

## SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

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**REPORT TO:** Leader and Cabinet 9 November 2006  
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### **CAMBRIDGE CHALLENGE: HOUSING CORPORATION PROPOSALS FOR THE SELECTION OF A LEAD DEVELOPMENT PARTNER/CONSORTIUM FOR DELIVERY OF AFFORDABLE HOUSING ON STRATEGIC SITES**

#### **Purpose**

1. To seek agreement in principle to participate in a Housing Corporation sponsored initiative to appoint a lead development partner/consortium for the delivery of affordable housing on three of the major development sites within the Cambridge Sub-Region.

#### **Executive Summary**

2. The proportion of affordable housing that could be sought, in policy terms, is around 40-50% on the larger sites in and around Cambridge and up to 50% at Northstowe. It is therefore expected that affordable housing providers will have a major role to play not only in getting units built on the ground but in helping to deliver a sustainable community in the longer term.
3. The selection of lead development partners/consortia for the delivery of affordable housing on major strategic sites coming forward in the Cambridge Sub-region within the next 5 years is, therefore, critical not only to the timely delivery of affordable housing but also to development of community development and public realm management models/mechanisms.
4. The HC have recently proposed a pilot approach to funding in the Cambridge Sub-region that might help the longer term planning for delivery of significant strategic sites – the ‘Cambridge Challenge’.
5. The selected partner / consortium would be given an assurance that (for a specified term – likely to be around 5 years) they would be the sole partner for delivery of affordable housing and the sites would not be subject to subsequent competitive processes against other bidders.
6. In exchange the partner would be expected to commit to high level standards, procurement gains, delivery volumes, and value for grant all assessed through the competitive selection process. As a long term stakeholder they will also contribute more than capital infrastructure and would typically have a role in community development and the development of sustainable management organisations.
7. The HC have consulted with the key stakeholders, including local authorities and the approach has been cautiously welcomed.
8. Clearly time is a critical issue in these considerations as there is a need to progress partner selection of the initial phases of these sites irrespective of the agreement to participate in this pilot. If this initiative supported in principle, a selection process will be launched in the autumn with a view to concluding by March 2007.

## **Background**

9. The pressures of meeting the housing needs of the Eastern Region, both in terms of growth and local demand, are recognised by all delivery partners including local authorities. Further available resources have to accommodate delivery of large strategic sites which can take several years to plan, phase and deliver alongside the need to provide a continual flow of local schemes to accommodate organic growth. The timing of strategic sites and subsequent potential demand for public investment suggests a need to explore ways of forming longer term partnerships, taking a stake in schemes beyond the traditional and sometimes artificial bounds of funding regimes, which can lead to additional costs for phased bidding and reduce the opportunity for new procurement initiatives and better supply chain management.
10. Local authority partners and the Housing Corporation (HC) are all signed up to finding ways of creating truly sustainable communities and adding value to the development of strategic sites as they are released. The HC have, therefore, recently proposed a pilot approach to funding in the Cambridge Sub-region that might help the longer term planning for delivery of significant strategic sites – the ‘Cambridge Challenge’.
11. The HC’s East of England Investment Region along with agency / local authority partners is proposing to run a commissioning/competitive process to select a single lead development partner / consortium for the delivery of specific strategic sites in the Cambridge Sub Region. Three large strategic sites have been identified, all of which would be funding priorities for future HC programmes and all of which are critical to the delivery of the housing targets for the growth area.
12. The project objectives are:
  - (a) To design and implement a process that will select a sole strategic development partner by March 2007
  - (b) To create an assessment framework that will deliver value for money as well as wider contributions to the creation to sustainable communities
  - (c) To create a robust framework for evaluating the various outcomes of the Cambridge Challenge proposals
  - (d) To catalyse real innovation in the provision of affordable housing that will assist in the creation of mixed and balanced communities

## **Considerations**

13. The proposed selection process would be different to the traditional National Affordable Housing Programme approach (NAHP) in that it would identify and confirm the lead partner in advance of site details being agreed and a competitive site/phase bidding process taking place through an NAHP round for funding in specific allocation years.
14. The selected partner / consortium would be given an assurance that (for a specified term) they would be the sole partner for delivery of affordable housing and the sites would not be subject to subsequent competitive processes against other bidders. Clearly such an agreement would be contractual and include performance standards.

15. In exchange for this assurance, the partner would commit to high level standards, procurement gains, delivery volumes, and value for grant all assessed through the competitive selection process. The selected partner/consortium would be a long term stakeholder in the community development and as such will be expected to contribute more than capital infrastructure, they would typically have a role in community development and the development of sustainable management organisations.
16. As an identified partner the selected organisation would form part of the delivery board for the strategic site and work closely with the agencies involved to negotiate planning, community infrastructure and the establishment of new innovative approaches to the delivery of sustainable communities.
17. The selection and commitment will not equate to a top-slice of resources, as the sites selected for any such approach would have to be so strategically significant that they would be sub regional investment priorities in future bidding rounds. Hence this approach is not seen as a threat to other sub-regions / areas within the region. The level of investment for each development would be confirmed through subsequent bidding rounds but outside of a formal bidding / competitive process.
18. The three strategic sites under consideration are estimated to deliver some 15,000 new homes over the next 10 years in the Cambridge sub-region. Whilst at an early stage, programme modelling for affordable housing shows these sites could deliver 2860 homes over next 5 years. The sites in question are Northstowe, Cambridge Southern Fringe (CSF) and North West Cambridge (NWC).
19. The Cambridge Challenge would involve the issue of a prospectus to potential partners seeking expressions of interest and information on how partners could fulfil the objectives and provide a development resource as part of a wider partnership in the sub-region.
20. The selection process would reflect the partnership approach adopted within the sub-region, and the selection panel would comprise the key agencies with a housing link including South Cambridgeshire District and Cambridge City Council.
21. The potential benefits of this approach to the Local Authority partners are:
  - (a) Active engagement in the selection process
  - (b) More certainty around the availability of funding should lead to better products on the ground
  - (c) Commitment to long term management of communities will be a significant element of the selection process**
  - (d) Much earlier involvement of lead development partner in planning and community development for the new settlements
  - (e) One selection process rather than three
22. Clearly time is a critical issue in these considerations as there is a need to progress partner selection of the initial phases of these sites irrespective of the agreement to participate in this pilot. If this initiative supported in principle, a selection process will be launched in the autumn with a view to concluding by March 2007.

## Options

23. The options available are as follows:
- (a) To participate in the pilot approach to selection of a lead development partner/
  - (b) To pursue a separate selection process in respect of each of the individual sites ie Northstowe, CSF and NWC.
24. The advantages of the pilot approach from a local authority perspective is that it will provide Housing Corporation commitment to the outcome of the process and, therefore, some degree of comfort about the availability of funding for these 3 major developments.
25. Any separate selection process would be more resource intensive, both for the individual local authorities and prospective bidders, and may not secure Housing Corporation commitment to outcomes.

## Implications

26. Financial	No direct savings can be attributed but there are indirect cost savings to be derived from one selection process versus three separate competitions. The pilot will also be led by the HC who can make available resources to manage and deliver the project with input from the two local authorities and other stakeholders.
Legal	None.
Staffing	The project will involve participation by the Executive Director on a Stakeholder Group and a member of Housing Strategic Services on the Project Team.
Risk Management	As an HC led initiative it will help secure 'buy-in' to the outcome and help secure and maximise resources to deliver affordable housing on 3 major strategic sites including Northstowe.
Equal Opportunities	The competitive selection process will ensure that equality and diversity issues are addressed as part of the bidding criteria and selection process.

## Consultations

27. The following stakeholders have been consulted:
- (a) Local Authorities in the Cambridge Sub-Region
  - (b) English Partnerships
  - (c) Developers/landowners on affected sites
  - (d) RSLs operating in the East of England
  - (e) Cambridgeshire Horizons
28. In terms of consultations with South Cambridgeshire District Council the Housing Corporation have held meetings with Local Authority partners to discuss this initiative from its inception. Further, briefing sessions have been held with the key Members including the Leader, Planning and Housing Portfolio Holders on the proposals in order that Local Authority views can be fully represented.

### Effect on Annual Priorities and Corporate Objectives

29. Affordable Homes	The selection of a lead development partner/consortium will enable the timely delivery of affordable housing on the 3 major sites in the expectation that there will be a HC funding commitment for at least the next 5 years.
Customer Service	The lead development partner/consortium will be able to contribute to community engagement and particularly the promotion of affordable housing.
Northstowe and other growth areas	The selection of a lead development partner/consortium for delivery of affordable housing at Northstowe, CSF and NWC is essential to inform the section 106 negotiations and delivery/funding mechanisms.
Quality, Accessible Services	Management and community development experience/expertise of any lead development partner/consortium will be a major
Village Life	Not Applicable.
Sustainability	A lead development partner/consortium will be expected to meet a number of sustainability criteria.
Partnership	This is a partnership approach with local authorities as key stakeholders in the project along with English Partnerships and Cambridgeshire Horizons.

### Recommendations

30. It is recommended that
- (a) the approach to RSL selection as proposed through the Cambridge Challenge be supported in principle.
  - (b) the selection criteria and proposed weightings be endorsed on behalf of the Council by the Housing Portfolio Holder in consultation with the Leader and Planning Portfolio Holder.
  - (c) a further report on the outcome of the Cambridge Challenge be brought to Cabinet for consideration upon conclusion of the project ie March/April 2007 prior to approval of any preferred lead development partner for the 3 strategic sites included in the scope of the project.

**Background Papers:** the following background papers were used in the preparation of this report: None.

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