

## **Appendix 2 – Water Lane (6-14a Water Lane and 238-246 Green End Road)**

### **Project Appraisal**

#### **1 Summary**

6-14a Water Lane and 238-246 Green End Road currently consists of twenty four dwellings, four one bedroom one person bungalows and twenty one bedroom one person flats. Twenty-three are rented by City Homes and one flat has been sold. These flats and bungalows were approved for consideration for redevelopment as part of the Council's 3 Year Rolling Programme in June 2009.

#### **2 Reason for Investigation**

This scheme was identified in the Cambridge City Council Housing Land Audit 2005 carried out by Savills as having the potential to be redeveloped on a similar scale and density as the existing dwellings, although there may be potential to create some three-storey blocks in parts. Dwelling numbers would be similar to now, although redevelopment should provide larger units. Savills report also mentions the opportunity to introduce some on-site parking. Housing officers have highlighted the growing difficulty in letting the units, particularly to older people, due to the size, construction and quality of the units. For example, the properties can only accommodate single people. Access to the flats above ground floor present difficulties for people with mobility problems. The space standards and layout of the units mean they are not easy to use for wheelchair users.

#### **3 Feasibility**

##### Existing Dwellings:

The table below shows the current mix of dwelling types and bedspaces

1bed/1person bungalows	1bed/1person flats
4	20

### Size of Existing Dwellings:

The table below shows the size of the current dwellings compared to both Homes and Communities Agency guidance (set out in HCA Housing Quality Indicators v4 (April 2008)) and the size of new units proposed on the first draft indicative layout plan.

Size shown in sq metres	1bed /1person bungalows	1bed/1person flat	1bed/2person flat	2bed/3person flat
Water Lane/ Green End Rd	35.12	37.6 - 45.15 with average 41.09sqm	-	-
HCA (HQI v4)	30-35*	30-35*	45-50	57-67
Proposed scheme	-	-	60	71

\* The HCA (HQIv4) guidelines do not define type of unit but set minimum unit sizes based on bedspaces/circulation space/ and furniture layouts

Both bungalows and flats are one bedroom units, however the bedrooms are small, and therefore can only be let to single people. The existing accommodation is also not suitable for wheelchair users. The proposed new Affordable Housing will be built to Homes and Communities Agency standards for older people, can be used easily by people who use wheelchairs and will have lift access to the first floor and above. The new designs will accommodate both single people and two person households including single people with live-in carers.

### Local Housing Need

The Ward Profile 2008 identified that approximately 25% of the population of the area are over 50 years of age.

Figures taken from the Home-Link Register in November 2012, show the demand in East Chesterton from applicants over 55 with a local connection as follows

	55-59	60-64	65+
Age	59	48	69

### Maintenance and Value for Money

Figures on past, current and predicted future expenditure on repairs and maintenance are not in themselves conclusive in an analysis of the feasibility and viability of the redevelopment of the properties. However, the question to be asked is, to what extent is represents value for money for the Council to continue to invest in sustaining housing that no longer meets current day standard and expectations of residents both now and in the future.

### Density

As part of the feasibility exercise, planning and urban design officers provided views on the existing site and the potential for future development. The flats and bungalows were built in 1956 and border a large communal garden. Planning officers advise that the current 24 units result in a density of 63 dwelling per hectare (dph) (based on the close location to the High Street and Green End Road local centres and the size of the site). The advice is that the site could accommodate 22-26 units at the higher density of 60 or 70 dph subject to detailed design. A higher density could achieve the most efficient use of land, but may be difficult due to constraints on the site. The planning advice is based on a change of typology – to a mixed scheme with family houses at the Fallowfield end of the site and flats at Green End Road end of the site.

### Site Advantages and Constraints

The site is well located for access to local facilities and services with both the Chesterton High Street and Green End Road local centres located within a five minute walking distance. It has good access to recreational space and a regular bus service to the City centre. The close proximity to Whitefriars Sheltered Housing

scheme suggests it is a good location for housing for people over the age of fifty-five housing. This is confirmed by the past historical connection with Whitefriars.

The site includes several mature trees, many of which are considered important in townscape value and the recommendation is that they should be retained.

The site is surrounded on three sides by Green End Road, Water Lane and Fallowfield and development should reflect the varied character of existing development along each of these road.

### Existing Residents

In the past both the flats and bungalows housed older people and there were strong links between these units and the Whitefriars sheltered scheme across the road. However due to the size of the units and the lack of lift access, the units are no longer popular with older people and younger people have become tenants. Additionally, in line with the Lettings Policy, as single person accommodation, the properties are increasingly housing younger adults often with support needs to sustain their tenancy.

Of the current Water Lane residents, 14 are aged 55 year and over. They therefore could return to the new scheme if feasible. Although the initial meetings with City Homes officers and each resident are yet to complete, to date no one has indicated they wish to return.

City Homes staff have met with the majority of residents. Officers are aware of the vulnerable tenants, their support networks, and requirements for additional support that they can offer. All the tenants will receive top priority Band A status on Home-Link and a Local Lettings Plan is in place giving these residents first refusal on appropriately sized properties as they become available.

Contact has been made with the leaseholder on the site and this will be developed further.

Further information on the profile and support need of residents are shown in the confidential EQIA for the project.

The diversity of the residents living in 6-14a Water Lane and 238-246 Green End Road (ie ranging from frail older people to working younger single people) makes it difficult to effectively engage with them as a group. A number of individuals are supported by informal advocates who are giving the view that most residents do not want to move. This view was substantiated at a recent residents meeting when the few residents that were able to attend voiced their opposition to the redevelopment. It is also clear that there is a degree of mutual support between some residents. This adds weight to an option to phase the redevelopment of the site to allow some tenants to move within the site if this is feasible and viable.

#### **4 Proposed Scheme**

The proposed mix of the new scheme is as follows.

Affordable Housing – Total 14

3 x 1 bedroom/2 person apartments  
11 x 2 bedroom /3 person apartments

The 14 apartments planned for people over 55 and will achieve Homes and Community Agency standards for older people. They will be accessible to people who use wheelchairs and will have lift access to first floor and above. The two bedroom units will allow live in care as needed. Early consultation has already suggested that a greater number of Affordable Housing should be considered on the site and more than a total of 23 new properties should be considered, with more one bedroom flats. Should further consultation with existing residents and others suggest that more than three residents would like to return to the scheme and accept one bedroom flats, then this would be considered in any later iteration of the scheme mix.

Market Housing – Total 9

3 x 2 bed houses  
6 x 3 bed houses

All of the Affordable Housing will meet Lifetime Homes Standard  
All units will meet Level 4 of the Code for Sustainable Housing

The Market Housing will be built and sold at the developer/house-builder partners risk.

An indicative layout plan of the proposed scheme is attached.

Target Start date	Nov 2013
Target completion date	August 2014

## Costs, Funding and Viability

### Capital Costs

Construction Costs	£ 1,143,486
Home Loss Costs	£ 249,200
Quantity Surveyor	£ 15,437
Internal Development Fee (2%)	£ 22,870
<b>Total</b>	<b>£ 1,430,993</b>

### Funding

Grant	£ 245,000
Borrowing	£ 1,185,993

**Viability** – A benchmark used by Registered Providers whether new scheme is viable are when the scheme breaks even in revenue terms (typically 12 years) and when the total capital used is paid back (typically 30 years). This benchmark relates particularly to vacant sites. There is no 'industry' benchmark for sites where existing housing is required to be redeveloped. The viability against the benchmark is shown below both inclusive and exclusive of Home Loss costs.

### Net of Home Loss costs

Pay-back period – 26 years  
Break-even - Year 5

b. Inclusive of Home Loss costs

Pay-back period – 33 years  
Break-even – Year 10

### **Rent Levels –**

1 bed - £115 per week  
2 bed - £126 per week

### **VAT implications**

VAT is not payable on new build construction costs. However, advice will be sought from the Council's VAT specialist to ensure that there are no adverse VAT issues affecting the project.

### **The Procurement**

At the Community Services Committee on the 25 March 2010 the Executive Councillor for Housing approved that an Affordable Housing Development partnership be procured. This partnership was to enable the redevelopment of City Homes housing considered feasible redevelopment in the 3 Year Rolling Programme. The 25 March 2010 report stated that two developer partners would be procured; due to procurement regulations it was not possible to procure two partners. Therefore a procurement exercise was undertaken to select one partner, which adhered to procurement rules.

The procurement process was completed in October 2011 and Keepmoat was the successful tenderer.

The principles behind the development model used on other Council schemes already approved is repeated here ie a mixed tenure scheme, developed with the house-builder/developer partner, providing for the cross-subsidy of the Affordable Housing from the sale of market houses, thereby minimising capital outlay for the Council.

The model involves the disposal of freehold plots to the house-builder/developer partner where Market Housing is proposed and/or disposal under long leases where Market Apartments are involved. The Council will retain the freehold of land upon which

the Affordable Housing is provided and the freehold of land should Market Apartments be provided.

It is the intention to control and procure the redevelopment by way of a Development Agreement and a standard form JCT Design and Build contract to cover the building works. The draft agreements have been set up with the Council's legal team.

In summary, the key points of the draft Development Agreement are as follows;

The contractual arrangements with the house-builder/developer are conditional on the achievement of a satisfactory planning permission. The Development Agreement is also conditional on the Council confirming it has secured sufficient funding for the Project, achieved vacant possession and achieved all necessary Executive Councillor approvals. The Council must approve a scheme prior to the house-builder/developer submitting a planning application. The cost of the redevelopment to the Council is capped at 10% above the Construction Cost of a final scheme agreed with the house-builder/developer to allow for any onerous conditions that may be applied through the planning process (this is within the limits allowed by the Council's Contract Procedure Rules).

### **Key Risks**

The Development Agreement will be conditional on the Director of Resources confirming that the Council has the finance in place to fund the scheme. Therefore a key consideration is developing a finance package that is acceptable to the Director of Resources.

A planning application will need to be agreed between the developer / house-builder partner and the Council that is satisfactory to the Strategic Housing division.

Subject to the approval of the Committee of the scheme presented, the Development Agreement will be signed and our house-builder/developer partner will proceed to submit a planning application after vacant possession has been achieved. The Development Agreement will include a clause allowing our house-builder/developer partner to claim back a proportion of the cost of achieving planning permission should the Project not proceed for



reasons that are not the fault of our partner. In the unlikely event that the Council does not wish to proceed with the redevelopment, the risk is mitigated by the fact that the land will have a planning permission that will have a value to the Council.

Residents living at Water Lane/Green End Road comprise 23 City Homes tenants and one leaseholder. The Council is discussing the potential redevelopment of Water Lane/Green End Road with both tenants and the leaseholder and the new Home Loss Policy will apply. This leads to the possibility that vacant possession will not be achieved.

Should the Project proceed with HCA grant a key risk will be not meeting key deadlines for the HCA grant funding.

### **Other implications**

Davis Langdon has been appointed Quantity Surveyor for the Council 146 Programme and will verify that costs provided by Keepmoat are reasonable in the prevailing market.