

Item

**PURCHASE OF NEW AFFORDABLE HOUSING,
The Mews, HISTON ROAD**



To:

Councillor Richard Johnson, Executive Councillor for Housing

Report by: Claire Flowers, Head of Housing Development

Tel: 01223 – 457515 Email: claire.flowers@cambridge.gov.uk

Wards affected:

Arbury

Key Decision

1. Executive Summary

- 1.1 The Histon Road site is being developed by Laragh Homes on the former Scotsdale Laundry and Nursery Site, Histon Road, Arbury. More recently, the site accommodated the Cambridge Squash and Fitness Club. The site was formerly allocated for development in the 2006 Local Plan.
- 1.2 Laragh Homes' Reserved Matters Application was approved by a unanimous vote at Cambridge City Council on 5 February 2020 for the delivery of 27 new properties, 17 private and 10 affordable, 3 of which have been earmarked to form part of a housing programme through the Cambridgeshire and Peterborough Combined Authority as £100K homes.
- 1.3 The report seeks approval for a capital budget to purchase 7 affordable units from Laragh Homes, for rent as Council homes. These will consist of the following:
 - 6 x 2 bed, 4 person Flats
 - 1 x 2 bed, 4 person House
- 1.4 The properties will be purchased via a fixed price works contract with City Council Employers requirements, signed between Cambridge City Council and a Laragh Homes LLP.

- 1.5 The agreed upon purchase price for the 7 properties is £1,400,000. The total indicative cost is: **£1,513,000.**

2. Recommendations

The Executive Councillor is recommended to:

- 2.1 Approve the purchase of 7 new Council homes at the Mews, Histon Road and delegate Authority to the Strategic Director to approve contract terms with Laragh Homes/LLP in respect of this transaction.
- 2.2 Approve a total budget of £1,513,000 to enable the development of 7 homes at the Mews, Histon Road.

3. Background

- 3.1 This project contributes to the Council's key Corporate Objectives of tackling the City's housing crisis.
- 3.2 The Council was approached by Laragh Homes in July 2020 regarding the potential to purchase the affordable housing on this development site which has planning permission. The affordable housing units are required as part of an agreed S106 with the local planning authority. Subsequently, the Council's proposal has been accepted by Laragh Homes, pending Approval by the HSC and finalisation of the purchase agreement.
- 3.3 Laragh Homes are a locally based developer with experience in schemes elsewhere in the City. They were established in 2007 and specialise in high quality design and bespoke solutions to complex sites.

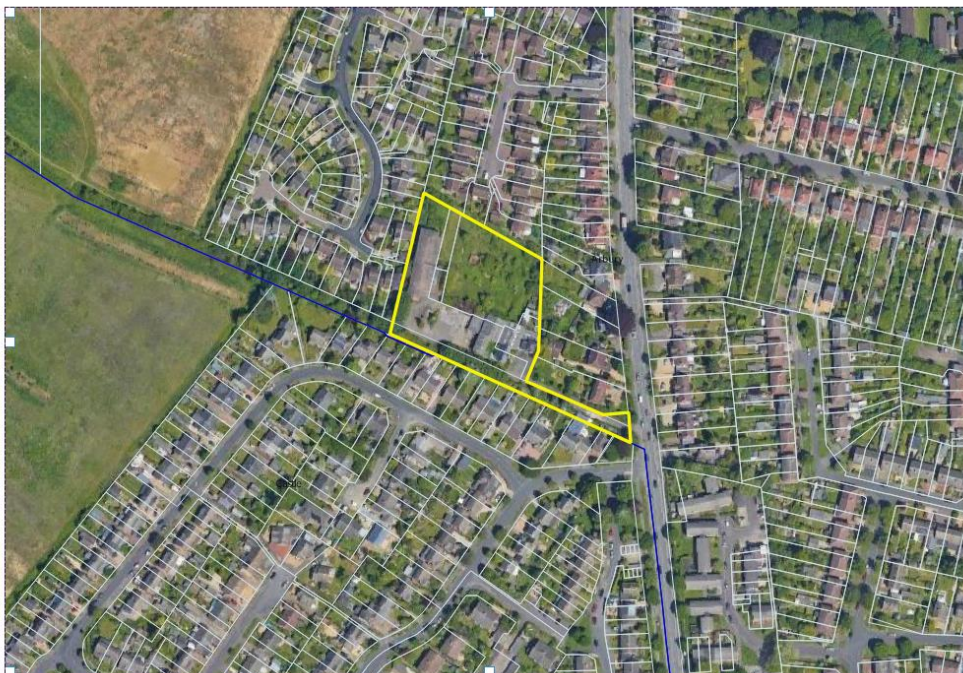
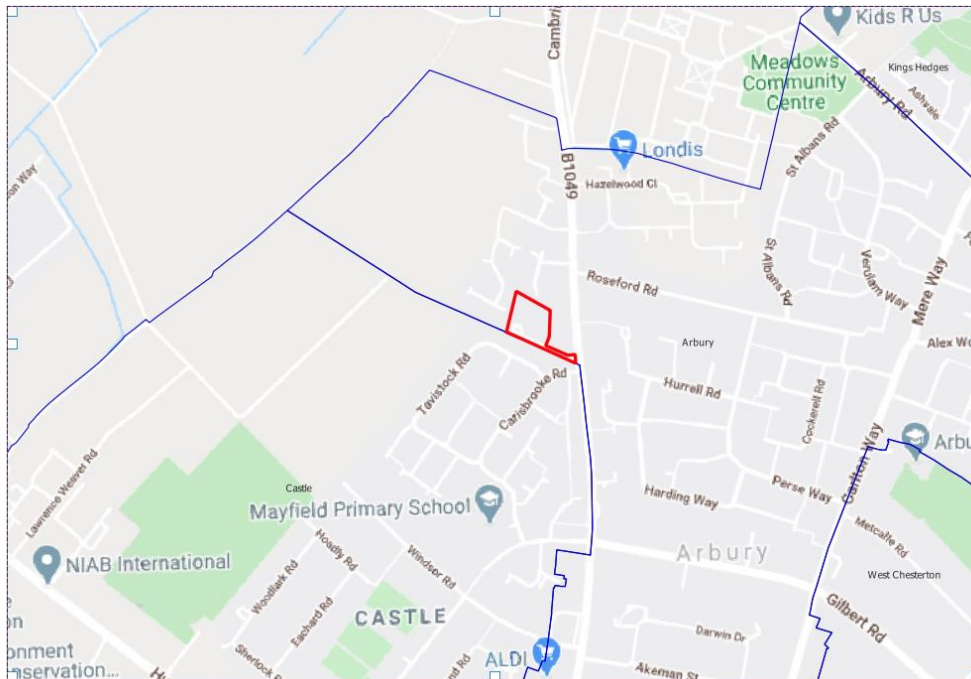
3.3 Local Housing Need

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 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

4. Site Details

- 4.1 The Mews development is located on the former Scotsdale Laundry and Nursery Site, Histon Road, Arbury. The site was formerly allocated for development in the 2006 Local Plan. A location plan of the site is at Appendix 1. More recently, the site accommodated the Cambridge Squash and Fitness Club.



- 4.2 The outline Planning Application was Approved on 27 September 2016, with all matters reserved except for access for the demolition of all structures on site and development of 27 Dwellings.
- 4.3 Reserved Matters Application was approved on 5 February 2020.
- 4.4 The site is currently derelict with existing buildings in a poor state of repair and having been vandalised (broken windows etc.), with overgrown vegetation and fly-tipping. The scheme will give the site a new sustainable use and reduce the security risk caused by empty buildings and unsupervised areas to local properties.

5. Scheme

- 5.1 The Development will deliver 27 new properties, 17 private and 10 affordable. 3 1-bedroom affordable homes have been earmarked to form part of a housing programme through the Cambridgeshire and Peterborough Combined Authority for £100K homes. (the S106 needs to be varied to include these, these homes are currently shared ownership).
- 5.2 The scheme was approved with the support of the Sustainability Officer subject to a planning condition relating to the installation of specified renewable energy systems.
- 5.3 As well as the homes the scheme will deliver:
- Associated amenity space including 2 no. public green spaces,
 - Adapted vehicular and pedestrian access onto Histon Road, part of which will be adopted, extent subject to negotiation with Highways as part of the Planning process,
 - New vehicular and pedestrian road layout to allow circulation around site,
 - Improved pedestrian/cycle connection to Darwin Green site to the west.

The proposed scheme layout is included as Appendix 1

- 5.4 The Council has not worked with Laragh homes previously. References have been requested from other affordable housing partners and the Development manager has visited one of their schemes. Laragh homes have agreed to deliver the scheme to meet the Councils Employers Requirements. The Council would employ an Employers Agent and Clerk of Works to ensure quality is monitored throughout.

6. Planning Application

- 6.1 Reserved Matters were approved by Cambridge City Council on 5 February 2020, Reference 19/0718/REM.

7. Programme

The indicative start on Site for the development is October 2021, with a 21 month build period scheduled.

9. Financial Implications

- 9.1 The total indicative capital cost of the Mews affordable housing is estimated at **£1,513,000**. This includes the purchase price of the dwellings and all associated internal and external fees.
- 9.2 This cost is made up of a purchase price of £1,400,000 and an allowance for fees and associated costs of £113,000
- 9.3 It is currently proposed that the investment will be wholly met from HRA resources for the purchase of the affordable homes on the site.
- 9.4 This will result in the following initial mix of funding:
- | | |
|------------------------|-------------|
| Right to Buy receipts: | £0 |
| Devolution Grant: | £0 |
| HRA resources: | £1,513,000 |
| General Fund | £0 |
| Total: | ££1,513,000 |
- 9.5 The housing capital budget will be **£1,513,000**.
- 9.6 The payback for this scheme in isolation is 49 years. It should be noted however, that this scheme is currently assumed to be 100% funded by the HRA, with no Devolution funding, RTB receipts or Homes England grant anticipated. There will be the opportunity to move RTB resource into this scheme should there be slippage on other projects.

10. Implications

(a) Staffing Implications

The development scheme will be managed by the Housing Development Agency.

(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

A Renewable Energy Assessment informed the Development proposal by Laragh Homes as approved. PV panels were the preferred option, and these are required through a Planning Condition.

(d) Procurement Implications

n/a. Laragh homes have selected the Council as its affordable housing provider as required by the S106.

(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.

11. Risks

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

Description of risk	Likelihood	Impact	Mitigation
Cost Risk – Construction works	Low – the council aims to enter into a fixed-price work contract.	Increased build cost.	Fixed work costs agreed on signing of contract mitigate this risk.
Construction - Delivery	Med- Market led development therefore may be affected by market factors. However, Planning Approval is in place and underlying demand in Cambridge remains strong.	Failure to deliver the additional 7-council rented homes. A risk of some delay to the programme but risk of non-delivery is low.	Confirmation planning approvals are in place. Due diligence before contract and payment structure to ensure Council payment is on certificates of actual work.

Construction -Quality	Med- risk of CCC design & spec requirements not being met, and Risk of poor quality control on site during construction. The Council have not worked with this developer before due diligence will be undertaken prior to contracting as well as quality control.	Med- will impact potentially on quality standards of completed buildings; increased defects.	CCC to employ EA and Clerk of Works to oversee scheme. Contract will include agreed specification and drawings for the units.
Developer insolvency	Med- the construction and development industry may be impacted on further by changes to the economy.	Med- would delay delivery and potentially increase costs whilst administrators managed process.	Undertake financial checks on company, include performance bond and parent company guarantee and NHBC contractor insolvency in requirements
Resources	Low- Allocation of resource is within CCC control	Low	Project management of scheme can be contained within current H DA resourcing

Background papers

Further detail on the proposed development may be accessed through the Greater Cambridge Planning portal using reference 19/0718.

12. Appendices

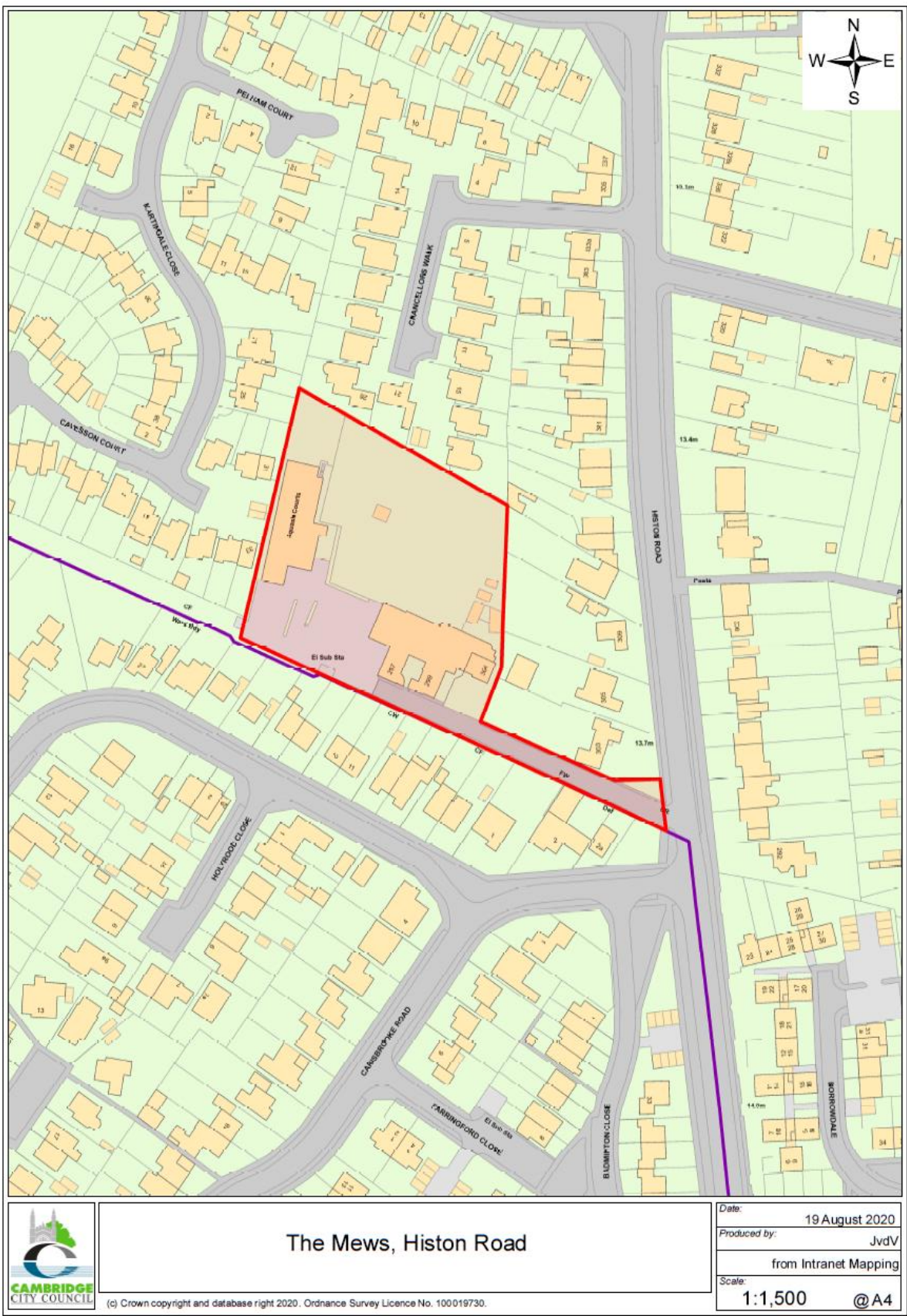
Appendix 1 – Site Location plan

Appendix 2 – The proposed scheme layout

13. Inspection of papers

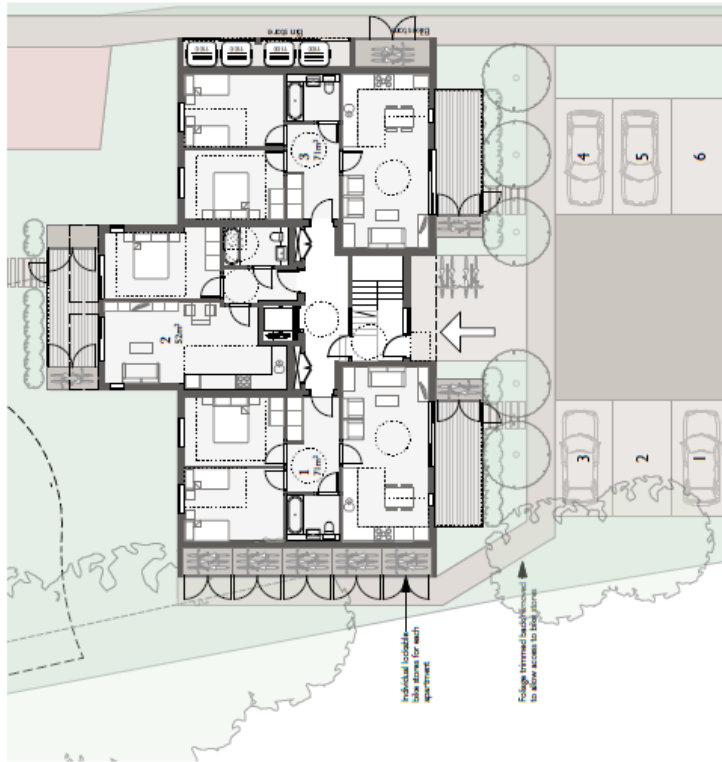
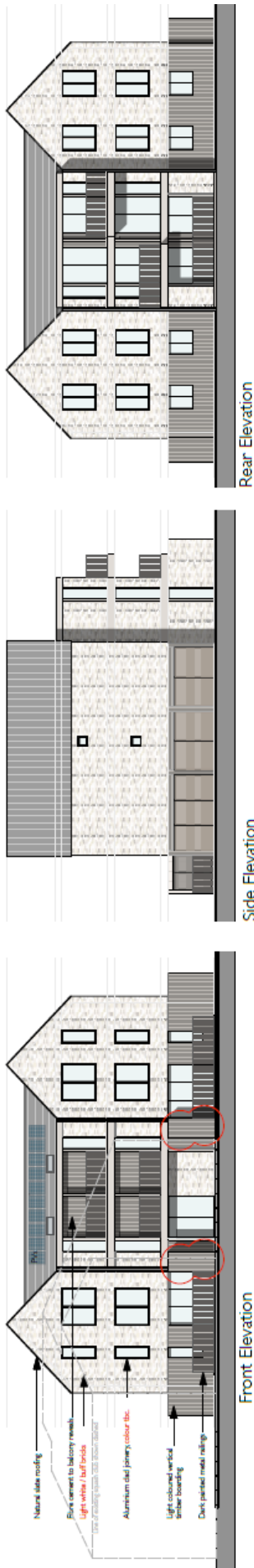
To inspect the background papers or if you have a query on the report please contact Jaques van der Vyver, Housing Development Agency, tel: 01223 457515, email: Jaques.vandervyver@cambridge.gov.uk

Appendix 1 Location Plan

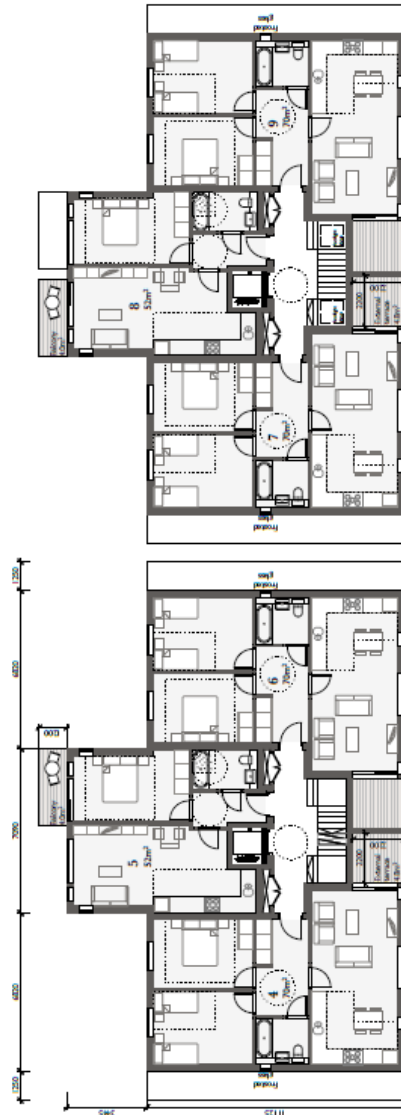


Appendix 2 – Proposed Scheme Layout





Ground Floor Plan



First Floor Plan

Second Floor Plan

Notes		HaysonWardMiller Architects		APARTMENT PLANS AND ELEVATIONS	
1. This drawing must not be scaled - work only to figure dimensions		Project		295.301 Histon Road, Cambridge	
2. Dimensions must be verified on site by the contractor before		For		LABAGH	
3. This drawing must be approved by the architect immediately		Scale		1:100 @ A1, 1:200 @ A3	
4. This drawing applies only to this job and site		Job no.		18.630	
5. This information on this drawing is copyright protected		Drawing no.		P20	
		Revision no.		G	