

Estate Regeneration Report

Appendix 1



REPORT ON NEW COUNCIL HOUSING AT AYLESBOROUGH CLOSE PHASE 2

1. Executive Summary

- 1.1 The Aylesborough estate is linked to an earlier Phase 1 regeneration programme undertaken in 2017 to the west.
- 1.2 The existing buildings at 15-34 Aylesborough Close and 69-75 (Odds) Verulam Way consist of three short terraces of 1-bed homes to the north. To the South, 2 to 24 Fordwich Close is a brick 4-storey block of 2-bed maisonettes.
- 1.3 The indicative mix of the proposed scheme (see Annex 2) will provide 72 Council rented homes, with an overall net gain of 39 Council rented homes.
- 1.4 It is recommended that, subject to securing Homes England grant, the development is delivered as 100% Council rented accommodation. Rented housing is to be let in accordance with the Council Affordable rent policy (where rent and service charges together do not exceed 60% of Median rent).
- 1.5 Homes will be owned and managed by Cambridge City Council and let on Cambridge City Council tenancies.
- 1.6 The scheme is indicative and subject to further review and pre-application planning consultation.

- 1.7 The report seeks approval of a capital budget for the scheme based on an 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. The design is to attain a number of sustainability standards in carbon, energy, water, car park ratios, EV charging and biodiversity including the Passivhaus standard with carbon levels of at least 35% below 2013 building regulations and to be gas free.
- 1.8 The total indicative cost of this development is £19,030,000 This includes decant, legal, and 106 costs, Clerk of Works and Employer's Agent fees and H.D.A project management allowance. This Budget includes delivery to Passivhaus standards.

2 Background

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

2.1.1 Tackling the City's housing crisis.

- There is a recognised need for more affordable housing across the city. As at June 2021, there were 2069 households in need of affordable homes across the city; progressing this scheme will help in meeting the needs of those on the waiting list.
- Delivering a proportion of the 1000 net new council rented homes identified as the target of the 2022-2032 new housing programme for the Council.

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

2.1.3 Protecting essential services and transforming council delivery.

2.1.4 Tackling climate change and making Cambridge cleaner and greener.

- 2.2 The existing buildings at 15-34 Aylesborough Close and 69-75 (Odds) Verulam Way consist of three short terraces of 1-bed homes to the north. While there is no recognised problem with tenanting these units, they are below current minimum space standards and are reaching the end of their design life, with high upcoming maintenance expenditure expected, primarily related to roofing works.
- 2.3 To the South, 2 to 24 Fordwich Close is a brick 4-storey block of 2-bed maisonettes. This block has been included for redevelopment following reports by the Housing Officer that it is considered largely unfavourably by the tenants and residents of the close.
- 2.4 The site is currently occupied by 36 households, of which 2 are leasehold. One further leasehold property has been repurchased by the council. The remaining households are council tenants.
 - 2.4.1 Residents have been informed of the Councils intention to take this report to the September 2021 Housing Scrutiny Committee. These residents have also been offered one to one appointments so that any concerns which they have can be discussed in private. The Council is updating its policies as noted in section 5 and appendix 2 of the main report.

2.5 Local Housing Need

- 2.5.1 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 June 2021. There are currently 1,986 households in need of a 1, 2 or 3 bedroom property; progressing this scheme will help in meeting the needs of those on the waiting list.

Cambridge City	1 Bed	2 Bed	3 Bed
	1,159	517	310

- 2.5.2 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	33
2B4P Flat	33
3B5P Flat	6
Total	72

2.5.3 The indicative mix of the proposed scheme (see Annex 2) will provide 72 Council rented homes, with an overall net gain of 39 Council rented homes. Potential to increase the delivery to 74 units is being considered. 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 Site Details

3.1 The site includes: existing flats at 15-34 Aylesborough Close and 69-75 (Odds) Verulam Way and maisonettes 2 to 24 Fordwich Close

3.2 A location plan of the site is attached as Annex 1.



- The site is currently occupied by 36 existing homes, of which 33 are council tenanted and 2 leasehold. 1 unit is currently vacant.

3.3 The site is approx. 0.52 hectares in size

3.4 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

3.5 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.

3.6 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.

3.7 Site Options

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

	Redevelop	Retain	Retrofit
No. of dwellings	72	36	36
National Guidelines for space standards	✓	✗	✗
Amenity Space – balcony or private garden	✓	✗	✗
Accessibility for wheelchair users	✓	✗	✗
Security – crime designed out	✓	✗	✗
Heating	Air Source Heat Pump	Gas	Air Source Heat Pump
Energy Bills	Low	High	Low
Ventilation	Mechanical	✗	Mechanical
Bike Storage	✓	✗	✗
EV charging	✓	✗	✗
Water l/pd	90	>110	>110
Biodiversity Net gain	+20%	0%	0%
Underground bins	✓	✗	✗
Improvements to car parking, landscaping and external works	✓	✗	✗
Fire Safety above building regulations	✓	✗	✗

3.7.1 Retain as existing

- The current 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 including remedial works to walkway and, balconies, walls, reinforced concrete, rainwater goods and underground drainage. There is the need for the replacement of the landlord's electrical distribution system and to upgrade the buildings fire safety standards.
- Much of the day to day repairs and planned replacement where building elements have reached the end of its serviceable life and have H&S implications require immediate attention.
- The standards of the existing flat blocks and maisonettes are poor and do not meet the current new build standards in internal space standards, amenity space, accessibility, security, heating, energy bills, ventilation bike storage, EV charging, water conservation, biodiversity, refuse, external landscaping and fire safety.

3.7.2 Retrofit the estate

- To reach equivalent performance standards of passivhaus to those of the council's new build delivery programme would require the installation of: triple-glazed windows and doors, air source heat pumps, additional insulation, mechanical ventilation heat recovery, and solar PV.
- Excluding fire safety improvements, external works improvements and decanting costs the cost per unit is calculated to be approx. £65,000 per unit or £2,210,000 in total.
- Whilst there would be significant improvements to the energy and carbon performance of the existing flat blocks and maisonettes there will be no improvements in internal space standards, amenity space, accessibility, security, heating, energy bills, ventilation bike storage, EV charging, water conservation, biodiversity, refuse, external landscaping and fire safety.

4 Design and Sustainability

- 4.1 This development is the second Passivhaus pilot scheme for the council and the Cambridge Investment Partnership and compliments the first pilot scheme as it is a development of flats where the first pilot is focussed on houses. It is important as a pilot from which the Partnership can learn for future schemes. There are also sustainability targets for water, biodiversity, car park ratios and EV charging which are all significant improvements on the current local plan.
- 4.2 The sustainability targets for this site are set out on the matrix below. The scheme is at design stage and the actual performance of the building/detail will be developed over time against this aspiration. There may be financial, viability or technical constraints which will mean the exact targets set out cannot be met; they may also be exceeded. There needs to be the intent for the design team to be focused on design solutions which achieve the carbon emissions reduction, energy bills and annual maintenance costs to these standards.
- 4.3 Below is a matrix setting out the sustainability performance of the scheme against the key targets, providing clarity on how the targets will be met. This scheme would meet levels above the current Cambridge Local Plan and national building regulations.

Development targets	
Sustainability Target	Passivhaus
Units	72
PHPP kWh/m ² This measures energy use for running the building including heating and hot water	28
Water lppd	90
Biodiversity Net gain	20%
Car Parking ratios across schemes	0.5 or less
Are there technical constraints?	Passivhaus Planning Package (PHPP): This is a pilot scheme to deliver Passivhaus Flats
	Water: The target is 90lppd but the detailed design to deliver this has not yet been developed. The measures required and their impact on residents will be assessed as part of this pilot.

	Biodiversity: The opportunities for improvement are included and a 20% improvement is being targeted,
Are there financial constraints	Yes- the project cost estimates are at a relatively high level as further detailed work options for how standards will be met will be explored. This pilot project will inform a review of that for this type of dwelling. Water and bio-diversity costs will also be assessed within the pilot.
Additional measures included to meet Net Zero Carbon in the future	<p>Future proofing - Measures in future are likely to include: Solar PV, battery storage and air source heat pumps. Detailed design to facilitate later introduction to be developed.</p> <p>Yearly maintenance costs will rise from c. £1000 p/a to c. £1900 p/a</p> <p>Note that these are estimates based on today's costs. Future costs may change.</p>

5 Programme

5.1 The indicative programme for the development is as follows:

September 2021	Committee Report on possible redevelopment
October 2021	Resident consultation events
November 2021	Pre-planning consultation
March 2022	Planning Submission
September 2022	Planning Approval
December 2022	Start on Site
June 2024	Practical Completion

5.2 Demolition notices

5.2.1 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.

5.2.2 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.

5.3 Compulsory Purchase Order

5.3.1 There are two leasehold 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 Compulsory Purchase Order (CPO) proceedings.

6 Financial Implications

6.1 Budget / Funding

6.1.1 The total indicative cost is currently estimated at £19,030,000 (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)

6.1.2 It is proposed that the investment will be met from a combination of grant 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 36 residential units on the site.

This will result in the following mix of funding:

Right to Buy receipts:	£0
Homes England Grant:	£7,400,000
HRA resources:	£11,630,000
Total:	£19,030,000

6.1.3 The indicative capital budget is £19,030,000

It should be noted that grant is not yet in place. This can be applied for on a scheme by scheme basis but discussions are continuing with Homes England about ways in which they can support the programme.

7 Other 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. The scheme will be developed by the Cambridge Investment Partnership (CIP) which is a 50-50 partnership.

(b) Equality and Poverty Implications

A scheme specific EQIA accompanies this report as Annex 3.

(c) Net Zero Carbon, Climate Change and Environmental Implications

See section 4.

A Climate Change Rating assessment has been conducted and is attached as Annex 4, indicating a Net Low Positive impact from the development.

(d) Procurement Implications

This scheme will be delivered by the Cambridge Investment Partnership (CIP). A Housing Scrutiny Committee in January 2021 set out the proposed approach to delivery of the programme. The Council will both draw on the experience which Hill can bring to CIP of delivering Passivhaus/low carbon housing projects and will ensure that the learning is captured. The project will be subject to an independent Value for Money assessment by the Employers Agent for the Council.

(e) Community Safety Implications

The scheme will be built in accordance to Secure by Design guidelines as set out within the City Councils Design Brief.

8 Consultation and communication considerations

- 8.1 There has been communication with residents prior to this report being presented. All tenants 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.
- 8.2 There has been consultation with a local resident regarding their access to a garage adjacent to the site. Officers have met the residents and continue to have discussions on the best way forward.
- 8.3 There has been consultation with Ward Councillors about the proposals.
- 8.4 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.
- 8.5 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.
- 8.6 There will be formal consultation through the planning process

9 Risks

9.1 The following table sets out key risks associated with the project:

Description of risk	Likelihood	Impact	Mitigation
Ability to deliver the new development on this site- due to site constraints	Low – There has been a constraints review and title information obtained. Pre app meetings have started with the Local planning authority.	Inability to deliver the number of homes/the proposed scheme	Continue to work closely with planners and professional team to deliver a suitable scheme.
Passivhaus – cost risks and solution may have other impact on costs.	Medium – this project is being developed as a pilot scheme- a high level budget has been	High- there is a tight budget envelope to be achieved any additional costs would need to be	– Proposals have been developed by CIP and working with a specialist consultant

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	put together. The exact detail of the costs and how Passivhaus is achieved needs to be worked through.	covered by another scheme costing the Council less- or further subsidy being made available.	Qoda- there will need to be continued review of best solution to deliver outcomes of low carbon, low cost to run homes.
Grant Risk	Med – there is a risk that Homes England funding is not successful	High – without grant funding the project may not be viable	Discussions with Homes England are continuing.
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 considering 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.

10 Background papers

11 Annex

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

Annex 2 – The proposed scheme layout

Annex 3 – Equality Impact Assessment

Annex 4 – Climate Change Rating Tool Assessment

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Annex 1 – Site Location plan of current Phase 2 Scheme



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

