



To: Executive Councillor for Housing: Councillor Kevin Price

Report by: Mark Wilson – Housing Development Officer

Relevant scrutiny committee: Housing Scrutiny Committee 7 March 2017

Wards affected: Arbury

EQIA Undertaken Yes

Council New Build Redevelopment 9-28 Anstey Way - Scheme Approval

Key Decision

1. Executive summary

This report provides details of the proposed redevelopment of Anstey Way Bungalows and Flats. Originally presented to Housing Scrutiny Committee in June 2015 the proposal then was for 34 No. new units. We are now presenting a new scheme that could accommodate up to 54 No. new council properties.

The existing housing is made up of as follows:

- A block of flats consisting of 9 No. three bedroom units and 3 No. bedsits/studios
- 16 No. one bedroom one person bungalows

Of these 28 properties 23 were tenanted and 5 were owned by leaseholders. Two are still tenanted, pending suitable alternative accommodation being found and accepted, and there is one vacant leasehold property where Compulsory Purchase proceedings may be required.

We are proposing that the new development includes 12 No. apartments for the over 55s with the remaining homes being rented for general needs housing.

The report requests approval to a capital budget for the scheme based on the outlined appraisal assuming the mix of mainly 1, 2 and 3 bed properties (see Appendix 1 for indicative layout plan).

The appraisal suggests that all of the new properties can be delivered as part of the Council's social rent housing programme with rents capped at Local Housing Allowance levels.

2. Recommendations

The Executive Councillor is recommended to:

- Note the indicative mix of the proposed scheme.
- Note the total scheme capital budget of £10,197,000 detailed in the report to cover the construction cost of the scheme and professional fees and all other associated land assembly and decant costs.
- Approval for virement of the additional £3,667,000 from the unallocated new build budget, to the budget for this scheme of £6,530,000 previously approved, recognising that this increase is expected to be funded from a mix of devolution grant and retained right to buy receipts.
- To commence Compulsory Purchase Order (CPO) proceedings on the one remaining leaseholder at 12b Anstey Way.

3. Background

The scheme in this report is for the redevelopment of bungalows in Anstey Way and a block of flats facing Anstey Way incorporating the underutilised area behind. This could accommodate up to 54 new homes.

Originally presented at the June 2015 committee the previous scheme comprised of 34 units in total of which 12 No. were designated for over 55s tenancies, and 22 No. were general needs housing. This scheme is in the Council's Three Year Rolling Programme. There was a commitment, however, to deliver 100% affordable housing on this site.

Both the flats and bungalows are of an age and layout that mean that they do not meet current day expectations for housing. The bungalows in particular, were becoming increasingly unpopular across the city and have generally proven hard to let, the June 2015 report highlighted that one property had been refused by 17 applicants. Due to this fall in demand by

elderly residents, the bungalows had been let to a 'non-elderly' client group, which in itself led to some neighbour issues.

At the June 2015 committee approval was given to a budget to rehouse the residents. Over the past 12 months staff from City Homes have been working closely with residents to support them in finding suitable new homes. Two Council tenants currently remain and one leasehold property is still to be acquired, though is currently unoccupied. As the negotiations on this acquisition have become stalled we are also seeking approval to implement Compulsory Purchase Proceedings to ensure vacant possession of the site can be achieved in a timely manner to facilitate the overall delivery.

As the majority of the bungalows are now vacant, site hoarding has been erected to prevent anti-social behaviour becoming an issue in the area.

Appendix 1 shows the indicative layout of the new scheme. This scheme has been drawn up for financial modelling (shown in appendix 2) but has not yet been to planning for comments.

4. Implications

(a) Financial Implications

The total capital budget required to deliver this scheme is £10,197,000, including costs already incurred

The scheme can be funded by:

Reserves	£ 4,883,380
RTB Receipts	£ 1,931,180
Devolution funding	£ 3,382,440

The current budget of £6,530,000 is incorporated into the Housing Capital Investment Plan assuming that the HRA will need to meet this cost directly. With the budget for the revised scheme incorporated, and assuming that we will use retained right to buy receipts to meet 30% of the costs of land assembly (leasehold buy back costs), the call on the HRA directly will reduce by £1,646,490.

- The financial appraisal shows a pay-back period of 36 years (the benchmark is for schemes to pay-back in up to 35 years). Whilst £10,197,000 is the total budget required, specific approval is sought for the additional expenditure of £3,667,000 over and above the £6,530,000 already approved.

The combined rent and service charges used in the financial appraisal are;

1 bed @ LHA	£126.05
2 bed @ LHA	£144.96 (awaiting final confirmation of this rate)
3 bed @ LHA	£168.45
4 bed @ LHA	£224.70 (awaiting final confirmation of this rate)

As the scheme is still at the outline stage and will be subject to planning, the costs are indicative but are anticipated to be a maximum funding requirement. These costs have been calculated using recent build costs on similarly sized developments locally. Should fewer units be accommodated on the site due to planning guidance, the costs for delivery will be reduced accordingly.

The Housing Revenue Account (HRA) Business Plan already allows for the spending of Right to Buy Receipts and funding the balance of costs using Devolution grant. Both RTB receipts and Devolution grant are restricted to only being used on the net gain of units. There is also an allocation of £4,600,000 included in the recently approved HRA Budget Setting Report which is specifically to cover the costs of redelivering the existing 23 council owned properties as well as a further £250,000 allocated for demolition works. This allocation will not be needed in full, as the per unit costs included in this report are lower than the average cost per new build unit assumed in the business plan.

As with all new build schemes as schemes are finalised they will only proceed if they can be funded within borrowing and capital funding parameters in the HRA 30 Business Plan. If a final scheme cannot be delivered within the budget requested then a revised approval will need to be brought back to Committee for scrutiny.

(b) Staffing Implications

The project will be managed by the Housing Development Agency through the Cambridge Investment Partnership (CIP) on behalf of Cambridge City Council. Liaison will be made with City Homes; the Estates and Facilities Service and the Legal Services Team.

There are no other significant staff implications.

(c) Equal Opportunities Implications

An EQIA has been produced in respect of the Council's overall approach to building new social housing itself. .

(d) Environmental Implications

The new house-building programme has been given a 'High Positive Impact' rating. The new homes will be built within the Cambridge Sustainable Housing Design Guide. This looks to promote the delivery of high quality new development, seeking to:

- 1) Address issues such as fuel and water poverty amongst our residents;
- 2) Build homes that have a positive impact on the health and wellbeing of our residents;
- 3) Build homes that are designed and built to high design and sustainability standards;
- 4) Ensure new homes are easy to maintain and are adaptable, both for residents and to future climate change.

(e) Procurement

This development is proposed to be delivered through the Cambridge Investment Partnership.

(f) Consultation and communication

The Council's approach to involving residents in new housing schemes is covered in the document 'New Housing by the Council'. This includes the Council's 'Commitment to Resident Involvement'.

Consultations have already taken place over the past 2 years with rehousing commencing from June 2015 committee approval.

(g) Community Safety

There are no particular Community Safety implications as a consequence of this scheme.

5. Background papers

Housing Scrutiny Committee Paper – June 2015

6. Appendices

Appendix 1 - Scheme layout plan

Appendix 2 - Project Appraisal Anstey Way Jan 2017

7. Inspection of papers

To inspect the background papers or if you have a query on the report please contact:

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