

Item

Update on new build council housing delivery



To:

Councillor Gerri Bird, Executive Councillor for Housing
Housing Scrutiny Committee 21/06/2022

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. 302 homes have been completed across 13 sites under the City Council programme, with 165 being net new Council homes – see 6.1. An additional 16 modular “pod” homes have been completed across 3 sites.
- 1.3. The Council currently has 371 net new Council rented homes being built on site – see 6.22.
- 1.4. 159 net new affordable homes and an overall total of 253 homes (159 net, 45 market sale at L2 and 49 replacement homes) are currently approved under the new 1,000 homes housing programme, with 30 of these now having started on site at L2 Orchard Park – see 8.10.
- 1.5. Following our ongoing discussions with Homes England, a first allocation of grant funding has been approved through Continuous Market Engagement, subject to the Council entering into agreement. This funding facilitates the delivery of affordable housing at L2 Orchard Park in line with a proposed revision to the tenure regime

outlined within this report, allowing the site to be delivered into council stock as a 100% affordable scheme.

- 1.6. There is a proposed revision to the affordable rented tenures to be delivered across the new affordable housing new programme, allowing a higher number of social rented homes to be delivered, together with rental homes at 80% of market rents. This regime actively moves toward best meeting the needs of most at-risk households, while additionally filling an identified gap in the rental market as well supporting viability.
- 1.7. Further work with Homes England continues, and funding submissions have been made for the schemes which have received Planning Permission or Resolution to Grant by the Planning Committee. These are schemes at Fen Road, Ditton Walk, Borrowdale and Colville Road Phase 3.
- 1.8. Work towards identifying development proposals for the 1,000 homes programme continues. Consultation events are to be held through the summer at Ekin Road, East Barnwell Centre and Fanshawe Road.

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 forthcoming work on consultation with residents.
- 2.3. Agree the adoption of a blended rent policy (to include more social rent but some higher rents at 80% of median market rents inclusive of Service Charge) across the new 1,000 homes programme, as required, when delivering homes with grant above the minimum planning requirement of 40% of units on any site.
- 2.4. Delegate Authority to the Strategic Director to update the HRA Rent Setting Policy in accordance with recommendation 2.3 above.
- 2.5. Approve the start on site of currently approved schemes that have planning permission at risk in relation to grant, to mitigate the risk of build cost increase.

- 2.6. Approve the rent level changes to the specific schemes outlined in this report, including the addition of 45 homes at L2, with 30 homes to be let at Social Rent and 45 homes to be let at 80% of market rent.
- 2.7. Approve a budget of £11,520,000.00 for the purchase as a package deal of the private sale units at L2 Orchard Park into the Council's HRA stock, to be let at 80% of median market rent.
- 2.8. Approve changes to the Budgets for Fen Road, Ditton Walk and Borrowdale as outlined in part 8.5.3, with the revised budgets to be incorporated as part of the HRA MTFs in September 2022.
- 2.9. Authorise the Section 151 Officer to enter into a Grant Agreement with Homes England for the 21-26 Homes England Affordable Homes Programme for Continuous Market Engagement.
- 2.10. Approve the principle that units to be let at 80% of market rent be targeted at key workers OR the intermediate rental market, (ie those who are assessed as being on incomes sufficient to be able to afford 80% of market rent), and governed by local lettings plans.
- 2.11. Approve that as part of our Housing Strategy development work the Head of Housing has delegated authority to agree (subject to consultation with the Executive Councillor) a definition of key worker.
- 2.12. That the Council works with South Cambridgeshire DC to try and jointly agree the definition of key worker.

3.. Reporting

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

4.. Delivery Programme

- 4.1. The current delivery programme confirms that the devolution programme consisted of 538 net affordable homes, with a further 159 net homes identified for the new 1,000 programme.
- 4.2. 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.

5.. Profile of Start on Sites

- 5.1. The start on site profile for the 500-devolution programme is shown in table 1. The total starts on site currently stand at 536, i.e. 107% of the total programme target of 500 homes.
- 5.2. A further two homes remain to be delivered as part of this programme at Tedder Way and Kendal Way. These will be delivered without devolution grant funding, as start on site will be delayed until the end of 2022 following their full redesign and designation as large, adapted homes for families with specific mobility needs. All further housing delivery will be conducted under the new 1000 homes programme.
- 5.3. Kingsway Medical Centre remains on hold pending wider review on the site and has been removed from the programme. DLUHC funding formerly identified against this scheme has been re-allocated against the other eligible schemes. Should this refurbishment project proceed it will need to be fully funded through HRA resources following a re-approval of a budget.
- 5.4. The new 1000 homes programme is progressing, and 159 net new council homes have been approved by the Executive Councillor.
- 5.5. A further scheme at Fanshawe Road is being brought forward for consideration at this Committee meeting under a separate Agenda Item.

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	158	203	14	2
Cumulative total	2	161	319	522	536	538

1000 Programme

Progress to 1000 starts on site	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Starts by year	10	134	15	0	0	0	0
Cumulative total	10	144	159	159	159	159	159

6.. Scheme details

6.1. Schemes Completed: Net gain 165 Affordable homes.

Scheme	Ward	Net Affordable	Total affordable Homes	Sale	Delivery	Completion Date
Uphall Road	Romsey	2	2	0	E & F	Jan-18
Nuns Way & Wiles Close	Kings Hedges	10	10	0	Tender	Aug-19
Ditchburn Place Community Rooms	Petersfield	2	2	0	Tender	Sep-19
Queens Meadow	Cherry Hinton	2	2	0	CIP	Jun-20
Anstey Way	Trumpington	29	56	0	CIP	Jun-20
Colville Garages	Cherry Hinton	3	3	0	CIP	Jul-20
Gunhild Way	Queen Ediths	2	2	0	CIP	Jul-20
Wulfstan Way	Queen Ediths	3	3	0	CIP	Sep-20
Markham Close	Kings Hedges	5	5	0	CIP	Sep-20
Ventress Close	Queen Ediths	13	15	0	CIP	Feb-21
Akeman Street	Arbury	12	14	0	CIP	Jun-21
Mill Rd (Partial)	Petersfield	54	54	62	CIP	In Progress
Cromwell Road (Partial)	Romsey	28	28	44	CIP	In Progress
<i>Total</i>		165	196	106		

6.2. Schemes on Site: Net gain 371 Council homes

6.2.1. As reported previously there are issues which are industry wide, affecting both cost and delivery due to labour and materials shortages. These factors are being closely monitored, and increased capacity for materials stockpiling have been put in place reduce risk of delay.

6.2.2. There have been some delays on unit completions at Mill Road and Cromwell Road due to supplier-related delays. These have resulted in completions being reforecast to the 2022/23 financial year.

Scheme Name	Ward	Net Affordable	Market homes	Total homes	Practical Completion	Programme status
Mill Road	Petersfield	64	56	120	Oct-22	Handover dates moved into this financial year. Handover schedules remain under review.
Kingsway	Arbury	0	0	0	NA	This scheme is now removed from the programme.

Scheme Name	Ward	Net Affordable	Market homes	Total homes	Practical Completion	Programme status
Cromwell Road	Romsey	90	133	223	Jan-23	Significant slippage has pushed handovers into this financial year. Handover schedules remain under review
Colville Phase 2	Cherry Hinton	47	0	67	Oct-22	Scheme currently expected to achieve target programme
Meadows and Buchan	Kings Hedges	106	0	106	Aug-24	Progressing to programme currently. First handovers late 2022.
Campkin Road	Kings Hedges	50	0	75	Apr-23	Materials supply issues are being monitored; however the scheme remains as programmed
Clerk Maxwell Road	Newnham	14	21	35	Mar-23	Start on site claimed. Timeline for March 2023 completion remains as forecast
Total		371	210	626		

6.3. Approved schemes; Net gain 2 new homes

Scheme Name	Ward	Net Affordable	Market homes	Total homes	Est. SOS	Programme status
Tedder Way	Arbury	1	0	1	Dec-22	Revised planning application submitted in January 2022. Committee Date remains to be confirmed.
Kendal Way	East Chesterton	1	0	1	Dec-22	Confirmed to proceed to Planning Committee for consideration in June 2022

7.. Update on the Modular Housing project

- 7.1. As at July 2021, 16 modular homes have now been completed through work conducted by the HDA and Hill Partnerships Foundation 200 programme.
- 7.2. Opportunities to utilise other small sites in a similar way are being investigated by Council Officers. It Takes a City are providing expert opinion on the potential suitability of sites for further modular home delivery.

8.. Work toward development of the New Council Housing Programme

8.1. Strategic Partnership and outcomes of discussions with Homes England (HE).

8.1.1. The Council's bid to Homes England (HE) for Strategic Partnership status in 2021 was not successful. As part of that bid, the following mixture of tenures was agreed, as well as provision to setup a Registered Provider to own and manage Rent to Buy homes.

AFFORDABLE RENT (60% of market)	SOCIAL RENT	SHARED OWNERSHIP	RENT TO BUY	PRIVATE	total	HRA
951	140	75	625	676	2467	1091
38.5%	5.7%	3%	25.3%	27.4%		44%

8.1.2. Because the bid was not successful the Council now has to bid scheme by scheme through HE Continuous Market Engagement. Therefore, the HDA has been working closely with HE to see how the Council's ambitions can fit with their CME requirements and their criteria in awarding grant funding. HE has a policy focus on social rent in high-cost areas, such as Cambridge. This fits with the Council's priorities and we have reviewed specific schemes to deliver more social rent homes.

8.1.3. A new proposal has now been developed in liaison with Homes England which makes some changes to the tenure mix of specific schemes.

8.1.4. In summary, this changed proposal for 228 affordable homes enables:

- A much higher proportion of social rent homes - 124 high quality, sustainable new social rent starting on site in 2022/23.
- step toward 1000 council homes by 2032 with first 13% on site by end of 2022/23
- No Shared Ownership, Rent to Buy or private sale homes in this first tranche, and
- 104 additional affordable homes held within the HRA, though now at an 80% rather than 60% of market rent.

8.1.5. The fundamentals of this proposal better reflect the Council's core principles, an emphasis on lower social rents, and will strengthen the HRA, while also offering more affordable housing in Cambridge.

8.1.6. In addition to the priority of meeting housing needs we need to demonstrate we can deliver with HE to make progress toward our 1000-home target and sustain an active HDA team. This proposal is the only way at this time that an agreed funding package can be secured.

8.1.7. In future we may be able negotiate a higher level of funding or secure a programmatic approach to new council homes with HE - although no council outside of London (where funding is managed by the GLA) has this. We will also need to include flexibility for future schemes as part of the approval process to ensure delivery whilst funding is not certain. This approach is reflected in the approvals being sought in the report to this committee on the redevelopment options at Fanshawe Road.

8.2. New Proposal

8.2.1. We have put to Homes England rent proposals for an initial tranche of submissions for funding to develop 124 social rented and 104 affordable rented homes, covering the Committee-approved schemes at:

- Orchard Park L2,
- Colville Road Phase 3,
- Fen Road,
- Ditton Walk,
- Borrowdale,
- Aragon Close,
- Sackville Close and
- Aylesborough.

8.2.2. The proposal differs from the previous tenure mix for specific scheme included in the new proposals as follows:

	Affordable Rent	Social Rent	Shared Ownership and Rent to Buy	Private	Total	HRA owned
HE Partnership Bid (rejected)	152 (65%) <i>(60% median market rent)</i>	17 (7%)	42 (18%)	23 (10%)	234	169 (72%)
Current HE proposal	104 (46%) <i>(80% median market rent)</i>	124 (54%)	0	0	228	100%

8.2.3. The proposal provides a significant net gain in the more affordable social rented homes but does include homes at 80% of market rent to support overall viability. This 80% rent regime largely models the affordability and delivery of an intermediate housing product such as Rent to Buy.

8.2.4. The table below shows the proposed tenure changes against existing Council approvals (HSC) with + showing gains and – showing reduction of each tenure. The most significant changes include changing 45 private homes at Orchard Park to be let at 80% of market rent, 32 additional social rent in Colville and 41 in Aylesborough, as opposed to the affordable rent originally proposed in line with the Greater Cambridgeshire Affordable Rents Policy (60% of median rent or Local Housing Allowance, whichever is lowest).

	Units	Social	Affordable 60% median	Affordable 80% median	Private
L2 Social (Orchard)	30	+30	-30	-	-
L2 Affordable 80% (Orchard)	45			+45	-45
Colville Gain	32	+32	-32	0	
Colville replacement units	16		-16	+16	
Fen	12	+12	-12		

8.3. Ownership and Affordability

8.3.1. All homes will be held within the HRA and meet the government definition of affordable housing. However, only the 124 social rented homes would be counted towards the 1000 homes programme using

the Council's existing definition as outlined in the existing Affordable Rents Policy.

8.3.2. With a much higher proportion of social rented homes (124 compared to 17) a significant number of tenants will pay between £20 and £50 less rent per week as against the policy compliant affordable homes at 60% median market rent (including service charges) or Local Housing Allowance rates.

8.3.3. The increase from 60% to 80% of median market rent would apply to a smaller proportion of homes. The change would increase rental costs associated with these homes as below:

- 1 bed: £40-£60 per week
- 2 bed: £60-£80 per week
- No 3 or 4 bed proposed on current sites.

8.3.4. While this rent will be higher than previously proposed this tenure offers secure tenancies within the HRA and provides stability and quality compared to the Private Rented Sector. It meets a gap in the market in Cambridge for households on lower income than those that can afford shared ownership. This 80% rent is largely equivalent to the agreed Rent to Buy tenure model, with these tenants instead having the right to buy in the future.

8.3.5. The ability to hold the 80% rental properties within the HRA offsets the reduced cashflow as a result of delivering more social rented homes.

8.4. New Programme Funding

8.4.1. On the basis of the revised rental mix as outlined above, Homes England have confirmed a funding allocation for the L2 Orchard Park scheme, subject to a Grant Agreement contract being signed with Homes England.

8.4.2. This is an important step in ensuring the viability of the new 1000 programme, and on this basis approval is sought for the Council to enter into a Grant Agreement with Homes England for the 21-26 HE Affordable Homes Programme for Continuous Market Engagement.

8.4.3. Further funding bids have been submitted under the Continuous Market Engagement for the schemes that have been Planning Permission or a Resolution to Grant by the Planning Committee. These are schemes at Fen Road, Ditton Walk, Borrowdale and Colville Road Phase 3. This Committee will be updated on the outcomes of these bids as engagement with Homes England progresses.

8.5. Timing

8.5.1. Fen Road, Ditton Walk, Borrowdale and Colville Road Phase 3 have received planning consent, and along with further schemes submitted for planning are able to commence on site works within this financial year.

8.5.2. The current rise in build prices is another threat to the programme. It is important that we agree the new proposal with HE as soon as possible but, in the interim, approval is sought to commence work on site at schemes which currently have planning permission, ahead of grant funding being agreed. This will allow the council to limit risk related to materials and labour shortages.

8.5.3. Agreement to proceed with start on site ahead of grant funding being confirmed will reduce risk associated with further delays, however cost implications have already been experienced on the Passivhaus Package of sites at Fen Road, Ditton Walk and Borrowdale. Some of these cost increases have been offset by combining the three sites into one contract but there will still be a requirement for a budget increase of c£71,000 for the three sites.

An approval is sought for revised budgets to be approved as outlined below. These revised budgets, if approved, are to be incorporated as part of the HRA MTFs in September 2022.

Scheme	Current HRA Budget	Revised Budget
Fen Road	£3,930,808	£4,015,365
Ditton Walk	£2,060,976	£1,943,826
Borrowdale	£939,220	£1,043,522
Total	£6,931,004	£7,002,714

8.5.4. In the event that grant is not secured, or is at lower level than expected, the HRA will be able to sustain the costs of these schemes by utilising existing resources and taking out additional borrowing. However, unless compensating resources (grant) are identified across other areas of the programme, this would have the effect of reducing the eventual overall size of the programme.

8.6. This proposal is recommended for the following reasons:

8.6.1. Delivers a mixed and balanced community meeting a wider range of needs

8.6.2. Delivers viability for the HRA and allows for continuous delivery

8.6.3. Enables schemes to be delivered at Council quality standards

8.6.4. Supports partnership with Homes England to achieve further funding potentially at programme level.

8.6.5. Significant step forward in delivery of new affordable housing by the City outside of the devolution deal.

8.7. Purchase of additional units at L2 Orchard Park

8.7.1. In line with the rent mix and funding level agreed as outlined above, approval is sought for the council to purchase the former 45x market sale homes at L2 orchard park into Council stock, to be offered at a rent of 80% of market.

8.7.2. The committee is asked to approve a budget for this purchase of £11,520,000 to cover purchase costs, HDA and EA/COW Management, and legal Fees.

8.8. Lettings procedure – 80% Market rented properties

8.8.1. Should this Committee approve the purchase of 45x units at L2 Orchard park, and adopt this rent level across the new programme, the homes at 80% of market rent are proposed to be delivered as housing for key workers OR the intermediate rental market, (ie those who are assessed as being on incomes sufficient to be able to afford 80% of market rent).

8.8.2. Given the Location of L2 purely in South Cambridgeshire, the lettings arrangements for this scheme will align with those in place for the

original affordable homes, being 50% nomination by South Cambridgeshire District Council and the other 50% for Cambridge City. This is in line with the approved Greater Cambridge Housing Strategy 2019-23 which states on page 9 that Cambridge City and South Cambridgeshire “Agree Local Lettings Plans for the affordable housing on large s106 urban fringe sites and major strategic sites and share those affordable housing allocations between Cambridge and South Cambridgeshire.”

8.8.3. These arrangements will be in place both for 1st lettings and for all subsequent relets. For the avoidance of doubt, the first relet will be taken by a SCDC nomination, the second relet by a CCC direct allocation, with future relets alternating between the two councils.

8.8.4. In the unlikely event that one authority is unable to let a property within its pool of units it will revert to the other authority for nomination.

8.8.5. Cambridge City and South Cambridgeshire have committed to working together to agree:

8.8.5.1. A process for nomination and allocation of tenants.

8.8.5.2. a Local Lettings Plan (LLP), the finer detail of which the two authorities will agree at least 3 months before the properties are advertised for letting.

8.8.5.3. A definition of Key worker as part of the ongoing Housing Strategy Development work.

8.9. St Thomas and Paget Rd garage sites

8.9.1. Design development continues with both sites and these development sites are more conducive to 3 bed houses rather than a mix of 1 and 2 bed flats and 3 bed houses. This increase in the size of homes will require an uplift in the budget as part of the HRA MTFS in September 2022.

8.9.2. While Appendix 2 notes these two schemes as having 7 and 8 units as approved, a revised split is indicated below of 4 homes at Paget close and 11 at St Thomas's. This is in line with current design work and will additionally need to be amended as part of the September 2022 MTFS update.

8.10. Council-Approved Schemes – Revised delivery forecast

Scheme Name	Ward	Net Affordable	Other	Total Homes	Status
L2 Orchard Park	SCDC	30	45 at 80% of Market rent	75	Start on site commenced February 2022. Additional 45 Homes now to be delivered as 80% rented homes held within the HRA.
Colville Road Phase 3	Cherry Hinton	32	16 replacement	48	Decanting underway- one leaseholder left. Forecast Start on site Jul-22
The Mews, Histon Road	Arbury	10	0	10	Remains on track for December 2022 Completion
Fen Road	East Chesterton	12	0	12	Start on site proposed Jun-22
Ditton Fields	Abbey	6	0	6	Start on site proposed Aug-22
Aragon Close	Kings Hedges	0	0	7	Planning application submitted in February 2022. Awaiting confirmation of planning date.
Sackville Close	Kings Hedges	0	0	7	Planning application submitted in February 2022. Awaiting confirmation of planning date.
Borrowdale	Arbury	3	0	3	Start on site proposed for Oct-22
Aylesborough	Arbury	37	33 replacement	70	Planning application submitted April 2022.
Paget road	Trumpington	4	0	4	Design ongoing. Planning submission forecast for September 2022
St Thomas road	Coleridge	11	0	11	Design ongoing. Planning submission forecast for September 2022
Total		159	94	253	

9.. Opportunities for new housing sites

9.1. Hanover and Princess Court and Kingsway Flats

9.1.1. At HSC in January 2022 the decision was taken to carry out an options appraisal at Hanover Court and Princess Court. It was agreed at the same time to offer the opportunity to move to tenants

in order to take advantage of the new properties becoming available at Mill Road and Cromwell Road. It was also agreed to offer leaseholders the opportunity to sell their interest to the Council.

- 9.1.2. Neither tenants or leaseholders are under an obligation to take up these offers but they are eligible for home loss and disturbance payments if they otherwise qualify. There has been a positive response to the offer to move from many tenants and several leaseholders are taking up the offer to sell their leasehold interest to the Council.
- 9.1.3. Council officers are working closely to support all the residents and the non-resident leaseholders through this process.
- 9.1.4. Alongside this the options appraisal work on Hanover Court and Princess Court is progressing. The work effectively started in March once the resource was in place. The aim is still to complete this for report for HSC in September. Work on the management and maintenance issues at Kingsway is also progressing.

9.2. Garage Block – corner of East Road and St Matthews

- 9.2.1. The demolition of the garage at East Road is about to commence following an urgent decision by the Executive Cllr. Pre-application discussions with planning have been continuing to develop a scheme for the site for submission to HSC. The aim is to present this in September depending upon the progress in developing the scheme.

9.3. Consultation

- 9.3.2. In September 2021, the HDA updated this committee on work toward identifying priority estates held within the HDA which may benefit from redevelopment consideration.
- 9.3.3. Consultation work is progressing at Ekin Road and East Barnwell Centre, with events being held in June and July:
- 9.3.4. An in-person event at Ekin Road is scheduled for June. This will include a marquee on the estate with information boards and surveys for the residents. This consultation will be focused on the estate rather than the surrounding residential areas. The aim is to engage residents – tenants, leaseholders and freeholders – in considering the issues facing the estate and the options for the future of the estate. Information on the challenges and opportunities

of partial and comprehensive redevelopment will be provided, as well as on decanting and buy back policies for tenants and homeowners should any form of redevelopment option be selected.

9.3.5. An in-person event for East Barnwell consultation is scheduled for July. This will likely take place in a local community space and will take forward the work outlined in the document 'East Barnwell, Cambridge A Framework for Change' which was funded by One Public Estate and reported to HSC in September 2020.

9.3.6. These events will be supported by the distribution of letters, flyers and surveys. We will also have an online presence with a dedicated website for each piece of consultation work and will host online webinars to answer questions from the residents, homeowners and business owners.

9.3.7. A full reporting on inputs gained through these events will be incorporated into future reporting to this committee, as the consideration of these redevelopment schemes progress through viability consideration.

9.3.8. A report on a proposed development scheme at Fanshawe is proceeding to this Committee as a separate Plan Item, and consultation with residents and interested parties is underway.

9.4. 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. Following the reprofiling of schemes tenures as discussed in part 8, this work has been put on hold and the need for a new Housing company will be reviewed pending the outcome of funding submissions and internal remodeling of the new programme delivery.

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 34 fully adapted wheelchair user dwellings and 5 enhanced M4(2) adapted homes held within the HSC-approved delivery schemes as per below:

Table 2: Wheelchair user homes

	Total Council rented homes (at least 100% M4 (2) wheelchair adaptable)	Of which M4 (3) wheelchair user homes	Of which 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	
Clerk Maxwell *1	14	0					
1000 programme							
Histon Road*1	10	0					
L2 Orchard Park*2	73	0					
Colville Road Ph 3	48	2			2		
Passivhaus Package	35	2				1	1
Paget and St Thomas	15	TBD					
Aylesborough	70	3		2	1		
Total	809	34	5	15	15	2	2

*1: S106 acquisition

*2: South Cambridgeshire; 2x homes proposed originally for market sale do not conform to M4(2)

11.. Sustainability

11.1. The Council's 2021 Sustainable Housing Design Guide continues to guide all new schemes and the table below confirms that all schemes apart from one significantly exceed current Local Plan policy requirements. Histon Road which meets the Local Plan is an off the shelf s106 scheme not designed by the council.

11.2. Progress against the proposed standard stated in the HSC reports is very encouraging with most targets on track. At Paget Rd and St Thomas's Road developments the design team continue to investigate the feasibility of delivery to net zero.

11.3. The council now has 120 homes in development which are targeting Passivhaus.

	Development targets									
	HSC target					Progress to date				
	Energy	Carbon	Water	Bio-diversity	Car park ratios	Energy	Carbon	Water	Bio-diversity	Car park ratios
<i>What is it?</i>	<i>Energy per m²</i>	<i>Carbon Emissions below 2013 building regs</i>	<i>Litres per person per day</i>	<i>% uplift</i>	<i>No. of car bays per home</i>	<i>Energy per m²</i>	<i>Carbon Emissions below 2013 building regs</i>	<i>Litres per person per day</i>	<i>% uplift</i>	<i>No. of car bays per home</i>
Scheme										
L2	45	35%-40%	110	0%	0.34	45	35%-40%	110	0%-10%	0.34
Colville Road Phase 3	45	35%-40%	100-110	10%	0.5	45	35%-40%	100-110	10%	0.5
Mews Histon Rd	65	19%	110	n/a	0.7	65	19%	110	n/a	0.7
Fen Road	28	35%-40%	100	10%	1	28	35%-40%	100	10%	0.9
Ditton Fields	28	35%-40%	100	10%	1	28	35%-40%	100	10%	1
Aragon Close	28	35%-40%	100	10%	1	28-35	35%-40%	100	20%	1
Sackville Close	28	35%-40%	100	10%	1	28-35	35%-40%	100	20%	1
Borrowdale	28	35%-40%	100	10%	0.66	28	35%-40%	100	10%	0.66
Aylesborough	28	35%-40%	90	20%	0.5 or less	28-35	35%-40%	90-100	20% some offsite	0.4
Paget Road (Net Zero)	15	100%	80	20%	0.5 or less	15-28	50%-100%	90	20% some offsite	0.5-0.6
St Thomas Road (Net Zero)	15	100%	80	20%	0.5 or less	15-28	50%-100%	90	20% some offsite	0.5-0.6

Current 2018 Cambridge Local Plan minimum target	65	19%	110	10%	n/a
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11.4. Lessons learnt to date

The lessons learnt from the Passivhaus pilots for houses and flats so far, in summary, are:

- 11.4.1. Meeting 20% uplift in biodiversity can be difficult on small sites and off-site provision will be required. This is an opportunity to improve open spaces areas across the council.
- 11.4.2. The supply chain for Passivhaus is more developed for houses making it easier to attain. For flats, it is less developed which means there is more risk to budget and meeting the standard.
- 11.4.3. The CIP partnership provides an advantage in meeting sustainability targets because by having a contractor involved at an earlier stage of development fosters greater innovation within the design teams. Two examples of such innovation include:

- Passiv purple
Passiv Purple is a Cambridgeshire based small to medium enterprise (SME) that specialises in providing an air tight layer required for Passivhaus certification.

Hill, our partner in the Cambridge Investment Partnership, tested this product on Colville 2 (which required a less strict air tightness target) and were so encouraged by the results that they have commissioned it for future schemes.

- Ni-Lan units
Ni-Lan units are integrated mechanical ventilation units with an air source heat pump. The key advantage of this system is that it takes up less room in a flat or house. They are well established in Denmark but not so established in the UK. Exeter Council which has a Passivhaus development programme uses this system.

11.5. Next Steps

- 11.5.1. To embed partnership working beyond the council's development team with Hill and the HDA working with the council's Planning, Building Control, EHO and Maintenance teams to ensure that sustainability targets are met and maintained and within budget.
- 11.5.2. To understand the impact on financial viability and energy bills in attaining close to Passivhaus. The council has a duty to provide best value and with supply chains in a state of flux, rising costs are a concern. The partnership are working together to ensure how best to reduce energy bills the same as a certified design without having to pay additional costs to meet certification.

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. Delays on SOS due to funding uncertainties increase potential for risk	Medium - depending on the extent of the additional cost this may be managed within scheme level contingencies approved in Budget Setting Report.	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 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. Changes to staffing roles within the Planning Department may increase risk of delay, but will not affect planning approval likelihood.	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 are progressing 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	Low – Full decant of schemes within the 500 programme has now been reached. The decant of the further scheme at Colville Road phase 3 and Aylesborough Close is on-going and 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 rehoming officer regularly liaising with residents requiring decanting to ensure successful rehoming. CPO and NOSP served on remaining leaseholder Colville 3, and process outlined to be proceeded as necessary on future schemes.
Not securing necessary grant for new schemes	Medium- First grant funding now secured for L2 orchard park, however remaining grant across new programme schemes	High - if grant is not secured or at a lower level the business plan may need to be reviewed and the level	Continual discussions with Homes England are providing greater security iro grant funding ability. Issues in securing the level required to

Risk	Likelihood	Impact	Mitigation
	not yet secured, other than that committed by the Council. The business plan for the MTFS assumed grant.	of housing and tenure delivered may need to change.	support the costs of developing in Cambridge are an issue, and we will continue to review assumptions in the business plan as negotiations develop.
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 minimizing cost risks which lie with CIP.	Fixed price contracts and liaising working closely with Hill to ensure 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. Hills 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.	None. While this was originally raised as high risk, Greater Cambridgeshire have now confirmed that requirement for First Homes will not be expressly required.	High - The introduction of First Homes would impact scheme viability which may affect number of affordable rented homes we can deliver.	No further required
Required amendments to the GC Rental Policy to allow charging of up to 80% of median Market rent on affordable units additional to Planning obligations	Moderate. Officers remain in consultation to agree approach to lettings of these homes, and to agree required amendments to the rental policy to ensure that such amendments do not free up exclusions which may be used for gain by external RPs	High. Inability to charge up to 80% median rents would mean that the council is unable to subsidize delivery of social rented homes. This would jeopardize the delivery targets of the new programme as well as require renewed discussions with Homes England regarding grant levels	Internal discussions across the HDA, SLT, Housing and Housing strategy and coordination of a strategies with SCamb Officers to ensure all parties are in agreement. Continual discussions with Homes England to ensure open communication on tenure options.

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 £140,390,810, 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.

By end of 2020/21 all Devolution funding had been received by the Council, whether via quarterly claims to the Combined Authority, or directly from DLUHC. As of 31 March 2022, £51,258,108.93 of the funding has been utilised in the delivery of new homes, with £18,741,891.07 held in balances to fund the completion of the programme from April 2022 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 re-provision of community facilities for the duration of on-site activities.

The updated assumptions for the new housing programme were included within the January 2022 budget setting report. Following confirmation of funding levels approved for L2 Orchard Park by Homes England, a review of assumptions for the new programme is underway and updates will be brought as part of budget review to this committee.

(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:

- 22/20/HSC: Update on New Build Council Housing Delivery
- 22/8/HSC: Report on Hanover and Princess Courts and Kingsway
- 21/48/HSC: Report on progress toward HRA estate regeneration programme.
- 22/7/HSC: HRA Budget Setting Report

15.. Appendices

15.1. Appendix 1: Programme milestone summary

15.2. Appendix 2: Programme finance summary

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 – 457 928, email: claire.flowers@cambridge.gov.uk.