

Committee: Housing Board

Agenda Item

Date: 21 September 2017

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Title: Walden Place, Saffron Walden

**Author: Judith Snares, Housing Strategy and
Operations Manager**

Key decision: Yes

**Doug Malins, Housing Development
Manager**

Summary

1. This report provides the Housing Board with detail relating to the proposed redevelopment of the existing sheltered housing scheme at Walden Place, Saffron Walden.
2. This report will detail the preferred mechanism for undertaking this redevelopment to meet current and future needs, as well maximising the return to the Council from this valuable asset.

Recommendations

3. That the Housing Board:
 - a. Recommends to Cabinet that the marketing strategy for this redevelopment project is progressed in partnership with Savills in order to ascertain the preferred disposal and development strategy for the scheme.

Financial Implications

4. Financial provision for the development of new Council owned homes is included within the Housing Revenue Account. The development partner will also contribute considerably to the cost of this redevelopment, as detailed in the report. The extent of this contribution has been estimated by Savills.
5. The Indicative cost for the scheme has been calculated by our consultant Quantity Surveyor having regard to site constraints and the prevailing market conditions. These indicative costs should be regarded as an estimate at this stage, and could be subject to change as further survey work is carried out, and the detailed designs are finalised. The final cost will only be known following the tender process for the selection of a building contractor.

Background Papers

6. None

7.

Communication/Consultation	Existing tenants, local residents, Town Council and external agencies
Community Safety	Appropriate precautions would be taken during works
Equalities	Equality and diversity is a key issue for the Council with regards to older persons housing provision
Health and Safety	During the management of the project all risks will be constantly reviewed, revised and managed
Human Rights/Legal Implications	Legal team have been consulted
Sustainability	An opportunity to construct new thermally efficient homes, and communal facilities for older people.
Ward-specific impacts	Saffron Walden
Workforce/Workplace	There are sufficient resources in the housing team to manage the project

Situation

8. The Walden Place sheltered housing scheme consists of a four storey Grade II listed Georgian town house that currently contains 3 sheltered flats and communal facilities. Attached to this house is a court of 26 purpose-built sheltered housing flats that were constructed in the 1980's.
9. The Georgian town house element of this sheltered scheme currently provides reasonable communal facilities, although not to modern standards or specification. Furthermore, this building is a considerable financial burden on the Housing Revenue Account due to high ongoing maintenance costs – in excess of £23,000 per annum. Also, with the building being Grade II Listed, this can cause delay and extra cost when needing to undertake larger maintenance works.
10. Attached to this report are the concept designs for the redevelopment of this scheme. The thrust of this proposal is to separate the Georgian house from the 1980's sheltered scheme, to construct a new purpose built communal facility, three new sheltered flats/bungalows and associated plant room. Parking and landscaping will also form an important part of this project, in order to meet the needs of the sheltered scheme and any future use of the Georgian house.

11. Apart from the re-provision of as much sheltered housing accommodation as possible, the other key driver for this redevelopment project is to provide a modern, fit for purpose communal facility.
12. The size of the facility that can be achieved will be determined through the planning process. Walden Place is located in the Conservation Area, so scale, design and materials will be of key importance to both Development Control and the Conservation Officer. The Conservation Officer is supportive of the general principal, as there is a desire to see the Georgian House separated from the 1980's sheltered scheme. Partnership working with both the Conservation Officer and the Planning Team is therefore key to maximising the outcomes for this proposal.
13. The current concept design has been well received by the Conservation Officer.
14. The concept designs have been considered by our Cost Consultant, who has estimated the build costs to be in the region of £1.7 million.
15. The key element to the financial viability of the whole project is to maximise the future value of the Georgian house. Savills have considered this element on behalf of the Council. They do not believe that there will be a market for it to be converted into a single residential dwelling, given its size compared to the grounds that can be offered, its proximity to the sheltered housing scheme and the right of way from Myddleton Place to Park Lane.
16. They believe that the most optimum utilisation of the floor space would be to convert the building into six apartments, of two and three bedrooms. In light of the unique nature and central location of the building, combined with a high specification of refurbishment, Savills would expect values and demand to easily exceed those currently being achieved in Saffron Walden. They have estimated that they would expect a sale to achieve £1.1 million, or above.
17. In terms of a disposal strategy, there are really two preferred options. The first being a Joint Venture (JV), and second being a straight disposal on a subject to planning basis.
18. Under a JV arrangement, our partner developer would obtain detailed planning permission and undertake the entire redevelopment project. The benefit of this approach would be that the delivery of the replacement accommodation, plant room and communal facility would be efficiently managed by one party throughout the construction period. The JV partner would however expect vacant possession of the Georgian house from the outset, so that the works to the sheltered scheme and also the refurbishment of the Georgian house can run concurrently. This would leave the sheltered scheme without a communal facility for a period of time, and will also require the last remaining tenant to be re-housed. Savills believe that whilst this refurbishment opportunity is of a specialised nature, there are a number of developers who have an appetite and experience of these types of projects.

19. The alternative option would be to dispose of the Georgian house, on a subject to obtaining detailed planning basis, in isolation to the works to the adjacent sheltered housing scheme. The benefit of this option is that a sale of a 100% private scheme may attract a premium from the market due to the more straight forward conversion opportunity on offer, thereby potentially appealing to a wider range of developers. The other benefit is that UDC will have total control of the planning process associated with the sheltered housing scheme, and depending on the timing of the sale, it could enable the continued provision of a communal facility, along with minimising tenant decants. On the downside, it will require the Council to find budget for the construction works (estimated at £1.7 million on the current scheme) before any return from the sale is forthcoming. If the sale were to happen concurrently with the construction works, it would require a careful development management strategy, so as not to restrict the developer's flexibility and control over their own development programme.
20. Savills are aware of a number of local and regional developers that are looking for redevelopment and conversion opportunities within the East of England – Saffron Walden being a particularly attractive area. Savills are proposing that the property is initially introduced to a shortlist of developers who have the appetite, experience and expertise for an opportunity of this nature, so that the profitability of the project can be optimised. This will allow us to receive expressions of interest and gauge the appetite for both the Joint Venture approach, or sale of the Listed house in isolation.
21. Once the outcome of this market research is known, a detailed disposal strategy, with timeline can be developed and progressed. This will set out in detail, the bidding process, timescales, guide price, sales details including Joint Venture terms (if this is the disposal route) and viewing opportunities. There will be an opportunity to interview the top three bidders if so desired, and then Savills will issue a report with recommendations once all offers have been assessed.

Risk Analysis

22.

Risk	Likelihood	Impact	Mitigating actions
Insufficient budget to take forward the scheme	1 - there are sufficient identified resources in the HRA to meet the estimated cost of a JV scheme	3 – significant risk to project	Carry out research to ascertain the most cost effective disposal and development strategy for the scheme
Not achieving planning permission	1 Planners supportive	4 separation of house and development	Pre-planning discussions with planners

		not possible	
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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.