

PROVISION OF HOUSING PRIMARILY FOR RENT ON THE COUNTY COUNCIL'S PORTFOLIO

To: **Cabinet**

Date: **28th January 2014**

From: **Head of Finance and Head of Strategy and Estates**

Electoral division(s): **Burwell, Queen Ediths**

Forward Plan ref: **2014/019** *Key decision:* **Yes**

Purpose:

- 1. To inform members of the potential to generate significant long term income streams from the development of County owned land that has been allocated for residential development and set out the next steps.**
- 2. To declare surplus circa 20ha of land off Newmarket Road, Burwell allocated by East Cambridgeshire District Council in their draft Local Plan (Policy BUR 1) for the building of circa 350 homes.**
- 3. To declare surplus circa 8.5ha of land off Worts Causeway, Cambridge known as GB2 in the Cambridge Local Plan Proposed Submission 2014 for the building of circa 230 homes.**
- 4. To seek authority for the Portfolio Holder for Resources and Performance in consultation with the Head of Finance to agree detailed terms with appropriate parties where needed for the taking forward of planning applications in respect of the above sites.**
- 5. To seek authority for the Portfolio Holder for Resources and Performance in consultation with the Head of Finance to agree detailed terms for the sale of all or part of either of the above sites.**
- 6. To seek approval to the working up of full Business Cases for the Council to lead development out for the above sites that will be brought back to Cabinet for approval in due course.**

Recommendation: **Cabinet is asked to:**

- 1. Declare surplus both the above parcels of land for circa 350 homes at Newmarket Road, Burwell and 230 homes at Worts Causeway, Cambridge.**
- 2. Delegate authority to the Portfolio Holder for Resources and Performance in consultation with the Head of Finance to agree detailed terms with appropriate parties where needed for the taking forward of planning applications in respect of the above sites.**
- 3. Delegate to the Portfolio Holder for Resources and Performance in consultation with the Head of Finance the agreement of detailed terms for the sale of all or part of either of the above sites or dwellings constructed on them.**
- 4. Agree the development of a Full Business Case to be considered by Cabinet in respect of the above named sites which if attractive can be taken forward as the first large scale schemes where the County develops housing to generate long term income streams.**

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1. BACKGROUND

- 1.1** Nationally there is a substantial shortfall of some 100,000 plus new homes per annum and the problem of the affordability of housing is especially acute in cities like Cambridge and the surrounding area e.g. Burwell.
- 1.2** Frequently private sector developers argue that their schemes are not viable in terms of delivering affordable housing to Local Plan Policy levels due to market conditions and high up front infrastructure costs.
- 1.3** As a result of the “promotion” of the County’s own land holdings for residential development, two strategic allocations seem likely to be confirmed in 2014. If so then these sites offer the County as landowner a unique opportunity to either develop the affordable housing component or if it is financially attractive to do so develop the whole site or a combination of both.
- 1.4** Recognising the potential of its landholdings to generate long term income and capital growth, the Council had commissioned GVA Grimley to investigate the potential for the Council becoming a deliverer and retainer of housing stock.
- 1.5** GVA Grimley demonstrated that the two sites considered in this report both generated favourable returns on the investment even in their early years.

2. MAIN ISSUES

- 2.1** The Council has the ability to generate long term income from the building of affordable housing using capital receipts generated from disposing of its consented market residential land or through borrowing.
- 2.2** The new affordable housing stock could be managed and maintained by our partner authorities who have retained housing stock or by Registered Social Landlords (RSLs) who already have large portfolios in the area
- 2.3** The two opportunities are:

2.4 Worts Causeway, Cambridge

- 2.4.1** This Green Belt site extending to some 8.5ha, if the circa 1ha farmstead is included, is wholly owned by the County Council and is readily deliverable.
- 2.4.2** The parcel, excluding the farmstead, is referred to in the Cambridge Local Plan 2014 Proposed Submission as GB2 and is one of only two significant new residential allocations - the Council's parcel being considered suitable for 230 homes whilst the parcel North of Worts Causeway. GB1 is considered to be suitable for 200 dwellings. The location at the City fringe is extremely sustainable being close to Addenbrooke’s Hospital, the Biomedical Campus and the Council’s Babraham Road Park and Ride site.
- 2.4.3** Cambridge City Council in the Local Plan (Proposed Submission) Appendix B makes reference to one of the provisional issues in relation to GB1 as ‘consider on site community and service provision, jointly with GB2’. It follows that it is logical that one application is made embracing both parcels especially as the GB1 landowners are potentially interested in delivering housing for rent and thus one application would seem sensible.
- 2.4.4** Under the recently announced City Deal, Cambridge City Council as a provider of social housing is interested in acquiring new stock which it may be able to do through the new financial freedoms that the City Deal brings.

2.5 Newmarket Road, Burwell

2.5.1 This site is again wholly on County land and is allocated in Policy BUR1 in the East Cambridgeshire draft Local Plan Feb 2013. The allocated parcel extends to circa 20ha and is capable of accommodating circa 350 homes.

2.5.2 A draft Concept Master Plan is being prepared at the request of the Local Plan Inspector and a full planning application could be made in 2014/15.

3. ALIGNMENT WITH PRIORITIES AND WAYS OF WORKING

3.1 Developing the local economy for the benefit of all

The construction of new open market rental or sale housing together affordable housing (shared equity and rental) all built to 'Lifetime Homes' standards is a multi million pound investment and will generate local work both for professionals engaged in the planning/development process and jobs in construction together with jobs associated with the management and maintenance of the dwelling stock. In addition an increase in the supply of housing for rent will provide homes for the employees of expanding business in the area

3.2 Helping people live healthy and independent lives

The provision of new affordable and private sale or open market rented housing that is built to Lifetime Homes standards will allow occupiers to live healthy and independent lives without needing to move.

3.3 Supporting and protecting vulnerable people

The Council is committed to ensuring that any specialist housing needs within the two communities served by the sites and within the wider Cambridgeshire community is addressed within the sites where the locations are deemed suitable.

3.4 Ways of working

3.4.1 By using some of its considerable land resources close to settlement to help provide much needed housing, and by committing to support the early delivery of affordable housing in accord with Local Plan policies, the County is taking an innovative and important leadership role in helping to grow the local economy as well as generating sustainable long term income streams and/or capital receipts. Presently, most market rental housing is provided by small Buy to Let investors but at Worts Causeway there could be scope to deliver the first large scale provision of some 400 plus high quality private rented homes.

3.4.2 The Council is committed to working at a local level and through existing partnerships and the emerging City Deal it is seeking to work collaboratively with the City Council, South Cambridgeshire District Council and East Cambridgeshire District Council for the benefit of all.

4. SIGNIFICANT IMPLICATIONS

4.1 Resource and Performance Implications

The LGSS Capital Budget has £500,000 available in 2014/15 and 2015/16 for the development of a planning application in respect the land at Newmarket Road Burwell and then £4.25m available for of the building of the dwellings in each of the years 2016/17 through to 2019/20.

- 4.1.1** If both sites are to be taken forward further funds will need to be allocated or the development of the sites taken in priority sequence as funds become available.

4.2 Statutory, Risk and Legal Implications

There are risks associated with the Council assuming the role of master developer or acquiring completed new housing stock from a development partner and these will be considered fully along with mitigation measures as a Full Business Case for the sites is worked up.

4.3 Equality and Diversity Implications

There are no significant equality and diversity implications

4.4 Engagement and Consultation Implications

The proposed allocation of the sites in the Local Plans has been subject to extensive consultation already and in submitting Master Plans and detailed planning applications there will be further extensive consultation. The Council is committed to acting in accord with the principles laid down in the Cambridgeshire Quality Charter for Growth.

4.5 Public Health Implications

Building good quality homes that are capable of accommodating the changing needs of the occupiers is very positive for attaining the maximum health benefits.

Source Documents	Location
Land at Newmarket Rd Burwell Land at Worts Causeway Cambridge	Room 317 Room 317