

Item

Combined Update on new build council housing delivery

To:

Councillor Mike Todd-Jones, Executive Councillor for Housing

Housing Scrutiny Committee 20/01/2022

Report by:

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Wards affected:

All

1. Executive Summary

- 1.1 This report provides an update on the housing development programme.
- 1.2 196 Homes have been completed across 13 sites under the City Council programme, with 107 being net new Council homes. An additional 16 modular “pod” homes have been completed across 3 sites.
- 1.3 The Council currently has 419 net new Council rented homes being built on site.
- 1.4 The Council has been recognised for its success through the Cambridge Investment Partnership at the Inside Housing Development Awards in November where it won the *Best Development Team (South)*.
- 1.5 159 net new affordable with a total of 45 market sale homes and an overall total of 253 homes are currently approved as a first stage of the new 1000 homes housing programme.

- 1.6 The HDA continues to hold discussions with Homes England regarding funding for the new housing programme
- 1.7 The updates to the councils Sustainable Housing Design Guide have now been completed with the guide now following the Department for Levelling Up, Housing and Communities (DLUHC, formerly the MHCLG) National Design Guide ten characteristics of a well-designed place. This design guide for council housing developments includes the sustainability targets as approved by the January 2021 meeting of this Committee on carbon, energy, water, biodiversity, car park ratios and EV charging.

This provides guidance on how sustainable design and good placemaking can help residents out of fuel and water poverty as well as ensuring affordable long term annual maintenance costs. The guide can be found in appendix 3 and will be on the council's web site.

2. Recommendations

The Executive Councillor is recommended to:

- 2.1 Note the continued progress on the delivery of the approved housing programme.
- 2.2 Note the updated 2021 Sustainable Housing Design Guide, to include the recommendations approved in January's 2021 HSC meeting and DLUHC's National Design Standards.

3. Reporting

- 3.1 This is a quarterly report showing progress on the City Councils new housing developments.

4. £70m funding programme DLUHC

- 4.1 The Council's housing programme is part funded by a £70 million grant, which to date has been paid via a combination of the Cambridgeshire & Peterborough Combined Authority and directly by DLUHC. All funding has been received.

- 4.2** As at 31 March 2021 £41,859,663.36 of the funding has been utilised in the delivery of new homes, with £28,140,336.64 held in balances to fund the completion of the programme from April 2021 onwards.

5. Delivery Programme

- 5.1** The delivery programme update provided in June 2021 confirmed that the devolution programme consisted of 542 Council Homes with a further 104 homes identified for the new programme. Following approvals received at the September 2021 meeting of this committee the forecast home delivery under the new 1000 programme has been revised to 159 net affordable homes.
- 5.2** The Council has been recognised for its success through the Cambridge Investment Partnership at the Inside Housing Development Awards in November where it won the *Best Development Team (South)*.
- 5.3** Appendix 1 shows the current programme, indicating total housing provided as well as the net gain of Council homes. Appendix 2 shows the approved budgets per scheme and the net cost to the Council's Housing Revenue account.

6. Profile of Start on Sites

- 6.1** The start on site profile for the 500 devolution programme is shown in table 1. The total starts on site currently stand at 526, or 105.2% of the total programme target of 500 homes, ahead of the targeted deadline of 31 March 2022.
- 6.2** As below, the 500 programme currently shows an outturn of 540 new homes commencing construction by March 2022 with six further homes to be delivered as part of this programme but without devolution grant funding as start of site will be delayed until after this date
- 6.3** The new 1000 homes programme is additionally progressing, and 159 net new council homes have been approved by the Executive Councillor.

Table 1: Start on Site Forecast Profiles

500 Programme

Progress to 500 starts on site	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Starts by year	2	159	162	203	14	2
Cumulative total	2	161	323	526	540	542

1000 Programme

Progress to 1000 starts on site	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Starts by year	0	10	80	69	0	0	0	0	0
Cumulative total	0	10	90	159	159	159	159	159	159

7. Scheme details

7.1 Schemes Completed: Net gain 88 Affordable homes.

Scheme	Ward	Net Affordable	Total Homes	Delivery	Completion Date
Uphall Road	Romsey	2	2	E & F	<i>Jan-18</i>
Nuns Way & Wiles Close	Kings Hedges	10	10	Tender	<i>Aug-19</i>
Ditchburn Place Community Rooms	Petersfield	2	2	Tender	<i>Sep-19</i>
Queens Meadow	Cherry Hinton	2	2	CIP	<i>Jun-20</i>
Anstey Way	Trumpington	29	56	CIP	<i>Jun-20</i>
Colville Garages	Cherry Hinton	3	3	CIP	<i>Jul-20</i>
Gunhild Way	Queen Ediths	2	2	CIP	<i>Jul-20</i>
Wulfstan Way	Queen Ediths	3	3	CIP	<i>Sep-20</i>
Markham Close	Kings Hedges	5	5	CIP	<i>Sep-20</i>
Ventress Close	Queen Ediths	13	15	CIP	<i>Feb-21</i>
Akeman Street	Arbury	12	14	CIP	<i>May-21</i>
Mill Rd (Partial)	Petersfield	20	54	CIP	NA
Cromwell Road (Partial)	Romsey	4	28	CIP	NA

7.2 Schemes on Site: Net gain 419 Council homes

While the programme has progressed well with disruption kept to a minimum throughout the pandemic, some revised forecasts are now being required.

Our partner Hill are reporting risk pertaining to delayed onset of Brexit, Covid and activity in the industry. This is not exclusive to Cambridge or to Hill and has been widely reported across the sector. Staffing and materials supply shortages are becoming evident, and the current operating climate with regards to both labour and materials appears to be changing day by day. Hill are ensuring all materials are placed and ordered as soon as reasonably possible and stock-piled on site.

Where this is not possible, alternative storage facilities are being sought, using existing relationships with suppliers to stockpile materials wherever possible.

With regards to labour, key packages are being procured as early as possible for example brickwork, precast floor slabs/block and beam, structural steelwork, etc. Existing supply chain relationships are being used to navigate through these changing times.

Scheme Name	Ward	Net Affordable	Market homes	Total homes	Practical Completion	Programme status
Mill Road	Petersfield	98	118	236	Sept-22	Handover profile has been revised. Delays caused by material/ labour constraints in the market. Handovers are now carried forward into 2022/23 Financial year
Kingsway	Arbury	4	0	4	TBD	This is on hold pending the wider review on this estate.
Cromwell Road	Romsey	114	173	291	Jan-23	Progressing well. First handovers took place in September 2021. Programme dates under review
Colville Phase 2	Cherry Hinton	47	0	67	Oct-22	Scheduled handover date has been updated to reflect the programme/contract dates.
Meadows and Buchan	Kings hedges	106	0	106	Aug-24	Progressing to programme currently. .

Scheme Name	Ward	Net Affordable	Market homes	Total homes	Practical Completion	Programme status
Campkin Road	Kings Hedges	50	0	75	Apr-23	Scheduled handover date has been updated to reflect the programme/contract dates.

7.3 Approved schemes; Net gain 16 new homes

Scheme Name	Ward	Net Affordable	Market homes	Total homes	Est. SOS	Programme status
Clerk Maxwell Road	Newnham	14	21	35	Jan-22	Land access issues have now been resolved and final contract agreed. This is a golden brick transaction so no start on site will be claimed for funding until this is achieved.
Tedder Way	Arbury	1	0	1	Jun-22	Redesign of this scheme as a 4-bed accessible family home. Submission of a planning application is now proposed as December 2021.
Kendal Way	East Chesterton	1	0	1	Jul-22	Redesign of this scheme as a 3-bed accessible family home continues. Resolution of Boundary dispute is in process and a renewed Planning Application is now forecast for submission by January 2022.

8 Update on the Modular Housing project

8.1 16 homes have now been completed with the most recent handover in July 2021.

8.2 There are opportunities to utilise other small sites in a similar way with other providers such as It Takes a City also coming forward. There are opportunities for funding to support this through the DLUHC First steps programme which we have successfully engaged with. Some non-Council own sites are being considered.

9. Work toward development of the New Council Housing Programme

9.1 Council-Approved Schemes

Scheme Name	Ward	Net Affordable	Other	Total Homes	Status
L2 Orchard Park	SCDC	30	45	75	Planning Approved. Preparatory work proceeding well ahead of a start date. and start on site is now forecast for December 2021
Colville Road Phase 3	Cherry Hinton	32	0	48	Decanting proceeding well. One tenant and one leaseholder left. Commercial leaseholders have been offered alternative accommodation.
The Mews, Histon Road	Arbury	10	0	10	On site and in contract
Fen Road	East Chesterton	12	0	12	Planning Approved received in July 2021- S106 under negotiation.
Ditton Fields	Abbey	6	0	6	Planning granted in October 2021
Aragon Close	Kings Hedges	7	0	7	Pre-planning underway, with Planning submission forecast for January 2022
Sackville Close	Kings Hedges	7	0	7	Pre-planning underway, with Planning submission forecast for January 2022
Borrowdale	Arbury	3	0	3	Resolution to grant planning approved in November 2021.
Aylesborough	Arbury	37	0	70	Pre-planning underway with planning submission forecast for March 2022
Paget road	Trumpington	15 across Paget Rd and St Thomas's Rd	0	15 across Paget Rd and St Thomas's Rd	Surveys ongoing. Planning submission forecast for May 2022

Scheme Name	Ward	Net Affordable	Other	Total Homes	Status
St Thomas road	Coleridge	As above	0	As above	Surveys ongoing. Planning submission forecast for May 2022

9.2 Opportunities for new housing sites

Development opportunities

9.2.1 An update report on the work investigating regeneration options at Hanover and Princess Courts and Kingsway Flats is submitted to this Committee meeting as Item 8 on the agenda.

9.3 New programme Funding and non HRA delivery

9.3.1 As noted in the July update to HSC members, an initial bid was made to Homes England for strategic partnership status to support the new 1000 Homes development programme. This bid has not been successful. The programme continues to be dependent upon Homes England funding. A first round of funding bids to Homes England under Continuous Market Engagement are in progress and the Committee will be updated on the outcome once received.

9.3.2 Intermediate tenures

Approval to establish a new Housing Company to be registered as a Registered provider was approved at the meeting of this Committee in September 2021.

The benefits of having a registered provider housing company would mean that the Council can deliver alternative housing products and attract grant, giving more flexibility going forward. It will mean rent to buy homes (let at 80% of market rent for up to 5 years with the ability to purchase at the end of this period) can be delivered.

Funding to set up the new registered provider was approved as part of the general fund MTFS in October 2021. The authority is now in the process of instructing legal accounting tax and governance advice in relation to the setup of the new housing company with the set-up process expected to take between 6-12 months.

10 Delivering Accessible Housing

- 10.1** Cambridge City Council is committed to providing a range of housing options for residents with limited mobility. The Council adheres to the accessibility standards laid out in the Local Plan 2018. This requires 100% of new build Council homes to be M4(2) (accessible and adaptable dwellings), and 5% of new build affordable homes to be M4(3) (wheelchair user dwellings). Some of the developments attained planning on the pre-2018 local plan but the designs were changed to ensure M4(2) was adhered to and an enhanced M4(2) was also provided.
- 10.2** There are currently 27 fully adapted wheelchair user dwellings and 5 enhanced M4(2) adapted planned in the 500 programme (see table below). This along with meeting the local plan of delivering all homes to be accessible and adaptable will mean the requirement to provide 5% wheelchair user homes will be exceeded.
- 10.3** A further 4 fully adapted units are currently identified for provision under the new programme schemes (at Colville Road Ph3 and Fen Road).

Table 2: Wheelchair user homes

	Total Council rented homes (100% M4 (2) wheelchair adaptable)	Total M4 (3) wheelchair user homes	Total Enhanced (M4(2) 1 bed)	Total 1 bed M4 (3)	Total 2 bed M4(3)	Total 3 bed M4(3)	Total 4 bed M4(3)
500 programme							
Mill Road phases 1 & 2	118	3	5	3	0		
Anstey Way	56	3		3	0		
Cromwell Road	118	6		4	2		
Colville Road Ph 2	69	4		0	4		
Campkin Road	75	4		1	3		
Meadows & Buchan	106	5		2	3		
Tedder Way	1	1					1
Kendal Way	1	1					1
1000 programme							
Colville Road Ph 3	48	2			2		

Passivhaus Package	35	2				1	1
Aylesborough	70	3		2	1		

11. Sustainability

11.1 The Council's Approved schemes have to date met or exceeded the Sustainable Housing Design Guide (part of the 2018 Cambridge Local Plan) and the draft Greater Cambridge Sustainable Design and Construction SPD. This has been reported to date in both scheme-specific and programme update reporting to the HSC.

11.2 Update on Sustainable Housing Design Guide

11.2.1 In January 2021 HSC approved to:

- Update the 2017 Sustainable Housing Design Guide (SHDG) so that all council developments will be required to where viable and feasible:
 - Target Net Zero Carbon from 2030.
 - Target Passivhaus standard from 2021.
 - Attain Sustainability targets for water, overheating, post-occupancy evaluation (POE), Electric vehicle charging, car parking and biodiversity.

The updates have now been completed with the guide now following the DLUHC National Design Guide ten characteristics of a well-designed place.

This guide provides guidance on how sustainable design and good placemaking can help residents out of fuel and water poverty as well as ensuring affordable long term annual maintenance costs. The guide can be found in appendix 3 and will be on the council's web site.

12. Risks

Risk	Likelihood	Impact	Mitigation
Cost increases on approved projects	Medium– Risk remains of increased budget requirements due to COVID-related delays/ rescheduling or Brexit-related cost increases and now supply chain cost increases	Medium - depending on the extent of the additional cost this may be managed within scheme level contingencies approved in Budget Setting Report. The council has a fixed	Cost plans are regularly reviewed and updated, and contracts are fixed price to the council. Latest budgets consistently reviewed as part of BSR. Regular updated risk management budgeting completed as part of

Risk	Likelihood	Impact	Mitigation
		price contract with the contractor minimising cost risk. The cost risk lies with CIP.	risk reviews work across the Council. Supply chain and materials concerns under close monitoring.
Securing Planning on new schemes	Low – schemes have been worked up with planners through the pre-application process and meet or exceed the Councils policies.	Medium- not securing planning would cause delays and increase costs for a revised application.	Pre-app process used effectively, and schemes aim to be policy compliant.
Sales risk – exposing Council cash flow forecast	Medium – Housing market fluctuations are beyond Council control but do occur over long periods and affect the entire economy. Current circumstances may exacerbate such fluctuations or delay buyer activities in the short-medium term.	Medium – new homes are expensive but retain considerable inherent value and have uses other than market sale.	Mill road and Cromwell Road sales have launched regular reporting through CIP processes on sales. Regular updates received in the market for sales of these sites. Currently values are being achieved in line with appraisal and sales rate in line with expectations.
Decanting residents / leaseholders	– Full decant of schemes within the 500 programme has now been reached. The decant of the further scheme at Colville Road phase 3 is on-going if this is not achieved on time there will be impact on the costs of the project	High – regeneration schemes will not be progressed if residents are not decanted.	Decant and rehousing officer regularly liaising with residents requiring decanting to ensure successful rehoming. CPO and NOSP served on remaining leaseholder and tenant at Colville 3.
Not securing necessary grant for new schemes	Medium- there is currently no funding secured for the new programme other than that committed by the Council. The business plan for the MTFS assumed grant.	High - if grant is not secured or at a lower level the business plan may need to be reviewed and the level of housing and tenure delivered may need to change.	Not securing any grant is unlikely as Homes England have a programme which has funding available. Issues in securing the level required to support the costs of developing in Cambridge are an issue. Discussions are on going with Homes England. There may be a need to review assumptions in the business plan as negotiations develop.

Risk	Likelihood	Impact	Mitigation
Labour market/materials/build prices increasing	Medium/High – situation is being proactively managed and is currently seen as a short-term risk, which must be managed, but may impact programme if not price	Medium/High – services or materials shortages may lead to delays in project delivery and an overall increase on programme cashflow. Contracts with the council are fixed price minimising cost risks which lie with CIP.	Fixed price contracts and liaising with Delivery partners ensuring all materials are placed and ordered as soon as reasonably possible and stock-piled on site or using additional storage as required. Key packages are being procured as early as possible. Existing supply chain relationships are being used to ensure service.
First Homes policy introduction from March 2022 may impact council development cashflow and rental income.	High - First Homes are the government's preferred discounted market tenure and should account for at least 25% of all affordable housing units delivered by developers through s106 obligations.	High - The introduction of First Homes will impact scheme viability which may affect number of affordable rented homes we can deliver. This is a specific government requirement which means the council will be unable to deliver a similar tenure mix as previously as delivery of First Homes is now policy.	Review of tenure and cashflow to maximise cashflow and rental income. Likely to require more market sales to cross subsidise if no Homes England grant

13. Implications

(A) Financial Implications

The Devolution Housing Grant and Right to Buy Receipts are the main source of funding for schemes in the current 500 Programme that progress into development. However, the sources of funding for each new housing scheme are laid out when a detailed report for that scheme is brought to the HSC.

Currently the 500 Programme has a total cost to date, or approved HRA budget going forward, of £139,100,718, including some re-provision of existing dwellings

The Council's housing programme is part funded by a £70 million grant, which to date has been paid via a combination of the Cambridgeshire & Peterborough Combined Authority and DLUHC. At the time of writing this report, all of the £70 million has been received, with £38 million via the Combined Authority and £32 million directly from DLUHC.

Until the end of 2020/21 quarterly grant claims were made in arrears against the Devolution funding to the Combined Authority. As of 31 March 2021, £41,859,663.36 of the funding has been utilised in the delivery of new homes, with £28,140,336.64 held in balances to fund the completion of the programme from April 2021 onwards.

This is funded through four avenues:

- Funding provided by the Combined Authority Devolution grant
- Funding provided from Section 106 agreements
- Funding provided by Right to Buy receipts
- Funding provided direct from HRA

The general fund has also supported the delivery of the programme through its investments through the Cambridge Investment Partnership at Mill Road and Cromwell Road. The general fund has further assisted in the development of the Meadows and Buchan schemes, through enabling of land supply and reprovision of community facilities for the duration of on-site activities.

The updated assumptions for the new housing programme have been included within the January 2022 budget setting report. Dialogue is ongoing with funding agencies to enable the council to meet the proposed level of housing delivery. Failure to secure grant will significantly limit the authority's ability to deliver the number of new homes that it aspires to deliver mixed tenure schemes will have to be considered.

(B) Staffing Implications

All housing development schemes will be project managed by the Cambridge City Council Housing Development Agency in liaison with City Homes; Housing Maintenance & Assets; and the Council's

corporate support teams. A large proportion of the schemes are being delivered through the Cambridge Investment Partnership which provides additional resources.

(C) Equality and Poverty Implications

The development framework for new housing by the Council, approved at the March 2017 Housing Scrutiny Committee was informed by an EQIA. Each scheme specific approval is now informed by an EQIA as it proceeds for Committee approval.

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

There are no environmental implications of this report. Each scheme specific approval will cover any specific implications.

(E) Procurement Implications

Advice specific to each project.

(F) Consultation and communication

The development framework for new housing by the Council approved at the March 2017 Housing Scrutiny Committee sets out the Council's commitment to involve residents in new housing schemes.

An updated Regeneration policy outlining procedure for resident engagement was approved by the September 2021 meeting of this Committee (Item 12), and guides all resident involvement exercises.

(G) Community Safety

There are no community safety implications for this report. Each scheme specific approval will cover any community safety implications.

14. Background papers

Background papers used in the preparation of this report:

- (a) 23/09/2021 HSC Combined update on new build council housing delivery

- (b) 23/09/2021 HSC Report on progress toward HRA estate regeneration programme.

15. Appendices

- (a) Appendix 1: Programme milestone summary
- (b) Appendix 2: Programme finance summary
- (c) Appendix 3: Updated Sustainable Housing Design Guide

16. Inspection of papers

To inspect the background papers or if you have a query on the report please contact Claire Flowers, Head of Housing Development Agency, tel: 01223 - 457928, email: claire.flowers@cambridge.gov.uk.