

Item

**PURCHASE OF NEW AFFORDABLE HOUSING,
Newbury Farm, Worts' Causeway**



To:

Councillor Gerri Bird, Executive Councillor for Housing

Report by: Ben Binns, Assistant Director, Development, Place Group

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Wards affected:

Queen Edith

Key Decision

1 Executive Summary

- 1.1 The Newbury Farm site is being developed by CIP on the south-east fringes of Cambridge. The development will be located on the site between Worts' Causeway and Babraham Road on Cambridge's urban edge.
- 1.2 This Land secured outline planning consent for 230 units across the site in May 2021. This included 80 homes in phase 2, and 150 homes in phase 3. This Land are retaining phase 2, while the land at phase 3 was acquired by CIP in August 2023.
- 1.3 CIP are preparing a planning application with submission expected in January 2024. The application includes for 60 homes (40% of total phase 3 units) to be delivered as affordable housing.
- 1.4 This report seeks approval for a capital budget to purchase 60 affordable homes from the Cambridge Investment Partnership (CIP), as Council homes. These will consist of 45 homes at 60% of market rent capped at LHA and 15 homes at 80% of market rent. These allocations are in line with planning requirements for the site. This can be broken down further by unit type, as per the following schedule:

Homes at 60% of market rent

- 23 x 1 Bed, 2 Person Flat (1 of which adaptable)
- 2 x 2 Bed, 3 Person Flat (both adaptable)
- 14 x 2 Bed, 4 Person Flat
- 3 x 3 Bed, 5 Person Flat

- 3 x 3 bed, 5 Person House

Homes at 80% of market rent

- 13 x 1 Bed, 2 Person Flat
- 2 x 2 Bed, 4 Person Flat

- 1.5 The properties will be purchased via a fixed price acquisition and works contract. The agreed purchase price for the 60 properties is £14,460,000 with further costs including legal, clerk of work, employer's agent and contingency resulting in a total budget request of £15,285,000.

2 Recommendations

The Executive Councillor is recommended to:

- 2.1 Approve the purchase of 60 new Council homes at Newbury Farm, Worts' Causeway and delegate authority to the Assistant Director of Development (Place Group) to approve contract terms with CIP in respect of this transaction.
- 2.2 Delegate Authority to the Assistant Director of Development (Place Group) to agree rental tenures in line with Council Policy and planning consents for the Newbury Farm Affordable Housing.
- 2.3 Approve a total budget of **£15,285,000** to enable the development of 60 homes at Newbury Farm, Worts' Causeway.

3 Background

- 3.1 This project contributes to the Council's key Corporate Objectives of tackling the City's housing crisis:
- Delivering sustainable prosperity for Cambridge and fair shares for all.
 - Tackling climate change and making Cambridge cleaner and greener
 - Protecting essential services and transforming council delivery.
- 3.2 The delivery of these affordable homes will form part of the 10-year new homes programme to deliver 1,000 net new affordable rented homes between 2022 – 2032.
- 3.3 Local Housing Need
- 3.3.1 There is a recognised need for more affordable housing across the city. The table below demonstrates the number of households on the Housing Needs Register as of September 2023. There were 2,533 households in need of housing, 78% of them seeking 1 or 2 bedroom homes, while 22% of them are in need of 3 and 4 bed properties to call home.

Date	Applicants 1 bed	Applicants 2 bed	Applicants 3 bed	Applicants 4 bed+	Unknown	Total applicants
Sep-23	1,381	598	427	127	0	2,533

3.4 The Site

- 3.4.1 Newbury Farm is located between Worts' Causeway and Babraham Road just south-east of Cambridge city border and adjacent to the Babraham park and ride. It is situated within the Cambridge City Council boundary, and located within Queen Edith's ward, southeast of Cambridge Central.
- 3.4.2 It is adjacent to the Eddeva Park development, where CCC have agreed the purchase of 32 affordable homes from This Land. [Eddeva Park HSC Report](#)
- 3.4.3 To the west of the site, existing suburban development forms the current Cambridge southern urban edge. The site is also in close proximity to Addenbrookes Hospital site.



- 3.4.4 The Babraham Road Park is located 0.5 miles east of the site, and the closest transport service is the Babraham Park and Ride service, which runs into central Cambridge. Transport links mainly consist of buses located near the site. The closest railway stations to the site are Cambridge and Shelford which both run services to London.
- 3.5 An outline application (ref: 19/1168/OUT) was approved by the local planning authority on 24th May 2021, which covers the entirety of the site. The land portion at Newbury Farm was subsequently purchased from This Land by CIP on 10th August 2023.
- 3.6 A reserved matters application is expected to be submitted by CIP in Q1 2024.

- 3.7 The affordable housing units are being delivered as part of the S106 agreement between CIP and the local planning authority. Subsequently, the Council's proposal to purchase these homes has been accepted by CIP, pending approval by the HSC and finalisation of the purchase agreement.
- 3.8 As per the Local Planning Authority (LPA)'s requirement, the scheme is due to provide 40% affordable housing.
- 3.9 However, within this provision of 40% affordable housing, the LPA's preferred tenure split is geared 75% towards affordable or social rented tenures and 25% towards intermediate homes, primarily delivered as shared ownership. As Shared Ownership is not a tenure that the City Council seek to deliver and manage, a Deed of Variation to the S106 is being sought with the LPA that will:
1. Amend the rent level in the definition of Affordable Rented Housing from an 80% cap to a 60% (or LHA) cap to ensure that 75% of units will be let at a genuinely affordable rent level.
 2. Revise the definition of Intermediate Housing to include homes let at a rent which does not exceed 80% of market rent.

3.10 The affordable homes on at Newbury Farm are outlined below and include:

Homes at 60% of market rent

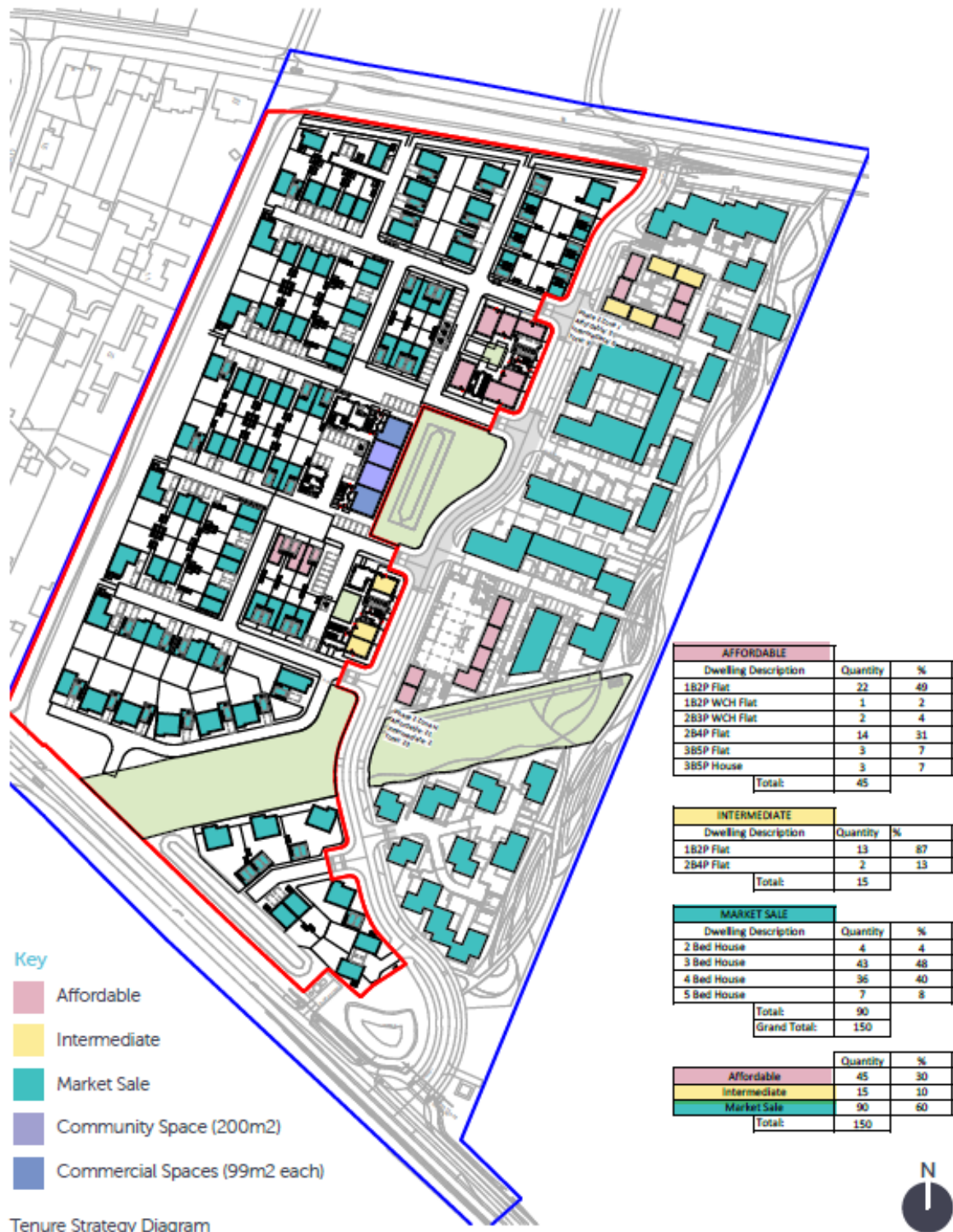
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3.11 The proposed mix for the affordable housing units therefore responds to the local housing need outlined in section 3.3.1.

- 3.12 A plan showing the location of the Affordable Housing on site (within the red line boundary) is included below. The affordable housing units on the Eddeva Park development which will be purchased by CCC (and sit outside the redline boundary of the Newbury Farm development) are also shown for reference.



4 Site Details

- 4.1 An outline application under the reference 19/1168/OUT was granted by the Council on the 24th May 2021 which included the delivery of 150 homes, including 60 affordable homes.
- 4.2 The site is identified in Cambridge City Local plan as an area suitable for development to contribute towards Cambridge's 2031 aspirations. The site and an adjoining field to the north of Worts Causeway are identified as GB1 and GB2 (GB2 being the current site). These sites are allocated as to be released from Cambridge Green Belt for residential development.
 - 4.2.1 The Council's internal policy relies on being in line with planning obligations. Subject to the Deed of Variation, the current S106 agreement for the site specifies a 75%/25% split of the affordable housing component between affordable and intermediate homes. The Council's policy, however, require homes delivered as part of planning obligations to be let at 60% of market rent or Local Housing Allowance.
 - 4.2.2 As per section 3.10, a variation to the S106 agreement is being negotiated on the basis that the 15 homes designated as intermediate housing can be let at 80% of market rent. The other 45 homes designated with the S106 agreement are to be let at 60% of market rent (capped at LHA).
- 4.3 CIP have agreed to deliver the scheme to meet the Council's Employers Requirements. The Council will employ an Employers Agent and Clerk of Works to ensure quality is monitored throughout. NHBC (or equivalent) build mark choice warranty provision will be in place.
- 4.4 The scheme will deliver:
 - 4.4.1 New sustainable homes in compliance with Future Homes Standards (gas free and utilising Air Source Heat Pumps) with lower running costs.
 - 4.4.2 Combination of unit sizes including provision of flats and family homes ranging from 1 to 3 beds responding to the current increasing housing needs.
 - 4.4.3 Connectivity and sustainable transport by providing cycle and pedestrian access onto Babraham Road (A1307), a major road link into Cambridge City Centre.
 - 4.4.4 Green and open space for residents.
 - 4.4.5 Biodiversity net gain.
 - 4.4.6 Secure cycle parking provided.
 - 4.4.7 0.5 parking spaces per flat/dwelling and 1:1 parking space per house. 5 disabled parking spaces provided.
 - 4.4.8 Secure by design compliant homes.
- 4.5 The proposed scheme layout is included as Appendix 1.

5 Planning Application

- 5.1 An outline application (ref: 19/1168/OUT) was approved by the local planning authority on 24th May 2021, which covers the entirety of the site.
- 5.2 A reserved matters application is expected to be submitted in Q1 2024.

6 Programme

- 6.1 The indicative start on Site for the development is Summer 2024, with an anticipated completion date in Spring 2027.

7 Financial Implications

- 7.1 The total indicative capital cost of the Newbury Farm affordable housing is estimated at **£15,285,000**. This includes the purchase price of the dwellings and all associated internal and external fees.

- 7.2 This can be broken down as follows:

Affordable Housing acquisition	£14,460,000
External Fees	£536,100
Contingency	£289,200
Total	£15,285,300

- 7.3 It is proposed that the investment will be jointly met from HRA resources and use of Right to Buy receipts.

- 7.4 This will result in the following initial mix of funding:

Right to Buy receipts:	£2,292,750
Devolution Grant:	£0
HRA resources:	£12,992,250
General Fund	£0
Total:	£15,285,000

- 7.5 The housing capital budget will be £15,285,000, to be drawn down from the budget set aside for the new build housing programme in the January 2024 BSR.

8 Implications

(a) Staffing Implications

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

(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. EQIA attached as Appendix 2.

(c) Environmental Implications

A Renewable Energy Assessment will inform the Development proposals submitted for planning approval. Current proposals intend to achieve at least a 40% reduction in emissions against Part L 2021 of the Building Regulations. This is in line with the new building regulations which came into effect in 2023. Water usage will be restricted to a maximum of 99 litres per person per day, an improvement against current planning policy.

Further opportunities to explore improving the sustainability offer will be considered albeit balanced against the viability pressures affecting this scheme which CIP have secured on the open market.

(d) Procurement Implications

CIP have selected the Council as its affordable housing provider as required by the S106, and acquisition will be supported by a RICS Valuation.

(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 Council's Design Brief.

9 Risks

The table below 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, Outline Planning Approval is in place and underlying demand in Cambridge remains strong. Also risk due to reliance on 3 rd party (This Land) to deliver necessary infrastructure works.	Failure to deliver the 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.

Description of risk	Likelihood	Impact	Mitigation
Construction - Quality	Low - risk of CCC design & spec requirements not being met, and risk of poor quality control on site during construction.	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. Strong relationship with CIP/Hill provides solid basis for quality assurance.
Developer insolvency	Med- the construction and development industry may be impacted on further by changes to the economy.	High - 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. Relationship with Hill as trusted partner with strong financial covenant provides mitigation.
Resources	Low- Allocation of resource is within CCC control	Low	Project management of scheme can be contained within current HDA resourcing
Planning	Med- Proposals have been developed through a series of pre-apps and within the context of an existing outline consent.	High- Planning refusal for reserved matters would delay delivery and increase costs (financing, consultants, etc.)	The project team are engaging with planners to design a scheme which is policy compliant and responds to their concerns raised during the pre-app process.
Sustainability Standards	Low – Homes are delivering an improvement on building regulation standards.	Med – Change in the Council's requirements will result in additional costs being incurred.	Homes are delivered to the specification currently agreed with CIP. CCC retain option to agree further variations to enhance sustainability measures.

10 Background papers

[Newbury Farm Strategy and Resources Committee Report – July 2022](#)

[Newbury Farm - Updated Project Plan – March 2023](#)

[Eddeva Park HSC Report – September 2023](#)

11 Appendices

Appendix 1 – The proposed scheme aerial layout

Appendix 2 – Equality Impact Assessment

12 Inspection of papers

To inspect the background papers or if you have a query on the report please contact Benedict Binns, Housing Development Agency, email: ben.binns@cambridge.gov.uk

Appendix 1 – Proposed Scheme Aerial Layout

