

Appendix 2

NEW HOUSING BY THE COUNCIL : OUR APPROACH TO DEVELOPMENT – MARCH 2017

INTRODUCTION

More housing of all types is needed in Cambridge if the city is to continue to grow for the benefit of all residents. This is reflected in the Council's vision and annual statements' extracts of which are set out below.

This paper explains what the Council is doing directly itself to provide new housing and provides a 'development framework' describing how it will go about it.

The Council's housing vision is for Cambridge to be a City where:

- The housing market functions effectively, providing homes which are as affordable as possible; to meet the needs of residents and support the local economy.
- There is a wide and varied choice of good quality, sustainable homes of different sizes, types and tenures, to meet the needs of a wide range of different households.
- Homes are located in high quality sustainable environments, served by jobs & neighbourhood facilities, appropriate green space, effective transport links, and other necessary infrastructure.
- Everyone has access to a suitable home, and residents are able to live as healthily, safely, independently as possible.
- People from all walks of life live in harmony, within mixed and balanced communities; and homes and communities continue to meet the needs of residents into the future.
- We have strong relationships with residents, developers and partners that enable us to deliver housing and services effectively, and to innovate where appropriate.

The relevant strategic aims of the Interim Housing Strategy Statement are:

- Work with stakeholders to accelerate the delivery of housing and infrastructure in and around Cambridge as set out in the Greater Cambridge City Deal and Cambridgeshire & Peterborough Devolution Deal.
- Provide, and promote provision of, good quality, energy and water efficient homes, in high quality, sustainable environments, alongside appropriate infrastructure.
- Ensure that new homes: are as affordable as possible; are available in a range of sizes, types and tenures, to meet a range of needs; and can support mixed, balanced and sustainable communities.
- Make the best use of council land to maximise the supply of housing for those who cannot afford to access the private market

1. WHY DO WE HAVE A NEW HOUSE-BUILDING PROGRAMME?

The Council is the main provider of housing in Cambridge.

In this context the aims of the Council in providing new housing itself are as follows;

1. Provide additional social housing to help meet the shortfall in Cambridge and to replace the loss of social housing through the Right to Buy.
2. Replace some of the Council's existing housing that no longer meets current day standards and is becoming less popular with residents.
3. Build new house types that will better meet the overall mix of social housing needed in the future.
4. Improve the energy efficiency of the Council's housing, reducing the cost of utility bills for residents and improving the environmental sustainability of the housing.

2. WHAT DO WE BUILD?

Mixed and Balanced Communities - mix of property type; size and tenure

The starting point to decide what to build is the Council's Affordable Housing Supplementary Planning Document (AHSPD) that indicates the mix of sizes of new Affordable Housing that is needed in the future. This draws on population and employment growth statistics captured in the Strategic Housing Market Assessment. The current AHSPD is waiting to be formally up-dated as part of the process to review the Local Plan however, the current revised draft provides the following as a starting point for any new development;

- No more than 20% one bedroom
- At least 40% two bedroom
- 30% three bedroom
- 10% four bedroom

Each site will be assessed in terms of the density of housing that is appropriate considering its location and surrounding land uses and therefore the numbers of new housing that could be accommodated. This assessment will also start to indicate whether a new development should be of flats or houses or a mixture of both or other property types.

An analysis of existing housing in the local area will also be undertaken as far as is possible to assess whether there is a shortfall of any particular type; size or tenure of housing or any particular local housing need that could be addressed through a new development.

When considering what to build, regard will be given to the current mix of housing for the Council and the extent it fits with longer term need projections. The Council currently manages a disproportionate number of one bedroom properties in relation to long term needs and has less three and four bedroom houses.

Together an analysis of these factors – indicative numbers; mix of sizes; property types; site specific factors; local needs; and longer term needs

– come together to form the brief to the architect as to what we should be building.

In view of the ageing population and the need to provide a better range of options attractive for older people release family housing, a percentage of the smaller properties will be provided for older people, or as other forms of specialist housing to meet the needs of disabled or vulnerable people.

Guidance provided in the national HAPPI report (Housing Our Ageing Population: Panel for Innovation, DCLG, Dec 2009) will be considered in respect of new housing for older people.

Housing Standards

All new housing for the Council will meet the following key standards;

- As a minimum standards required by planning policy
- Across the Council's new build programme, as a minimum 2% of new housing will be to fully wheelchair accessible standards. In line with draft planning policy, in developments over 20 homes 5% will meet Wheelchair Housing Design Standards or be able to be easily adaptable to meet Wheelchair Housing Design Standards.

Regard will be had to the following documents:

Habinteg – Wheelchair Housing Design Guide (2006)

Habinteg - Mind the Step: An estimation of housing need among wheelchair users in England (2010)

- Including the above up to 10% of the Council's new build programme will be other forms of specialist or supported housing, for example for people with medium to severe multiple disabilities, provided there is evidence of the need and a commitment to fund and care and support from County and/or health agency partners.
- Where housing for older people is to be provided, the former Homes and Communities Agency standards for housing for older people will apply as a minimum which amongst other things

requires higher space and accessibility standards than general housing.

The Council has produced the 'Cambridge Housing Sustainable Design Guide'. The objective of the Guide is captured in the following text.

“The quality of new housing can play a significant role in helping residents out of fuel and water poverty, improving their health and wellbeing, as well as contributing to sustainable development and addressing the issue of affordability of housing in Cambridge. High quality development also contributes to place making, continuing the tradition of high quality architecture in Cambridge. The Cambridge Sustainable Housing Design Guide looks to promote the delivery of high quality new development, seeking to:

- 1) Address issues such as fuel and water poverty amongst our residents;*
- 2) Build homes that have a positive impact on the health and wellbeing of our residents;*
- 3) Build homes that are designed and built to high design and sustainability standards;*
- 4) Ensure new homes are easy to maintain and are adaptable, both for residents and to future climate change.”*

The Guide has five principles for successful new housing as shown in the diagram below. These principles will be applied to all new developments.



The Council has a Construction Specification that sets the building requirements for all of its new housing to deliver sustainable new housing. The Specification is agreed with the Council’s Estates and Facilities Service that delivers the day-to-day repairs and planned maintenance service for Council residents. The Specification is continually reviewed as new schemes are designed and completed.

Redevelopment

Generally, where existing housing is being replaced small, mainly flats for one person, will be replaced with a range of one and two bedroom flats and two and three bedroom family houses. The type of new housing will also be planned to make sure it fits with the local community and adds to the range of housing available locally. Assuming each Council property has a useful life of 60 years, approximately 120 homes a year would need to be redeveloped and replaced if the Council’s stock is to remain current.

3. LOCATION OF NEW HOUSING FOR THE COUNCIL.

We will provide new housing for the Council on:

- Small in-fill sites in the Council's ownership.
- Garage sites in the Council's ownership where there is a low demand for the garages from local residents.
- Redevelopment sites in the Council's ownership where existing housing has become difficult to let or is no longer being let in line with its original purpose. Currently sites considered and brought forward for redevelopment contain housing that is well below current day standards and residents' expectations.

Subject to the availability of funding, new housing for the Council will also be provided on land held by the General Fund. In these instances the market value of the land for Affordable Housing will be payable. Similarly, the Council will work with other public authority landowners that may be looking to dispose of their land for new housing.

Also, subject to funding, the Council will work with developers and house-builders to provide Affordable Housing on section 106 planning sites and will negotiate the purchase of private land for new housing.

It is anticipated that most new housing for the Council will be developed within the City Council boundaries but sites outside of the city will be considered on a scheme by scheme basis.

4. WHEN DO WE BUILD?

The delivery of new housing can take at least three years and therefore the programme of schemes will be reviewed using one, three and five year timescales. A main factor that will influence when we build will be the availability of funding. This can change regularly often dependent on national housing policy.

Currently there are five sources of funding for new build by the Council;

- Devolution Housing Grant

- Capital grant from the Homes and Communities Agency and the Department of Communities and Local Government.
- Council borrowing
- Capital receipts from property sales under the Right to Buy
- Surpluses generated on the Council's Housing Revenue Account

These funding sources are explained in more detail in section 5 below.

The financial plans that underpin the new build programme will be detailed in General Fund and Housing Revenue Account Annual Budgets and Mid Year Reviews.

Rolling Programme - The Council will maintain a rolling programme of housing sites that it will consider for development, redevelopment or disposal. Progress on schemes in the Rolling Programme will be reported every year to the Housing Scrutiny Committee to ensure Members are kept up-to-date.

General Fund sites - These Council sites will not normally have any housing on them currently and will be considered and approved for development under a separate process with scrutiny by the Strategy and Resources Committee.

5. HOW DO WE BUILD AND HOW DO WE INVOLVE RESIDENTS?

The Housing Development and Approval Process

Generally the Housing Development Process has the following key stages.

Site Identification – Housing sites agreed for development for housing are shown in the Local Plan. The Local Plan is currently being reviewed and the new sites earmarked for future development will be subject to consultation as part of the Local Plan review process. Over time other sites may be identified as having the potential for development as housing. The Council owns sites that may fall into this category of

'windfall' sites. Council owned Housing Revenue Account sites that may have the potential to develop as housing will be included in the Rolling Programme.

Feasibility of site development – Once a site has been identified, its suitability for development for housing will be assessed. This entails a review of potential site constraints eg highway access; restrictions on legal title; planning constraints etc.

Financial viability of development – An outline sketch of a housing scheme that may be possible is then appraised in terms of its financial viability.

Once a site has been assessed as feasible and viable, approval of the Executive Councillor for Housing is required to proceed with the development and a budget is set. The Executive Councillor approval will be requested following a report to the Housing Scrutiny Committee. As mentioned above, any General Fund sites will be approved by the Executive Councillor for Finance and Resources following scrutiny by the Strategy and Resources Committee.

Detailed Design – A detailed design is then drawn up and a planning application is prepared.

Planning Approval – Once planning approval is given a final budget for the scheme can be assessed and a building contract signed.

Resident Involvement

The City Homes elected residents representatives will be formally consulted and kept up-to-date with the progress of the new Council build programme on at least a quarterly basis. The resident representatives will have an important role to play in commenting all aspects of new housing from property mix; design; quality of new housing etc. and generally to act as a voice for all current residents and prospective future residents.

Stage 1 : Rolling Programme - When a new site that contains existing housing is identified for appraisal for redevelopment the Executive

Councillor for Housing, Chair of the Housing Scrutiny Committee and the Opposition Spokespersons will be informed. Current residents will be advised as soon as possible in the appraisal process but at the very least four weeks prior to a scheme being submitted to committee for approval. It is always difficult to decide when and how best to inform existing residents at this stage. Generally the approach that will be taken is to invite residents to a meeting once an indicative scheme has been drawn up that has been assessed as feasible to develop. In this way, any anxieties amongst current residents are not raised unnecessarily before a proposal has been developed that residents have something 'concrete' to comment on. Residents will be invited to a first meeting by letter at least and the letter will include a named housing officer contact. Letters will be delivered by hand so that there is an opportunity to immediately discuss the redevelopment proposal.

Our aim in involving current residents is not only to explain the reasons why the Council is looking to redevelop their current homes, but also to explore with them their individual circumstances; connections with the local community; and future housing aspirations; and thereby see whether the rehousing needs of residents can best be met elsewhere or by returning to the new scheme, if this is possible.

Local Ward Members will be contacted immediately prior to communication with residents to alert them that they may therefore be approached by local residents and to invite them to the meeting. The Resident Representatives will be contacted in the same way.

Stage 2 : Scheme Approval - Once a scheme has been appraised for development and any current residents consulted, a report will be submitted to the Housing Scrutiny Committee and approval will be sought from the Executive Councillor for Housing to an indicative scheme in terms of property number, type and mix that can be progressed for planning approval and a budget for the scheme.

If the site does not have any existing housing immediate neighbours will be written to advise that the site is being considered for new housing in advance of the Committee. The views of existing residents and immediate neighbours will form part of the committee report.

Stage 3 : Post Approval - Once a scheme specific approval has been given for a new development current residents will have to be rehoused. In engaging with tenants and leaseholders who are being required to

move from their home, the Council's guiding principles for undertaking consultation of openness; accessibility and inclusiveness; and transparency and accountability will apply.

COMMITMENT TO RESIDENT INVOLVEMENT

The Council is committed to ensuring that there is the least possible disturbance to residents who are required to move from their homes.

For tenants:

- Support will be available for those in who need that support to organise the move.
- Tenants required to move will be consulted on the new scheme as it evolves and will be given priority to return to new housing that meets their needs provided there is sufficient new accommodation of the type required available. The Council's Lettings Policy will be used to determine a match between the household and property type and size.
- If a tenant does not wish to move back every effort will be made to re-house them in the area of their choice.
- Statutory 'Home Loss Payments' will be made to tenants as will reasonable 'Disturbance Payments' to the expenses involve in moving.

For leaseholders:

- When a leaseholder's property is to be redeveloped, and if they are not able to afford to buy a suitable alternative home on the open market, the Council will offer advice and assistance to secure shared ownership, equity share or another form of intermediate housing option in the city. Where the property is to be refurbished the leaseholder will be able to return to the property.
 - Home Loss Payment and Disturbance Payments are also payable to leaseholders however the legislation is different in respect of Home Loss Payment.
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The Council's aim will be to negotiate alternative accommodation with tenants and leaseholders who are required to move. If it is not possible to agree a move by negotiation the Council has at its disposal legal remedies to require a move. The remedies are different for tenants and leaseholders.

Further detail on how the Council will work with residents who are required to move are contained within the Home Loss Policy 2017.

Financial Viability and Benchmarking

The financial viability of a new housing scheme is assessed by considering the time it would take to repay any capital loan required to cover the cost of the scheme using the rents of the new housing after deducting day-to-day management and maintenance costs.

Generally the Affordable Housing sector uses 30 years as the period within which to repay any loan. The Council uses pay-back over 30 years as the benchmark when considering whether to proceed with a scheme or not.

The Council will monitor the overall financial viability of the programme of schemes that make up the new build programme. This will enable some schemes that provide a better than 30 year pay-back to balance some schemes that do not produce such a good return in financial terms but nevertheless generate other good outcomes such as the replacement of housing that no longer meets current day standards.

Funding

Generally there are five sources of funding for new Council new build.

a. Housing Devolution Grant (HDG)

This is the grant that has recently been negotiated as part of the Cambridgeshire and Peterborough Devolution Agreement. £70m has been agreed to be allocated to the City Council via the new Combined Authority to spend on the completion of 500 new Council homes. The money must be spent on schemes starting within a five year period

commencing April 2017. The intention is for the HDG to be topped up with approximately £20m Right to Buy receipts to pay for the 500 new homes.

b. Capital Grant from the Homes and Communities Agency (HCA) and the Department for Communities and Local Government (DCLG)

The Council has bid successfully in the past for capital grant to build new Council homes. Grants for new housing and infrastructure are also available from the DCLG. The HCA and DCLG grant programmes change to reflect national government policy. The current programmes in the main prioritise the promotion of home ownership and aim to stimulate the construction sector to build more homes. When relevant however, the Council will continue to apply for government grants to build new Council homes.

c. Capital receipts from property sales under the Right to Buy (RTB)

The Council is able to retain some of the money resulting from the sale of Council homes through the RTB programme. Specific conditions apply as follows;

- The Council can retain 25% of receipts from the first 10 to 17 sales each year (depending upon the year) and after allowable deductions. The rest is returned to the DCLG.
- The Council can retain 100% of receipts from sales over and above the 10 to 17 and can choose whether to spend the money for debt repayment or for capital purposes such as building new Council homes.
- The Council can only fund up to 30% of the cost of a new Council home using RTB receipts. The balance must be funded from the Council's own resources or through borrowing. There is a 3-year time limit on delivery of the new unit, with the receipt having to be paid to central government, with interest (at 4% above the base rate) if not spent appropriately.
- It is not possible to use RTB receipts to fund a new Council home that replaces an existing home nor to match the RTB receipt with another form of public subsidy, e.g. HCA grant.

d. Borrowing

The Council can only borrow so much within the Housing Revenue Account (HRA). The cap on borrowing was agreed with the DCLG as part of the HRA Self-Financing Settlement in 2013. The debt cap is fixed at £230,839,000. With existing HRA debt of £214,748,250, the Council authority currently retains borrowing headroom of £16,090,750 which can be used with RTB receipts to provide new Council homes.

e. Surpluses generated on the Housing Revenue Account

The Council can choose to use any surpluses it generates in the HRA to build new Council homes.

The decisions the Council makes in terms of allocating funding available to build new Council homes are detailed in the Annual Budget Report and the Mid Year Financial Review.

Delivery Models

Different new housing schemes will require different delivery models. The following are examples of some of the current ways the Council is building new homes.

Framework Procurement – Keepmoat Homes Ltd.

The Council has been working with the house-builder, Keepmoat, over the last few years. Keepmoat were selected through a European Union compliant procurement process and the framework agreement with them runs until March 2016.

Clay Farm – Hill Partnerships Ltd.

As the Council's scheme at Clay Farm is provided on General Fund land and was the subject of exemplar design and environmental requirements and 50% Affordable Housing, it was subject to a separate procurement process won by Hill Partnerships Limited.

HCA Delivery Partner Panel - Kier

The Council has used HCA Delivery Partner Panel in the past as a cost-efficient route to procure the delivery of new homes. Kier was selected using this Panel to deliver the Jane's Court scheme.

Buying Homes on Section 106 Sites – Homerton College

Housebuilders are required to build 40% of new homes as Affordable Housing on schemes of 15 homes or more. These sites are known as 'section 106' sites. The Council completed the purchase of 39 new Council homes from Hill on a site next to Homerton College in December 2016. The homes were bought by the Council under an agreement known as 'sale and purchase'.

The Cambridge Investment Partnership

The Council has just signed an Investment Partnership with Hill Investment Partnerships Ltd. This will be the main delivery model for most of the Council's housing schemes over the next few years and will be the way in which we spend the Housing Devolution Grant to deliver the 500 new Council homes. In simple terms, the Council will invest its land into the partnership and Hill will invest development funding and its expertise in development. Although in practice the Council may also invest funding.

6. WHO ORGANISES ALL THIS?

The Council has set up a shared housing development team with South Cambridgeshire District Council and the County Council called the Greater Cambridge Housing Development Agency (H DA).

The H DA will manage the programme and projects to deliver the new homes for the Council. The following diagram shows the structure of the H DA. Nicola Hillier will oversee new homes being built through the HRA and will project manage some schemes direct. Mark Wilson and Amelia Norman will also project manage schemes and David Goddard-Gill will take the lead in ensuring that new homes are built to required standards.

The H DA will work closely with the Cambridge Investment Partnership to ensure that the overall programme of Council investments generate both the financial and social outcomes expected.

The H DA team will work closely with City Homes and the Estates and Facilities throughout the development process. City Homes will lead on many aspects of Resident Involvement including liaison with the elected Resident Representatives. City Homes will provide support for those tenants who have to move and cannot manage all of the move themselves. The Estates and Facilities team will be involved in the building specification for new housing and how the new homes are built so that they can take over future repair and maintenance.

End