

To:

Councillor Richard Johnson, Executive Councillor for Housing

Report by: Jim Pollard, Senior Development Manager Housing
Development Agency

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Wards affected:

Cherry Hinton

Key Decision

1. Executive Summary

- 1.1 Colville Road Phase 3 (82-94 Colville Road, 100-108a and 122-128a High Street) follows Phase 2 which was a 100% affordable CIP scheme to the east of Phase 3, and Phase 1 which was the original Keepmoat scheme to the east of Phase 2.
- 1.2 The site is occupied by 18 households of which 16 are Council tenants and 2 leaseholders. There are also 4 tenanted commercial units within the proposed development area, totalling 262sqm.
- 1.3 The scheme includes two sites: 82-94 Colville Road and 100-108a High Street is one site and 122-128a High Street is the other. Both sites are adjacent to Colville Phase 2 and the benefits of bringing forward development were identified during design work relating to that Phase. The proposals involve modification to the Phase 2 plan which is within the terms of the existing Planning Permission.

- 1.4 The scheme is being brought forward because it represents an opportunity to complete the redevelopment of Colville Road and contribute to the regeneration of the centre of Cherry Hinton with improved commercial premises and an improved relationship with the informal open spaces at the Cherry Hinton High Street junctions with Colville Road and Fisher's Lane (Appendices 3 and 4).
- 1.5 The opportunity arises now also because some modification of Colville Phase 2 is required. Two houses which were to stand alone on the other side of the new public car park from the main development will not be built but this area of land will be incorporated into the new scheme.
- 1.6 The report seeks approval of 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.
- 1.7 The design of the affordable units attains a 35% reduction in Carbon emissions on 2013 building regulations which goes beyond the current Local Plan and the Cambridge Sustainability Housing Design Guide (SHDG) target of 19%. Consideration is given to the design impacts on carbon, energy, running costs and tenant bills and a fabric first approach ensures low tenant bills due to low energy consumption. Energy is to be gas free and electric from Air Source Heat Pumps. This continuous improvement in sustainability standards for Council dwellings will further inform the review of the SHDG for all future council housing schemes to ensure there is a clear roadmap towards zero carbon taking into account capital costs, running costs and impacts on tenant bills.
- 1.8 After reviewing the tenancy mix, it is recommended that the development is 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. The indicative mix of the proposed scheme (see Appendix 2) will provide 47 Council rented homes, with an overall net gain of 31 Council rented homes.

- 1.9 The proposed scheme will provide circa 47 new Council rented dwellings and 300sqm of commercial space (an increase of 38sqm) increasing rental income for the Council. The existing four commercial tenants will be required to relocate. The legal position of their tenancies will be respected, and discussions will be held about whether the Council can assist in helping to identify alternatives.
- 1.10 There has been stakeholder engagement with residents, shop tenants and ward councillors prior to this report being presented. Further engagement will take place including meeting tenants and leaseholders in accordance with the City Council's Home Loss Policy. There will also be statutory consultation through the planning process.
- 1.11 The scheme is indicative and subject to further review and pre-application planning consultation

2. Recommendations

The Executive Councillor is recommended to:

- 2.1 Approve that the scheme be brought forward with an indicative capital budget of **£11,103,200** to cover all site assembly, construction costs, professional fees and further associated fees, to deliver a scheme which meets the identified housing need in Cambridge City.
- 2.2 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.
- 2.3 Approve that, subject to Council approval of the budget, delegated authority be given to the Exec Cllr for Housing in conjunction with the Strategic Director to enable the site to be developed through Cambridge Investment Partnership (CIP) subject to a value for money assessment to be carried out on behalf of the Council.

- 2.4 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.
- 2.5 Delegate authority to the Strategic Director to serve initial Demolition Notices under the Housing Act 1985.
- 2.6 Approve a delegation to the Section 151 Officer, in consultation with the Executive Councillor for Strategy and Resources and the Executive Councillor for Housing, to approve the most appropriate valuation basis, funding route and accounting treatment for the value of the commercial units being provided as part of the development of Colville 3.

3. Background

This Development opportunity addressed a number of the Council's key Corporate Objectives:

3.1 Tackling the City's housing crisis.

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

3.1.2 Protecting essential services and transforming council delivery.

3.1.3 Tackling climate change and making Cambridge cleaner and greener.

3.2.1 The scheme includes two sites: 82-94 Colville Road and 100-108a High Street is one site and 122-128a High Street is the other. Both sites are adjacent to Colville Phase 2 and the benefits of bringing forward development were identified during design work relating to that Phase. The proposals involve modification to the Phase 2 plan which is within the terms of the existing Planning Permission. A programme has been developed to maximise the design and construction benefits associated with the development of Phase 2.

3.2.2 Residents have been informed of the Councils intention to take this report to the September 2020 Housing Scrutiny Committee. These

residents have also been offered one to one appointments with the Decant and Rehousing Officer so that any concerns which they have can be discussed in private. 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

3.3.1 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 August 2020. There are currently 1,426 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 |
|----------------|------|-------|-------|--------|
| | 1002 | 424 | 243 | 47 |

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

| Unit Type | Units |
|--------------|-----------|
| 1B2P Flat | 22 |
| 2B3P Flat | 2 |
| 2B4P Flat | 20 |
| 3B5P House | 3 |
| Total | 47 |

3.3.3 The indicative mix of the proposed scheme (see Appendix 2) will provide 47 Council rented homes, with an overall net gain of 31 Council rented homes. After reviewing the proposed tenure mix, it is recommended that the development is delivered as Council 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.

3.3.4 Alternatives available include a proportion of units being shared ownership, intermediate rent or private rented sector homes managed

by a vehicle at arms-length from the Council. Social rented housing comprises just over a quarter of the homes in Cherry Hinton compared to just under a quarter across the City.

| Cherry Hinton | Cherry Hinton | % | Cambridge | % |
|--|---------------|------|-----------|------|
| Owned: Owned outright | 1,067 | 29 | 11,639 | 24.9 |
| Owned: Owned with a mortgage or loan | 1,075 | 29.2 | 10,532 | 22.5 |
| Shared ownership (part owned and part rented) | 14 | 0.4 | 526 | 1.1 |
| Private rented: Private landlord or letting agency | 506 | 13.8 | 11,170 | 23.9 |
| Private rented: Other | 42 | 1.1 | 1,088 | 2.3 |
| Social rented | 928 | 25.2 | 11,023 | 23.6 |
| Social rented: Rented from council (Local Authority) | 739 | 20.1 | 7,109 | 15.2 |
| Social rented: Other | 189 | 5.1 | 3,914 | 8.4 |
| Living rent free | 44 | 1.2 | 736 | 1.6 |

Source: Cambridgeshire Insight

3.3.5 Other factors included:

- There are only two flats sold on long leases under the Right to Buy amongst the 18 flats to be demolished.
- Feedback from Ward Members was in favour of a 100% Council rented scheme.
- The development is in two parts and, although both are contiguous with Phase 2 the entrance to one is towards the Fisher's Lane end of Cherry Hinton High Street (19 homes) and the entrance to the other in Colville Road (28 homes) is separated by the public car park.

4. Commercial Units

4.1 The proposals incorporate proposals to replace the existing commercial units with new commercial space to a higher quality, greater flexibility and improved relationship to the open space at the junction of the High Street and Colville Road. The scheme provides 300sqm of commercial space (an increase of 38sqm). This will also increase rental income for the Council.

4.2 The existing commercial units are occupied by a hairdresser, an optician, a baker and a cycle repair shop. These will need to be

terminated in accordance with the Landlord and Tenant Act 1954. This Act gives tenants' rights of renewal of their existing lease of a property unless terminated for specific grounds which in this case will be section 30(1)(f), that the landlord intends to demolish or reconstruct the premises. The Act requires that the landlord pays the tenant statutory compensation of one- or two-times rateable value depending upon how long they have been in occupation. The combined rateable values are £24,750.

- 4.3 It is recognised that redevelopment will be disruptive to the commercial tenants hence the requirement to pay statutory compensation. The existing tenancies will terminate but the tenants will be able to apply for tenancies in the new development. The new properties will be different from existing and at higher rents. Within that framework will seek to offer advice and support to the commercial tenants. Property Services will try to relocate existing tenants to other Council property but the Council has no obligation to do so and it will be at the tenant's cost. Naturally the Council will look to retain tenants with a good track record wherever possible.

5. Site Details

- 5.1 The site is at 82-94 Colville Road, 100-108a and 122-128a High Street and in the Cherry Hinton Ward. A location plan of the site is attached as Appendix 1.



- The site is currently occupied by 18 existing homes, of which 16 are council tenanted and 2 leasehold, and 4 tenanted commercial units.
- The site is surrounded by existing dwellings, shops and some green open space to the front. The proposed development looks to retain and improve the open space to the front of the proposed redevelopment to improve the overall visual appearance.

5.2 The site is approx. 0.48 hectares in size.

5.3 The following surveys and investigations have been undertaken or are programmed 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

5.4 There will be a 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 any impact on timescales and costs.

5.5 There are services running through the development which run approximately north to south. The location of these services have been identified through the survey works for Colville Roade Phase 2, and have been taken into account with the early capacity design work. These are shown on the indicative layout plans.

5.6 Planning and Councillor Feedback: Early advice was sought from planning consultants and pre-application meetings have been held with

planning and urban officers and the Highway authority. Issues arising are noted below:

5.6.1 Pre-application feedback:

- Building heights and density are generally supported.
- Risk of overlooking from northern block to gardens to east (the latest designs address this).
- Southern block to be extended to edge of public car park (the latest designs reflect this).
- Parking for northern block to be separately accessed from High Street (the latest designs reflect this).

5.6.2 Ward Councillor feedback:

- Tenure to be 100% affordable housing.
- More parking provision desired for southern block (currently 0.5).
- Acceptability of northern access queried (Highways have confirmed this is acceptable).
- Position of the commercial tenants who have to relocate to be considered.

4.4 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.

4.4.1 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.
- Current residential mix 6nr 1 bed and 12 nr 2 bed all of which are flats.
- The current two blocks were built circa 1950's and are of traditional brick construction. The age of these units will lead to the need for

further investment and increased on-going maintenance. A programme of works will be required if the scheme does not proceed.

4.4.2 Develop for HRA housing only

- Addresses the housing need identified in an area of existing housing stock, delivering units which will contribute towards reducing the local housing need.
- 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.

4.4.3 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 reducing the local housing need. Incorporating some different forms of affordable housing e.g. Shared Ownership, Intermediate Rent, outright sale may meet a broader housing need.

4.4.4 From the options considered in this section, the option to develop for HRA housing only is recommended as the approach which responds directly to the corporate objective of tackling the city's housing crisis.

4.5 Design and Sustainability

In line with Campkin, Colville and the Meadows developments, the design of this affordable housing scheme goes beyond the current Local Plan adopted design standards and the Cambridge Sustainability Housing Design Guide (SHDG) and consideration is given to the design impacts on carbon, energy, running costs and tenant bills. In line with Campkin, Colville and the Meadows, carbon emissions are expected to be at least 35% below 2013 building regulations and gas free. The learning from these schemes will feed into the review of the SHDG for all future council housing schemes to ensure there is a clear roadmap towards zero carbon taking into account capital costs, running costs and impacts on tenant bills.

4.6 Programme

4.6.1 The indicative programme for the development is as follows:

Submission of Planning Application: November 2020

Planning Permission Granted: March 2021

Completion of decanting: July 2021

Start on Site: August 2021

Completion: Spring 2020

4.7 Demolition notices

4.7.1 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 a 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.

4.7.2 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.

4.8 Compulsory Purchase Order

4.8.1 There are two 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 available to 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 £11,103,200 (In addition to the demolition and construction costs, this includes pre and post statutory planning fees, professional consultant fees, survey and site investigation costs, other associated costs and HDA fees (leaseholder buy-back, home loss and disturbance payments) currently estimated at £770,000.

5.1.2 It is proposed that the investment will be met from a combination of Right to Buy receipts and HRA resources for the additional homes on the site, and HRA resources for all of the site assembly costs and the re-provision costs of the existing 16 rented residential units on the site.

This will result in the following mix of funding:

| | |
|------------------------|-------------|
| Right to Buy receipts: | £1,000,000 |
| Devolution Grant: | 0 |
| HRA resources: | £10,103,200 |
| Total: | £11,103,200 |

5.1.3 The indicative capital budget is £11,103,200

5.1.4 The appraisal assumes that RTB receipts are a free resource as they have to go to MHCLG if the Council fails to use spend them. Funding costs are based on the loss of potential interest on Council resources at 1%.

5.1.5 It should be noted that the commercial property that currently exists on the site of the Colville Road 3 development is held in the Council's General Fund, with the benefit of the rental income also being recorded there. Officers are exploring the most appropriate route to both identify the true costs that should be borne by the General Fund and to subsequently account for and finance this expenditure. At this stage the full scheme cost has been incorporated into the HRA Medium Term Financial Strategy and Housing Capital Plan, to allow the scheme to proceed. A delegation to the Section 151 Officer, in consultation with the Executive Councillor for Strategy and Resources and the Executive Councillor for Housing, is requested to allow the

most appropriate valuation basis, funding route and accounting treatment for the value of the commercial units being provided to be determined.

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. The Council has a dedicated Decant and Rehousing Officer. This post was put into place to work with both the HDA 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 which 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 identification of 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 surpass the current Cambridge Sustainable Housing Design Guide (SHDG) and meet approximately 35% reduction in carbon emissions compared to 2013 Building regulations and the learning from this scheme will feed into the review of the SHDG for all future council housing schemes to ensure there is a clear roadmap

towards zero carbon taking into account capital costs, running costs and impacts on tenant bills.

(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 previously completed construction of 2 No. 2 bed houses on a site at Uphall Road. Further sites of a similar scale have been identified which may be brought forward by estates and Facilities, but the scale of the Colville Phase 3 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 either an open tender or a tender conducted through a public sector procurement compliant framework. The tender would be carried out following the granting of planning permission. This route is a viable route but is not recommended in light of the benefits offered by the CIP route and that the neighbouring site Colville phase 2 is being developed through CIP.

Offer the site to CIP for development

In July 2016 Strategy and Resources approved the setting up of the Cambridge Investment Partnership (CIP) which was subsequently

established in January 2017. The use of the CIP in managing property development enhances the Council's capability for delivery of affordable housing and makes the best use of its community assets to provide for the future of Cambridge and its residents. The principles governing the process of bringing forward developments through CIP were agreed at the Strategy & Resources Scrutiny Committee held on 9th October 2017.

This scheme will follow the route for development outlined and approved by HSC in September 2019, through the CIP there is ability to utilise the skills and expertise of the contractor early in the process. CIP are delivering phase 2 of the Colville Road scheme. As with other schemes in the partnership there will be independent value for money assessments undertaken and an open book costing across the supply chain.

(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 communication with residents and shop tenants prior to this report being presented. All tenants including those with shops and leaseholders were written to, with an offer to meet 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 not tied to conventional working hours and followed current Government COVID guidelines.
- 7.2 There has been consultation with Ward Councillors about the proposals. The Ward Councillors were supportive of the principle of re-development to provide additional council housing and a further meeting is planned to discuss the scheme including concerns that they have about the provision of parking.
- 7.3 Consultation and communication with existing tenants and leaseholders will continue in accordance with the City Council's Home Loss Policy. This policy along with National 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 parties affected by the proposal.
- 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 |
|---|--|---|---|
| Design Risk – constraints | Low – There is a risk, however with regular meetings with planning throughout the design process this will be minimal. | Constraints (particularly on the northern parcel) mean it is to maximise the developable area whilst creating a design that is efficient to build and maintain. | Consider a simple design option that may not use so much developable area. |
| 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 cannot be put in place until planning is granted and could take 1 year from receipt of planning. | Officer in place 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. | CIP are required to ensure all site surveys are as accurate as they can be taking into account resident occupations. CIP have 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. CIP will be tasked in providing information on 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 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. | CIP 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. | High- Impact would be a delay in decanting and delays in start on site. | HDA and City Homes officers will work together with the Decant and Rehousing Officer to ensure the timely implementation of the decant programme. |

9. Background papers

19/42/HSC Approval for CIP scheme delivery routes.

10. Appendices

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

Appendix 2 – The proposed scheme layout

Appendix 3 – Street view of indicative scheme at junction of Colville Road and Cherry Hinton High Street

Appendix 4 – Street view of indicative scheme at junction of Fisher's Lane and Cherry Hinton High Street

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.



| Unit Type | Units |
|---------------|-----------|
| 1B2P Flat | 22 |
| 2B3P Flat | 2 |
| 2B4P Flat | 20 |
| 3B5P House | 3 |
| Totals | 47 |

Appendix 3 - Street view of indicative scheme at junction of Colville Road and Cherry Hinton High Street

The sketch shows commercial units with flats above and their relationship to the informal open space. Note that this is an indicative scheme and subject to Planning Permission and further design development.



Appendix 4 - Street view of indicative scheme at junction of Fisher's Lane and Cherry Hinton High Street

The sketch shows the development planned for the Fisher's Lane part of the site and relationship to the informal open space. Note that this is an indicative scheme and subject to Planning Permission and further design development.

