

# **Development of Land Adjacent to 1 Queens Meadow**

## **Project Appraisal**

### **1. Summary**

This scheme includes an area of previous garden land that was separated from the tenancy when the property at 1 Queens Meadow was re-let, having been identified as a potential opportunity by City Homes staff.

There are no existing properties on this site.

### **2. Reason for Investigation:**

When properties become void and are re let, City Homes assess garden land associated with the property, and it's potential for redevelopment if sufficiently sized. This garden at Queens Meadow was deemed to have suitable amenity space for the existing house whilst allowing potential development of the remaining separated land.

As the Council looks to provide more affordable housing across the City, it is similar infill sites such as this that present good potential opportunities for development.

This scheme was included in the Council's three year rolling programme of sites to investigate further the feasibility and viability of development following committee approval in June 2016.

### **3. Engagement with Existing Residents**

This development does not include the replacement of existing housing.

However, due to the proximity to existing properties, we have written to the neighbouring residents at 1 Queens Meadow and 3 Queens Meadow to notify them that the Council is investigating the potential of the land for development of affordable housing. No response from residents was received in relation to the letter.

A further letter was sent informing residents that the Council would be erecting hoarding to the site boundary to minimise the risk of fly tipping occurring. Again, there has been no communications received from neighbours following the issue of this letter.

Should this scheme receive approval to proceed at committee, then the Housing Development Agency (HDA) will continue to work closely with neighbouring residents to ensure they are involved and informed on the development of the vacant land.

#### 4. Feasibility:

##### The Site

The below plan shows the area for the proposed scheme:



The table below shows the proposed mix approved and the floor areas of new homes of the two site options proposed.

Option	Scheme Proposal
1	3 x 1B2P Flat
2	2 x 2B4P Houses

## Site Constraints

Advice was sought from planning consultants in relation to the planning opportunities and constraints on this site including, but not limited to flood risk, highways, residential amenity and heritage considerations.

Some conclusions to the planning appraisal undertaken are noted below:

- Site option 1, which is inclusive of 3 nr 1B2P properties does not include much residential amenity space for the proposed occupants
- Site option 2, no specific issues identified

Therefore, as we have been made aware of potential planning constraints in relation to site option 1, we have included for site option 2 within this report as well. Option 1 is more financially viable as it includes for 1 extra unit which will provided increased rental income. However, the proposed total scheme cost for Option 2 is lower and no specific planning issues have been raised on this site layout option.

## Local Housing Need

There is a recognised need for more affordable housing across the city, and in particular one and two bedroom homes. Both scheme options would be acceptable in terms of addressing these needs.

The table below shows the number of households on the Housing Needs Register, with preference for a property located within Cherry Hinton.

Cherry Hinton	1bed	2 bed	3 bed	4 bed	5 bed
	502	235	90	11	4

The second table below demonstrates the number of households on the Housing Needs Register who are in need of 1 bed and 2 bed properties in total across Cambridge City, which is inclusive of Cherry Hinton Ward

Cambridge City	1bed	2 bed
	1746	734

## 5. Proposed scheme

Two indicative redevelopment schemes have been produced for the site as follows:

### Option 1

3No. 1 Bed 2 Person Flats

### Option 2

2No. 2 Bed 4 Person Houses

## 6. Costs, Funding and Viability

The Housing Revenue Account (HRA) Business Plan already allows for the spending of Right to Buy Receipts and funding the balance of costs to be met by Devolution grant.

As with all new build developments as details are progressed 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.

## Capital Costs

The total capital budget required to deliver this scheme is up to £447,809, dependent on whether scheme option 1 or scheme option 2 is progressed.

### Option 1

Works costs	£379,500
On costs including professional fees	£56,925

### Option 2

Works costs	£365,300
On costs including professional fees	£54,780

**Viability** – A benchmark used by Registered Providers whether a new scheme is viable is 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.

Pay-back period –

**Option 1:** Year 1

**Option 2:** Year 1

Due to the use of RTB funding and Devolution Grant these schemes can be delivered with no borrowing required and therefore payback in year 1.

**Rent Levels (net of Service Charge) –**

1 bed £126.05 per week

2 bed £144.96 per week (awaiting final confirmation)

## **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**

This scheme is being progressed through the Cambridge Investment Partnership.

## **Key Risks**

- A planning application will need to be developed, submitted and approved.

## **Other implications**

An Employers Agent/Quantity Surveyor will be appointed as part of the Delivery Team to support the Housing Development Agency.