

**Item**

**NEW COUNCIL HOUSING: Meadows & Buchan**

**To: Councillor Richard Johnson, Executive Councillor for Housing,  
Councillor Anna Smith, Executive Councillor for Communities**

**Report by:** Jim Pollard, Senior Development Manager Housing  
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**Wards affected:** Arbury and Kings Hedges

**Key Decision**

**1. Executive Summary**

- 1.1 This report proposes a redevelopment of The Meadows and Buchan Street sites, to provide much-needed Council rented housing, and a new community centre. It proposes adding these sites to the Council's Rolling Programme of Housing development, making the resources for the redevelopment available, and working with centre users, neighbours, staff and others to ensure the design of the new homes and community centre provides well for the local community.
- 1.2 In February 2017, the City Council agreed a devolution deal with government to deliver 500 new Council homes over 5 years. In order to deliver these homes the council requires suitable sites to deliver new rented housing, let in accordance with the Council rent policy.
- 1.3 In 2017, the Council completed a review of community provision, and approved a Community Centres Strategy. This identified that Meadows and Buchan community centres serve a high need area of the city, but that their proximity provides an opportunity to rationalise two centres into one hub, whilst making land available for new council housing. On 29<sup>th</sup> June 2017 the Community Services Scrutiny Committee approved a feasibility study to consider the potential for redevelopment.
- 1.4 The feasibility study has now concluded, and this report presents the proposal to deliver approximately 106 homes across the two sites, together with a new, more flexible community hub and retail/commercial. The programme for the provision of the new community Centre will ensure continuity of service to the community . Detailed engagement with local people will be required on design, and in relation

to the proposal to build much-needed housing to meet local needs on Buchan Street.

## 2. Recommendations

2.1 The Executive Councillor (Communities) is recommended to

2.1.1 Approve the rationalisation of two community centres into a new community hub in line with the Community Centres Strategy (June 2017), in order to make land available for much needed Council housing; The development process will ensure that a community centre remains open throughout the redevelopment period; and that local residents and centre users are engaged in the detailed design of the new community facility.

2.2 The Executive Councillor (Housing) is recommended to:

2.2.1 Add the Meadows and Buchan Street sites to the Rolling Programme, to enable detailed design and project work to proceed;

2.2.2 Approve the indicative mix of the proposed scheme, subject to design and planning, to include a mix of Council rented housing, as set out below

	<b>Meadows</b>	<b>Buchan</b>
1B2P Flat (Housing First)		2
2B4P Flat (Housing First)		1
1B2P Flat	58	6
2B4P Flat	27	5
3B5P House	0	7
<b>Totals</b>	<b>85</b>	<b>21</b>
Community Centre GIA	1583m2	
Retail space GIA		148m2

2.2.3 Recommend to Council the inclusion of an indicative budget of £26,379,880 in the Housing Capital Programme (to be presented to Council in the HRA BSR).

2.2.4 Authorise the Strategic Director to seek approval from the Secretary of State for use of HRA resources to fund part of the cost of the Community Centre and commercial unit (on the basis that this would aid the release of land for much needed housing in line with national government policy), subject to this being viable within a revised HRA business plan, and to vary the contributions recommended from the Housing Revenue Account and the General Fund in the light of the decision.

2.2.5 Authorise delegated authority to the Strategic Director in consultation with the Executive Councillor to: approve variations to the schemes including the number of units and tenure mix of property types required to obtain planning approval and sizes outlined in this report.

2.2.6 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.

### **3. Background**

3.1 A report to Community Services Scrutiny Committee (29th June 2017) identified the potential to rationalise community centre provision at Meadows/ Buchan. It was agreed to: undertake a full feasibility study for both centres to consider: practical development constraints, planning issues and financial feasibility, as well as to explore with local groups, partners and centre users whether it is possible to deliver the community hub at the Meadows and to consider further explore options for Buchan Street.

3.2 The outcome of the public consultation on the Community Review supported the rationalisation of two centres into one, but highlighted that there was support to retain Buchan St as an opportunity for the voluntary sector to deliver services.

3.3 Feasibility work has identified the potential to deliver much-needed housing on both sites, together with a more flexible community centre. A draft design has been completed for a more flexible centre designed to meet future changes in use.

3.4 There is a recognised need for more Council rented 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

3.5 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 Appendices 1 and 2 provide more detail of the sites.
- 4.2 Meadows
- 4.2.1 The site is 0.97 hectares
- 4.2.2 Land is held in the City Council's General Fund.
- 4.2.3 The site is partially in SCDC so requires Planning Permission from both councils.
- 4.2.4 The Community Centre sits on St Albans Recreation Ground
- 4.2.5 The recreation ground contains play equipment and sporting facilities including:
- Sports pitches with changing rooms which can be configured to accommodate either 11-a-side under sixteens' or 9-a-side under twelves' matches
  - Children's play equipment, Trim trail; Skate ramp; MUGA
  - Surface sewers run through the site; other services are located at the entrance and centre.
- 4.3 Buchan
- 4.3.1 The site is 0.32 hectares
- 4.3.2 Land is held in the City Council's General Fund
- 4.3.3 The site has an existing community centre and a café and a retail outlet
- 4.3.4 Prominent site at entrance to residential area of 2 storey terraced/semi-detached houses
- 4.4 Surveys
- 4.4.1 The following surveys and investigations have been undertaken at the Meadows as part of the feasibility work: Arboriculture Impact Assessment; Flood Risk / Drainage Assessment; Prelim Ecology Survey; Utility Mapping; Parking Assessment.

4.4.2 Topographical Surveys have been carried out at both sites.

#### 4.5 Planning Feedback

4.5.1 Pre-app planning advice noted that with planners on December 4<sup>th</sup> the feedback was generally positive but the following ought to be noted as risks:

- No formal feedback from South Cambs LPA has been forthcoming.
- A parking strategy for the Meadows site will be needed
- A justification on tenure will be required and will need to comply with NPPF

#### 4.6 Site Options

4.6.1 Other options were initially explored in June 2017 and are set out below:

- Retain as existing: does not release land for housing or a new centre;
- Develop only Buchan: leads to the development of approximately 20 homes but does not provide an improved community facility.
- Develop as a mixed tenure scheme including Community Centre and Commercial Unit: Cross subsidy from market units could help make the scheme more viable and meet a broader range of needs but there is a high level of need for Council rented housing and there is limited cross subsidy as values are relatively low in this part of the city.

#### 4.7 Design and Sustainability

4.7.1 The scheme will be based on the Council's adopted design standards and the Cambridge Sustainability Housing Design Guide.

#### 4.8 Current Proposals: Meadows: Housing and Community Centre

4.8.1 The current proposals are shown in Appendix 2 and will deliver over 100 Council rented units which would constitute a fifth of the total that the Council is committed to delivering under the devolution programme.

##### 4.8.2 Open space and sports

- The open space within CCC is protected open space in the Cambridge Local Plan. The part of the site within SCDC is not allocated open space but it is covered by a general open space policy which seeks to protect unallocated areas of open space.

- The current design proposes to retain but move the football pitches and MUGA, and to enhance the open space by making the swales that will be required for 1:100 flood risk an informal natural recreational space

#### 4.8.3 Community Hub

- The brief is to re-provide the Meadows centre plus a nursery and a meeting room to replace those facilities at Buchan Street. Appendix 2 shows the plans for this.
- The design team have formed a productive working relationship with the community services team carrying out stakeholder engagement meetings with several core users. The design of the community centre is broadly supported. Further design development and consultation with users will be undertaken.. The overall area (GIA) of the proposed new centre is 1583m<sup>2</sup> – an increase of 243m<sup>2</sup> over existing to accommodate nursery, meeting room, and Sport England Standard changing rooms

#### 4.8.4 Buchan Street

- To be redeveloped to deliver circa 20 new homes and a new retail space. This site also presents an opportunity to provide a Housing First scheme for 2 vulnerable people.

### 4.9 Programme

4.9.1 The indicative programme for the development is as follows:

<b>Tasks</b>	<b>Dates</b>
Public Consultation	Feb – Mar 2019
Submit Planning Application (Meadows and Buchan)	June 2019
Planning Permission Granted	September 2019
Start on site Meadows (subject to Planning)	Start Jan 2020
Practical Completion (Meadows new centre)	End Jun 2021
Start Buchan Street and second part Meadows (subject to Planning)	End Sept 2021
Practical Completion (Buchan Street and 2 <sup>nd</sup> part Meadows.)	End Sept 2022

4.9.2 This programme provides for starts on site for all the units prior to the devolution funding deadline of 31<sup>st</sup> March 2022.

## 5. Financial Implications

### 5.1 Cost estimate

5.1.1 The total indicative capital budget for the scheme is £30,993,380 to cover all of the site assembly, construction costs, professional fees and associated other fees, including SDLT if applicable, to deliver a scheme that meets an identified housing need in Cambridge City, a new Community Centre and a commercial / retail unit.

5.1.2 The breakdown is as follows:

<b>Breakdown by use</b>		
Housing		£26,379,880
Community Hub	£4,356,810	
Commercial	£256,690	
Sub-Total		£4,613,500
Total Cost		£30,993,380
<b>Breakdown by site</b>		
Meadows (Housing + Community Hub)		£25,965,860
Buchan (Housing + Commercial)		£5,027,520
Total Cost		£30,993,380

5.1.3 The Council has appointed Calford Seaden to act as cost consultant and this estimate will be reviewed as the scheme develops with a value for money assessment prior to a final decision on the delivery route. Costs estimates have also been provided by CIP.

### 5.2 Financing the scheme

5.2.1 The latest cost review confirms that the HRA funding per unit is at a higher cost than the current business plan. The housing will be financed through the HRA, using a combination of devolution grant, RTB receipts and revenue resources. Due to the strain already placed on the housing programme by higher-than-budgeted costs on other sites, and continuing

pressure on build costs in Cambridge, the housing to be provided at Meadows and Buchan Street will receive less than 70% of the cost through devolution grant as this funding source will be exhausted, and the remainder of the costs will be picked up by the HRA. Approximately 52% of the cost will be met through Devolution Grant, 30% through the use of retained right to buy receipts, with the balance of 18% of the cost to be met from HRA resources.

- 5.2.2 The community centre is not, according to HRA finance regulations, an allowable expense, as it meets the needs of city residents in general and is not specific to supporting tenants. Therefore the cost of this centre, and the commercial provision, needs to be met by either use of general fund resources; or using HRA resources having received specific permission from the secretary of State, who is satisfied that the provision is primarily for tenants; or a combination of the two. The former is assumed for the purposes of this report and the budget setting process for 2019/20.
- 5.2.3 The Council cannot make a case to the Secretary of State until it has reviewed its business plan, in the light of new borrowing powers, and taking into account asset risks which have emerged in recent years, together with the Council's stated intention to continue a Council house-building programme in the longer term. This review of the HRA, scheduled for 2019/20, will allow the Council to identify what resources are available to contribute towards or pay for the community centre, and to demonstrate to the Secretary of State what impact that decision would have on maintaining existing and building new housing.
- 5.2.4 Therefore, the Council must make provision to use GF resources for the community and commercial provision. There is a recommendation for a General Fund capital budget of up to £4,613,500 (£4,356,810 for community centre and £256,690 for commercial / retail space) within the GF Budget Setting Report. This decision can be amended once the HRA review has concluded, and a decision has been made by the Secretary of State. The source of the GF resources can be decided closer to the point when the funds are required, as by then some receipts from other capital projects may be available.
- 5.2.5 The scheme presented assumes 100% Council rented housing on site. In theory the Council could subsidise the development by selling units on one or both sites as market housing (subject to regulations on land transfers and land values). This option is not recommended due to the low profit margin available, and the need to deliver Council housing for people in housing need.

### 5.3 Summary Review

5.3.1 High level viability modelling is shown in the table below:

Development funding options								
	Options	Council Rent units	Units for sale	Costs to be met from HRA <i>(not met by RTB or Devo Grant)</i>	General Fund requirement	Gross sales revenue	Payback period to HRA <i>(excluding Devo grant to demonstrate true viability. Note that our max has been 35 previously)</i>	Opportunity Cost <i>(Potential no. of units that are being sacrificed at average build cost for this scheme)</i>
1	HRA fully funds community centre and retail	106	0	£9,301,496	£0	£0	45 Years	19.3 units
2	HRA funds 50% of community centre and retail	106	0	£6,994,748	£2,306,748	£0	42 Years	9.6 units
3	HRA does not fund community centre or retail	106	0	£4,688,000	£4,613,496	£0	39 Years	0 units
4	The HRA funds the both developments cross subsidised by selling units for market sale	96	9	£6,772,180 (£9,922,180 pre sales receipt)	£0	£3,150,000	48 Years	8.7 units

- 5.3.2 In options 1 to 3, the HRA will be required to fund at least £4,688,000 of the housing element of the scheme, as the £70,000,000 devolution funding will be exhausted as part of this development, and there will not be sufficient grant remaining to fully fund 70% of the housing on these sites. Because the scheme is included in our devolution programme, the Council cannot access other external grants / funding streams.
- 5.3.3 Only Option 3 comes close to the 35 year payback normally required by the HRA. As expected, this option provides the best payback as the General Fund is fully supporting the cost of the new community centre.
- 5.3.4 Option 4 is based on the sale of the nine 3 bed houses included in the scheme. With the average build cost at £239,000 one bed flats will be sold at a loss; two bed flats may generate a surplus of £30,000 per unit whereas nine 3 bed houses may generate a £1million surplus. Therefore, the only units worth selling are the 3 bed houses.
- 5.3.5 There are a number of sources of capital funding available if the General Fund is required to fund £4,613,500 for the new community centre: This may include use of capital receipts – (e.g. receipt of £4.5m expected shortly from K1), surplus from CIP developments (although timing uncertain); use of General Fund reserves; use of unallocated NHB; borrowing from the PWLB or internal borrowing, provided cash balances are available. A decision on the route to be taken will be made once the scheme is ready to proceed.
- 5.3.6 Although there are a number of funding options, allocation of funding to the community centre would need to be prioritised against other calls on available capital funding. Due to its size, a mix of funding options would probably need to be considered.
- 5.3.7 Alternative Options: other variants of the options for Housing and cross subsidy include:
- the sales units could be sold at market rates to CCHC to minimise sales risk subject to viability and the approval of the CCHC Board and Council
  - Varying the tenure to include shared ownership options could be considered if the 500 Council rented target is met.

## 6. Implications

### 6.1 Staffing Implications

6.1.1 Estimated scheme costs include relevant staffing costs; no immediate staffing implications through the development process. The Community Centres Strategy (June 2017) stated that *the implementation of the Building Stronger Communities Strategy may affect members of staff over a period of time, and consultation with them will take place in accordance with the Council's organisational change policy.*

### 6.2 Equality and Poverty Implications

6.2.1 EQIAs have been undertaken for the housing programme as a whole, which highlight the benefits of meeting a diverse range of needs through affordable housing

### 6.3 Environmental Implications

6.3.1 New housing will be built in accordance with the current Cambridge Sustainable Housing Design Guide, which equates to the equivalent of code Level 4 for sustainable homes as a minimum.

6.3.2 The Community Centre will be built in accordance with the Local Plan i.e. to BREEAM Excellent.

### 6.4 Procurement Implications: Development and Delivery Options

6.4.1 The City Council has a number delivery options which it is currently exploring and utilising for the delivery of Council rented 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

#### 6.4.2 In-house construction by Estates and Facilities

Estates and Facilities have 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 these sites preclude this option.

#### 6.4.3 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 the recommended because of the benefits offered by the CIP in bringing development forward. This option would only be considered if there is a recommendation from the Cost Consultant that this would offer better value for money.

#### 6.4.4 Offer the site to CIP for development

At the Strategy & Resources Scrutiny Committee held on 9<sup>th</sup> 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. Through working with CIP on this project there is the ability to utilise Contractor expertise early in the scheme and therefore ensuring the works can start on site quickly from receipt of planning permission. Prior to transfer to CIP a value for money assessment will be required from the Cost Consultant.

### 6.5 Community Safety Implications

6.5.1 The scheme will meet Secure by Design Gold guidelines

## 7. Consultation and communication considerations

7.1 There will be consultation and engagement with local residents, ward councillors, centre users; commercial tenants and other stakeholders throughout the design and development process. This will include but exceed the consultation required for planning.

## 8. Risks

8.1 General Risk: - delivering this scheme mitigates the wider risk of not achieving the devolution homes target of 500 homes.

8.2 Key Development Risks – as with all developments, there are a range of risks that may introduce delays through the planning and development process, or may impact on costs.

<b>Risk</b>	<b>Impact</b>	<b>Mitigation</b>
Scheme needs to fall within acceptable parameters	May require a change in current design	There is a project board from the scheme and the costs are monitored closely by independent cost consultant.
Planning Risk - two planning authorities	Delay to scheme	Pre-app consultation and discussion with planners and consultees
Development will require part of St Albans rec.	Rejection by Sports England Delay and reduction in scope	Some loss of open space may be acceptable with improvements. On-going dialogue with sports England .
Car Park requirements	Will impact on costs and design (currently designed at high level of spaces for community centre)	Pre-app consultation; assessment of needs; assessment of alternative transport options
Flood Risk on Meadows site	Could require change to design	Flood modelling being undertaken to understand impact
Contamination	Will impact on costs and design	Initial investigations have taken place. SI surveys in stage 2
Tenure mix planning risk	Delivering 100% Council rent is not in line with planning policies.	To liaise closely with both LPAs through pre-apps and make the case based on meeting housing need.

## 9. Background papers

17/16: Comm: Building Stronger Communities: Community Centre Strategy.  
 17/46/SR: Arrangements for Disposal of Council Land and Payment for Social Housing to the Cambridge Investment Partnership.

## 10. Appendices

Appendix 1 – Meadows and Buchan Street Location Plan  
 Appendix 2 – Meadows and Buchan Street proposals

## 11. Inspection of papers

To inspect the background papers or if you have a query on the report please contact Jim Pollard, Housing Development Agency, tel: 01223 457924, email: jim.pollard@cambridge.gov.uk