief to entice more competitive responses from local companies and those further afield.
Changes to the scheme impacting funding	Due to the current nature of the construction and housing market, particularly post COVID, requirements and sales needs are changing for developers and both affordable providers and for-profit providers. This will mean a review of the scheme currently proposed may change the unit mix, amount and type of development. Whilst the BLRF funding was based on a certain number of units, changes to this may affect the funding. This will be mitigated by continued engagement with our OPE partners and sharing sound reasoning and any updates to the scheme as they arise. If the scheme is changed there is a risk to the BLRF grant receipt.
Delays caused by the proximity to Camber sands, either	When appointing a contractor for the remedial works, we will include consultation and discussion with the coastal officers to put in place a plan for construction that will not be impacted by the peak tourist periods at Camber. We will also make sure that mitigation is

<b>Risk Description</b>	<b>Mitigation</b>
through adverse effects of sand on site or access delays over the summer period.	included for any further issues incurred by sand on the site due to adverse weather and high winds - often an issue at Camber. The Coastal team have a procedure for regular clearing of the three carparks that will be in place for the site once the initial sand is removed prior to the drainage works. This will also be detailed in any land transfer information.
Adjacency to SSSI and Ramsar Beach	Due to sensitivities with the unique adjacent SSSI there is a chance that delays are caused here with unknown issues that arise. Having close conversation with planning officers and Natural England will help mitigate this included a thorough HRA completed by the planning officer.
Loss of Parking	Old Lydd Road has circa 70-80 parking spaces open all year round. Developing this for housing will increase parking pressures on the other RDC owned carparks. This is mitigated by improvements works to Camber West Carpark including sand clearance and increasing the size of the coach park. Old Lydd Road has been used as a secondary base for parking on busy winter days whilst Western Carpark is closed, once the improvement works are complete Western Carpark Coach parking will become this second winter base. RDC coastal officers are reviewing the parking procedures to improve congestion issues on busy days the budget requested includes updated or additional road signage where required.

## Conclusion

15. This report requests for capital funds to be made available to enable officers to facilitate the delivery of remediation works to the Old Lydd Road Council led Development Site, which meets the Council's Strategic Objective of delivering more homes for the district. Alongside this, it will deliver more affordable tenure homes on Council held land.
16. Spending of this funding and the capital borrowing if received, will be dependent on successfully achieving planning approval.
17. Adding this project to the Capital Programme will allow officers to close Old Lydd Road Carpark and progress the site towards its delivery phase for housing. Completion requires remediation work and further investigations to confirm the best delivery vehicle for the site. This aims to reimburse the Capital Programme for the £210,000 proposed borrowing and potentially give an additional capital receipt.

## Next Steps and Delivery Phase

18. Delivery routes are being explored through soft market engagement with local Registered Providers, Developers and Continued conversations with Rother DC Housing Company Ltd RDCHC
19. Officers are investigating sustainable methods of development that include partnering with local suppliers that specialise in Modern Methods and Construction.

20. Delivery Route options include but are not limited to; Tendered Disposal via the market that will include RDCHC; direct delivery by RDC utilising local supply chains; and Joint Venture with local partners potentially led by RDCHC. Once the optimum route has been assessed the project will be bought back to cabinet for approval.

### **Financial Implications**

21. There is financial risk to the Council until the land is successfully disposed of to the delivery vehicle or the houses are sold. This could place additional revenue pressure via borrowing costs. Any capital receipt surplus will be reapplied to the Capital Programme and used to fund other capital schemes, thus minimising the Council's borrowing costs.
22. The £210,000 capital borrowing is required to enable the spending of BLRF funding. This will have financing implications on the Capital Programme for the medium term; these financing costs have been anticipated to be circa £13,000 per annum and an initial provision is included in the estimated costs.
23. Cabinet resolved to approve a budget for the development of Council owned sites at the Cabinet meeting held on 11 February 2019 (Minute CB18/73 refers). This fund is a revolving fund of £250,000 and has funded initial feasibility operations to the value of £77,000 for the Old Lydd Road project.
24. All the activities are dependent on the scheme receiving planning approval and the work being completed within the £395,000 funding estimate. Any additional costs will have to be met by additional capital borrowing.
25. Once the site is ready for development an options appraisal will be conducted to consider the financial and social Value for Money implications for the Council of the proposed delivery options available for the development.
26. Old Lydd Road carpark was valued as an asset for its current use in March 2022 by independent valuation consultants. This valuation was based on current use income. Financial modelling for this report and any future report will include the updated current use value to understand the capital cost of development to RDC comparatively with the social value gain in delivering housing on this allocated site.
27. There is a potential of revenue loss from Old Lydd Road carpark. In the financial year 2021/2022 the carpark generated circa £58k in parking payments. Costs attributed as part of the wider car parking infrastructure are estimated at £7-£15k, leaving an income of circa £43-51K. Whilst it is understood that most of the year the carparks are not full and the parking revenue from Old Lydd Road will be transferred to Central Carpark or Western Carpark with the new winter Coach Park. It is expected that on the busiest 'red days' in the summer the Council may receive a minor parking loss. The costs attributed for staffing the carpark will be dispersed via the other carparks with the only saving being circa £4k of tax.
28. Therefore, it is estimated by officers that there could be a loss of revenue from parking of up to £8-£12k per annum. This will depend on each summer season

and be mitigated by the savings incurred by new affordable rent homes in the area.

## Sustainability Implications

29. The construction works delivered as part of the remediation will be procured and monitored against high sustainability standards.
30. This project will help to demonstrate RDC's commitment to our Environmental Strategy and Core Plan in every piece of work we do. Showing that any contract should be upheld to high environmental ambition and aim to be a carbon neutral district.
31. Each contractor will have to submit sustainability reports as part of Rother's in draft updated Procurement Procedures when they are implemented.

Other Implications	Applies?	Other Implications	Applies?
Human Rights	No	Equalities and Diversity	No
Crime and Disorder	No	Consultation	No
Environmental	No	Access to Information	No
Sustainability	Yes	Exempt from publication	No
Risk Management	No		

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Appendices:	A – Planning History B – BLRF application Holiday Lets and Second Homes Details
Relevant Previous Minutes:	CB18/73



Planning History

1. The site was first highlighted in the Camber Village SPD in 2014 as the Former Putting Green on Old Lydd Road. This stated: *The proposals to reduce traffic on this section of the road through the relocation of some parking spaces from the Central Car Park to the overflow car park will improve the environment for pedestrians here. The Example proposed scheme suggested: Seven, three storey live work units and one gallery shop with residential above are proposed. The proposal includes eight individual building plots with each building expressed individually - this avoids the construction of a linear terrace, which would be inappropriate (foreign) for Camber creating too much mass and solid wall.*
  
2. The site allocation was updated in the Design and Site Allocations Local Plan DASA 2019. Policy CAM 1: Land at the Former Putting Green Site, Old Lydd Road. In 11.63 the DASA states: *There is a mixture of residential and commercial uses on Old Lydd Road but it is proposed the redevelopment of this site should be wholly residential. This will complement the commercial uses proposed nearby at the other allocation site at the Central Car Park. The allocation goes on to detail: Proposals will be permitted where:*
  - (i) *some 10 dwellings are provided, of which 40% are affordable;*
  - (iii) *a site-specific flood risk assessment has been undertaken which demonstrates that the development will be safe for its lifetime, taking account of the vulnerability of its users, without increasing flood risk elsewhere, and where possible, will reduce flood risk overall;*The planning application, initially submitted in December 2021 is for the: 'Erection of 10no. dwellings with new vehicular access, car parking with hard and soft landscaping'.
  
3. Summarised in the planning statement: *The proposed dwellings will comprise three-bedroom dwellings over 3 storeys. The ground floor will consist of a lounge to the rear, open plan kitchen and dining room to the front and a downstairs WC. The first floor will provide 2no. bedrooms and bathrooms with study. The second floor will consist a further bedroom with winter terrace and roof terrace.* Planners had several issues with this submission and it was agreed the plans would be amended to better align with the planning policy at Camber.
  
4. An amended planning submission was submitted in November 2022 and is summarised in the planning statement: *The following main amendments have been made to the proposed development and are outlined on the revised drawings and within the Design and Access Statement:*
  - a. *Amendment of layout from two blocks of terraced units to five individual blocks, with a mix of Semi-detached, detached and terrace houses.*
  - b. *Revision of spacing between units and location of properties on western boundary facing Royal William Square.*
  - c. *Reduction in massing and height of units, the proposal is a mixture of 2 and 3 storeys with pitched roofs/set backs.*
  - d. *Alteration of mix ranging from 2 person 1 bedroom homes, through 4 person 2 bedroom houses to 5/6 person 3 bedroom family homes, all with private gardens and some with roof terrace amenity.*

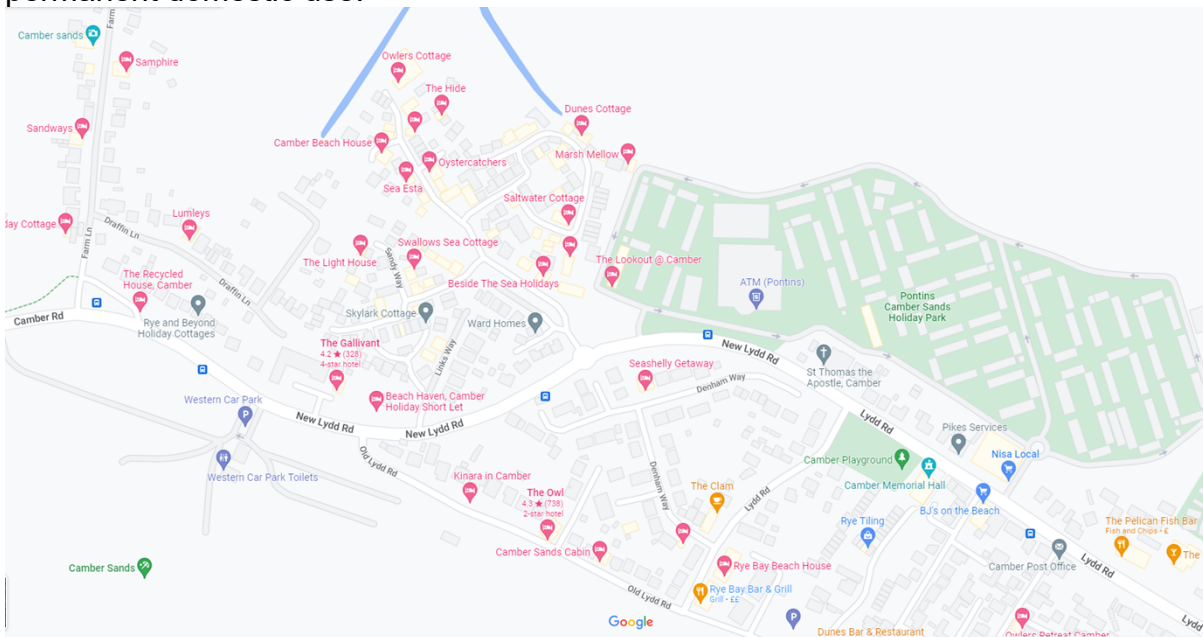
- e. *Affordable housing mix to include 3x affordable rent (1 bedroom 2 person homes) 1 x shared ownership (2 bedroom 4 person home)*
- f. *The proposed materials are drawn from the local vernacular of beach derived materials such as soft coloured bricks, vertical timber and metal roof cladding.*
- g. Amendment to parking layout including driveways off Old Lydd Road.

Excerpt from BLRF application: Holiday Lets and Second Homes Details

Camber Village has a unique difficulty with being a summer holiday destination. A big problem for local people is the amount of Holiday Homes and second homes that sit within the village. This can be shown publicly using google maps that shows a significant number of holiday homes advertised in the area, some are shown with pink icons on the satellite image and others are shown colours yellow for businesses meaning they are on googles directory as a business or holiday let.



Camber is a small village that sits on one of the only sandy beaches in the Southeast which draws in summer tourists from across the south of England and the capital. It has been a destination for decades with Pontins opening in the 70s and provides purpose-built holiday apartments. Changes in the way people holiday in recent decades has led to a massive rise of homes being adapted into holiday homes or bought up as second homes. This takes properties away from the residential market and pushes affordability out of reach of local people. Of the total buildings in Camber according to our council tax records it show that 67% of the properties are not in permanent domestic use.



Within the Camber Village SPD 2014 (pg 103, 5.1 para 7, and pg104, 5.2, para 3), it mentions the holiday let and second home market:

*Discussions with developers have indicated that demand continues to come from a range of sources including owner occupiers, second home owners and investors looking to capitalise on the short term rental market.*

*As mentioned earlier it is also worth commenting on the short-term residential letting market in Camber, which has seen significant growth in recent years. It is evident from market research and through discussions with local developers and agents that a number of properties on the King Charles Square and White Sands development are now being actively marketed for short term lets. Equally a significant number of the higher value properties are being openly marketed by a small number of higher end private rental companies for short term lets.*

Since 2014 this has only got more acute with more houses being sold to developers and businesses to let out or as second homes. Below is a breakdown of the most recent Council Tax records data showing:

Second Homes (Empty Class B)	180
Holiday Lets (Business rates)	102
Total Homes (inc above)	893
Pontins circa*	820
NNDR** Properties	149
Total properties	1862
Buildings not as Homes	1251
Percentage	67%

\*Pontins has Circa 820 flats within its holiday park and is counted in the records as 1 single NNDC. \*\*National non-domestic rates figure minus the 12 known commercial premises in Camber

Tackling this use with new housing in the village will have wide ranging benefits including:

- Contributing to the local economy with new permanent residents.
- Bringing residents who have local connections and will form part of the community both socially and economically
- Creating new opportunities for local people to move up the ladder of the housing market, alleviating other properties for first time buyers.

We have picked out 2 examples mentioned in the Camber Village SPD, Royal William Square and White Sands developments.



### **Example 1 – Royal William Square**

This problem is epitomised by the neighbouring development which was completed around 2011 called 'Royal William Square' with planning reference RR/2005/2230/P. It is made up of 19 homes (a mix of 2-bedroom and 3-bedroom properties) and includes a café. Street view image showing site in red:



According to current Council tax Data the split is as follows:

Total Homes	19	
Holiday lets (Business rates)	3	16%
Second Homes (Empty Class B)	11	58%
Permanent Dwellings	5	26%

Showing that in 11 years a total of 14 of the properties (74%) are now not homes for local people. This shows how important it is to create new housing that can be safeguarded from this trend.

### **Example 2 – White Sands (Ward Homes)**

White Sands is a large development completed by Ward Homes in 2013 from the original planning application RR/2002/2374/P: Erection of 170 residential units pursuant to outline permission RR/93/0736/P. Shown above is the google image of the development showing in pink some of the holiday homes and short term lets now part of the development, when you move and zoom in on google maps more appear and disappear. This shows the clearly the problem with new developments in Camber that inevitably become holiday homes. Some of which even have their own websites here: <https://www.camberbeach.co.uk/whitesands>



Burrows Investments Ltd.



Site Plan

Proposed Residential Development, Brookside Farm, Camber, Near Rye

 CLAIR CONSULTANTS 125/104/11	Burrows Investments Ltd.	Proposed Site Layout Plan
	Proposed Residential Development Brookside Farm Camber Nr Rye	Scale: 1:500 Date: September 2010