

**Committee: Housing Board**

**Agenda Item**

**Date: 22 July 2014**

**8**

**Title: Sheltered Housing Asset Management Review- Reynolds Court, Newport**

**Portfolio Holder: Doug Malins – Housing Development Manager**

**Key decision: Yes**

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## **Summary**

1. This report provides the Housing Board with a detailed development appraisal for the sheltered scheme at Reynolds Court, Newport. There are two options for the scheme (to redevelop or to remodel), which are detailed in this report.
2. The Sheltered Housing Asset Management Review identified this scheme as being the worst performing in terms of physical attributes and high void levels. This review recommended Reynolds Court to be given the highest priority for investment to address the issues of low demand and fitness for purpose.

## **Recommendations**

3. That the Housing Board:
  - a. Recommends to Cabinet which of the two options is to be progressed.
  - b. Recommends to Cabinet that site is progressed to the planning application stage. Depending on which of the two options are to be progressed, it is estimated that fees of between **£80,000 and £161,000** will need to be expended in order to secure this permission, and this amount has been allocated in the HRA Business Plan.

## **Financial Implications**

4. Financial provision for the development of new Council owned homes is included within the Housing Revenue Account.
5. The Indicative cost for each option has been calculated, but will be subject to value management as proposals are developed in greater detail. These indicative costs will therefore be updated as the proposals are developed towards the submission of a planning application. The final cost will be known following the tender process for the selection of a building contractor.

## **Background Papers**

6. The following papers were referred to by the author in the preparation of this report and are available for inspection from the author of the report.

Sheltered Housing Asset Management Housing Board Report – 4<sup>th</sup> Nov 2013  
Henry Riley Feasibility Cost Plan No. 1 – 4<sup>th</sup> July 2014

7.

Communication/Consultation	Existing tenants, local residents, Parish Council and external agencies
Community Safety	N/A
Equalities	N/A
Health and Safety	Works will be carried out with some tenants still in occupation. Detailed method statements will be required to ensure Health and Safety requirements are met.
Human Rights/Legal Implications	Tenants will be eligible to Homeless payments, as well as assistance with disturbance.
Sustainability	The redevelopment option will provide an opportunity to construct new thermally efficient homes for people in housing need.
Ward-specific impacts	Newport
Workforce/Workplace	Housing and Environmental Services

## Situation

8. The scheme consists of 31 units, including the 3 bedroom flat that was previously occupied by the resident warden. Of these 31 units, 22 comprise bedsit accommodation. These bedsit units are clearly an outdated form of accommodation, and are therefore regularly refused and are considered hard to let. Long term void units have contributed to substantial levels of rent loss for the scheme. Rental income records from August 1998 indicate an average annual rent loss of £20,935.
9. The scheme also has other poor physical attributes that add to its unsuitability for modern life. There are no lifts; the communal kitchen is too small; the hairdressing salon is small and unappealing; there is no reception area; there is no scooters store/charging point. The existing building is generally in need of modernisation.
10. However, the scheme is in an excellent location within Newport, close to good transport links and other facilities. Therefore investment to make this scheme fit for purpose would increase demand for the accommodation.
11. At an early stage in the review, tenants of the scheme were informed that the Local Authority was considering options for Reynolds Court. Officers have attended their

weekly coffee morning to speak to the tenants to find out what they like and dislike about the current scheme.

12. On the 16<sup>th</sup> April 2014, tenants from Reynolds Court, along with staff and Members from UDC visited two sheltered schemes in the locality. Also present was the Clerk to the Parish Council. The first scheme to be visited was Nichols Court, Linton. This is a new build scheme owned and managed by Sanctuary Housing Association (this is an extra care scheme, but would still give a good indication of what could be achieved with a new build). The second scheme visited was a remodelled scheme in the ownership of UDC at Vicarage Mead, Thaxted. Feedback from the tenants at the time was whilst they liked the accommodation provided at Vicarage Mead, they were more impressed by the new build facilities at Nichols Court. In particular, tenants were impressed with the size of the flats and the presence of balconies/Juliette balconies. They also liked the quality and extent of the communal facilities.
13. Following on from these site visits, Saunders Boston Architects have been appointed to develop concept drawings for both the new build and remodelling options. These were presented to tenants on the 15<sup>th</sup> May, where there was an opportunity for them to ask questions. All tenants received a hardcopy of the proposals, along with a feedback form. The presentation boards were also left on display at the scheme for a further two weeks. Officers have also attended subsequent coffee mornings to answer any further questions and to visit tenants in their homes on a 1-2-1 basis, where requested.
14. There are currently 11 void properties within the scheme, leaving only 20 flats occupied. General needs tenants are currently living in the former warden's flat, and UDC are looking to find them suitable alternative accommodation off-site. Of the 19 existing sheltered tenants still living in the scheme, 14 are in favour of the new build option, 2 would like to see nothing change at all and 3 have not yet responded despite officers efforts.
15. Tenants have been informed that the proposals will now be considered by Members at Housing Board and Cabinet. Following on from these meetings, officers will return to inform tenants of the Members decision and provide some detail as to the next stage, including indicative timescales.
16. The initial architect's concept drawings have been refined, and preliminary cost estimates prepared. These are very much estimates at this stage, and will become more refined as the proposals are developed in detail, which will include an element of value management. At this stage, the budget costs also include an allowance for risk items which will also be firmed up as the project progresses. The two options are as follows:-
17. Option 1 is the **Remodelled** proposal (plans attached in Appendix A). This proposal reduces the total number of units within the scheme from 31 to 21, but does change all of the bedsit flats into either 1 or 2 bedroom flats. The proposal would retain the 3 bedroom flat as existing. This option would leave all communal areas in their current layout, and would not provide solutions to the other physical issues previously referred to in this report. The remodelled proposal would still cause significant disruption for the tenants. The estimated build cost for this option is **£1,568,000**. As this is a remodel of the existing building, VAT will be chargeable,

although current advice is that this VAT amount will be recovered by the Council.  
**This estimated build cost has been included and budgeted for, in the HRA Business Plan.**

18. Option 2 the **New Build** proposal (plans attached in Appendix B). This proposal increases the total number of units to 43, located over 3 storeys (37 x 1 bedroom apartments and 6 x 2 bedroom apartments). The proposal would be to construct a thermally efficient building with reduced running costs. The following facilities would be provided:
  - i. New entrance lobby overlook by warden's office.
  - ii. Large scooter store with recharging points
  - iii. Hair and beauty salon
  - iv. Large communal lounge with kitchen area
  - v. 2 lifts
  - vi. Courtyard garden area, with pavilion seating area
  - vii. Informal sitting areas
  - viii. Well-being suite
  - ix. Fully fitted 1 and 2 bedroom apartments with either full balconies, or Juliette balconies
19. The currently proposed 3 storey building would have a barrel roof construction, with a Sedum finish. The design ethos is to take reference from the local vernacular, but to provide a contemporary looking building.
20. The estimated build cost for this new build scheme is **£7,374,110**. This allows for build costs plus all design fees, all fit out costs, a 2 phased development and a large contingency to take account of identified risk elements. As the scheme is progressed, the risk elements will either be firmed up or eliminated. Furthermore, the detailed design process will include value management processes to ensure that the Council achieves value for money. There is also the potential that some of the new units could be sold to owner-occupiers to bring in an element of mixed tenure within the scheme, and also to cross-subsidise the capital costs. **Funding for this project will need to be found within the HRA Business Plan.**
21. Whilst the estimated cost difference between the two options is dramatic, the remodelled option only deals with removing the bedsit flats and producing newly fitted out 1 and 2 bedroom flats. However, the fabric and the layout of the building remain unchanged and will continue to be a compromise in terms of its lifespan, thermal efficiency and fitness of purpose. The remodelled option will also considerably reduce the number of units provided, and not provide many of the facilities detailed above.

## Risk Analysis

22.

Risk	Likelihood	Impact	Mitigating actions
Not achieving planning permission	1 Planners supportive	4 Development not possible	Pre-planning discussions with planners
Tenants not supportive	1 Tenants fully engaged	3 Tenants not satisfied	Continuous engagement
High construction costs	3 New build option has high costs	3 Scheme unviable	Value management to be undertaken throughout design process

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.