

## CHARNWOOD - ST MICHAELS COURT OPTIONS

### INTRODUCTION

At a meeting on 2 August 2022 ARK were requested to prepare a document to compare the relative merits and constraints of five options scoped for the site by Pelham architects.

The purpose of this short paper is to assist the Council in the selection of an option that can then be designed in detail with a view to making a planning application and being built out to provide a new Council housing resource and asset.

ARK has completed financial appraisals designed to show the relative financial position of each of the schemes. We ask that readers note that these are not detailed scheme appraisals based on detailed design and costing. But each scheme has been reviewed on the same basis to show relative positions. The NPV per home figure is the basis for the comparisons.

We have set out our key assumptions in the assumptions section.

### FINANCIAL COMPARISONS

The table below compares the relative financial performance of the five options. Each option is show with and without land value.

SCHEME	Type of homes	No of homes	M2 per home	Land	Build	On costs	Interest	TSC	BE Year	NPV per home
Bungalow Option A - V1	Bung 1B 2P	9	50	Nil	1,181,250	229,792	11,083	1,422,125	46	-£62,171.78
Bungalow Option A - V1	Bung 1B 2P	9	50	400,000	1,181,250	229,792	28,940	1,839,982	52	-£108,604.67

Bungalow Option A - V2	Bung 1B 2P	8	50	Nil	1,050,000	228,010	10,387	1,288,397	46	-£65,232.13
Bungalow Option A - V2	Bung 1B 2P	8	50	400,000	1,050,000	228,010	28,244	1,706,254	52	-£117,463.38
Houses - Option B	2B 4P	8	79	Nil	1,975,470	238,205	17,607	2,231,282	47	-£94,580.00
	3B5 P	2	93							
Houses - Option B	2B 4P	8	79	400,000	1,975,470	238,205	36,768	2,650,443	51	-£136,498.50
	3B5 P	2	93							
Houses & Bungalow - Option C	2B 4P	6	79	Nil	1,725,150	235,231	15,848	1,976,229	47	-£93,889.33
	3B5P	2	93							
	Bung	1	50							
	1B2P									
Houses & Bungalow - Option C	2B 4P	6	79	400,000	1,725,150	235,231	35,008	2,395,389	52	-£140,463.33
	3B5P	2	93							
	Bung	1	50							
	1B2P									
General Needs Flats - Option D	1B 2P	19	50	Nil	2,850,000	272,555	41,980	3,164,535	49	-£80,489.26
General Needs Flats - Option D	1B 2P	19	50	400,000	2,850,000	272,555	65,874	3,588,429	52	-£102,799.47

In financial terms on a per home comparison there is little difference between the two bungalow schemes which show better cost / rental income ratios. The house scheme performs less well as the relationship between property size and construction cost v rental income is greater, hence option C improves the position slightly by including a bungalow.

The flat scheme falls between the bungalow and house options. Were grant to be included, the benefit from the number of homes would, we surmise, make the flat scheme the most viable simply by bringing in more grant, especially if offsetting land value.

### SCHEME COMMENTARIES

The table below provide a commentary on the relative merits of the alternative schemes

SCHEME	Type of homes	No of homes	M2 per home	Merits	Possible constraints / issues
Bungalow Option A - V1	Bung 1B 2P	9	50	Retains a strong frontage to Melton Road  100% parking / 1 space per bungalow (1 accessible parking space)  In planning terms there is low impact on the Church	The design is overall less attractive than Bungalow option B
Bungalow Option A - V2	Bung 1B 2P	8	50	The courtyard scheme presents an attractive alternative approach to the frontage and a better sense of cohesion for residents  All but one frontage tree retained  9 car parking spaces, all at the front of the scheme ( 4 accessible parking spaces)  In planning terms there is low impact on the Church	Bungalow 8 at the rear of the site has little relationship with the remainder of the scheme. It does though present well as a single dwelling  Car parking access to / from Melton Road may be an issue

Houses - Option B	2B 4P 3B5 P	8 2	79 93	Retains frontage and trees  Relatively little impact on the church  14 parking spaces at the rear of the site (just under 1.5 parking spaces per house)  8 houses facing Melton Road provides a strong frontage to the scheme.	Houses do not reflect the previous sheltered housing / older persons use for the scheme  The parking court dominates the rear Garden Street aspect of the site
Houses & Bungalow - Option C	2B 4P 3B5P Bung 1B2P	6 2 1	79 93 50	Retains frontage and trees  Relatively little impact on the church  14 parking spaces at the rear of the site  8 houses facing Melton Road provides a strong frontage to the scheme.	Houses do not reflect the previous sheltered housing / older persons use for the scheme  The parking court dominates the rear Garden Street aspect of the site  Bungalow 9 at the rear of the site has little relationship with the remainder of the scheme and may feel isolated facing into the parking court
General Needs Flats - Option D	1B 2P	19	50	Presents a strong frontage to Melton Road  The flat scheme mirrors the existing scheme most closely.	Perhaps a too strong a frontage but with careful design it will be attractive  It presents the highest density unit option but would house no more people than option C  The parking court dominates the rear Garden Street aspect of the site  The most likely scheme to impact the church

					Is 19 x 1B flats too many in this location?
--	--	--	--	--	---

In design terms schemes A1, B and C have similar linier presentations to Melton Road and similar parking court resolutions to the rear of the scheme. A2 has a better resolved approach to Garden Street and in our view forms an attractive frontage to Melton Road with the schemes courtyard design. Each scheme has its merits and the selection will, to some extent, depend on the demand for the property types in Thurmaston. The Council team are reviewing demand.

**ASSUMPTIONS**

ARK utilises an industry standard appraisal tool “Proval” to undertake viability appraisals.

ARK has utilised a benchmarked set of standard assumptions relating to interest rates, borrowing costs, management and maintenance costs and other assumptions to create the appraisals. These assumptions will be refined to mirror the Council’s HRA assumptions once the scheme option is selected.

We have used

- The Readings 8 March valuation
- Council social rents
- Build costs £2,300m2 for houses and £2,500m2 construction cost for flats and bungalows plus 5% contingency

**NEXT STEPS**

The Council will select the preferred option, once this is established the team will arrange the surveys required to complete the detailed design of the scheme.

Present the proposed option to Homes England for comment and to ascertain the likelihood of grant being available to support the scheme.