

**Item**

**PURCHASE OF NEW AFFORDABLE HOUSING,  
ATS & Murketts, 137 & 143 Histon Road**



**To:**

**Councillor Gerri Bird, Executive Councillor for Housing**

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

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**Wards affected:**

Arbury and Castle

**Key Decision**

**1 Executive Summary**

- 1.1 The ATS & Murketts site is being developed by CIP. The site is located within the Arbury Ward in the North of Cambridge. The development is located adjacent to the Histon Road Recreation Ground, close to the City's centre.
- 1.2 CIP are preparing a planning application with submission expected in March 2024. The current planning application includes the delivery of 70 homes, split across a mix of 1 – 4 bed properties. This includes 42 homes for private sale and 28 homes (40% of total) to be delivered as affordable housing.
- 1.3 This report seeks approval for a capital budget to purchase 28 affordable homes from the Cambridge Investment Partnership (CIP), as Council homes. These will consist of 21 homes at 60% of market rent capped at LHA and 7 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:
  - 15 x 1 Bed, 2 Person Flat
  - 9 x 2 Bed, 4 Person Flat
  - 4 x 3 bed, 5 Person House
- 1.4 The properties will be purchased via a fixed price acquisition and works contract. The agreed purchase price for the 28 properties is £6,440,000 (£230k per affordable home) with further costs including legal, clerk of work, employer's agent and contingency resulting in a total budget request of £6,788,000

## 2 Recommendations

The Executive Councillor is recommended to:

- 2.1 Approve the purchase of 28 new Council homes at ATS & Murketts 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 ATS & Murketts Affordable Housing.
- 2.3 Approve a total budget of £6,788,000 to enable the development of 28 affordable homes at ATS & Murketts.

## 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 The ATS & Murketts site is located on Histon Road, situated within the Cambridge City Council boundary. It is located within the Arbury ward, north of Cambridge Central, whilst also bordering Castle ward. The site is adjacent to the Castle and Victoria Road conservation area that includes Histon Road Recreation Ground.

3.4.2 The site is framed by 3-storey houses along its western boundary and is located adjacent to Histon Road Recreation Ground in the south. On the northern side, it features three-story high student accommodations known as the “Master’s House” and three 3-story apartment blocks called “Greengate Court.” Furthermore, an ATS commercial unit is situated at the north-eastern corner and will remain in situ.



3.4.3 The site is approximately 1 mile from the City Centre and is well connected to the rest of Cambridge, served by a number of bus routes offering frequent journeys into the City Centre. Furthermore, the site is served by several cycle routes running alongside Histon Road, making it an easy and safe commute for cyclists.

3.5 The Murketts portion of the site was purchased by CIP in December 2022. The acquisition of the ATS portion of the site was purchase by CIP in December 2023.

3.6 A planning application is expected to be submitted by CIP in March 2024.

3.7 The affordable housing units are being delivered as part of a 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 ATS & Murketts are outlined below and include:

- 15 x 1 Bed, 2 Person Flat
- 9 x 2 Bed, 4 Person Flat
- 4 x 3 bed, 5 Person House

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 (shaded light / dark blue) is included below.



#### 4 Site Details

- 4.1 The site is allocated under the adopted Local Plan 2006 (site ref. R2) and the emerging Greater Cambridge Local Plan (site ref. S/C/R2) for the development of 110 dwellings. The proposed development scheme is at 70 dwellings. It should be noted that the remaining balance of the allocation has been built out at Greengates Court, but the emerging Greater Cambridge Local Plan had revised the site capacity with an uplift to an indicative 110 dwellings to make best use of the land and most efficient development.
- 4.2 The Council's internal policy relies on being in line with planning obligations. Planning policy requires that the affordable housing component of the site is split 75%/25% 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.
- 4.3 A variation to the S106 agreement associated with the forthcoming planning permission will be negotiated on the basis that the 7 homes designated as intermediate housing can be let at 80% of market rent. The other 21 homes designated within the S106 agreement are to be let at 60% of market rent (capped at LHA).
- 4.4 CIP have agreed to deliver the scheme to meet the Council's Employers Requirements. An Employers Agent and Clerk of Works will be appointed to ensure quality is monitored throughout. NHBC (or equivalent) build mark choice warranty provision will be in place.
- 4.5 The scheme will deliver:
  - 4.5.1 New sustainable homes in compliance with Future Homes Standards (gas free and utilising Air Source Heat Pumps) with lower running costs.
  - 4.5.2 Combination of unit sizes including provision of flats and family homes ranging from 1 to 3 beds responding to the current increasing housing needs.
  - 4.5.3 Connectivity and sustainable transport by providing cycle and pedestrian access to Cambridge City Centre.
  - 4.5.4 Connectivity to green and open space for residents with the adjacent recreation ground.
  - 4.5.5 Biodiversity net gain.
  - 4.5.6 Secure cycle parking provided.
  - 4.5.7 0.5 parking spaces per flatted dwelling and 1:1 parking space per house. 5 disabled parking spaces provided. The scheme will be compliant for EV charging.
  - 4.5.8 Secure by design compliant homes.
- 4.6 The proposed scheme layout is included as Appendix 1.

## **5 Planning Application**

- 5.1 A planning application is expected to be submitted in March 2024.

## **6 Programme**

- 6.1 The indicative start on Site for the development is Winter 2024/2025, with an anticipated completion date in Winter 2026.

## 7 Financial Implications

- 7.1 The total indicative capital cost of the ATS & Murketts affordable housing is estimated at £6,788,000 This includes the purchase price of the dwellings and all associated internal and external fees.

This can be broken down as follows:

Affordable Housing acquisition	£6,440,000
Other Fees	£348,000
Total	£6,788,000

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

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

Right to Buy receipts:	£1,018,200
Devolution Grant:	£0
HRA resources:	<b>£5,769,800</b>
General Fund	£0
Total:	£6,788,000

- 7.4 The housing capital budget will be £6,788,000 to be drawn down from the budget set aside for the new build housing programme in the September 24 BSR.

## 8 Implications

### (a) Staffing Implications

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

### (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
<b>Cost Risk – Construction Works</b>	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.
<b>Construction - Delivery</b>	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 <sup>rd</sup> 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.
<b>Construction - Quality</b>	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

<b>Description of risk</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Mitigation</b>
			CIP/Hill provides solid basis for quality assurance.
<b>Developer insolvency</b>	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.
<b>Resources</b>	Low- Allocation of resource is within CCC control	Low	Project management of scheme can be contained within current HDA resourcing
<b>Planning</b>	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.
<b>Sustainability Standards</b>	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

[Former ATS Site - Land Purchase Report - March 2023](#)  
[Approval of Budget of Purchase of Former Murketts Garage Site](#)

## 11 Appendices

Appendix 1 – The proposed scheme aerial layout

## **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](mailto:ben.binns@cambridge.gov.uk)