

<b>MAYOR AND CABINET</b>			
<b>Report Titles</b>	Re- Deployable Temporary Accommodation		
<b>Key Decision</b>	Yes		
<b>Ward</b>	Lewisham central, Ladywell (bordering)		
<b>Contributors</b>	EXECUTIVE DIRECTOR FOR CUSTOMER SERVICES, EXECUTIVE DIRECTOR FOR RESOURCES & REGENERATION, HEAD OF LAW		
<b>Class</b>	Part 1	Date	22 October 2014

## **1. Summary**

- 1.1 This report is divided into two parts. Part 1 explains the background to this matter and provides an overview of the proposals. Part 2 provides information on procurement and the costs and proposed budget requirements.
- 1.2 Household growth combined with rapidly rising prices for all forms of housing, the impacts of welfare reform and insufficient supply of new homes have led to unmet housing demand across London in all tenures. The Council is already progressing a range of methods of addressing this demand which include large scale estate regeneration, new build and infill housing developments. This range of methods also includes a property acquisition programme intended to secure higher quality and cheaper housing alternatives for homeless households than the nightly paid accommodation which the Council is often forced to use as a short term measure, while more sustainable longer term housing solutions are sought.
- 1.3 At the same time as facing this pressure, the Council, like all local authorities, has a range of redevelopment sites, some of which are currently vacant while longer term regeneration plans are developed and subsequently shaped in conjunction with residents. Often the lead times on large scale regeneration sites mean that sites can be vacant for a number of years. As such, at the same time as facing a short term housing shortage, the Council benefits from access to vacant land which could contribute to resolving that shortage, but only if a method is found to use the land in the short term without reducing the viability of long term regeneration and place making initiatives.
- 1.4 One such vacant site exists in Ladywell, on the site of the former Ladywell Leisure Centre. The Leisure Centre was demolished in May 2014 and officers are currently undertaking a range of studies to inform the development of long term options for the site. This process takes time and means that, in all likelihood, it will be at least two years before a long term plan could be developed, consulted upon, agreed, and

subsequently passed through the planning process. Indeed it is possible that this process might reasonably take three to four years. During this time the Council will continue to face huge short term pressures for housing of all types, and housing for homeless households in particular. This demand translates into a cost pressure for the Council as the unavailability of short term housing means that the Council has to procure housing at a high cost. At a time of continuing austerity in the public sector, the Council can ill afford pressures such as this.

- 1.5 Given this background, for the past year officers have been exploring innovative ways in which the Council might be able to make short term use of the land. Principally these have focussed on exploring the benefits which might be obtained by piloting a new approach to construction, utilising innovative methods of construction and taking a flexible and pragmatic approach to both planning and to risk management, whereby the risks of a ground breaking new approach to construction are balanced against the risk of continuing to house homeless households in expensive short term housing.
- 1.6 As a result of this exploratory work, it is proposed to Mayor and Cabinet that the challenging housing situation faced by Lewisham, like all London local authorities, actually presents an opportunity for it to innovate, and to trial a new concept in housing design and construction. Put simply, that concept is that new methods of construction make it viable for the Council, as a large landholder in an area of very high land prices, to construct and “deploy” factory built housing in sufficiently quick and cost effective manner to enable it to be put onto site for only three to four years before being deconstructed, moved, and subsequently reconstructed on another site.
- 1.7 To prove that such an approach is possible, officers have been working in close partnership with industry specialists, as outlined in part two of this paper. This work has shown that it is technically feasible and financially viable to deploy and subsequently redeploy a building constructed using modern methods of construction. This work has also outlined the financial and delivery parameters that would structure such a project, and again these are outlined in part two of this paper.
- 1.8 Given all of this background, and given the information contained in part two, this report recommends that officers should commence a tendering exercise to identify the most suitable partner or partners who will enable the construction of a temporary building on the site of the former Ladywell Leisure Centre, for a period of no more than four years, and thereby enable the Council to make a short term use of the site to relieve the housing pressures it faces, whilst continuing to develop long term plans for the site.

## **2. Purpose of Report**

- 2.1 To outline for Mayor and Cabinet the work that has been carried out to test the technical feasibility and the financial viability of using innovative approaches to construction to provide “meanwhile” uses of vacant land while longer term plans are developed.
- 2.2 To outline for Mayor and Cabinet the outcome of this work specifically in relation to the potential temporary use of the vacant former Ladywell Leisure Centre site
- 2.3 To seek approval for Officers to commence a procurement exercise to identify a contractor to construct a demountable and “re-deployable” building on that site, whereby the building will be on site for a period of no more than four years, and for the selected contractor to subsequently deconstruct, move and reconstruct that building in another location within the borough.

## **3. Recommendations**

- 3.1 It is recommended that the Mayor:
- 3.2 notes the work that has been carried out to test the technical feasibility and the financial viability of using innovative approaches to construction to provide “meanwhile” uses of vacant land while longer term plans are developed;
- 3.3 agrees proposals for the temporary use of the vacant Ladywell site and for Officers to proceed as outlined in sections 7 and 8 of this report;
- 3.4 agrees that officers commence the process of seeking to obtain planning permission for a development of temporary deployable housing on the Ladywell site;
- 3.5 delegates authority to the Executive Director for Resources and Regeneration, in consultation with the Executive Director for Customer Services, to agree the terms of the final brief for a development of temporary deployable housing on the Ladywell site and the procurement exercise;
- 3.6 agrees that officers commence a procurement exercise to identify a contractor to construct a demountable and “re-deployable” building on that site, whereby the building will be on site for a period of no more than four years, and for the selected contractor to subsequently deconstruct, move and reconstruct that building in another location within the borough, in line with the details set out in part 2 of this report; and

- 3.7 notes that the decision to appoint the selected contractor or contractors will be reported to Mayor & Cabinet (Contracts) for approval at the conclusion of the procurement process

#### **4. Policy Context**

- 4.1 The Ladywell site was designated for 'a mix of uses including retail...and housing' in the Lewisham Town Centre Local Plan (Adopted February 2014), which together with the Core Strategy, the Site Allocations Local Plan, the London Plan and the saved policies of the Unitary Development Plan, is the borough's statutory development plan.
- 4.2 Development of the site in line with this designation would contribute to key national objectives, particularly meeting the increasing the supply of affordable housing as the scheme would be used to deliver new affordable units.
- 4.3 The scheme would support the Sustainable Community Strategy 2008 – 2020 especially the priority outcomes Reducing inequality – narrowing the gap in outcomes for citizens; Clean, green and liveable – where people live in high quality housing and can care for and enjoy their environment and Dynamic and prosperous – where people are part of vibrant communities and town centres, well connected to London and beyond.

#### **5. Background**

- 5.1 A Mayor and Cabinet report setting out the case for demolishing the old Ladywell Leisure Centre building was approved on 19th June 2013. The report also set out the plans for undertaking feasibility studies to investigate options for future development of the site and surrounding area.
- 5.2 Demolition of the building was completed in May 2014. However, given the broad scope and complex nature of the feasibility studies, these are expected to take another 12-18 months to complete. Processes such as planning and procurement would then take further time prior to any solution being built on the site. As such, the Council is keen to explore other options for temporary, 'meanwhile' use to enhance the area and meet areas of housing need.
- 5.3 Short term use of the site would require temporary planning permission and so would be in place for around 4 years however would need to deliver a high quality design to provide a range of uses including commercial/ retail or civic uses on the ground floor while maximising the housing benefit above. Any use would need to feel "regenerative" to drive interest and value in the site for the future permanent plans. In

order to meet the Council's long terms needs and objectives high quality design would mean meeting space and environmental standards to ensure the council is investing in places our residents will want to live.

- 5.4 Modern Methods of Construction (MMC) mean that homes can be built off site using modern construction technologies. The product costs are significantly lower than traditional design and build contracts; there are more certainties and fewer risks around construction costs, development and site programmes. In addition, new technologies enable homes to be constructed and used, then de-constructed, moved elsewhere and then re-used. This is known as re-deployable housing.
- 5.5 Officers have been considering how these new technologies can be used to help the Authority meet its housing and regeneration challenges. MMC can be used to meet short term housing need by utilising vacant land thereby increasing footfall in development areas and signalling the Authorities intent to regenerate key sites boldly and now allowing land to lie vacant when sites could be used more constructively.
- 5.6 New technologies can be used to create flexible structures for a range of future uses as what is built initially can be re-configured for future use. For example, retail and civic spaces can be re-used as residential depending on the needs of the site; the housing produced could be used for any tenure for instance temporary accommodation to help with the immediate need to reduce use of bed and breakfast, properties could be used to meet a larger bed size need or become a smaller wheelchair adaptable unit.
- 5.7 MMC could also be used to support the Council's developing programme of regeneration schemes. A temporary product could provide an on site decant resource while long term options are developed and even built, enabling residents to continue to stay as part of their community. Space could also be used as a community resource for consultation, exhibitions and other opportunities for resident engagement.
- 5.8 Critically, Modern Methods of Construction reduce delivery timeframes by about a third and create increased certainty about the delivery programme; it drives down cost by about a third on more traditional build costs and provides cost certainty by agreeing the technology at the design stage.
- 5.9 Due to their very nature, MMC meet or strive to meet current housing standards which would result in a quality product. These include London Housing Design Guide space standards, South East London Housing Partnership wheelchair space standards, designs would be required to meet the Designing out Crime standard. Once permanent, MMC homes can meet the Code for Sustainable Homes level 4.

## **6. Technical review of MMC delivery options**

- 6.1 As noted, officers have been working with industry leaders to review the potential design and construction options which would enable the deployment of a temporary building. Part 2 of this report sets out in more detail the financial and commercial aspects of this review. To summarise that, there are three essential elements of the findings that constitute the basis of the proposal that is being made here.
- 6.2 The first of those is that the review has demonstrated that new construction technology is potentially capable of delivering new housing in a faster and more cost effective than traditional construction approaches. The design and construction approach reviewed as part of this work involves the construction of homes within factory conditions, enabling homes to be constructed on a “production line”. Within these controlled conditions it is possible to have much greater control of the production process compared to traditional build, which is subject to greater external variation such as weather conditions for instance, as well as the supply of materials and the complexities of deploying various trades on one site at the same time.
- 6.3 The outcome of greater control over these factors is the buildings that are constructed as a result are generally cheaper than a traditional build, and also that there is greater certainty over cost. Furthermore they can be constructed more quickly, because of the materials and technologies that are employed, and at the same time the factory based approach to construction also provides greater certainty over delivery timeframes. Overall, based on the feasibility work that has been carried out to date, it seems reasonable to expect that a building constructed in this manner could be delivered for two thirds of the cost, and in two thirds of the time, of a building constructed using a traditional methodology.
- 6.4 The second finding is that improvements in technology mean that modern methods of construction need not compromise quality, either of design or of living and space standards. The feasibility studies that have been carried out to date have identified new technologies that meet all relevant housing design standards in terms of space and finish, that are sufficiently robust to carry certification from the NHBC, meaning that they meet the technical requirements for design, materials and workmanship required in all new home construction. Some products have 60 year life spans and if such a route was chosen, buyers of homes constructed using this technology could secure mortgages on them. The technology is increasingly used in other sectors, indeed the Council has deployed technology such as this for new classrooms, but it is not yet widely used in the housing sector. A pilot approach such as that proposed here could help to further raise the profile of this method of construction, proving the high standards potentially on offer, and if so then it in the future it might be used as

part of the Council's mainstream new housing programme "New Homes, Better Places".

- 6.5 The third finding is that it is technically possible to construct a building using this approach, use it for a set period of time, and then to subsequently deconstruct and redeploy this building to another location. The feasibility work has tested the cost and timeframes associated with this approach, and shown that in principle, because of the lower build costs and the high design quality, it would be financially viable to deploy a building, move it twice within 10 years, and subsequently move it to a final location at that point.
- 6.6 The flexibility that this offers may not be useful to all landowners or developers but, potentially, it could be particularly helpful to the Council. This is because, as a large landholder, the Council currently has vacant development sites that are at various stages of the design development or planning processes. In addition it is nearly certain that the Council will benefit from other similar sites in the future, as long term regeneration plans take shape.
- 6.7 Furthermore, the Council has a statutory requirement to provide suitable housing, particularly for families in the most housing need. At present this means that there is a large demand on the Council to provide a better short term option for homeless households while longer term options are sought. In the future this demand could take a range of forms, but it would not be unreasonable to presume that the Council might continue to face continued housing pressures into the future.
- 6.8 In combination, these factors present the Council with an opportunity to trial a new approach which meets short term housing need and at the same time revitalises vacant land.

## **7. Proposed use of the Ladywell site**

- 7.1 The core of this idea is that modern construction methodologies mean that land can be activated in the short term without compromising longer term plans, and that this can be done in a cost effective and practical manner. Furthermore, by delivering a new intervention of this type, that the Council might be able to develop a bold and striking building which, whilst being temporary in nature, meets all relevant design and quality standards, could be considered acceptable in terms of planning policy, and which provides a range of benefits for residents over a defined period of time.
- 7.2 In order to test whether this idea is practical and deliverable on a real site, officers have been working with market leading architects and construction companies to explore the design and construction of a proposal on a real site.

- 7.3 The site that has been reviewed for this process is the currently vacant site of the former Ladywell Leisure Centre which is off of Lewisham High Street, opposite Ladywell Road and adjacent to Longbridge way. This site has significant long-term regeneration and the potential to providing a range of uses. The process of establishing what those potential uses are, of engaging with residents about their aspirations are, and of subsequently delivering those plans will necessarily take a few years to complete.
- 7.4 While that is happening, it might be possible that this site could make a viable location for an innovative deployment of a temporary building which provides a short term housing solution and which also might provide a range of community and “civic” benefits as part of the development. As such, this site has been chosen as the most suitable on which to pilot an innovative approach such as this.
- 7.5 This review has assumed that only temporary planning permission would be possible, given the long term regeneration potential of the site, that the prominence of the site would necessitate a high quality of design of the overall building, and that despite the temporary construction approach it would be necessary to meet all relevant design and space standards.
- 7.6 The constraints of the site and need to leave sufficient space for future uses means that the focus of delivery is to be at the front of the site. An early proposal has been drawn up which could see four retail, commercial or civic spaces on the ground floor with 24 two bed units provided above. All properties meet the London Housing Design Guide space standard, all have a balcony to provide the required private amenity space.
- 7.7 Housing units could initially be used to provide temporary accommodation for homeless households, to provide a better quality housing alternative to that which they would otherwise benefit from, and also to reduce the amount the Authority currently spends on costly bed and breakfast accommodation for those households.
- 7.8 In keeping with the contemporary feel of the building and overall project, Officers have been looking into innovative uses for the ground floor retail spaces. These could potentially include an enterprise hub and business incubator, a 21st century library which may not include any books but offer uses of new technologies such as 3D printing; an civic space for the re-design of Council services or meeting space for community groups. Officers would also explore a food and or leisure offer for example through use by a local or community café to help build local use and engagement. It may be possible to explore external funding or sponsorship to support these spaces. For the avoidance of doubt however, as yet no decisions have been made about the ground floor use of the building, and the above are merely options at this

stage.

## **8. Next steps and proposed procurement route**

- 8.1 Officers have been working with industry specialists to develop this idea and to test the technical feasibility and financial viability of delivering it within Lewisham. As set out above and in part 2 of the report, this exercise has shown that in principle it is both technically feasible and financially viable for the Council to deploy this type of construction approach.
- 8.2 As well as the market leaders, there are a range of other construction organisations which could, in theory at least, deliver the type of product that is described above. To test the extent of the interest on the market, officers issued initial notice through the Official Journal of the European Union (OJEU). As set out in Part 2 of this report, this exercise has shown that there is interest from other companies who consider that they could design and/or construct the proposed development, and as such a further procurement exercise will be required before a construction contract can be let. Further details of this are contained within Part 2 of this report.
- 8.3 The delivery timeframe for the products testing during the feasibility study were particularly quick. In theory, it should be possible to construct the deployable structure within 40 weeks of letting a contract, including all necessary planning approvals.
- 8.4 Given the need to conduct a further procurement exercise, it is proposed that January 2105 would be reasonable target date for awarding a contract. If that were the case, then on that basis a start on site in the summer of 2015 could be possible.
- 8.5 On that basis, Mayor & Cabinet is recommended to commence a procurement exercise to identify a contractor to construct a demountable and “re-deployable” building on that site, whereby the building will be on site for a period of no more than four years, and for the selected contractor to subsequently deconstruct, move and reconstruct that building in another location within the borough
- 8.6 In order that this development may come forward quickly, and thereby maximise the gain in terms of new housing and revitalising a vacant development site, Mayor & Cabinet is also asked to authorise officers to commence the process of seeking temporary planning consent for the deployment of a temporary mixed use housing and commercial development on the vacant Ladywell site.

## **9. Legal Implications**

- 9.1 The Localism Act includes a 'general power of competence'. This gives local authorities the legal capacity to do anything an individual can do that is not specifically prohibited. The Council can therefore rely on this power to proceed with these proposals.
- 9.2 All procurement associated with these proposals will be undertaken in accordance with The Public Contracts Regulations 2006 (where applicable) and the Council's Contract Procedure Rules. All decisions will be taken in accordance with the authority specifically delegated by this report or otherwise in accordance with the Mayoral Scheme
- 9.3. The Equality Act 2010 (the Act) introduced a new public sector equality duty (the equality duty or the duty). It covers the following nine protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 9.4 In summary, the Council must, in the exercise of its functions, have due regard to the need to:
- eliminate unlawful discrimination, harassment and victimisation and
  - other conduct prohibited by the Act.
  - advance equality of opportunity between people who share a protected
  - characteristic and those who do not.
  - foster good relations between people who share a protected
  - characteristic and those who do not.
- 9.5 The duty continues to be a "have regard duty", and the weight to be attached to it is a matter for the Mayor, bearing in mind the issues of relevance and proportionality. It is not an absolute requirement to eliminate unlawful discrimination, advance equality of opportunity or foster good relations.
- 9.6 The Equality and Human Rights Commission has recently issued Technical Guidance on the Public Sector Equality Duty and statutory guidance entitled "Equality Act 2010 Services, Public Functions & Associations Statutory Code of Practice". The Council must have regard to the statutory code in so far as it relates to the duty and attention is drawn to Chapter 11 which deals particularly with the equality duty. The Technical Guidance also covers what public authorities should do to meet the duty. This includes steps that are legally required, as well as recommended actions. The guidance does not have statutory force but nonetheless regard should be had to it, as failure to do so without compelling reason would be of evidential value. The statutory code and the technical guidance can be found at:

<http://www.equalityhumanrights.com/legal-and-policy/equality-act/equality-act-codes-of-practice-and-technical-guidance/>

9.7 The Equality and Human Rights Commission (EHRC) has previously issued five guides for public authorities in England giving advice on the equality duty:

1. The essential guide to the public sector equality duty
2. Meeting the equality duty in policy and decision-making
3. Engagement and the equality duty
4. Equality objectives and the equality duty
5. Equality information and the equality duty

9.8 The essential guide provides an overview of the equality duty requirements including the general equality duty, the specific duties and who they apply to. It covers what public authorities should do to meet the duty including steps that are legally required, as well as recommended actions. The other four documents provide more detailed guidance on key areas and advice on good practice. Further information and resources are available at: <http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/guidance-on-the-equality-duty/>

## **10. Financial implications**

10.1 The financial implications are contained in the Part 2 report.

## **11. Environmental Implications**

11.1 Once permanent, MMC homes can meet the Code for Sustainable Homes level 4. The new homes would provide high levels of thermal efficiency.

## **12. Implications for Law & Disorder**

12.1 Designs would be expected to meet the Secure by Design standards to reduce opportunities for crime and anti social behaviour.

## **13. Equality Implications**

13.1 Officers would carry out a full Equalities Impact Assessment should the proposals go ahead.

## **14. Conclusion**

14.1 The report illustrates how modern methods of construction could contribute towards meeting the housing demand in Lewisham while maximising short term use of a high profile vacant site. Officers are seeking approval to continue developing proposals, and to procure a contractor to deploy a temporary building onto the Ladywell site and subsequently to redeploy that building to another location within the borough.

## **15. Background papers and author**

15.1 There are no background papers to this report.

15.2 For more information on this report please contact Jeff Endean, Housing Strategy and Programmes Team Manager on 020 8314 6213.