

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

TO:	Housing Portfolio Holder then Leader and Cabinet	4 th September 2006 12 th October 2006
AUTHOR/S:	Development Services Director	

AIREY REDEVELOPMENT PROGRAMME UPDATE

Purpose

1. To provide an update on the progress with the Airey redevelopment programme.
2. Effect on Corporate Objectives

Quality, Accessible Services	The Council is committed to ensuring that high quality housing services are provided to its tenants and to meeting the Decent Homes standard. The structural condition of the Airey properties meant that they would not meet the Decent Homes standard without considerable investment. Therefore redevelopment was agreed as the most cost effective solution for those Airey sites with redevelopment potential.
Village Life	The Airey sites that have been identified for redevelopment can provide higher numbers of new affordable homes which will contribute to meeting local housing needs. The redevelopment is also an opportunity to look at integration of design and community issues that can enhance village life.
Sustainability	The Airey properties in their current condition were not sustainable in the longer term. Where practicable redevelopment is the preferred option to provide good quality, energy efficient homes that will meet the needs of existing and future tenants.
Partnership	The Council is working in partnership with Circle Anglia (formerly Circle 33 Housing Trust prior to their merger with the Anglia Housing Group) to achieve the redevelopment option.

Background

3. Whilst the number of Airey properties represents only a small proportion of the Council's housing stock their current condition means that they would require substantial investment to sustain them into the future.
4. A number of the sites offered development potential that if realised could increase the number of affordable homes available in the villages in which they are located.

5. Through consultative processes Circle Anglia were selected as the Council's preferred partner for the redevelopment of Airey sites at Coton, Girton, Elsworth, Sawston and Teversham.
6. There has been an ongoing consultation process involving affected residents and representatives of the local community including Parish Council's and Local Members to consider the needs of existing and future residents.
7. At Full Council on 28th October 2004 it was agreed that vacant Airey properties be disposed of to Circle Anglia and that the remaining Council-owned properties on the five sites be transferred as they become available following relocation of current tenants on a temporary or permanent basis.
8. The terms of the disposal of the Airey homes were agreed as follows:
 - that the existing units are used for affordable housing purposes only pending redevelopment and,
 - that redevelopment will maximise the number of affordable homes to be provided and that in any event any market dwellings should not exceed 23% of the total units to be provided and,
 - that all the properties are disposed of at nil cost in order to subsidise the provision of the new affordable homes, subject to obtaining any requisite approvals from the Secretary of State, with the exception of one improved unit at Sawston and,
 - that Circle Anglia will meet any legal costs incurred by the Council in the disposal of these properties
 - those properties that are not to be demolished as part of the redevelopment as they adjoin sold properties excluded from the proposals are to be refurbished and let as affordable housing only and,
 - that the Council will be entitled to receive nomination rights of 100% of initial lets and 75% of subsequent lettings of all social rented units provided through refurbished and new build affordable housing on the sites and,
 - that the Council will receive 100% nomination rights in perpetuity to any shared ownership and/or other intermediate tenures provided through refurbished and new build affordable housing on the sites.
9. At that time it was estimated that the five sites would enable a total of 127 new homes of which at least 98 would be affordable. A further 5 units were to be refurbished resulting in an overall net affordable housing gain of at least 34 dwellings (69%).
10. The affordable housing was to comprise a mix of intermediate eg shared ownership and social rented housing. The relative proportions will be dependent on whether grant is made available for one or more of the schemes eg a higher proportion of social rented can be achieved with grant.
11. The inclusion of market homes will help provide balanced and sustainable developments as well as the additional subsidy required to redevelop the sites.
12. Since the initial assessment of the development potential of the Airey sites was undertaken a re-evaluation of the sites originally deemed to have little scope for redevelopment had resulted in the possible inclusion of a further 2 units at Haddows Close, Longstanton. The inclusion of an adjacent garage site together with an adjoining piece of land that could be utilised as a rural exception site would make

redevelopment a more viable option. Both units were vacant which would help facilitate redevelopment.

Considerations

13. A significant number of the affected tenants have either now been relocated or have moves planned that will facilitate the redevelopment proposals and more are in the pipeline. Those owner-occupiers who have expressed a wish to remain in their current home are able to do so under the schemes that have been put together by Circle Anglia. At this stage only tenants who have indicated an interest in doing so are being relocated in line with a previous commitment from the Council not to require anyone to move if they do not wish to do so.
14. In order to be able to proceed with the redevelopment proposals an application has been successfully made to the Secretary of State for consent to dispose of 63 properties to be demolished as part of the redevelopment proposals to Circle Anglia as our preferred partner Registered Social Landlord partner on the above terms. The application was in respect of all the sites scheduled for redevelopment with the exception of Teversham and Longstanton.
15. The Aireys at Spurgeons Close, Teversham have been included in an appraisal of the options for Airey homes owned by the Council on other various sites across the district that are considered to offer no real redevelopment potential. A separate report on options available for these remaining properties is considered elsewhere on this agenda.
16. Proposals for the redevelopment of Aireys and an adjacent garage block at Haddows Close, Longstanton are now being developed through another RSL partner. Further investigation of this site identified issues with regard to proximity to the flood plain and drainage which resulted in Circle Anglia withdrawing their interest in this additional site.
17. Unfortunately a number of Right to Buy applications have resulted in some sales of properties on affected sites since the decision to redevelop was made in October 2004. This has meant that some of the schemes, notably at Coton, have had to be revised to account for these additional sold properties. The implications of these and other scheme changes eg exclusion of Teversham and Longstanton are illustrated in the following table:

Scheme	Existing Units to be demolished	Total Number of new units	Rented	Shared Ownership	Open Market
Coton	14	28	11	11	6
Elsworth	6	12	4	5	3
Girton	8	15	5	7	3
Sawston	28	44	18	16	10
TOTAL	56	99	38	39	22
%		100%	38.5%	39.5%	22%

Note: the net overall increase in affordable housing is 21 units (37.5%).

18. However, the Housing Act 2004 incorporated changes to the Right to Buy (RTB) which enable Landlords to serve Demolition Notices where areas are identified for regeneration and redevelopment.

19. These Notices are in two stages, the Initial Notice will still allow RTB's to be submitted but the Council can withhold completion of the purchase whilst the regeneration schemes are being progressed. The serving of the Final Notice will enable any existing or future RTB application to be refused.
20. The Initial Notice can be revoked and applicants have the option to seek compensation for any expenses incurred in relation to professional fees within 3 months of the serving of either Notice. These changes have been introduced not only to prevent abuses of the Right to Buy scheme but also to tackle the shortage of low cost housing in both rural and urban areas. This legislative change came into effect on 18 January 2005.
21. To contain any further Right to Buy applications Initial Demolition Notices have since been served in respect of the proposed Airey redevelopment schemes.
22. Those properties that are not to be demolished as part of the redevelopment as they adjoin sold properties that are to be excluded from the proposals were to be refurbished and let as affordable housing. However, Circle Anglia have ruled this out as a financially viable option for their organisation on the basis that there would be no return on the required level of investment within 25 years even applying higher intermediate rent levels. These properties have therefore also been included in the options appraisal for the residual Airey housing stock which is considered in a separate report.
23. The following table summarises the current position with regard to each of the sites currently under consideration for redevelopment:

Parish	No. of units affected by proposals	Currently Owner Occupied	Currently Tenanted	Vacant	In use as Temp Accom
Coton	14	0	10	4	1
Elsworth	7	0	0	7	0
Girton	8	*1	0	7	0
Longstanton	2	0	0	1	1
Sawston	28	0	3	24	1
Teversham	7	0	4	1	2
Totals	66	1	16	44	5

* The owner occupier has agreed a sale to Circle Anglia and is awaiting completion of their move to another property.

24. The Sawston scheme was successful in attracting grant from the Housing Corporation of £825,000 within the 2006-2008 National Affordable Housing Programme (NAHP). Whilst Elsworth, Coton and Girton have no funding allocation at this time Circle Anglia have committed to progress these schemes with a view to being able to take up any grant that becomes available through slippage in the NAHP and/or through bidding for any future NAHP resources that will be made available for 2008 onwards.
25. The current position with regard to the 4 sites that can be progressed is as follows:
 - Sawston, Elsworth and Girton proposals all have planning approval

- The Elsworth scheme started on site in June this year and is expected to be completed by summer 2007
 - A start on site for Sawston will be achieved this month in order to secure the Housing Corporation grant
 - It is expected that the Girton scheme can be commenced within the next few months as the remaining 2 residents have agreed moves
 - The Coton scheme will take longer to come forward as it is in part reliant on the completion of a rural exception site scheme for the village as this will provide a number of bungalows that will help meet the needs of existing residents. This rural exception site scheme is not expected to be completed until May 2007.
26. Following further consultation with affected residents and the Parish Council at Teversham in November 2004 it was clear that there was no support for the redevelopment proposals. The Parish Council and affected residents consider that Spurgeons Close is unsuitable for development. Therefore the residents and the Parish Council were advised that the Council would respect the wishes of existing residents, who also clearly expressed a wish to remain in their current homes, and not pursue the redevelopment in the short term.
27. The Parish Council have, however, requested that the Council reconsider the decision not to include Spurgeons Close in the Council's refurbishment programme and the 7 units in question have therefore been included in the options appraisal for the residual Airey units the outcome of which is the subject of a separate report on the agenda.

Financial Implications

28. The home loss payments to which tenants are entitled as a result of the redevelopment proposals are being paid direct to displaced tenants by this Council. The minimum home loss payment payable to tenants in these circumstances is now £4,000 plus removal and associated moving costs.
29. However, Circle Anglia have agreed to compensate the Council on a standard flat rate of £4,500 per dwelling payable upon completion of the lease of each unit. This is the most cost effective method of covering costs for both the Council and Circle Anglia.
30. For the Council this arrangement ensures that a set amount is receivable for every unit regardless of the level of individual payment and, also, whether a tenant has been entitled to receive a home loss payment or not. For Circle Anglia this payment can be accounted for as a payment for the land and therefore eligible for inclusion in their scheme costs in any application for social housing grant to the Housing Corporation.
31. The estimated valuation of these properties, as assessed by the Council's appointed independent Valuer Messrs Pocock and Shaw in October 2004, were between £100k and £115k depending on their condition and location, etc.

Legal Implications

32. An application has now been successfully made to the Secretary of State for consent to dispose of the properties to be demolished at Sawston, Coton, Girton and Elsworth

as part of the redevelopment proposals to Circle Anglia as our preferred partner Registered Social Landlord partner at less than best consideration.

33. A 125 year lease has been agreed with Circle Anglia to enable the disposal of the Airey properties to facilitate the redevelopment schemes. The Council's legal costs are to be met by Circle Anglia.

Risk Management Implications

34. There are expectations amongst affected residents and local communities that the Airey sites at Sawston, Coton, Girton and Elsworth will be redeveloped.

Consultations

35. In addition to the involvement of affected residents in the selection of the preferred RSL for the redevelopment there has been ongoing consultation with residents since 2003 through public meetings and individual visits by Circle Anglia and Council Officers to tenants and owner-occupiers to discuss the proposals. The Parish Councils have also been fully engaged in the process as well as Local Members.
36. The consultation work that has been carried out will be sustained throughout the decision-making and redevelopment processes to ensure that residents and local communities feel fully involved in the decisions that will affect their homes and local communities.

Conclusions/Summary

37. An application has now been successfully made to the Secretary of State for consent to dispose of the properties to be demolished as part of the redevelopment proposals to Circle Anglia as our preferred partner Registered Social Landlord partner at less than best consideration.
38. Unfortunately a number of Right to Buy applications have resulted in sales of properties on affected sites since last October. This has meant that some of the schemes, notably at Coton, have had to be revised to account for these sold properties. However, the net overall increase in affordable housing is still 33 units (54%).
39. The Housing Act 2004 incorporated changes to the Right to Buy (RTB) which enable Landlords to serve Demolition Notices where areas are identified for regeneration and redevelopment which have enabled the Council to contain the Right to Buy applications since notices were served on tenants in 2005.
40. Those properties that are not to be demolished as part of the redevelopment as they adjoin sold properties that are to be excluded from the proposals were to be refurbished and let as affordable housing. However, since the Full Council decision in October 2004 Circle Anglia have ruled this out as a financially viable option on the basis that there would be no return on the required level of investment within 25 years even applying higher intermediate rent levels. These units have been included in the options appraisal for the residual Airey units.
41. The Sawston and Elsworth schemes are in progress and Girton is expected to be able to get underway within the next few weeks/months. The scheme at Coton is progressing more slowly as some existing residents are awaiting completion of a

rural exception site scheme that will enable them to move to more suitable accommodation which will not be completed until May 2007.

42. Following further consultation with affected residents and the Parish Council at Teversham it was clear that there was still no support for the redevelopment proposals. The Parish Council consider that the site is unsuitable for redevelopment and have requested that the Council reconsider the decision not to include Spurgeons Close in a refurbishment programme. These units have, therefore, been included in the options appraisal for the residual Airey units.

Recommendations

43. That progress with the Airey redevelopment programme is noted.

Background Papers: None.

Contact Officers: **Denise Lewis Head of Housing Strategic Services**
Telephone: (01954) 713351

Christine Adlam Special Projects Officer
Telephone: (01954) 713332