

# Housing Scrutiny Committee

17 January 2018

Item



## NEW BUILD AFFORDABLE HOUSING UPDATE

**To:**

Councillor Kevin Price, Executive Councillor for Housing

**Report by:**

Fiona Bryant, Strategic Director and Cath Conlon, Interim Head of HDA

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**Wards affected:**

Abbey, Arbury, Castle, Cherry Hinton, Coleridge, East Chesterton, King's Hedges, Market, Newnham, Petersfield, Queen Edith's, Romsey, Trumpington, West Chesterton

### Not for Key Decision

#### 1. Executive Summary

This report provides an up-date on the sites in the Council's New Build Housing Programme – whether recently completed; under construction or being assessed in terms of feasibility and viability for development. The latter is known as the Rolling Programme.

#### 2. Recommendations

The Executive Councillor is recommended to note the up-dated position of schemes.

### 3. Update on Housing Programme

#### 3.1 Recently Completed Schemes since HSC June 2017

Table 1 provides details of the schemes which have been completed since the last Housing Scrutiny Committee in June 2017. A total of 134 Social Housing and Shared Ownership Units were completed and handed over to Cambridge City Council in the period between June and 30<sup>th</sup> November 2017.

<b>Table 1 Schemes</b>	<b>Contractor</b>	<b>Date Completed</b>	<b>Social Housing / SO Units</b>	<b>Percentage Social Housing on Site</b>	<b>Comments</b>
Water Lane (Jolley Ford Court)	Keepmoat	September 2017	14	61%	Scheme in defects period
Clay Farm (Virido)	Hills	June – October 2017	104	50%	Scheme in defects period
Ekin Road (Ekin Close)	Keepmoat	October 2017	6	100%	Scheme in defects period
<b>TOTAL</b>	<b>124 new Units</b>				

#### 3.2 Schemes Under Construction

A number of schemes that were reported to HSC June 2017 as “schemes in progress”, remain under construction and are currently being progressed towards completion.

Table 2 provides details of these schemes which, once completed and handed over, will provide an additional 79 Social Housing and Shared Ownership Units.

<b>Table 2 Schemes</b>	<b>Contractor</b>	<b>Expected Completion Date</b>	<b>Social Housing / SO Units</b>	<b>Percentage Social Housing on Site</b>	<b>Comments</b>
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Hawkins Road	Keepmoat	February 2018	9	100%	Utility connection delays resolved
Fulbourn Road	Keepmoat	January 2018	8	100%	Preparing for handover by February 2018 based on current programme
Ditchburn Place	Cocksedge	September 2019	51 total refurbished of which 6 are replacements	100%	Refurbishment project of existing facilities and new build
<b>TOTAL</b>			<b>68</b>		

### 3.21 Keepmoat Programme

The sites which are part of the Keepmoat programme of delivery are expected to be completed by the end of February 2018. The HDA team is holding weekly programme review meetings with Keepmoat to review progress against Keepmoat's Completions Programme and to discuss any particularly challenging site issues. The HDA team is being supported by the team from AECOM, Cambridge City Council's appointed Cost Consultants. The team at City Homes is being updated regularly to ensure all stakeholders are receiving timely communications regarding progress.

### 3.22 Ditchburn Place Refurbishment Scheme

The contract for the refurbishment work is split into 5 phases with Phase 1 of the contract works tendered as a fixed price; this phase of the work started on site in April 2017 and is due to be completed in April 2018. The works which will be completed as Phase 1 works include the provision of 6 new build flats which will replace the 6 flats lost as a consequence of the remodeling and refurbishment work. The remaining Phases 2-5 have been covered by provisional sums which are yet to be formally instructed under the contract. The full scheme is due to be completed and handed over in September 2019.

A review of the project has been carried out prior to the instruction of the remaining works covered in Phases 2-5 which are covered by provisional sums under the contract and where more detailed work has identified risks regarding cost and price certainty. The purpose of the review is to endeavour to achieve price certainty for

the scope of works which the City Council requires to be delivered under the contract. It is expected a fixed price for the remaining works identified in Phases 2-5 will be negotiated early in 2018 with Cocksedge Ltd. the main contractor. A further independent review is being carried out to determine lessons learned from the project.

### **3.3 The Devolution Delivery Programme**

Table 3 provides details of the schemes which are currently in progress and form part of the Devolution Delivery Programme. The Devolution Programme was agreed as part of the Cambridgeshire and Peterborough devolution settlement in 2016/17, which included the allocation of £70 million to build 500 new affordable homes within the City of Cambridge over a five year period between April 2017 and March 2022. The overall deal included match funding with Right to Buy Receipts and other Council resources to give a total funding envelope of approximately £100 million.

During 2017-2018 progress on delivery has been focussed on identifying suitable sites and bringing them forward through committee and pre planning processes. Due consideration has been given to the appropriate procurement process for individual sites and bundles of sites to assist in identifying commercially viable procurement and delivery options that offer flexibility and value for money alternatives.

Start on site has been limited to smaller scale developments and demolitions work as illustrated in Table 3. However, significant progress has been made with design development on a number of schemes most notably the scheme proposed on the Mill Road Depot site.

The table includes the sites which are being developed in three ways, as determined by the Council decision processes. These include:

1. In-house Construction by the Estates and Facilities team, as a pilot for commercial and skills development opportunity
2. Competitively tendered as a bundle through the Due North Procurement Process
3. By the Cambridge Investment Partnership (CIP), as outlined in the Devolution Programme Business case

A number of schemes which are being developed and delivered by CIP will be submitted for planning in December 2017 with the expectation that (subject to planning permission being granted) a construction start on site will be achieved in the Spring of 2018.

<b>Table 3 Schemes</b>	<b>Delivery Partner</b>	<b>Site Type</b>	<b>Status</b>	<b>Net additional New build Units planned /completed</b>
<b>In House Schemes</b>				
Uphall Road	E&F Team	In-fill	Construction Completed and preparing for handover January 2018	2
Kendal Way	E&F Team	In fill	Planning Approved. Started on site Dec 2017	2
Kingsway Flats	E and F Team	Conversion	Pre-planning	4
TOTAL				8
<b>Competitive Tender Schemes</b>				
Nuns Way / Cameron Road	HDA Tender	Garage and Infill	Planning Approved. Tenders being assessed	7
Wiles Close	HDA Tender	In fill	Planning Approved. Tenders being assessed	3
Tedder Way	TBC	In fill	Awaiting Planning decision	2

TOTAL				12
CIP Schemes				
Anstey Way	CIP	Demolition and rebuild	Demolition in progress Planning Application submission December 2017	26 (54 in total)
Queens Meadow	CIP	In fill	Planning application submission target December 2017	2
Ventress Close	CIP	Existing Housing	Planning application submission target December 2017	13
Wulfstan Way	CIP	In fill	Planning application submission target January 2017	3
Colville Road Garages	CIP	Garages	Planning application submission target January 2017	3
Mill Road – HRA Units	CIP	General Fund Redevelopment	Planning application submission December 2017 (2 stage planning)	94 (plus a proposal for 20 additional units for intermediate rental)

Gunhild Way	CIP	Garages	Report to HSC January 2018 Pre-planning	2
Markham Close	CIP	Garages	Report to HSC January 2018  Pre-planning	4
Akeman Street	CIP	Existing Mixed Use	Pre-planning	14
Hills Avenue	CIP	In fill	Scheme on hold due to increased delivery costs – review pending.	1
<b>TOTAL</b>	<b>201 Net Affordable</b>			

### 3.31 Anstey Way

The demolitions work started on site in November 2017. This is the first site to come forward as part of the CIP Delivery Programme, the start of construction on site is expected to be in Spring 2018.

### 3.32 Site at Uphall Road

The scheme at Uphall Road is being delivered by Cambridge City Council's in house Estates and Facilities team. The scheme is due to complete and hand over during January 2018, and arrangements are in place for pre-handover inspections prior to formal snagging/handover. Discussions are also taking place with City Homes voids team regarding the letting of the properties.

This is a pilot project which has been driven by the City Council's wider corporate objectives in providing an opportunity for the Estates and Facilities team to explore the development of their commercial services. The pilot has also been driven by creating an opportunity to explore alternative procurements routes for delivering affordable housing on small HRA sites and to assess the outturn against best value criteria for delivery to inform the development of the future programme.

Once the scheme has complete and handed over a full analysis of the scheme costs will be undertaken by an independent cost consultant to assess the scheme against value for money benchmarks. Two further sites have been identified as potential schemes for the in-house team to deliver in 2018. These are outlined in table 3.

### **3.33 Mill Road Depot Development**

A significant scheme which is part of the devolution programme is proposed for the Mill Rd Depot site. The scheme will deliver 94 new affordable homes on the site of the former depot; relocation of the YMCA from its existing site at Queen Anne House to new accommodation on the depot site is also proposed. A planning application for the main scheme and which includes the YMCA development in outline is targeted for submission on 15<sup>th</sup> December 2017. Subject to the planning process it is envisaged that a site start will be made in April 2018 with demolitions and a site strip.

A copy of the Report which was presented to Strategy + Resources Scrutiny Committee on 13<sup>th</sup> November 2017 and which approved the proposal is attached at Appendix 3.

### **3.34 Small Scale Sites**

Small scale sites are often, by their nature, more expensive to develop, and some come with further capital requirements through specific complexities e.g the proposed development at Gunhild Way which has higher costs for the installation of utilities and services due to lengthy access road from the main highway.

The decision flow process agreed by S and R Committee in October 2017 includes the appropriate decision process for determination of the relevant construction route for housing development, whether in-house, via traditional procurement or via the CIP. The consideration of costs forms a vital part of this decision flow, in particular with small scale schemes. In some cases, the increased costs of an individual site development may be mitigated through preparing a bundle of schemes and delivering these together, as there is greater potential for cost savings to be made in other areas such as sharing prelims and site management overheads. This is particularly important on more complex developments where abnormal costs have been identified, such as at Gunhild Way. In this case a bundle of sites is being delivered from one site management location.



In some cases, however, the estimated costs of delivering small scale sites are too high to justify development, and the proposed scheme at Hills Avenue, for 1 unit, coming in at an estimated all-in cost (all prelim and construction costs) of in excess of £300k, is one of these. The site is therefore currently on hold and under review to determine the best option for its future management.

3.35 In addition to the sites identified in Table 3 above, there are a number of other sites some of which are not in Cambridge City Council ownership at present but which are currently in negotiation or early planning as part of the 500 additional affordable homes targets. These sites are shown in Table 4.

<b>Table 4 Schemes</b>	<b>Site Type</b>	<b>Status</b>	<b>Potential Net Gain Affordable Homes</b>
Potential Opportunity 1	Windfall site	Negotiation	146
Potential Opportunity 2	Redevelopment Opportunity	Feasibility	100
Potential Opportunity 3	Existing Housing	Early Feasibility	62
Potential Opportunity 5	Existing Housing	Early Feasibility	TBC
Colville Road – Phase 2/3	Existing Housing	Feasibility	68
<b>TOTAL</b>			<b>376</b>

In total, including those completed or due to begin construction in 2017, those which are about to be submitted for planning or in pre-planning and those potential sites coming forward, we have a total of circa 570 net affordable homes planned.

The majority of the schemes on sites currently identified as being viable for development are being taken forward by CIP. Details of the CIP, its governance and the Council's approvals process for developing schemes with CIP are set out in Appendix 1 and 2

### **3.5 Sites Identified in Rolling Programme and General Fund Development Programme**

Table 4 provides details of sites which are currently identified for development in either the Rolling Programme or the General Fund Development Programme.

A detailed feasibility investigation will be required on a site by site basis to establish whether a site is suitable for development for the delivery of affordable housing. Considerations will include whether land assembly and development can be achieved within the timescales to meet the delivery targets for the devolution programme and whether the opportunities identified for development on these sites will deliver financially viable schemes. This will be continued pending the need to replace sites in table 4 should there be issues with delivery.

<b>Table 5 Schemes</b>	<b>Existing Homes on Site</b>	<b>Site Type</b>	<b>Status</b>	<b>Potential New Units</b>	<b>Net Gain New Homes</b>
Aylesborough Close – Phase 2	40	Existing Housing	Feasibility	60	20
Bridewell Road Land	0	In fill	Feasibility	2	2
131 Ditton Fields	1	Existing Housing	Feasibility	6	5
Flamsteed Road Garages	0	Garages	Feasibility	2	2
Hawkins Road Garages	0	Garages	Feasibility	6	6
Howard Way	0	In fill	Feasibility	1	1
Lichfield Road Infill	0	In fill	Feasibility		
Northfield Avenue Garages	0	Garages	Feasibility	2	2
Walpole Road	0	In fill	Feasibility	12	12
Woodhouse Way Garages	0	Garages	Feasibility	2	2
<b>TOTAL</b>	<b>52 net affordable units.</b>				

## **4. Implications**

### **(a) Financial Implications**

It is likely that the Devolution Housing Grant will be the main source of funding for schemes in the Rolling Programme that progress into development. However, scheme funding will be confirmed should a scheme be brought to the Committee for scheme specific approval.

### **(b) Staffing Implications**

The scheme on the Rolling Programme will be project managed by the Greater Cambridge Housing Development Agency (the shared housing development agency between the City Council, South Cambridgeshire District Council and Cambridgeshire County Council) in liaison with City Homes; Estates and Facilities; and the Council's corporate support teams. Additional resource will be available through the Cambridge Investment Partnership.

### **(c) Equality and Poverty Implications**

The development framework for new housing by the Council, approved at the March 2017 Housing Scrutiny Committee was informed by an EQIA. Each scheme specific approval will be informed by an EQIA if current residents are required to move.

### **(d) Environmental Implications**

There are no environmental implications of this report. Each scheme specific approval will cover any environmental implications.

### **(e) Procurement Implications**

There are no procurement implications of this report. Each scheme specific approval will cover any procurement implications, although it anticipated that the majority of schemes will be delivered through the Cambridge Investment Partnership.

### **(f) Consultation and communication**

There are no consultation and communication implications of this report. The development framework for new housing by the Council, approved at the March 2017 Housing Scrutiny Committee sets out the Council's commitment to involve residents in new housing schemes.

### **(G) Community Safety**

There are no community safety implications for this report. Each scheme specific approval will cover any community safety implications.

## **6. Background papers**

Strategy and Resources Scrutiny Committee 9/10/2017 item 11: Arrangements for the Disposal Of Council Land and Payment for Social Housing to the Cambridge Investment Partnership.

Strategy and Resources Scrutiny Committee 13/11/2017 : Strategic Site Development of Mill Road Depot.

## **7. Appendices**

Appendix 1 – The Cambridge Investment Partnership (CIP)

## **8. Inspection of papers**

To inspect the background papers or if you have a query on the report please contact Cath Conlon, Interim Head of HDA, tel: 01223 - 457149, email:

[cath.conlon@cambridge.gov.uk](mailto:cath.conlon@cambridge.gov.uk).

## Appendix 1

### The Cambridge Investment Partnership (CIP)

In July 2016 Cambridge City Council Strategy and Resources Committee approved a recommendation to establish an Investment Partnership. The Leader approved setting up an Investment Partnership to optimise the use of the Council's property through investment in commercial, residential and other uses to achieve both social and financial returns.

After an assessment by a panel of external consultants and internal officers from the Council, Hill Investment Partnerships (HIP) was selected from a shortlist of companies to form the Cambridge Investment Partnership (CIP) with the City Council.

The Partnership is an equal, 50:50 Limited Liability Partnership (LLP). The investment partnership model provides an opportunity for the Council to benefit from the experience and additional resource that a development partner can bring. Each partner shares the outputs (financial and social) in proportion to the value of its input, and therefore the model allows the partners to share the development risk and the development uplift arising from a scheme.

The agreed objectives of CIP as set out in the Members Agreement are:

- Investment in the development of land to create successful new places that meet both the financial objectives (primarily a revenue return) and social objectives of the Cambridge City Council (particularly housing that is affordable and is needed locally), provided always that the individual sites may be developed to meet either financial or social objectives;
- Improve the use of Council assets and those of other Public Sector Bodies in the Cambridge, or Cambridge wide, area;
- Maximise financial return through enhanced asset value, (with reference to the first bullet above)
- Provide a return to the Investment Partners commensurate to their investment and the level of risk in respect to such investment.

The business of CIP is conducted in accordance with the governance processes and procedures which are set out in the Members Agreement. Cambridge City Council is represented on the CIP Board by Executive Councillor for Finance and Resources and the Executive Councillor for Housing, Hills Investment Partnership is represented by two Directors of Hill Investment Partnership.

The process by which schemes are identified and offered to CIP for development was approved in a Report which was presented to Strategy + Resources Scrutiny Committee on 9<sup>th</sup> October 2017. The Committee approved the process which is set out in the attached Appendix 2.

