

*West Lancashire Borough Council  
Housing and Regeneration Division*



# Beechtrees Flats Option Appraisal

2013/14

Appendix C  
Option 2

Analysis and  
costings

“To be a top performing  
landlord within an  
economically vibrant  
West Lancs”

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# 1 Introduction.

The purpose of this option is to consider a refurbishment scheme which would present a cost saving over the full scheme and direct the investment to the most effective areas.

**Option 2** is based on retaining the 6 detached blocks and refurbishing them as described in option 1, demolishing 3 of the attached blocks and bringing the other two blocks up to standard by inclusion in ongoing maintenance programmes. The map below shows the location of the blocks.



The blocks that would be demolished under this option are among the most dilapidated in appearance. They have suffered vandalism and damage partially due to their location directly along the footpath leading through the estate. They are in an area of very high density of housing. All but 2 of the garages incorporated into the ground floors of these blocks are disused and blocked up. There are no alternative uses for the garages as they form the whole ground floor of the blocks apart from the stairwell.

The outcome of refurbishing these flats would produce a far less attractive finished product than the detached blocks due to the lack of scope for landscaping around the external areas. The houses directly adjacent to these flats are council owned. The gables of these houses would need to be made good after demolition.

The remaining 2 attached blocks are away from the main body of the flats. They are of the same design as the other attached blocks but the garages on the ground floor are still usable and all but one are currently occupied. Due to their location, demolition and redevelopment of the site would not be possible without obstructing access in the area and the houses immediately adjoining the flats are owner occupied.

These 2 blocks could be upgraded in line with other council properties in the area by replacing the windows and UPVC cladding to match the surrounding properties and installing gas central heating. They could also be included in the ongoing kitchen and bathroom replacement plan but the external render and landscaping would be omitted. This would allow some cost savings on the overall project but also greatly improve the quality of the flats and retain the general appearance of the area as it is. There is a leaseholder in one of the blocks so demolition would require buying back the lease.

Design and specification for the refurbishment scheme for the detached blocks would be as detailed in option 1.

## 2 Summary and scope of works.

The work to be carried out to the 6no detached blocks would comprise briefly of:

- Removing and replacing the external render finish and upgrading the insulation to meet current building regulations. This will also necessitate replacement of the rainwater goods and fascias.
- Replacement of the existing single glazed windows with new double glazed windows to current regulations.
- Refurbishment of communal internal areas and replacement of finishes with minor layout alterations.
- Full external landscaping to the areas immediately adjacent to the flats including installation of new facilities and boundary treatments.
- Installation of gas mains and replacement of existing electric heating and hot water systems with full gas central heating.
- Replacement of kitchens and Bathrooms.
- Replacement of existing, non compliant flat entrance doors with fully compliant fire rated doors.
- Replacement of communal doors and entry systems.
- Conversion of remaining bedsits to flats using integral garages.
- Internal refurbishment of finishes including internal doors, woodwork, plasterwork and decoration.
- Removal of all asbestos containing elements

The work to the 2no attached blocks to be partially refurbished would comprise briefly of:

- Replacement of the existing single glazed windows with new double glazed windows to current regulations including replacement of UPVC cladding to protruding bays.
- Replacement of kitchens and Bathrooms.
- Replacement of existing, non compliant flat entrance doors with fully compliant fire rated doors.

The three remaining attached blocks would be demolished with the gable walls to the adjoined houses rebuilt in blockwork and render.

Below is a table summarising the available lettable units and associated costs for option 2. The costs are detailed and broken down in the following chapter.

<b>Description</b>	<b>Existing</b>	<b>Option 2</b>
<b>Total number of lettable units</b>	54	43
<b>1 Bedroom Dwellings</b>	19	7
<b>2 Bedroom Dwellings</b>	27	36
<b>Bedsits</b>	8	0
<b>Useable garages integrated in flats</b>	25	9
<b>Occupied garages at time of report</b>	13	9
<b>Overall scheme cost</b>	N/A	<b>£1,759,847.17</b>
<b>Cost per remaining unit</b>	N/A	<b>£40,926.68</b>

### 3 Projected costs.

The projected costs for option 2 have been calculated using the same assumptions and figures as used in option 1. The cost per block for the refurbishment specified by the Architect was calculated using the overall build costs included in appendix B chapter 9.

To determine the refurbishment costs per block, the overall figure including overheads and contingencies but with all landscaping costs removed was simply divided by the number of blocks.

The landscaping works are almost all concentrated around the detached blocks as there are few outside spaces around the detached blocks. For this reason an estimation of 88% of the total landscaping costs identified by the architect has been used.

The costs for the demolition of the three attached blocks was based on the Architects feasibility cost plan for the new build options, which is included in Appendix D. The figure includes disconnection and removal of mains services, making good to adjoining gables, demolition of the blocks and disposal of all materials. An allowance for removal and disposal of asbestos containing materials prior to demolition has also been included. The figure has been reduced from the one included in the cost plan as the area for demolition of the 3 attached blocks was overestimated and has been adjusted accordingly.

This option assumes that the tenants and leaseholder from the flats to be refurbished or demolished would be displaced while the tenants and leaseholder in the 2 blocks to be partially refurbished would remain.

The costs for this would involve decanting 47 tenants and one leaseholder. Using the same assumptions used in option 1, 42 of the tenants would be eligible for home loss payments. This assumes an average of 3 void properties at any given time and 2 tenants who would not be eligible for home loss payments.

The cost per property would be as described in option 1, £5,170 per property for home loss payments including legal and admin charges, and £42,500 for purchase of the lease and displacement of the leaseholder.

Therefore the costs would be:

**£259,640.00**

The table overleaf shows the breakdown of the costs associated for this option.

<b>DESCRIPTION</b>	<b>UNIT COST</b>	<b>NO OF UNITS</b>	<b>TOTAL</b>
Refurbishment costs covered by Architect's work. Detailed in option 1 per block	£91,359.73	6	£548,158.36
Professional fees associated with above work (set at 8% of construction costs)	£43,852.67	1	£43,852.67
Landscaping costs	£64,164.32	1	£64,164.32
Conversion of bedsits and garages into flats. Detailed in option 1	£12,571.35	8	£100,570.80
Kitchen replacement cost based on medium kitchen in current replacement programme	£3,100.00	43	£133,300.00
Bathroom replacement cost based on current replacement scheme budget cost.	£1,875.00	43	£80,625.00
Central heating installation including new gas main.	£4,068.14	43	£174,930.02
Replacement of communal entrance doors, front and back including new door entry systems to detached blocks	£3,600.00	6	£21,600.00
Replacement of internal flat entrance doors complete to current fire regulations	£600.00	44	£26,400.00
Replacement of windows to attached flat blocks including UPVC cladding	£7500.00	2	£15,000.00
Demolition costs complete including making good and disconnection of services.	£86,766.00	1	£86,766.00
Costs for decanting of tenants to blocks to be demolished or undergo major refurbishment	£259,640.00	1	£259,640.00
Cost for internal decoration and repairs to 2 bed flat as detailed in option 1	£5,690.00	36	£204,840.00
<b>GRAND TOTAL</b>			<b>£1,759,847.17</b>
<b>Average cost per unit</b>			<b>£40,926.68</b>

## Repayment period

A cash flow analysis has been carried out on the project based on the following assumptions:

The cost of the initial investment £1,759,847.17

Rate of inflation 3.2%

Annual management and Repair Cost per property £1,536

Starting rent for 2 bedroom flat £80.00

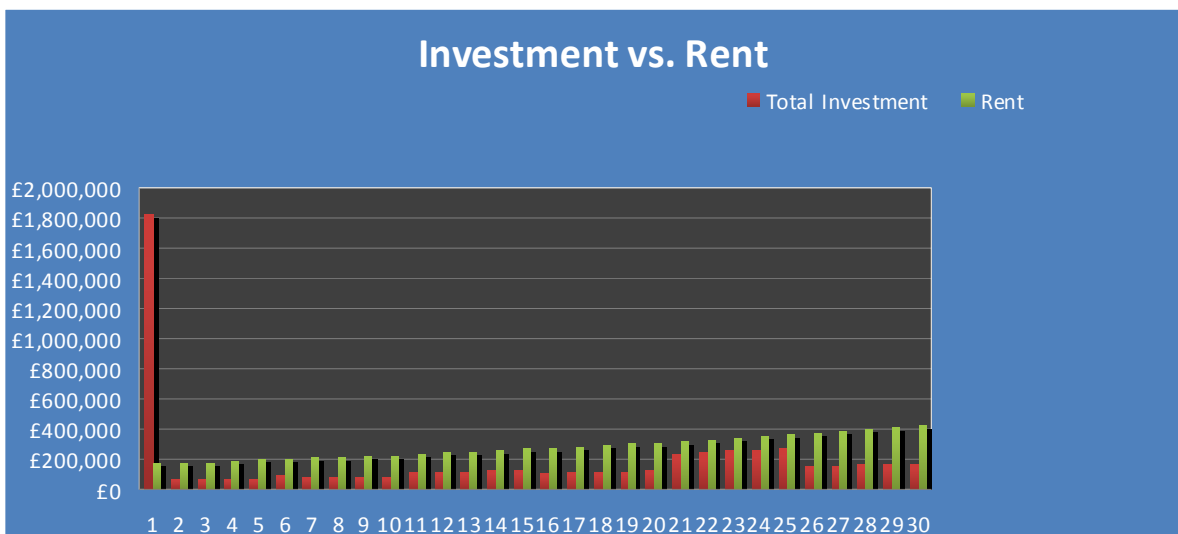
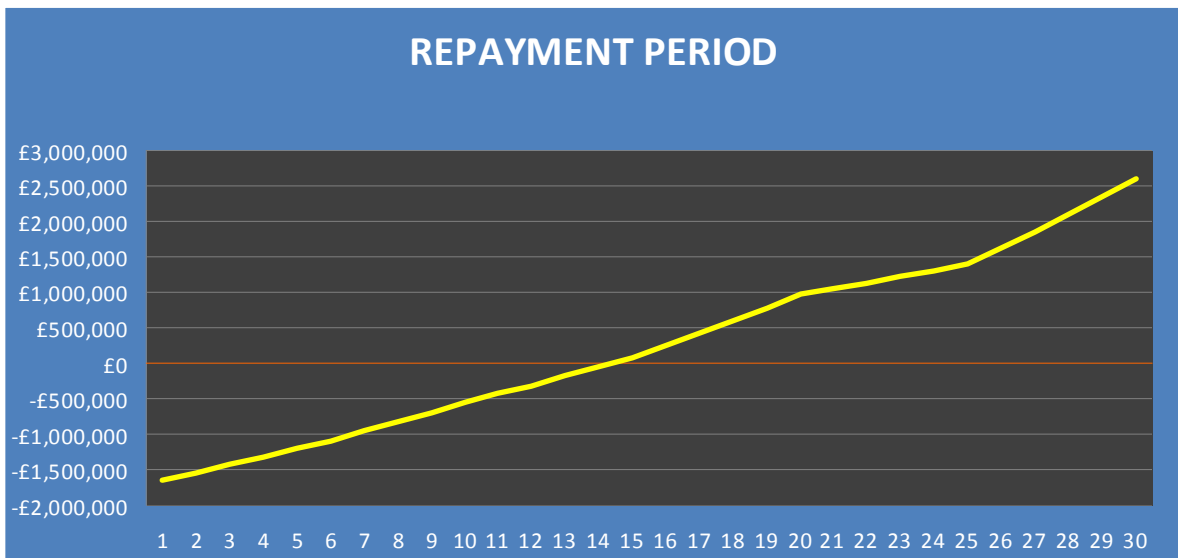
Starting rent for 1 bedroom flat £71.77

The second and third cycle renewals have been accounted for over the 30 years for Kitchens, Bathrooms, Boilers, Heating distribution, Communal doors and Communal Decoration.

Assumed void periods per year of 3 properties at 2 weeks each.

Costs are based on 43 remaining properties

This produces the following graph which displays a cost neutral point of between years 14 and 15.





## 4 Outcome

- The cost of this possible proposal could be £1.76m
- This potential option could payback, that is become cost neutral, in between 14 and 15 years
- This will result in 36 full refurbished flats and 7 partially refurbished flats.
- This option will dispose of 3 of the most unattractive blocks leaving un-utilised land.
- There should be a reduction in the maintenance cost as most elements of the dwellings will be new.
- The total rentable stock would decrease by 11 dwellings.
- One leaseholder would require buying back.
- 2 attached blocks of flats would remain with minor refurbishment.