



**Report To:** Housing Portfolio Holder  
**Lead Officer:** Director of Housing

15<sup>th</sup> October 2014

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## **Flats and Houses at 1 -14 Fairview Longstanton**

### **Purpose**

1. To obtain a decision from the Housing Portfolio Holder on the future options for the redevelopment of the flats and houses at 1 -14 Fairview, Longstanton.
2. This is a key decision because :
  - It requires the acquisition or disposal of any land or interest in land with a value in excess of Level 4 (£120,000) and,
  - It is of such significance to a locality, the council or the services which it provides that the decision-taker is of the opinion, that it should be treated as a key decision.

And it was first published in the September 2014 Forward Plan.

### **Recommendations**

3. It is recommended that the Housing Portfolio Holder approves Option C to dispose of the site at Fairview Longstanton, to Icen Homes/Hundred Houses Society for nil value to enable the development of an affordable housing scheme.

### **Reasons for Recommendations**

4. This option is most likely to ensure that the site will be redeveloped for affordable housing by the deadline in 2017.

### **Background**

5. The stock condition survey carried out in 2006 identified the properties at Fairview, Longstanton as requiring an increased level of investment to bring them up to standard.
6. A decision was made by Cabinet to demolish the properties at Fairview, Longstanton before 31st March 2017 as a consequential action of the Housing Revenue Account self financing regime.
7. The properties at Fairview, Longstanton were discounted from the Government's calculations of the settlement figure for the Housing Revenue Account self financing regime.

## Considerations

8. The demolition of the properties at Fairview, Longstanton would enable the re-provision of affordable housing on the site providing good quality and energy efficient homes that better meet the needs of the local community as well as providing an additional three affordable homes. Currently there are 11 flats and 3 houses. The proposal for redevelopment by Hundred Houses/Iceni Homes would provide 10 flats and 7 houses. The mix of the proposed scheme includes 10 x 1 bedroom flats, 4 x 2 bedroom houses and 3 x 3 bedroom houses.
9. This scheme was not included in the Council's own new build pipeline programme as options to improve this site were already being considered in partnership with Iceni Homes. It was also considered that due to competing priorities within the pipeline, the Council could not commit to the delivery of this scheme through its own new build programme within the set timescale.
10. Residents of the site have been consulted over the proposal and they are in agreement for a redevelopment of the site.
11. Iceni/Hundred Houses have undertaken a detailed appraisal of the potential to redevelop the existing site at Fairview Longstanton. They have so far commissioned site investigation surveys, tree and topographical surveys.
12. They have carried out a viability analysis of the site and have advised that by taking into account the costs of the demolition and construction of the dwellings, and including the home loss payments to tenants and all other on-costs and the inclusion of HCA grant of £180,000, the scheme is financially viable for them on the basis of providing 12 of the dwellings for affordable rent and 5 for shared ownership.
13. This would allow them to provide a scheme that would cover their costs and not provide a surplus.
14. The scheme would only be financially viable to Iceni/Hundred Houses on the basis of the land being transferred at nil cost.
15. Iceni/Hundred Houses have been successful in obtaining HCA grant for this scheme on the basis that the land is transferred at nil cost. They will only contribute capital grant to a scheme on this basis, as otherwise they perceive the capital grant as subsidising the land price to the local authority.

## Options

16. The Council's appointed valuers, Messrs Pocock and Shaw have valued the site under the following options, disposal on the open market, disposal to facilitate affordable housing to a registered provider.

**Option A:** To consider disposal of the site on the open market. Messrs Pocock and Shaw have advised that on an open market scenario, the site would probably be worth around £1,700,000. Although we would expect to achieve 40% affordable housing on any new private development, possibly between 4-7 affordable homes dependent on the scheme, this would mean a loss of affordable housing in the village.

**Option B:** To consider disposal of the site to a registered provider.

Messrs Pocock & Shaw have advised that the value of the land for a new scheme providing 100% affordable housing would be £150,000. This option is not financially viable for the housing association.

**Option C:** To make the scheme financially viable for the Housing Association, the site could be transferred at nil value as a subsidy for the provision of 17 affordable homes. The housing association would pay the Council's legal costs and would also compensate the Council for any home loss payments made to tenants.

### **Implications**

17. In the writing of this report, taking into account financial, legal, staffing, risk management, equality and diversity, climate change, community safety and any other key issues, the following implications have been considered: -

#### ***Financial***

18. The valuation report carried out by Messrs Pocock and Shaw indicates that the value of the capital receipt forgone in order to subsidise this development (Option C) is £150,000. This is under £9,000 per house to enable 17 homes to be provided.
19. The home loss payments to which the tenants are entitled as a result of the redevelopment proposals will be paid direct to displaced tenants by the Council and will be fully compensated by Icen/Hundred Houses.
20. As part of the financial settlement under the self financing regime it was agreed that these properties would be taken out of the HRA stock by April 2017. If this is not completed by this date, there may be a financial penalty for the Council.

#### ***Legal***

21. The land would be provided on a 125 year lease to Icen/Hundred Houses. The Council's legal costs are to be met by Icen/Hundred Houses.

#### ***Staffing***

22. There are no staffing implications.

#### ***Risk Management***

23. There are expectations amongst affected residents and the local community that the properties at Fairview, Longstanton will be redeveloped.
24. The Council risks a financial penalty if the redevelopment is delayed.

#### ***Equality and Diversity***

25. We have engaged with the residents of the site, and continue to consult with all of them to ensure how best to accommodate their long term housing needs.

#### ***Climate Change***

26. The current properties would need increased investment, to make them more energy efficient. A redevelopment of the site would result in modern better insulated properties, with a higher energy performance rating.

### **Consultation responses (including from the Youth Council)**

27. The local District Councillor and the parish council have been consulted over the proposals. No objections have been raised. Hundred Houses/Icen Homes will be

meeting with the parish council shortly to discuss details of the redevelopment with them.

### **Effect on Strategic Aims**

#### **Aim 1 - Engagement**

28. To engage with the residents of the site and the parish council and local member.  
To ensure the best outcome for the local community.

#### **Aim 2 - Partnerships**

29. To work with Icení Homes/Hundred Houses over the re-development of the site.

### **Background Papers**

Valuation report from Messrs Pocock and Shaw 25/9/14

Cabinet Report: Housing Revenue Account (HRA) Self –Financing: Consequential Actions 8<sup>th</sup> September 2011

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