



**SOUTH  
KESTEVEN  
DISTRICT  
COUNCIL**

# Companies Committee

2 November 2021

Report of: Gravitas Housing Ltd



## Gravitas Housing Limited

This report provides an update with respect to the Wherry's Lane Bourne development project.

### Report Author

Richard Wyles, Director Gravitas Housing Ltd



01476 406210



r.wyles@southkesteven.gov.uk

Corporate Priority:	Decision type:	Wards:
Well Performing Council	Administrative	All Wards

Approved by:	Richard Wyles, Director Gravitas Housing Ltd	21 October 2021
Signed off by:	Kelham Cooke, Director Gravitas Housing Ltd	22 October 2021

### Recommendation (s) to the decision maker (s)

1. **Companies Committee is asked to note the update on the Wherry's Lane Bourne Development.**

## Background to the Report

- 1.1 Members are reminded that Gravitas Housing Limited is a wholly Council owned company limited by shares that was incorporated on 30 January 2017 in order to deliver quality new housing in the District. To date one scheme at Wherry's Lane Bourne has been approved by the shareholders (the Council) and financing for this scheme was approved by Council on 2 March 2017. The Business Plan that set out the delivery plan for the Wherry's Lane development and covered the period 2017 – 2021 was approved by the Shareholder Committee on 9 January 2017. The vision was agreed as '*To develop and manage quality homes in the district supported by responsive and customer focused services that customers' value*'.
- 1.2 There are a number of positive outcomes arising from the development including:
- Regeneration of a town centre brownfield site
  - Creation of 25 town centre homes for in-town living
  - Council tax and New Homes Bonus receipts arising from the development

### Current Update

- 1.3 In January 2020 Gravitas Housing Ltd completed a 25-unit development in Bourne. The development provides five town houses and twenty apartments across 2 blocks. The marketing of the available units is with Pygott and Crone who are working exclusively with Gravitas Housing to sell the remaining units.
- 1.4 The affordable housing provision has been met with off-site commuted sums and these are being delivered as part of the HRA development new build programme. There are also 4 units at the development that are subject to discounted market sales (i.e. 80% of market price) to fulfil the s106 requirements under the Government's Help to Buy initiative.
- 1.5 At the time of compiling the report the following position can be confirmed:

	Apartments	Townhouses
Originally available	20	5
Sold	10	0
Reserved	7	0
Remaining	3	5

- 1.6 It has been reported previously that the townhouses are proving the most challenging to dispose of. Following a meeting with Pygott and Crone it was agreed that the valuations would be reviewed and updated accordingly. Following this review the valuations for the town houses have been reduced by a range of £17.5k to £25k per property. This has reduced the overall sale projection of the town houses by £100k which will affect the overall profitability of the project. This has been updated in the projected profit and loss account. However, since the reduced valuations have been advertised there has been renewed interest in the available properties with seven viewings already having taken place with a number scheduled for the forthcoming period.
- 1.7 The Council has a commercial loan in place with Gravitas to the value of £1.9m at a commercial interest rate which attracted an overall interest charge of £178k. However in order to reduce this charge, Gravitas has taken the decision to make a part repayment of

£900k and this has reduced the interest payable by £24k. This has had a positive impact on the overall scheme costs and reduced the scheme loss accordingly. This is shown at Appendix A.

## **Consultation and Feedback Received, Including Overview and Scrutiny**

2.1 None.

### **Available Options Considered**

3.1 These are set out in the report.

### **Preferred Option**

4.1 This is set out in the report.

### **Reasons for the Recommendation (s)**

5.1 The current Business Plan is still valid as it focuses on the delivery of the Wherry's Lane project. This report sets out the progress being made.

### **Appendices**

6.1 Appendix 1 – Projected Profit and Loss for Wherry's Lane development