

Development of Land to the rear of 53 and 55 Wulfstan Way

Project Appraisal

1. Summary

This scheme includes an area of vacant land at the rear of 53 and 55 Wulfstan Way which has been vacant for some time. The land came to the attention of Officers when a neighbouring owner occupier submitted a planning application on the land. The Council did not sell land to the applicant following a decision to explore the potential development of the land itself. The scheme includes a development option which may arise from taking back garden land associated with existing adjacent tenanted properties.

There are no existing properties on this site.

2. Reason for Investigation:

As noted above, the land to the rear of 53 and 55 Wulfstan Way has been vacant for some time. The Council is looking to make best use of areas of land such as this which do not require upfront work to secure vacant possession therefore allowing sites to be brought forward more quickly.

As the Council seeks to provide more affordable housing across the City, it is small 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.

Due to the proximity of the proposed development to existing properties, the HDA has written to neighbouring residents on Godwin Way, Wulfstan Way, the neighbouring chapel and school,

notifying them that the Council is investigating the potential of the land for development of affordable housing. A limited response was received from residents in relation to the letter.

Discussion is ongoing with the neighbouring chapel who wish to build a new home on their land to house a church employee. This will not affect the proposed development of the Councils site coming forward however; discussions will continue with the chapel to agree how the Council can accommodate access to their site as required.

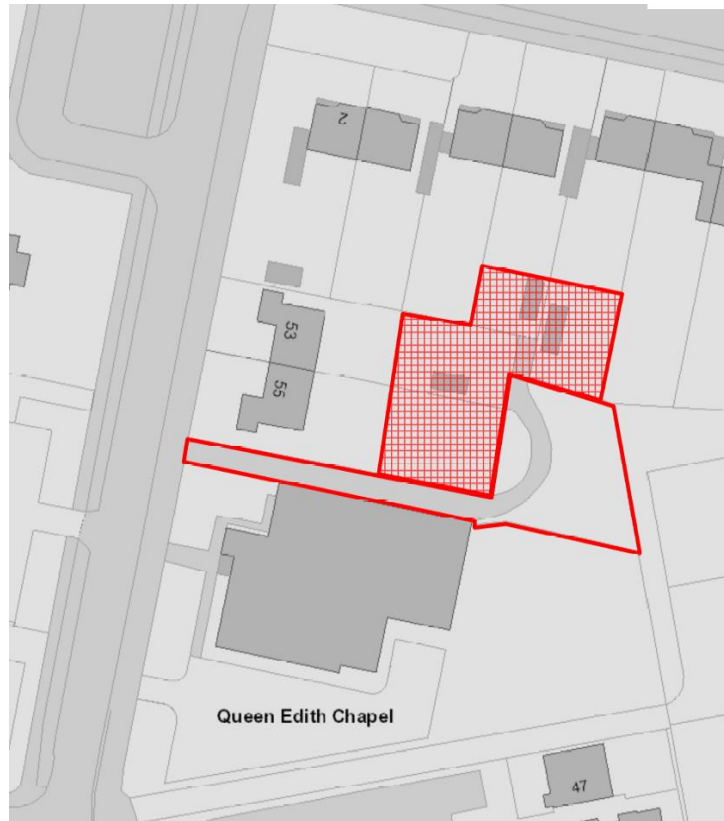
Should this scheme receive approval to proceed at committee, then the Housing Development Agency (HDA) will continue to work closely with neighbouring residents and organisations to ensure they are involved and informed on the development of the site.

4. Feasibility:

The Site

The below plan shows the area for the proposed scheme:

The red line demonstrates the smaller option 2 site, whilst the hatched area demonstrates the large option 1 site, which enables an increase in unit numbers to be delivered, but is subject to taking back garden land from CCC tenanted property gardens.



The table below shows the proposed mix approved of new homes for the site, with the recommendation being to approve option 1.

Option	Scheme Proposal
1	6 x 1 bed flats
2	2 x 2 bed 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:

- Trees on site which will need to be surveyed prior to possible removal
- Impact of narrow access road needs to be considered

Overall, the planning consultants were confident in the development potential of this site as planning permission has previously been granted when an application was submitted by a neighbouring resident.

Local Housing Need

There is a recognised need for more affordable housing across the city. The table below demonstrates the number of households on the Housing Needs Register as of June 2017. There are currently 1746 households in need of a 1 bedroom property, and the progression of this scheme would help in meeting the needs of those on the waiting list.

Cambridge City	1bed	2 bed	3 bed	4 bed
	1746	734	235	51

5. Proposed scheme: Option 1

The indicative redevelopment scheme proposed for this site is as follows:

6 x 1 bedroom flats with associated parking and amenity space

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 the scheme will only proceed if it 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 estimated at £819,500. This sum includes planning fees and professional consultant fees and other associated on costs, broken down as follows.

Works costs	£675,000
On costs including professional fees	£101,250
Acquisition costs for extended site	£23,000
Contingency	£20,250

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 -

Year 1, with devolution grant funding.

If this scheme were to be assessed on a pre-devolution basis, assuming that the authority used HRA resources to provide the 70% of funding alongside retained right to buy receipts, it would pay back in year 40.

The payback for this scheme has been assessed assuming that the cost of major repairs and improvements over a 30 year period for an entirely 1 bedded scheme equates to 80% of the cost over 30 year to maintain decency in a scheme of mixed / average bedroom size.

It should be noted that, whilst this scheme has a payback period greater than 40 years using high level indicative costs, small development opportunities of this nature are less efficient due to a lack of economies of scale. Following planning approval a more detailed procurement process will be considered and implemented to address the issues relating to cost effective delivery and value for money. It is anticipated that larger scale development build costs will be more efficient and will therefore off-set small schemes such as this, to achieve programme wide economies.

Rent Levels (net of Service Charge) –

1 bed £126.05

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 (CIP).

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.