



To: Executive Councillor for Housing: Cllr Catherine Smart
Report by: Alan Carter, Head of Strategic Housing
Relevant scrutiny committee: Community Services Scrutiny Committee
Wards affected: All Wards

LATIMER CLOSE SCHEME APPROVAL Key Decision

1. Executive summary

This report details the redevelopment of City Homes properties in Latimer Close. A mixed tenure scheme is proposed that will be developed with the Council's new house-builder/developer partner.

2. Recommendations

The Executive Councillor is recommended to:

- a. Approve that the Latimer Close flats be redeveloped as mixed tenure scheme with at least 60% of the new properties to be Affordable Housing.
- b. Approve a total capital budget of £1,158,606 to cover the Construction Cost of the scheme; Home Loss Payments to tenants and leaseholders and professional quantity surveyor fees.
- c. Approve that delegated authority be given to the Director of Customer and Community Services following consultation with the Director of Resources and the Head of Legal Services to seal a Development Agreement with our preferred house-builder/developer partner.

3. Background

This is the first redevelopment proposal to be brought to Committee for scheme specific approval following the Council's recent successful bid to the Homes and Communities Agency for grant to deliver a four-year new

build programme. The proposal follows on from the initial 8 new Council house units now complete or under construction, and the project to redevelop Seymour Court that is currently at the planning approval stage.

The principles behind the development model used for Seymour Court are repeated here ie a mixed tenure scheme, developed with a 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.

There are currently 20 one bedroom, one person flats at Latimer Close. The City Homes properties in Latimer Close were approved for consideration for redevelopment as part of the Council's 3 Year Rolling Programme in November 2008. The flats are becoming increasingly unpopular because of their size and layout. They are of an unattractive design and Latimer Close is a low density site.

The proposed scheme is for a mix of 12 Affordable Housing and 8 Market Housing (ie a 60%/40% split) as follows;

Affordable Housing

- 1 x 1 bed apartments
- 2 x 2 bed apartments
- 1 x 2 bed fully wheelchair accessible apartment
- 2 x 2 bed house
- 5 x 3 bed house
- 1 x 4 bed house

Market Housing

- 1 x 1 bed apartments
- 1 x 2 bed apartments
- 2 x 2 bed house
- 3 x 3 bed house
- 1 x 4 bed house

Appendix 1 provides more detail on the proposal.

4. Implications :-

(a) Financial

The total capital costs of the proposed scheme is as follows

Construction Costs	£ 772,734
Home Loss Costs	£ 565,712
Professional Consultants	£ 30,160
Total	£1,368,606

The costs will be funded by

Grant	£ 210,000
Borrowing	£1,158,606

Viability - Key indicators whether a 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). As this is in effect a small scale regeneration scheme there will be costs involved in relocating current tenants and leaseholders. There are therefore two viability scenarios shown below.

a. Net of Home Loss costs

Pay-back period - 16 years
Break-even - Year 1

b. Inclusive of Home Loss costs

Pay-back period - 31 years
Break-even - Year 8

Rent Levels – The following rents have been used in the viability assessment.

1 bed - £115 per week
2 bed - £126 per week
3 bed - £149 per week
4 bed - £197 per week

Further details on costs, funding, VAT, procurement and key risks are shown in Appendix 1.

(b) Staffing

A Development Officer from the Enabling and Development Team will be the Council's Project Manager. A Project will be monitored by the Affordable Housing Development Programme Board, a group of officers that meets quarterly. The Board includes representatives from the Enabling and Development Team, City Homes, Housing Strategy, Finance, Internal Audit, Legal, and Procurement.

(c) Equal Opportunities **Equality Impact Assessment conducted**

An EQIA has been undertaken for the Council's new build programme as a whole which mainly highlighted the benefits of the Council retaining direct control of new housing development itself to ensure a focus on the delivering of housing that meets a diverse range of housing needs.

(d) Environmental

All of the new homes will meet Level 4 of the Code for Sustainable Housing as a minimum.

(e) Consultation

The Council has had a process for how existing Council housing and in-fill sites are considered for redevelopment since 2008. The process was scrutinised both by the Housing Management Board and the Community Services Scrutiny Committee. This process is known as the 3 Year Rolling Programme.

The Latimer Close flats were added into the first Programme in November 2008. The 20 residents (16 tenants and 4 leaseholders) and Ward councillors were duly contacted and contact names of Council officers provided. 4 of the 16 tenants are currently on the transfer list.

As the scheme is being brought forward now for decision it is our intention to write to all of residents again to advise that a recommendation is to be put to the Executive Councillor that the scheme should be redeveloped. Letters will be hand delivered giving any resident an immediate opportunity to the proposal. Residents will also be advised of the Council's approach to Home Loss Payments and how we will work with individual residents to support them to secure alternative housing.

(f) Community Safety

There are no specific Community Safety issues associated with this project.

5. Background papers

None

6. Appendices

Appendix 1 - Latimer Close Project Appraisal

7. Inspection of papers

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

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