

# CLAY PARK – CHANGES TO THE SCHEME

Last summer, our contractor costed the Clay Park scheme, which came in massively over budget. We had to undertake a huge value engineering (cost cutting) exercise to reduce the costs, resulting in some significant changes to the materials and design (please see the *Value Engineering* poster).

In spite of this, the scheme is still over budget by around £630,000. Since October we have been exploring a range of scenarios to solve this, including looking into grant funding, talking to our funders and SHDC, and modelling different housing mix scenarios including looking at self-build plots.

## Scenarios

1. Build some additional market units to generate £630,000 profit.
2. Become a 'Registered Provider' (regulated provider of social housing, like a housing association) in order to receive grant for the affordable rental units.

*We are currently planning to pursue both options* in order that we have a backup, or in case it becomes apparent that one option isn't viable.

There is some uncertainty around how long it will take to get through planning or register to be an RP, but for either scenario our draft programme shows construction starting in March 2021 (and completing 21 months later).

## 1. NEW PLANS – ADDITIONAL HOUSES

Our first option is to add some additional market homes (for sale) to generate enough profit to cover the shortfall.

Initial modelling shows we'll need 6-8 new homes. This means a new planning application. We are trying to minimise the impact of the homes by adding them on to the existing terraces, rather than building new terraces further up the site. Please see the current and proposed site plans.

### Current housing mix

Current mix	Affordable rental	Shared ownership	Open market	Total
Studio	4	0	0	4
One bedroom	4	0	0	4
Two bedroom	2	6	2	10
Three bedroom	1	4	4	9
Four bedroom		2	2	4
<b>Total</b>	<b>11</b>	<b>12</b>	<b>8</b>	<b>31</b>

### Provisional\* housing mix (assuming 7 additional houses)

Proposed mix	Affordable rental	Shared ownership	Open market	Total
Studio	4	0	0	4
One bedroom	4	0	0	4
Two bedroom	2	6	5	13
Three bedroom	1	4	6	11
Four bedroom		2	4	6
<b>Total</b>	<b>11</b>	<b>12</b>	<b>15</b>	<b>38</b>

\*The housing mix will be agreed with South Hams District Council based on future housing need (Strategic Housing Market Needs Assessment) and what is needed for us to have a financially viable scheme. The preference would be to have a greater proportion of smaller (1, 2, 3 bed) units and fewer 4 bed houses.

## 2. REGISTERED PROVIDER APPLICATION

A Registered Provider (RP) of social housing (or Registered Social Landlord) is registered with the Regulator of Social Housing (formerly part of the Homes & Communities Agency), a public body sponsored by the Ministry of Housing, Communities and Local Government to “promote a viable, efficient and well-governed social housing sector”. Most Registered Providers are housing associations, and there are benefits and potential compromises to registering.

A Registered Provider can apply for grant funding from Homes England for rental housing (we currently have funding from them for shared ownership housing but can't apply for rental) and this is a key motivator for some CLTs to become RPs. Being approved as an RP also demonstrates that you are a well governed organisation with a solid long term business plan, and can help with securing debt finance.

Once registered, you have to comply with a number of regulations, including new government legislation, which might affect how you operate or the assumptions used in your financial projections. There is a tension between being a grassroots community group, and becoming a regulated organisation.

This isn't a decision we are taking lightly, but additional grant for the rental units could solve the £650,000 shortfall, and mean we could build the scheme with its current planning permission, without the need for more houses. Further financial modelling is needed to see if this is viable, and we would then need to apply successfully both for RP status and for grant funding (the two go hand in hand).