

## SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

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**REPORT TO:** PFH Housing

August 2009

**AUTHOR/S:** Corporate Manager Affordable Homes

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### OPTIONS FOR 74 & 76 FROG END, SHEPRETH

#### Purpose

1. To provide the Portfolio Holder with the information needed to make a recommendation to Cabinet on the options for the properties at Frog End.

#### Background

2. A decision was taken at the Cabinet meeting of 14<sup>th</sup> December 2006 to pursue the option of retaining both properties in Council ownership and refurbishing them for shared ownership sale. An upper ceiling of £200,000 was placed on the cost of these works otherwise a new Cabinet decision would be required.
3. A design for this was prepared and put forward for a tender return in December 2007. The lowest priced tender was £185,886.
4. The capital funds available for 2008/09 did not allow for the work to commence in that year as priority was given to the Council's commitment to meet the Decent Homes Standard for the whole of the Council's housing stock and to undertake the Airey refurbishment project also agreed by the Council in 2006.
5. By August 2008 the properties had been empty for a period of around two years so a new structural survey was commissioned which reported back in September 2008. The report by Richard Jackson plc concluded that the buildings have deteriorated further since the last structural survey in June 2006. It was estimated that the cost of remedial works would be in the order of £220,000. The report goes on to say,  

“ It is believed that it will be more economical to demolish and rebuild the property than repair it...we recommend the demolition of the existing properties and build new in their place.”
6. The Portfolio Holder for Housing asked that a fresh set of quotes be obtained for the 'retain and refurbishment' option in light of this survey. These tenders were received in May 2009 and all eight quotes exceed the £200,000 cost ceiling set by the 2006 Cabinet decision. The range is between £212,000 and £294,000.
7. Following this the Portfolio Holder asked that a consultation be undertaken to explore the options for the plot to inform a report to Cabinet.

#### Considerations

8. The consultation process began on 11<sup>th</sup> May and closed on 7<sup>th</sup> July 2009. Consultation responses were received from the Parish Council and from the local district Councillor. Responses were also received directly by the Corporate Manager from four local residents who all live in close proximity to the site.

9. The Parish Council and the district Councillor both favour the transfer of the site to a housing association. They wish to ensure that affordable housing development within Shepreth takes place where appropriate. The four local residents all preferred the sale of the site for private development.
10. Some of the concerns raised by the resident responses regarding density and the capacity of the site in terms of sewage and traffic and so on would be issues properly addressed through the planning process and would be legitimate issues of concern whether or not the planning application was being presented by a housing association or a private developer. These are not therefore explored any further in this report.
11. The site at Frog End is a little way off the main village at Shepreth and concern has been raised by the resident respondents as to whether a development here would be an appropriate one for potentially low income tenants who would have to rely on a car to access facilities.
12. The Council has to consider both the need for affordable homes within the district as well as securing best value for money from the disposal of its assets. An up to date valuation of the site has therefore been obtained from Pocock & Shaw and was received on 27 July 2009.
13. This valuation report acknowledges the overall character of the location and suggests that the plot “would be capable of providing a site for two large 4/5 bed roomed detached houses which would certainly better suit the immediate surroundings.”
14. The Pocock & Shaw report provides suggested land values for three options:
  - Option 1 transfer of land to a housing association £32 – 40,000
  - Option 2 Sale for private sector development £330 – 340,000
  - Option 3 sale of land parcel for private development and transfer of remainder for a housing association development £170,000
15. If the Council designates the capital receipt for housing use there would be no requirement to pay any money over to the CLG under the capital pooling rules. This would enable the Council to help fund a potential affordable housing development on a site that has just become available within the main part of Shepreth village.

## 16. **Options**

### **Option 1 Transfer of land to a housing association**

#### ***Pros***

- There is a recognised need for affordable housing in the district and this will allow a suitable village scale development
- Local housing associations have informally indicated a willingness to develop this site

#### ***Cons***

- The distance of the site from the nearest facilities would require the tenants to own a car.
- There are no other housing association or council properties in the Frog End area

- The Council may not be deemed to be getting appropriate value for money from its asset

### **Option 2 Sale of land for private development**

#### **Pros**

- The Council would be maximising the return on its capital assets
- The money raised could be used to support the development of affordable housing in a more appropriate location in the village
- There would also be sufficient money raised to support other housing expenditure.

#### **Cons**

- There would be no development of new affordable housing in the immediate Frog End area

### **Option 3 Sale of land parcel for private development and transfer of remaining land for a housing association development**

#### **Pros**

- There would be a capital receipt for the Council as well as the development of new affordable housing.

#### **Cons**

- The capital receipt would not be as great a sum as that provided by Option 2
- Restricting the housing association to only two dwellings may not be viable
- The location of the site from the nearest facilities would require the tenants to own a car.
- There are no other housing association or council properties in the Frog End area.
- This option presumes a minimum level of density that is not assumed in the other options and which may create difficulties with meeting Planning requirements.

### **Implications**

17.	Financial	By realising this asset the Council can support the development of new affordable homes and help meet other housing expenditure.
	Legal	None
	Staffing	None
	Risk Management	The site at present is a potential health & safety risk.
	Equal Opportunities	None

### **Consultations**

18. A consultation process has been carried out in line with the Councils Consultation Protocol.

## Effect on Corporate Objectives and Service Priorities

19.	<b>Work in partnership to manage growth to benefit everyone in South Cambridgeshire now and in the future</b>
	Money raised from the site would assist with the Council's partnership working in the district
	<b>Deliver high quality services that represent best value and are accessible to all our community</b>
	Money raised from the sale of the site can be spent on delivering housing services
	<b>Enhance quality of life and build a sustainable South Cambridgeshire where everyone is proud to live and work</b>
	A suitable development on the site would be an improvement on the current empty dwellings

## Conclusions/Summary

20. The condition of these properties at Frog End has deteriorated since 2006 and the decision to retain and refurbish no longer offers good value for money. The cost of refurbishment now exceeds the ceiling cost agreed by Cabinet in 2006.
21. There is support from the Parish Council and local elected Councillor for Option 1
22. There is support from local residents for Option 2
23. The Council needs to ensure a combination of best value and meeting housing need.

## Recommendations

24. To recommend to Cabinet Option 2. This maximises the return to the Council on its asset, which will enable both the development of new affordable housing within Shepreth to be supported as well as investing in housing services in the district.

**Background Papers:** the following background papers were used in the preparation of this report:

Pocock & Shaw report on valuation of 74-76 Frog End 27/7/09

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