



# Beechtrees Flats Option Appraisal

2013/14

Appendix E

Option 4

Analysis and  
costings

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

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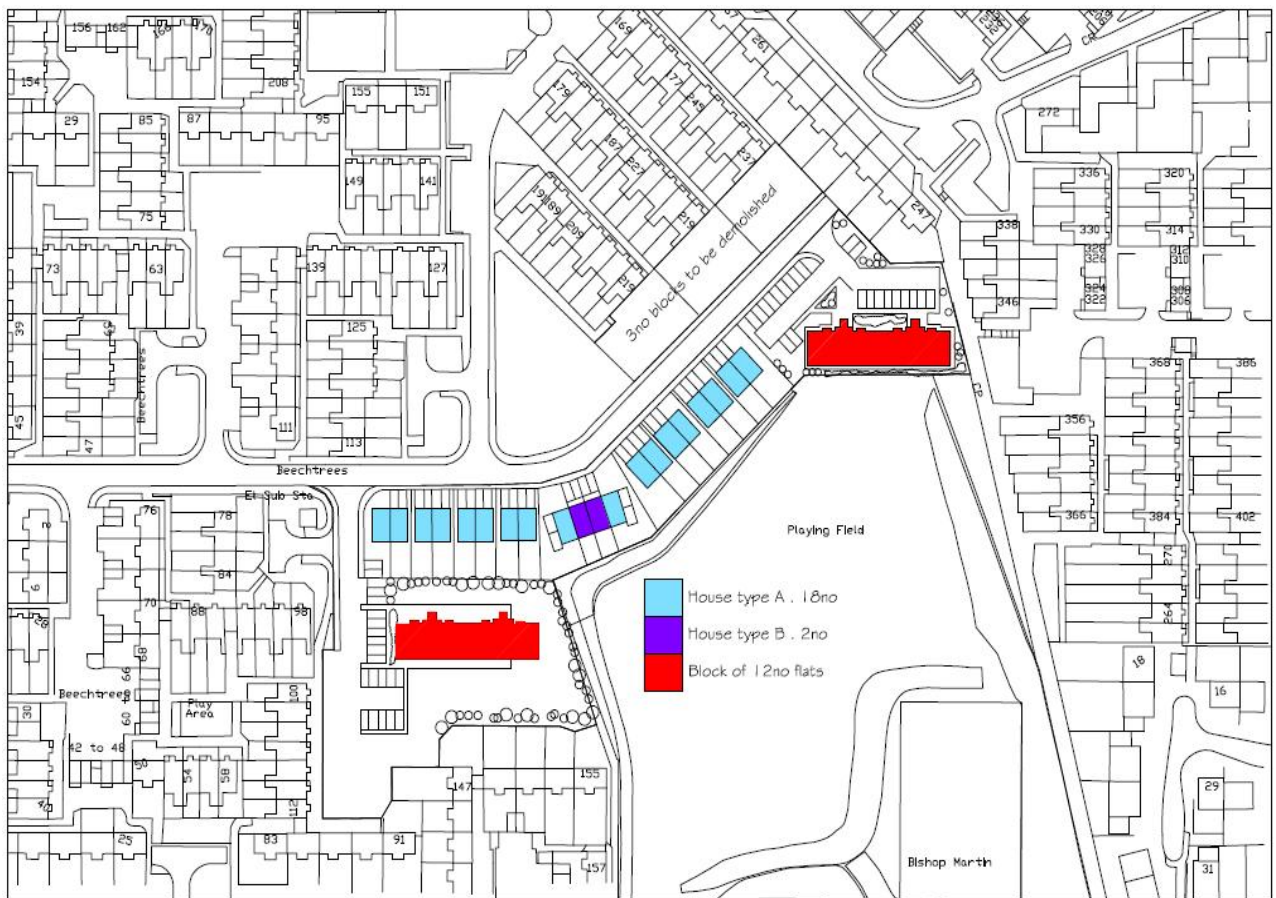
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# 1 Introduction

This report will deal with option 4 or the demolition and rebuild scenario.

This Option 4 consists of the demolition of nine blocks containing 48 flats and a short terrace of five houses, the subsequent cleared site would be followed by a potential redevelopment of the land, comprising approximately 44 new dwellings with a mix of houses and flats. In addition, the remaining 8 flats (including one leaseholder) would be partially refurbished to bring them up to the standard of other council properties in the area.

Below is a site plan showing a possible layout for this scheme.



## 2 Summary and scope of works.

The refurbishment work to be carried out would comprise briefly of:

- Partial refurbishment of 2no attached blocks in line with other council properties in the area
- Demolition of 3no blocks of 4 single bedroom flats each and clearing of site including making good to adjoining gables

The newbuild element of the work would comprise briefly of:

- Demolition of 6no blocks of flats and 5no houses and clearing of site.
- Construction of 20no new semi detached and terraced houses, nominally 2 bedroom, each with front and rear gardens and 2no off road parking spaces within the curtilage of the property
- Construction of 2no 3 storey blocks, each of 12 flats and landscaping to the surrounding areas

<b>Description</b>	<b>Existing</b>	<b>Option 4</b>
<b>Total number of lettable units</b>	59	51
<b>1 Bedroom Dwellings</b>	19	7
<b>2 Bedroom Dwellings</b>	27	44
<b>Existing Houses</b>	5	0
<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>£4,271,361.00</b>
<b>Cost per remaining unit</b>	N/A	<b>£83,752.17</b>

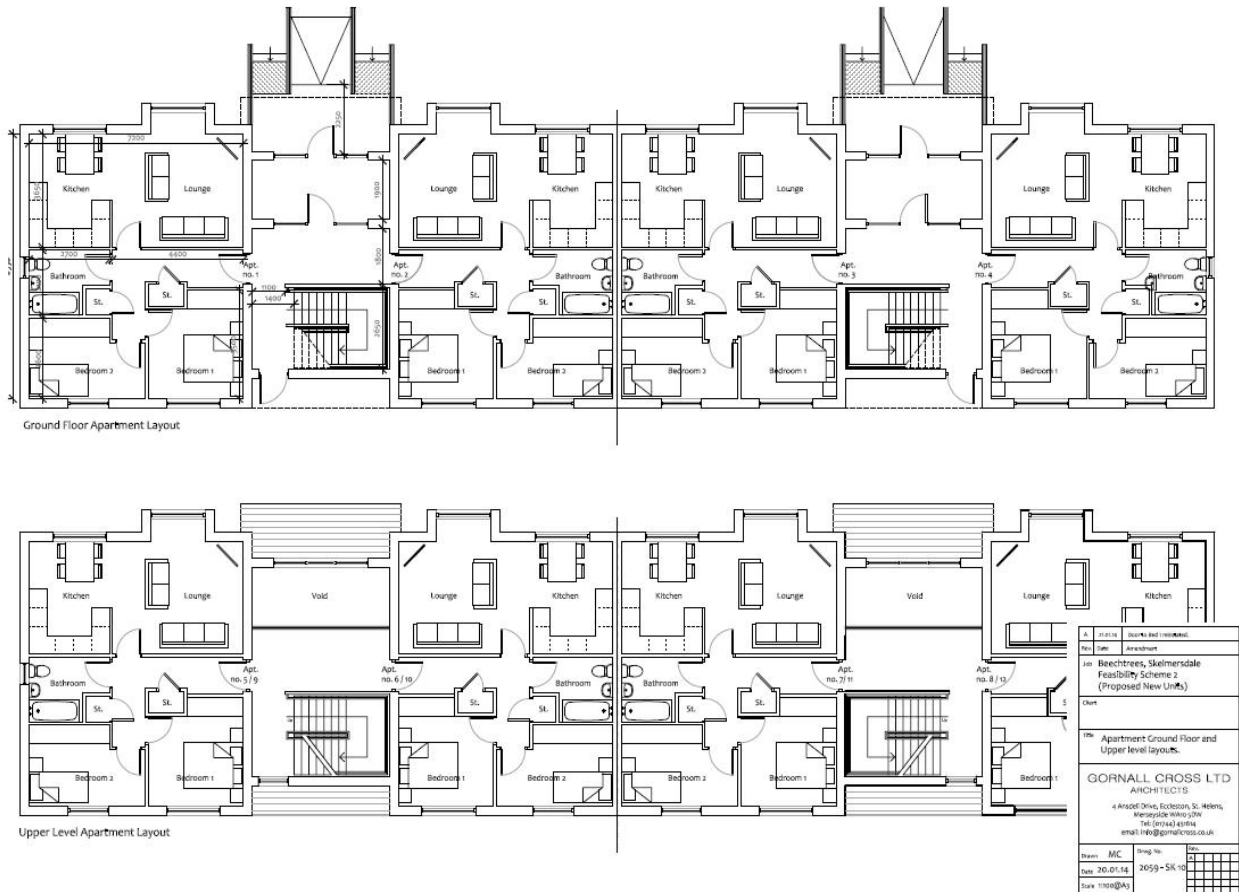
### 3 Proposed designs.

The proposed designs for option 4 utilise the same methodology and house design as used in option 3 with house types A and B. The layout as shown in chapter 1 consists of 8 pairs of semi detached houses and one row of 4 terraced houses. Below is an artists impression of how the scheme may look if this option is adopted



Each house has 2 off road parking spaces and a generous garden area.

The flats are designed as 3 storey blocks, each with 2 main entrances. Below are the proposed floor plans for the flats.



All flats have the same floor plan although the plan could easily be altered to form one bedroom flats where required.

Each flat incorporates a large open plan living room kitchen area with an attractive bay window area with a Juliet balcony to the upper floors. The bedrooms are of a generous size with good amounts of storage space.

The communal areas include an attractive triple height space immediately inside the main entrance doors which incorporates large windows to allow plenty of natural light into the communal areas. The approaches to the communal doors are ramped for access and have canopies over.

The external appearance of the flats is very different from the previous blocks but complements the style of other elements of the scheme. The protruding bays along with the accent colours and undulating roofline break up the front elevation and present a departure from the monolithic facades of the previous blocks.



Front Elevation



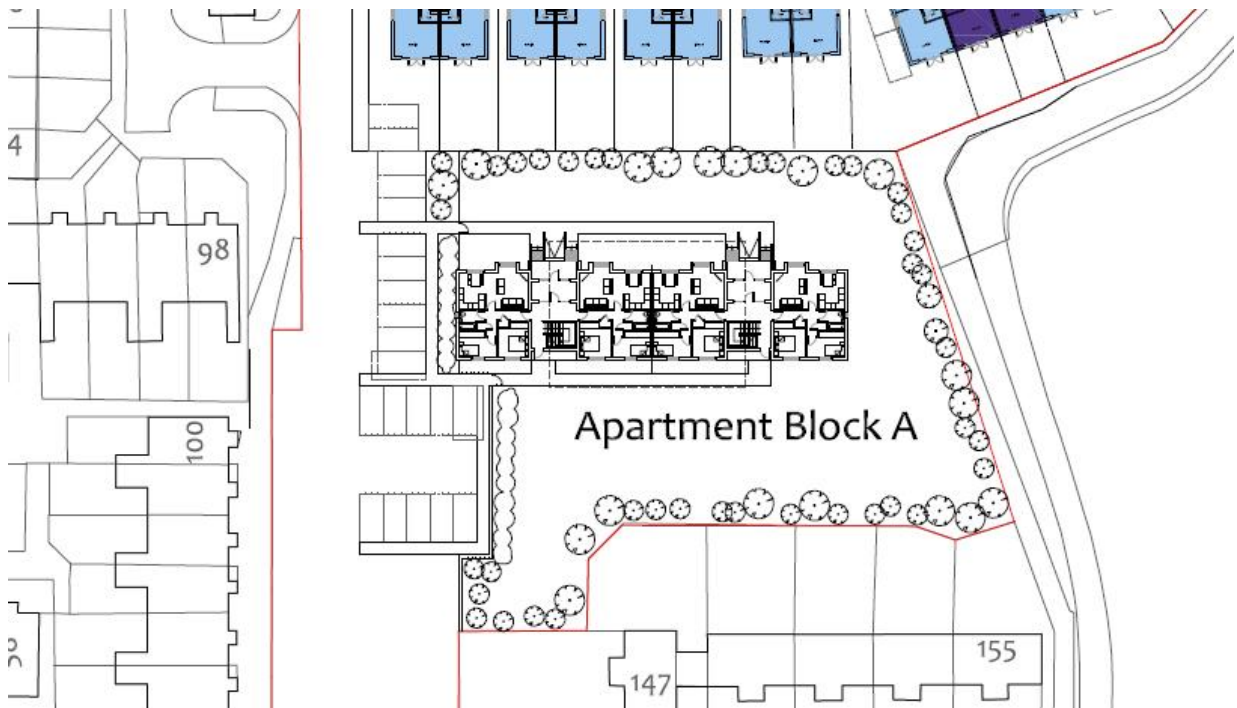
Rear Elevation

Side Elevation

Side Elevation

Rev	Date	Description
1		Beechtree, Skelmersdale Feasibility Scheme 2 (Proposed New Units)
Client		
Apartment Ground Floor and Upper level layouts.		
<b>GORNALL CROSS LTD</b> ARCHITECTS 4 Ansdal Drive, Edinboro, Skelmersdale, Warrington WA2 2PW Tel: (01256) 45464 email: gornallcross@btinternet.com		
Drawn	MC	Prog No.
Date	20.01.14	2059-SK 11
Scale	1:100	
Scale	(ft)	

The external areas around the apartments would be landscaped which would not only improve the appearance of the area but also create a partition between the flats and the new houses situated in front of them. Below is an example of a possible layout and parking arrangements of the block towards the south of the site



The exact layout and number of parking spaces needed would be finalised when the details of the scheme were confirmed. Raised planting beds at the edges of parking areas would provide a barrier between pedestrian and vehicle areas.

Below is an example of a possible layout and parking arrangements for the block towards the north of the site.





## 4 Projected costs

**This section shows the breakdown of the costs for the demolition and rebuilding of a possible scheme of flats and houses.**

In this Option it is proposed that all 48 flats in the 9 blocks and a single terrace of 5 houses be demolished, and rebuilt with a potential new development of around 44 dwellings on the cleared site. In addition, the two remaining blocks would be partially refurbished to bring them up to the standard of other council properties in the area as with options 2 and 3.

The possible new development may consist of 20 semi detached mews style houses and two detached purpose built blocks of flats containing a total of twelve flats each.

Fortunately for this possible scheme, there is only one lease holder property within the flats to be demolished. This property would require the lease buying back from the owner, and it would probably also incur costs for Home Loss, Disturbance and Legal Fees to allow the block to be demolished.

The costs for the demolition of the three attached blocks was based on the rates in the Architect's feasibility cost plan which is included as chapter 4 of appendix D.

The figures used are from the section identified in the cost plan. The unit cost for the newbuild houses has been calculated using the same assumptions as option 3. The number of units included in this section of the cost plan was 34 so this is the figures used to calculate the unit cost although 20 units are included in this option.

<b>Description</b>	<b>Quantity</b>	<b>Overall cost</b>	<b>Unit cost</b>
New Housing Units; Substructure	34	382,905	11,261.91
New Housing Units; Superstructure	34	1,322,082	38,884.76
Housing external works	34	258,105	7,591.32
Housing Services connections	34	115,810	3,406.18
Prelims and OHP	34	284,512	8,368.00
Professional fees @8%	1		5,560.98
<b>Total cost per unit</b>			<b>75,073.15</b>

The unit cost differs slightly from the one used in option 3 as the schemes were separated in the cost plan to allow them to be more site specific.

The following table shows the figures used to calculate the unit cost for the construction of the new apartment blocks.

Description	Quantity	Overall cost	Unit cost
Apartments: Substructure	24	214,500	8,937.50
Apartments: Superstructure	24	1,059,956	44,164.83
Apartments: external works	24	250,100	10,420.83
Apartments: Services connections	24	154,900	6,454.17
Prelims and OHP	24	284,512	11,854.67
Professional fees @8%	1		6,546.56
<b>Total cost per unit</b>			<b>88,378.56</b>

### Cost breakdown for possible Demolition and NewBuild proposal.

Using the rates calculated above, the following estimation was produced for option 4

Property type	Quantity	Unit Cost	Total
Demolition costs	1	£280,220	£280,220
Semi detached mews house	20	£75,073	£1,501,463
2 bed flat	24	£88,379	£2,121,085
Buy back of leasehold property, including for disturbance home loss and legal fees	1	£42,500	£42,500
Home loss payment including admin fees	47	£5,170	£242,990
Partial Refurbishment of 2 attached Blocks	1	£83,102	£83,102
		<b>Total Basic Cost</b>	<b>£4,271,361</b>

The figure of £42,500 for the buying back of the lease from the leaseholder was provided by the Development section and is a predicted value only, which could go up or down from this level depending upon the market value at the time of sale. As demonstrated in Table 1 above, it can be seen that the potential demolition and rebuilding cost would be £4.27m, depending upon the level and quality of specified materials, fixtures and fitting within the potential properties.

The value of £5,170 for the home loss payment has had a 10% cost uplift to account for administration fees. This payment is only eligible to be paid to tenants that have been in residence in the property for a minimum of 12 months.

This equates to a refurbishment cost of £83,752.17 per dwelling dependent upon the quality of the fixtures and fittings.

A cash flow analysis has been carried out on the possible scheme based upon the following assumptions;

Initial cost of investment using the basic quality scheme cost of £4,271,361 or £83,752.17 per dwelling.

Rate of inflation 3.2%

Annual management and Repair cost per dwelling £1,436

Starting rent for 2 bedroom house £84.16

Starting rent for 2 bedroom flat £80.00

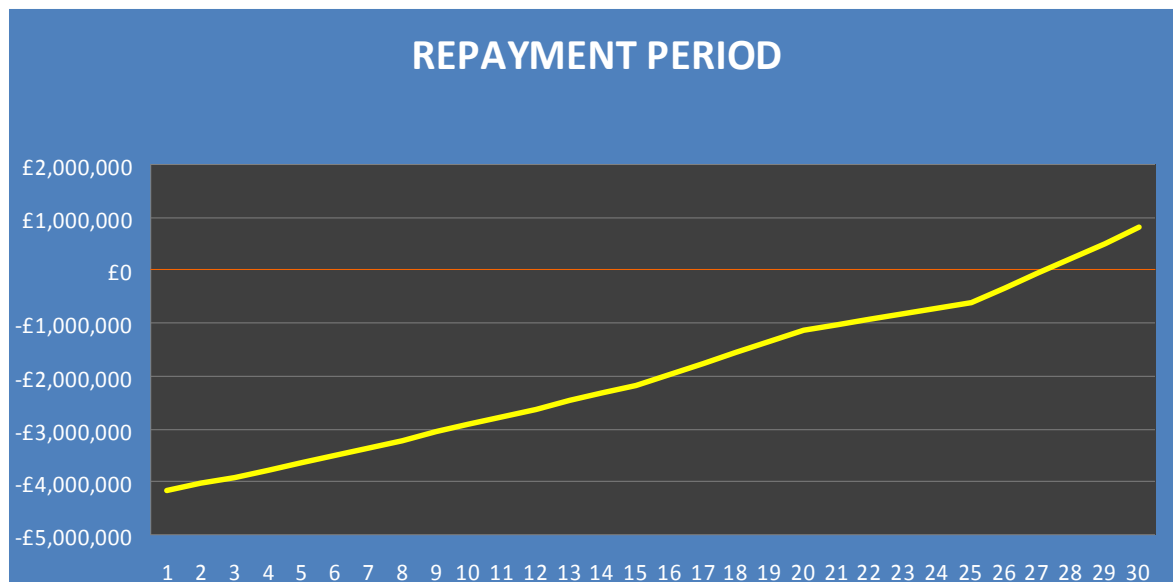
Starting rent for 1 bedroom flat £71.77

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

An assumed number of void periods per year of 3 properties at 2 weeks each.

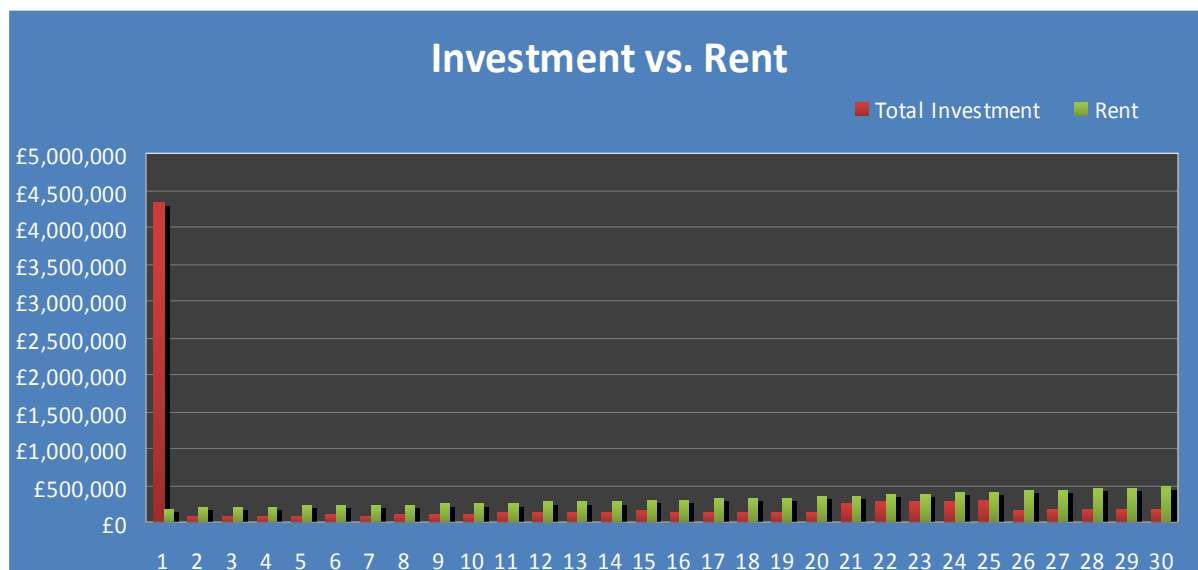
This could produce the following graph.

GRAPH 1 payback period for Option 4



As can be seen in the above graph 1 the displayed cost neutral point is between years 27 and 28.

GRAPH 2 Income against Expenditure for Option 4



As can be seen in Graph 2 the rental income exceeds the expenditure by a small amount in every year except the first, which contains the substantial primary capital investment.

Even though this option is losing 52 lettable dwellings, it would benefit from the New Homes Bonus on the 44 new build dwellings. This bonus is likely to be around £350 per dwelling per year, and is payable over a 6 year period.

## 5 Outcome

- The cost of this possible proposal could be £4.27m
- This potential option could payback, that is become cost neutral, in between 27 and 28 years
- We acquire 44 brand new thermally efficient dwellings.
- There should be a reduction in the maintenance cost as all elements of the dwelling are new.
- The total rentable stock would reduce by 8 dwellings.
- One lease would require buying back.
- Under-utilised land would remain where the attached blocks of flats were demolished.
- This option will leave little remaining capital to address problems with similar flats.