



To: Executive Councillor for Housing: Cllr Catherine Smart  
Report by: Alan Carter, Head of Strategic Housing  
Relevant scrutiny committee: Community Services Scrutiny Committee 15/03/12  
Wards affected: All Wards  
EqiA Undertaken ? Yes

## **NEW COUNCIL HOUSE PROGRAMME - BARNWELL ROAD Key Decision**

### **1. Executive summary**

This report request approval to redevelop City Homes properties in Barnwell Road as part of the 146 new Council House Programme. A mixed tenure scheme is proposed that will be developed with the Council's new house-builder/developer partner, Keepmoat.

### **2. Recommendations**

The Executive Councillor is recommended to:

- a. Approve the property mix and layout of the scheme noting that these are subject to planning approval.
- b. Approve an estimated contract value for the scheme of £940,000.
- c. Approve a further budget of £278,160 to cover Home Loss and cost consultant costs.
- d. 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 selected house-builder/developer partner, Keepmoat for the scheme.

### 3. Background

This is the next scheme to be brought forward in the 146 new Council House Programme following the approval of the redevelopment of Seymour Court and flats in Latimer Close.

The principles behind the development model used for Seymour Court and Latimer Close is 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. The starting point for consideration of the mix between market housing and Affordable Housing is 40% market housing and 60% Affordable Housing as this mix in general makes schemes viable for the Council. This scheme was included in the bid to the Homes and Communities Agency and has been allocated grant and the Affordable Housing will all be let at Affordable Rents. Appendix 1 lists all the schemes in the 146 Programme. It is anticipated that other schemes will be brought forward for approval in the next Committee cycle.

Keepmoat is the Council's preferred house-builder/developer selected through a European Union compliant process.

There are currently 24 one bedroom, one person flats at Barnwell Road. One of these is leasehold the others are City Homes rented. The flats have been approved for consideration for redevelopment as part of the Council's 3 Year Rolling Programme. The flats are the same age and design as those in Latimer Close and are becoming increasingly unpopular because of their size and layout. They are of an unattractive design and is a low density site.

Approval to take the scheme forward now will allow consultation to begin with tenants with a view to achieving vacant possession by end March 2013. This in turn allows a target date for completion of the new homes by end March 2014.

The proposed scheme is for a mix of 16 Affordable Housing and 10 Market Housing (ie a 60%/40% split).

The following is the proposed mix for the new development that can be worked up for a planning application subject to Executive Councillor approval.

Houses	Affordable	Market
2 bed	3	2
3 bed	5	2
4 bed		2

Flats	Affordable	Market
1 bed	2	2
2 bed	6	2

An indicative site layout for the redevelopment is enclosed with the report.

#### 4. Implications :-

##### (a) Financial

The key financial information is summarised below

Total capital cost of the schemes is as follows

Estimated Contract Value	£ 940,000
Home Loss Costs	£ 248,000
Professional Consultants	£ 30,160
<b>Total</b>	<b>£1,218,160</b>

The costs will be funded by

Grant	£ 280,000
Borrowing	£ 938,160

This budget has been included in the City Homes 'self-financing' business plan.

**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 - 14 years  
Break-even - Year 1

##### b. Inclusive of Home Loss costs

Pay-back period - 21 years  
Break-even - Year 1

## **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

Further details on costs, funding, VAT, procurement and key risks are shown in Appendix 2.

### **(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) Community Safety**

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

## **5. Background papers**

None

## 6. Appendices

Appendix 1 - Schemes in the 146 Programme

Appendix 2 – 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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