

Item

NEW COUNCIL HOUSING, COLVILLE ROAD 2



To:

Councillor Richard Johnson, Executive Councillor for Housing

Report by: Mark Wilson, Development Manager Housing Development Agency

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Wards affected:

Cherry Hinton

Key Decision

1. Executive Summary

- 1.1 The City Council has agreed a devolution deal with government to deliver 500 new Council homes over 5 years. These will be delivered as rented housing, let in accordance with the Council rent policy (where rent and service charges together do not exceed Local Housing Allowance levels). Homes will be owned and managed by Cambridge City Council and let on Cambridge City Council tenancies.
- 1.2 Colville Road Phase 2 (70 – 80b Colville Road) was initially added to the rolling program at the 25th June 2013 Community Services Scrutiny Committee. The site is occupied by 24 households: 20 tenants and 4 leaseholders. The proposed indicative scheme will provide circa 60 new Council rented dwellings.
- 1.3 The report seeks approval for a capital budget for the scheme based on the indicative capacity study which has been undertaken for the site

and the outline appraisals referenced in this report and for the delivery route to be adopted.

- 1.4 The indicative mix of the proposed scheme (see Appendix 2) will provide 60 Council rented homes (53 flats and 7 houses). The proposal includes a Housing First scheme. Overall the scheme will provide a net gain of 40 Council rented homes.
- 1.5 The scheme is indicative and subject to further review and pre-application planning consultation

2. Recommendations

The Executive Councillor is recommended to:

- 2.2 Approve the scheme is brought forward with an indicative capital budget for the scheme of £13,781,590 to cover all of the site assembly, construction costs, professional fees and associated other fees to deliver a scheme that meets an identified housing need in Cambridge City.
- 2.3 Authorise the Strategic Director in consultation with the Executive Councillor for housing to approve variations to the scheme including the number of units and mix of property types and sizes outlined in this report.
- 2.4 Approve that the site is offered to CIP to progress in accordance with the CIP process which was approved at Strategy & Resources Committee on 9th October 2017 subject to a value for money assessment to be carried out on behalf of the Council prior to entering into the Agreement for Lease set out in that process.
- 2.5 Delegate authority to the Strategic Director to commence Compulsory Purchase Order (CPO) proceedings on Leasehold properties to be demolished to enable the development should these be required.
- 2.6 Delegate authority to the Strategic Director to serve initial Demolition Notices under the Housing Act 1985.

3. Background

3.1. There are a number of the Council's key Corporate Objectives that this development opportunity addresses:

Tackling the City's housing crisis.

3.1.1 Delivering the 500 new Council rented homes which are part of the Cambridgeshire and Peterborough Combined Authority devolution deal.

3.1.2 Delivering sustainable prosperity for Cambridge and fair shares for all.

3.1.3 Protecting essential services and transforming council delivery.

3.1.4 Tackling climate change and making Cambridge cleaner and greener.

3.2 The site at 70 – 80b Colville Road is identified in the Development Rolling Programme.

3.2.1 The potential to redevelop this site was first highlighted in a report taken to the 25th June 2013 Community Services Scrutiny Committee when it was considered alongside Colville Road phase 1 and added to the rolling programme. The rationale for redevelopment of the block is based on the information on the existing condition of the block and cost to replace and the opportunity to deliver a significant number of new homes on this land.

3.2.2 Residents were first informed of the Councils intentions prior and post the June 2013 committee decision to add the scheme to its rolling programme. Residents have been written to on a regular basis during this time keeping them informed on progress. Residents have been written to advising them that this report is to be presented to the Committee in January 2019. The residents have also been visited by Council officers. The MTFs approved in September 2018 included additional funding to support an officer dedicated to supporting residents through the decanting process. The Council has clear policies and procedures in relation to decanting and what it can offer to those residents directly affected by the redevelopment.

3.3 Local Housing Need

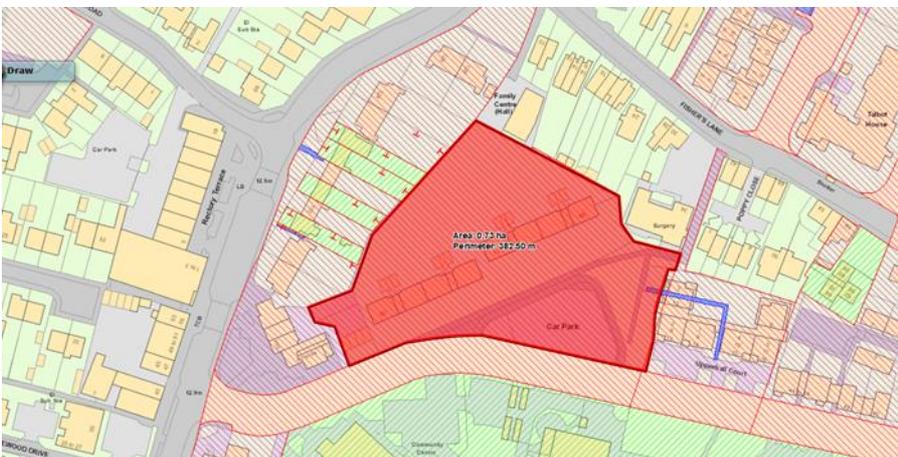
There is a recognised need for more affordable housing across the city. The table below demonstrates the number of households on the Housing Needs Register as of December 2018. There are currently 2313 households in need of a 1 or 2 bedroom property across the city; progressing this scheme will help in meeting the needs of those on the waiting list.

Cambridge City	1bed	2 bed	3 bed	4+ bed
	1513	568	181	51

Located in an area of existing housing stock, the development would bring some smaller units to the area to support sustainable communities.

4. Site Details

4.1 The site is at 70 – 80b Colville Road in Cherry Hinton Ward. A location plan of the site is at Appendix 1.



- The site is currently occupied by 24 existing homes and a car park.
- The site is surrounded by existing dwellings and commercial units as well as a school, those hatched purple on the above plan are in CCC ownership and those hatched green are privately owned. Limiting overlooking has been taken into account on the attached indicative layout.

- 4.2 The site is 0.73 hectares in size (7300m²)
- 4.3 The following surveys and investigations have been undertaken as part of the feasibility work for investigating the viability of the site for development:
- Air Quality
 - Arboriculture Impact Assessment
 - Level 1 Contamination
 - Flood Risk / Drainage Assessment
 - Noise
 - Preliminary Ecology Survey
 - Party Wall
 - Rights to light
 - Topographical Survey
 - Utility Mapping
- 4.4 The investigations confirm the need for further invasive ground and soil investigations as well as more detailed examination of the existing building for potential asbestos, following vacant possession and prior to any demolition. Following early identification of the issues there are strategies in place to manage and mitigate the impact on timescales and costs.
- 4.5 There is both a large surface water drain and a sewer running across the site. Diversions are not viable so a scheme layout has to take these into account.
- 4.6 Planning Feedback: Early advice was sought from planning consultants and pre-application meetings have been held with planning officers. Issues arising are noted below:
- Building heights, scale and density particularly building height on boundaries and overlooking of neighbouring properties
 - Provision of open space within the development
 - Incorporation of serviceable bin stores and bike storage
 - Sustainable drainage requirements may conflict with the standards required for adoption of roads by the Highways Authority. However, the Highways Authority is reluctant to adopt

minor estate roads. This has a maintenance cost implication for the Council.

4.7 Ward Councillors have expressed concern about the retention of parking for the general public. Proposals are being developed to reflect these concerns with the aim of preserving the same number of car parking spaces accessible to the general public (see Appendix 1)

4.8 Site Options

As part of the feasibility study and options analysis work undertaken in assessing the viability of delivering affordable housing on the site, a number of options were considered which are set out below.

4.8.1 Retain as existing

- The layout of the existing flat blocks is poor and there is a considerable amount of underutilised space in the current layout.
- The current two blocks were built circa 1950's and are of concrete construction and issues have been identified that will require further investment and increased on-going maintenance.
- The car park to the front of the flats is also in very poor condition and will form part of the redevelopment

4.8.2 Develop for HRA housing only

- Addresses the housing need identified in an area of existing housing stock, delivering units which will contribute towards the devolution funded new build programme.
- Increases the Council's housing stock and rental receipts provides a financial platform to support future development opportunities for the City Council's HRA stock.
- Devolution money is available to develop at 100% Council rent

4.8.3 Develop as a mixed tenure Scheme

- Addresses the housing need identified in an area of existing housing stock, delivering a net gain of units which will contribute towards the devolution funded new build programme. Incorporated

some different forms of affordable housing e.g. Shared Ownership, Intermediate Rent, outright sale to meet a broader housing need

4.8.4 From the options considered in this section, the option to develop for HRA housing only is recommended as the approach that responds directly to the corporate objective of tackling the city's housing crisis and delivering our planning objectives.

4.9 Design and Sustainability

An affordable housing scheme would be based on the Council's adopted design standards and the Cambridge Sustainability Housing Design Guide. CIP has adopted these design requirements as its minimum standard.

4.10 Programme

4.10.1 The indicative programme for the development is as follows:

Submission of Planning Application: March 2019

Planning Permission Granted: June 2019

Completion of decant: October 2019

Start on Site: April 2020

Completion: October 2021

4.11 Demolition notices

4.11.1 Service of Initial Demolition Notices under the Housing Act 1985 suspends the Right to Buy. Should a tenant make an application to buy their home (a leasehold interest in a flat) they would normally be sold at a discount. To allow the regeneration scheme to progress the council would then have to buy back these properties at market value plus 10% of the owner's interest and disturbance allowance and none of the discount granted would be repayable. Should a large number of additional homes be sold under the Right to Buy this would add significantly to the costs of the scheme and compromise its financial viability.

4.11.2 By serving the Initial Demolition Notice the council sets out its intention to proceed with the regeneration and this removes the obligation to complete Right to Buy sales for a maximum period of 7 years while the notice is in place. At the end of the notice period if the council has not completed the demolition of the property a tenant could ask for compensation arising from not being able to exercise their right to buy.

4.12 Compulsory Purchase Order

4.12.1 There are four leaseholder properties on the scheme. The Council will need to buy back these properties. This will be done through negotiations however if these are unsuccessful the only route for the Council would be to instigate a CPO.

5. Financial Implications

5.1 Budget / Funding

5.1.1 The total indicative cost is currently estimated at £13,781,590 (In addition to the demolition and construction costs this includes pre and post statutory planning fees, professional consultant fees, survey and site investigation costs and other associated costs, HDA fees and SDLT and Land assembly costs (leaseholder buy-back, home loss and disturbance payments) estimated at £1,418,000.

5.1.2 It is proposed that the investment will be met from a combination of Right to Buy receipts and Devolution Grant for the provision of additional homes on the site and HRA resources for all of the site assembly costs and the re-provision costs of the existing 20 rented residential units on the site.

This will result in the following mix of funding:

Right to Buy receipts:	£2,512,600
Devolution Grant:	£5,862,730
HRA resources:	£5,406,260
Total:	£13,781,590

The indicative capital budget of £13,781,590 is included in the Housing Capital Investment Plan as part of the HRA Budget Setting Report to be presented in January 2019.

6. Implications

(a) Staffing Implications

The development scheme will be managed by the Housing Development Agency which will also provide the Council's staffing contribution to the development of the scheme by CIP which is a 50-50 partnership.

There is a requirement to resource resident consultation, tenant decant, and leaseholder buy-back. Allowance has been made within the HRA MTFs for an additional member of staff to be employed to support this process, with the new post to work with both the H.D.A and City Homes to ensure that vacant possession is achieved in a timely and consistent manner, with appropriate consultation and communication with affected residents at every stage in the process.

(b) Equality and Poverty Implications

A series of EQIAs have been undertaken for the Council House Programme, the Housing Development Service and for individual schemes. The EQIAs mainly highlight the benefits of the Council retaining direct control of new housing development itself to ensure a focus on the delivery of housing that meets a diverse range of housing needs. Part of the assessment underlines the need for Affordable Housing to help those most likely to suffer poverty as well as ways in which new Affordable Housing will directly save money for tenants, such as energy saving measures and reducing the impact of fuel poverty.

(c) Environmental Implications

The Council housing will be built in accordance with the Cambridge Sustainable Housing Design Guide.

(d) Procurement Implications

HRA Housing - Development and Delivery Options

The City Council has a number delivery options which it is currently exploring and utilising for the delivery of affordable housing on sites in the City:

- In-house construction by Estates and Facilities
- Procurement of a contractor through a traditional tender process
- Offer the site to CIP for development

In-house construction by Estates and Facilities

Estates and Facilities have recently completed construction of 2 No. 2 bed houses on a site at Uphall Road. Further sites of a similar scale have been identified that can be brought forward by estates and Facilities but the scale of the Colville Phase 2 development combined with the timescale for delivery preclude this option.

Procurement of a contractor through a traditional tender process

A Design and Build contract could be let following a tender process which could be an open tender or a tender conducted through a public sector procurement compliant framework. The tender would be carried out following the grant of planning permission. This route is a viable route but is not recommended because of the benefits offered by the CIP route

Offer the site to CIP for development

At the Strategy & Resources Scrutiny Committee held on 9th October 2017 a mechanism for the development and delivery of sites with CIP was agreed and is being adopted for a number of sites. The Exec Cllr for Finance and Resources, Exec Cllr for Housing or Leader (as appropriate) in conjunction with the relevant Strategic Director has delegated authority for the final approval of a Strategic Development Brief and Proposed Land Transfer / Disposal to CIP for individual sites. Major sites are reviewed at a Scrutiny Committee prior to the Executive Councillor decision to transfer the land to CIP. There will be an

independent value for money assessment before the Agreement for Lease is signed with CIP.

(e) Community Safety Implications

There are no recognised implications on Community Safety with the proposed developments. The scheme will be built in accordance to Secure by Design guidelines as set out within the City Councils Design Brief

7. Consultation and communication considerations

- 7.1 There has been regular communication with residents since the scheme was added to the Rolling Programme in June 2013. The most recent consultation took place 6th-8th November 2018. All tenants and leaseholders were written to offering to meet with them on an individual basis to explain what the Council is planning to do and what their rights and entitlements are as a Tenant or Leaseholder. These meetings were offered at convenient or flexible times for the occupiers and not tied to conventional working hours.
- 7.2 There has been consultation, including two meetings, with Ward Councillors about the proposals. The Ward Councillors were supportive of the principle of re-development to provide additional council housing but have concerns about the provision of parking for the general public.
- 7.3 Consultation and communication with existing tenants and leaseholders will continue in accordance with the City Council's Home Loss Policy – Commitment to Resident Involvement approved at the March 2017 Housing Scrutiny Committee. This policy sets out the Council's commitment to those affected by regeneration and the compensation and support available.
- 7.4 The HDA continues to liaise closely with colleagues in City Homes, to ensure timely and accurate information is made available to all affected by the proposals.
- 7.5 There will be formal consultation through the planning process

8. Risks

8.1 Below is a table setting out key risks associated with the project:

Description of risk	Likelihood	Impact	Mitigation
Scheme not starting on site by March 2022 and therefore not contributing to 500 homes target.	Low- Current programme has identified 522 this scheme is anticipated to start in 2020	Med- impact would be delivery of a lower number of much needed homes and reputational risk in the Councils ability to deliver and therefore attract grant in the future. If this scheme was not part of this programme funding would need to be identified from other sources	Programme level monitoring of risk. The HDA is developing the capacity and processes to deliver the projects to meet the targets. It is working with CIP on this and a number of other projects.
Land assembly issues: decant and leaseholder buy-back	Med - There is a limited risk on costs against the assessment that has been made; there is a significant risk of delay.	High – If a CPO is required this can not be put in place until planning is granted and would take 1 year from receipt of planning.	Recruitment of a dedicated resource to manage the decant process and to liaise between all relative parties. The Council has a policy in place in relation to home loss. There is a statutory process through a CPO should negotiations not be successful
Cost: Indicative costs have been set out in the report; this is an occupied site and further work including intrusive site investigations remains to be carried out and is limited by existing occupation of the site. Market conditions in the construction industry can also impact on estimated costs.	Med- further investigations could uncover unknown issues	Med-. Delays to start on site and contract negotiations leading to the potential increase in costs	Ensure all site surveys are as accurate as they can be taking into account resident occupations. Implement a survey tracker. Efficient decanting will enable earlier site investigation and this will facilitate greater certainty on costs. The HDA will engage an Employers Agent to scrutinise costs and to manage quality assurance processes which have an impact on life-cycle costs.
Planning: The planning application will be subject to the observations of consultees, the assessment of planning officers, and ultimately the decision of the Planning Committee.	Med- current scheme has been through a number of Pre Application discussions with Planning. There is a need to balance planning policy and views of the local people and ward members.	Med- Potential change in unit mix and reduction in numbers	The indicative scheme will continue to be developed in response to the comments received from the pre-application discussions with the LPA which have been carried out. Further discussions will be carried out.

Resources: This report identified the need for additional staff resources.	Low- Allocation of resource is within CCC control; risk attached to timely recruitment of appropriate staff	High- Impact would be a delay in decanting and delays in start on site	Subject to approval of the budget, HDA and City Homes officers will work together to ensure the timely recruitment of appropriate staff to implement the decant programme.
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9. Background papers

None

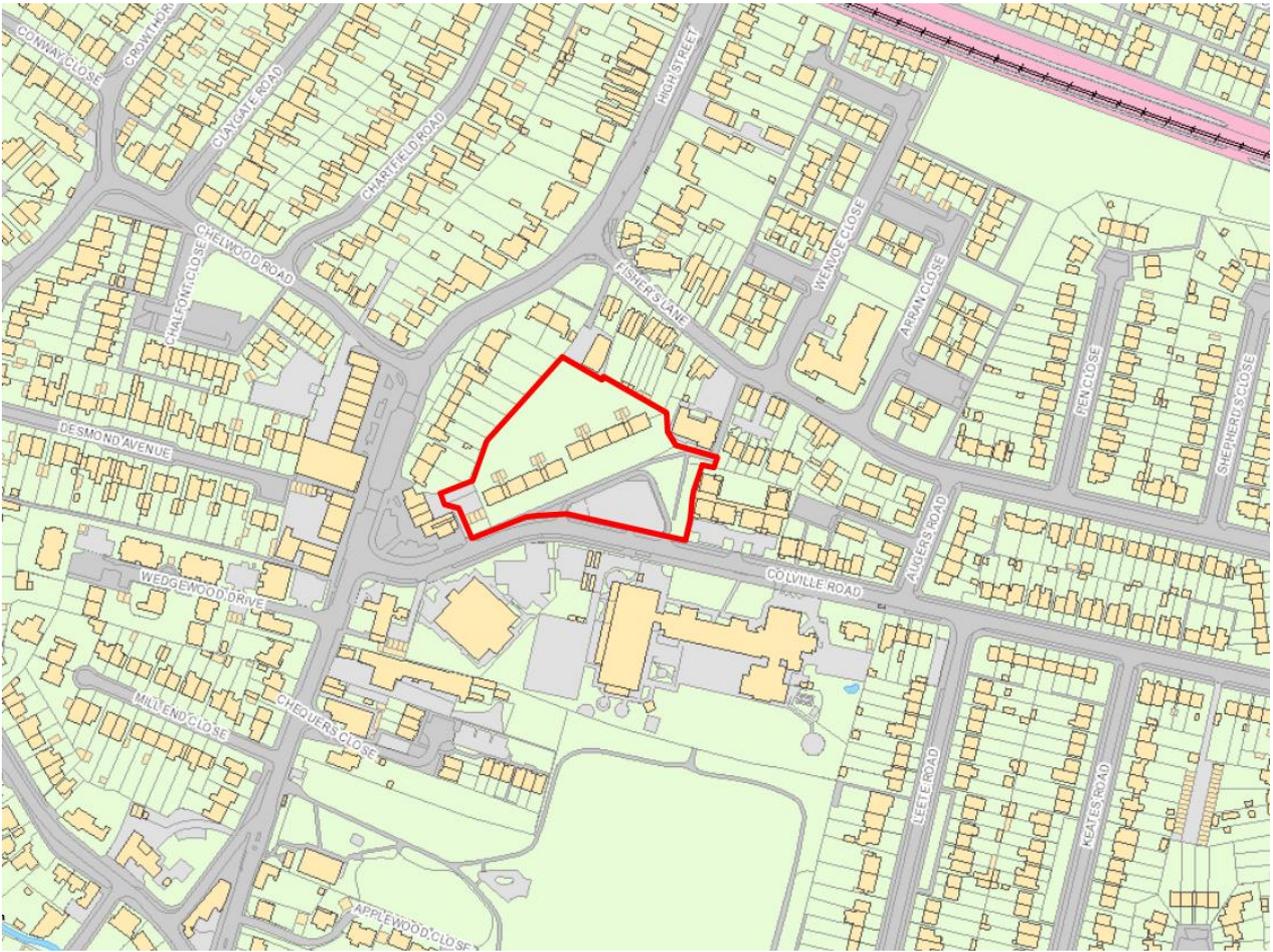
10. Appendices

- Appendix 1 – Site Location plan and red line of proposed transfer
- Appendix 2 – The proposed scheme layout

11. Inspection of papers

To inspect the background papers or if you have a query on the report please contact Mark Wilson, Housing Development Agency, tel: 01223 457940, email: mark.wilson@cambridge.gov.uk

Appendix 1 – Site Location plan and red line of proposed transfer



Appendix 2 – Indicative layout further pre-application planning advice is being sought on this layout.



- Orange line denotes a Sewer
- Blue line denotes surface water drain