

Development of garages located Colville Road

Project Appraisal

1. Summary

This scheme includes an area of garages located off Colville Road, which was identified as a potential development site by City Homes Staff.

There are no existing properties on this site.

2. Reason for Investigation:

These garages have become difficult to let and with a high rate of voids. There is potential for a small development of 3 units.

As the Council seeks to provide more affordable housing across the City, small infill sites such as this present good opportunity for potential development.

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

3. Engagement with Existing Residents

This development does not include the replacement of existing housing.

Consultations

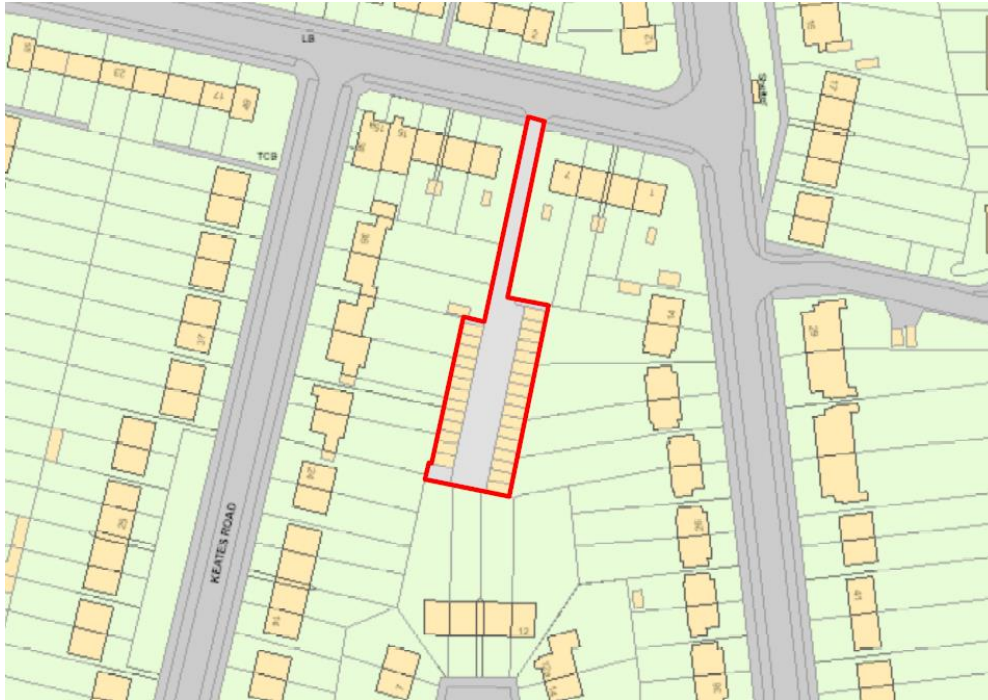
Letters informing garage tenants of the Council's intentions to start viability assessments were sent in February 2017. Further letters will be sent prior to committee

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 kept informed on the progress of the development of the garage site.

4. Feasibility:

The Site

The below plan shows the area for the proposed scheme:



The table below shows the proposed mix approved of new homes for the site.

Option	Scheme Proposal
1	2 x 3B5P 93 sqm House 1 x 2B4P 81 sqm House

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. In the planning appraisal for the site it was noted that the access road is narrow. However, this is not considered to be a threat to the viability of the development. The proposed layout plan included in appendix 3 of this document is indicative only, reflecting what could be provided on the site.

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. There are currently 235 households in need of a 3 bedroom property and 734 in need for a 2 bedroom property so the progression of this scheme would help in meeting the needs of those on the list.

Cambridge City (June 2017)	1bed	2 bed	3 bed	4 bed
	1746	734	235	51

5. Proposed scheme

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

- 2no. 3 bed 4 person house
- 1no. 2 bed 4 person house

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 estimated at £692,987. This sum includes planning fees, professional cost fees and other associated on costs, broken down as follows.

Works costs	£587,278
Contingency	£17,618
On costs including professional fees	£88,091

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

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 44.

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) –

2 bed £144.74

3 bed £168.45

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

It is proposed that this scheme will be progressed through the Cambridge Investment Partnership. (C.I.P)

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.