

Report To: Strategic Investment Group
Date of Meeting: June 2019
Lead Member / Officer: Lead Officer Corporate Property & Housing Stock (Dave Lorey)
Report Author: Mark Dixon
Title: **The Dell Apartments, Prestatyn**

1. What is the report about?

This report is about the relative merits of different options for developing apartments for social rent on land at The Dell in Prestatyn.

2. What is the reason for making this report?

A decision is required about whether or not to recommend the preferred option for the construction of new apartments at The Dell in Prestatyn to Cabinet for approval.

3. What are the recommendations?

That members of the Group;

- a. recommend the preferred option for the construction of new apartments at The Dell in Prestatyn to Cabinet for approval; and
- b. confirm that they have read, understood and taken account of the Well-being Impact Assessment as part of its consideration.

4. Report details

At its meeting on 28th May 2019, the Group gave its approval in principle for the construction of accessible apartments for social rent on land owned by the Council at The Dell in Prestatyn.

The Single Housing Register for Denbighshire had identified Prestatyn as having the second highest unmet need for social housing in the county with the requirement for smaller accessible apartments to meet the needs of an ageing population being particularly strong in the town and the supply of this type of accommodation in the town being very limited.

The supply of suitable sites for residential development in the town is limited and an area of land off The Dell in Prestatyn had been identified as one of the few which were potentially suitable for accommodating this particular type of development. There were however a number of abnormal costs associated with the development of the site which would make the unit cost of providing apartments of the preferred design higher than

would normally be the case. An undertaking was given to the Group to explore alternative options which might have the potential for reducing the unit cost of the apartments and to report the findings back to the Group.

The largest abnormal cost would arise from the provision of oversized apartments specifically designed to meet the needs of wheelchair users. There would however be some potential for amending the design to reduce the floor areas of apartments and as a consequence the cost of construction, whereas other abnormal costs such as decontamination and site infrastructure would always be fixed. Attention was therefore focused upon the potential for amending the design and two alternative options were considered.

Current design

The design which has received Planning permission would deliver;

- 5 no. “Category 3” ground floor apartments designed specifically to meet the needs of wheelchair users; and
- 10 no. “Category 2” apartments on upper storeys designed to be accessible and adaptable.

This design would deliver 8 no. apartments with two bedrooms and 7 no. apartments with one bedroom.

Alternative Option 1 (more, smaller apartments)

The first option which was explored involved undertaking a spatial analysis to determine the maximum number of “Category 2” one bedroom units with a floor area per unit of circa 60m² and associated communal circulation space which could be accommodated within the current footprint of the proposed building.

In theory an additional 4 no. “Category 2” units could be provided in the development. However, this would not be a simple case of amending the existing drawings as this option would require a major redesign to achieve an optimum layout as the current circulation, lift locations, escape routes, window and door locations etc. do not lend themselves to accommodating 60m² units. Furthermore, as the number of units would be increased, the car parking provision and drainage proposals would need to be re-designed and increased in capacity and the traffic impact assessment would also need to be reviewed. A new Planning application would be required for what has already been a contentious scheme with local residents and increasing the number of units within the development is likely to result in further opposition.

From a programme perspective this option would effectively mean almost starting the whole design process again from the beginning and the consequent delay could be anything from 12 to 18 months depending on the level of objections.

There is also a concern that providing only one bedroom “Category 2” units would compromise the flexibility required to meet future needs.

Alternative Option 2 (same number of apartments but some reduced in size)

The second option which was explored involved undertaking an appraisal of the cost reductions which could be achieved from reducing the size of the building by effectively removing one structural bay and reducing the number of two bedroom apartments.

This option would result in the overall number of units remaining the same as in the approved design but the mix of apartments would be 13 no. one bedroom and 2 no. two bedroom units. There would be much less impact on the programme than Alternative Option 1 but there would still be an element of redesign required and this would delay the programme by approximately 3 to 4 months.

This option would increase the amount of external amenity area available around the building and would be likely to have a minimal impact on the approved arrangements for parking and drainage.

The changes involved would not involve the submission of a new Planning application and could be processed as an amendment to the approved scheme.

However, the flexibility to meet future needs would be significantly compromised because of the reduction in the number of two bed apartments provided.

Conclusion

Given that;

- there would be a reduction in the flexibility available to meet future needs which would arise from pursuing either of the alternative options;
- there would be a significant delay from pursuing Alternative Option 1 and there would be a risk that any apparent reduction in the unit cost might be wiped out as a result of construction sector inflation during the time which would elapse before a contractor could be procured; and
- there would be a relatively small reduction in unit cost from pursuing Alternative Option 2;

it is recommended that the current design should remain the preferred option and should be the basis for procuring a contractor to deliver the scheme.

Other funding

There remains the possibility that Welsh Government grant and other types of funding might be available to reduce proportion of the cost of the scheme which would need to be financed through the Housing Revenue Account and these opportunities will be pursued as and when they arise.

5. How does the decision contribute to the Corporate Priorities?

The decision will contribute towards the corporate priority for Housing by providing 15 additional Council homes and to the corporate priority for an “Attractive and protected environment supporting well-being and economic prosperity” by improving the appearance of an eyesore site and improving town centre vitality.

6. What will it cost and how will it affect other services?

Current design

Total cost £4.594m

Unit cost per apartment £306k

Option 1 (more, smaller apartments)

Total cost £5.294m

Unit cost per apartment £279k

Option 2 (same number of apartments but some reduced in size)

Total cost £4.354m

Unit cost per apartment £290k

7. What are the main conclusions of the Well-being Impact Assessment?

The main conclusions of the Well Being Impact Assessment are that the proposal will have a positive impact on all of the well being goals through the provision of new homes suitable for people with protected characteristics which are situated in a location which will enable them to access services on foot or by cycling and which will reduce fuel poverty amongst residents as a consequence of their energy efficiency; it will have a positive impact on the economy by contributing towards the vitality of Prestatyn town centre; it will increase community cohesiveness by improving a secluded area which has previously attracted anti-social behaviour; and it will have a positive impact upon biodiversity by enabling habitat improvements in the Prestatyn area..

8. What consultations have been carried out with Scrutiny and others?

The Prestatyn Member Area Group has confirmed its support for the development of new Council homes on the site.

9. Chief Finance Officer Statement

The total cost of the development results in a high unit cost per dwelling. The relatively high cost reflects the specification of the provision (addressing local needs) and the abnormal costs associated with development on the site. The additional options appraisal work carried out and explained in this report is welcomed and the recommendation to keep with the existing design is supported. The Housing Stock Business Plan (HSBP) can sustain the cost of this development within existing capital plans as the unit cost of other acquisitions and developments are emerging at a lower than average unit cost. This position must be continually monitored as developments progress to ensure the capital plan is affordable and HSBP remains sustainable in the long term. There remains the possibility that Welsh Government grant and other types of funding might be available to reduce the proportion of the cost of the scheme which would need to be financed through the Housing Revenue Account and it is important that these opportunities are pursued as and when they arise.

10. What risks are there and is there anything we can do to reduce them?

The principal risk in taking this decision is that the tender price for the preferred option could be higher than the estimate. This risk has been reduced by using the detailed specification which has been prepared for the development and applying construction industry price data to provide an accurate estimate of the cost of the proposed development.

11. Power to make the Decision

Section 9 of the Housing Act 1985 provides a local housing authority with the power to provide housing accommodation by erecting houses.