

## **SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL**

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**REPORT TO:** New Communities Portfolio Holder Meeting 20 May 2010  
**AUTHOR/S:** Executive Director Operational Services/ Corporate Manager Planning and New Communities

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### **SELF-COMMISSIONED HOUSING AT ORCHARD PARK**

#### **Purpose**

1. To inform the Portfolio Holder of a report commissioned by the Council, and subsequent action agreed by Cambridge City Council regarding development of its site K1 at Orchard Park.
2. This is not a key decision and it brought before this meeting because it may raise new options for policy in terms of enabling housing development.

#### **Recommendations and Reasons**

3. That the Portfolio Holder New Communities note the contents of this report and recommends that:
  - (a) New planning policies continue to adopt a positive approach towards self-commissioned housing including enabled co-housing;
  - (b) Officers continue to work collaboratively with Cambridge City Council in the next stage of work for site K1 at Orchard Park – to include setting up a Self-Providers Forum, soft-market testing and, subject to the outcome of the market testing, procurement of a development partner for an Enabled Co-Housing Project;
  - (c) Sites within South Cambridgeshire that are suitable for self-commissioned housing be included in the soft-market testing of the K1 project, subject to agreement with the relevant landowner or developer.

#### **Background**

4. In 2008, there was considerable concern that development at Orchard Park had slowed due to the recession. The partners involved on the site, including South Cambridgeshire District Council (SCDC), Gallaghers, Bedfordshire Pilgrims Housing Association, Cambridge City Council and Cambridgeshire Horizons, came together to tackle the serious concerns of residents and members, and in early 2009 considered a range of options to facilitate build-out of the site. The measures included tenure swaps, a bid for Kickstart funding and proposals for self-commissioned housing. In order to explore the potential for self-commissioned housing, South Cambridgeshire District Council, in partnership with Cambridge City Council, commissioned a Scoping Study in September. The study looked at the development of the K1 site at Orchard Park.
5. Site K1 is a City Council owned site at Orchard Park situated in South Cambridgeshire on the northern fringes of Cambridge. It is approximately 2.4 acres (0.97 hectares). The City Council entered into a collaboration agreement with other development partners to bring the whole site forward for development. This enabled a collective approach to obtaining overall planning consent, undertaking infrastructure

works and servicing the various land parcels. The Council's land was split into 2 sites for housing: K1 for market housing and K2 for affordable housing (now sold and development completed on site). The collaboration agreement allocated the total number of units on the various sites with K1 having an allocation of 37 homes. The City Council had planning consent for this, subject to submitting a "reserved matters" application within 3 years.

6. Futureplanners were engaged to undertake the study. They held interviews with relevant interested parties, collected background information and organised a workshop in November. The workshop was well-attended and included small-scale developers, co-housing representatives, architects, planners and urban designers. The report was finalised in January, and is available as a background report. The report is concise whilst containing a wealth of information, and members are asked to read it. The report's recommendations fall into three groups: Spatial Planning, Enabling and Delivery. This report focuses on enabling delivery through collaborative working with Cambridge City Council, and in a more general way on planning policy.
7. Self build housing schemes include a wide range of approaches:
  - a) Self-building: literally building the whole dwelling
  - b) Self-finishing: taking a shell property from a house builder and then completing from first fix, second fix or decorating stages
  - c) Self-commissioning: directly procuring professional design services and a contactor or a house-builder.

In each option, the activity may be carried out by an individual or groups, as conventional home owners or renters, or in a group with some form of social organisation and corporate structure such as a community land trust, mutual co-operatives or co-housing groups.

8. The K1 report concludes that a community self commissioned scheme could be viable at Orchard Park and should produce a net capital receipt comparable to that received by a more traditional open market sale at the current time. In addition, self-commissioning is likely to bring more social capital than traditional development.
9. The recommended approach for K1 is Enabled Co-housing. This involves providing houses in partnership with an established house builder for outright ownership with collective ownership of the public realm. This approach has a strong track record of providing good quality homes and stable communities in other European countries. The developers interested in this approach are likely to be smaller or niche house builders with an interest in higher quality or more sustainable homes. They will forego some of their usual profit as the project risks are shared across those involved and the profit may come on the build cost rather than the scheme overall. From a homeowner perspective, there is local interest from Enlinca, the Cambridge Co-Housing Group and the Argyle Street Housing Co-op.
10. The proposed scheme provides an innovative opportunity to offer community minded individuals a site where they could play a key part in the design, planning and development of their homes and of the community that would be created.
11. The main stages of the proposed Enabled Co-housing scheme are expected to be as follows, although it should be accepted that the plans may alter as a result of consultation during the feasibility work:

- a) City Council procure a consultant to undertake a more detailed feasibility study of Site K1 including soft market testing, negotiation with mortgage companies and production of business plan. The timetable is that a consultant will be appointed by 30 June with soft-market testing event in September 2010.
- b) If the study outcomes are positive, the consultant will provide support to set up a co-housing group for K1, progress through a procurement process to appoint a development partner, and facilitate disposal of the site. This stage to be completed by 31 March 2011.
- c) City Council's development partner will design and build a scheme on the designated site in close liaison with the co-housing group. At this stage, it is anticipated that prospective participants will confirm their commitment to the scheme.
- d) Development partner develops integrated housing and landscape vision, and obtains planning consent.
- e) Development partner develops site and sells to the individual purchasers in the usual way by way of freehold or long leasehold sales.
- f) Each sale document requires purchasers to become members of the Resident Management Company, usually a not for profit Industrial and Provident Society.
- g) Ownership of common areas and benefit of covenants on upkeep of the houses vested in the Resident Management Company.
- h) Purchasers arrange their own mortgages with consortium lenders and pay for homes on completion.
- i) Development partner takes all risk on development.
- j) Purchasers all pay a service charge for the upkeep and development of the common areas and maintenance charges.
- k) Resident Management Company takes all decisions regarding ongoing management and maintenance of the site and buildings.
- l) Purchasers can sell on properties subject to the above covenants.

### **Considerations**

- 12. At a meeting of the Strategy and Resources Scrutiny Committee on 29 March 2010, Cambridge City Council agreed to proceed with the disposal of K1 and management of the process by way of an enabled community self build scheme as set out above. It should be noted that it was agreed by the Joint Strategic Growth Implementation Committee that Cambridgeshire Horizons would fund the next feasibility study.
- 13. Work is currently underway to produce a Supplementary Planning Document providing design guidance for undeveloped sites at Orchard Park, including K1. It is intended that the guidance will support an application for co-housing and also that consultation for the draft SPD will include groups interested in bringing forward self-commissioned housing.
- 14. Vauban in Freiburg is recognised as an exemplar new development and includes a significant proportion of self-provided housing. The proposed project for Orchard Park provides the opportunity for new ways of working to be trialled, with potential for other developments including Northstowe and the City Council's land on the south of Cambridge. The first-wave eco-towns are keen to include self-commissioned housing in their plans.

15. Self-commissioned housing is currently the subject of considerable interest nationally from the Royal Institute of Chartered Surveyors, CABE, the Homes and Communities Agency (HCA) and the Department for Communities and Local Government (CLG). CLG will be including a page on co-housing in the briefing pack for the new Housing Minister. Hanover Housing Association, one of the largest national providers of housing for older people, is working with the London Women's Co-Housing Group to bring forward a co-housing scheme. Within the county, East Cambridgeshire District Council is keen to support self-commissioned housing particularly through a community land trust.
16. The Futureplanners' report states that Government data collection does not make it easy to analyse the numbers of self-provided homes, but it is accepted in 'normal years' this sector represents 8-10% total completions, that is 15,000 – 20,000 homes. During 2009, when total output fell significantly, the self-provided sector will represent 20-25% on the basis that evidence from previous recessions shows that self-provided output has been maintained or increased during the period of recession.
17. The big house-building companies such as Barretts, Bovis, Taylor Wimpey and Persimmon construct the vast majority of new homes on our major developments. At Cambourne, land was reserved for self-build, but proposals have not come forward for these sites yet. There is a real shortage of first hand learning and experience of delivering such schemes and so learning from a live scheme would be very beneficial.

### Implications

18. Financial	None
Legal	None
Staffing	Some staff input will be provided within the overall context of providing support for Orchard Park.
Risk Management	At this stage there is very low risk for South Cambridgeshire District Council. It is important that any self-commissioned scheme at Orchard Park is very well run in order to avoid issues for local residents. This will be managed by Cambridge City Council through careful procurement, and through good development control.

Equal Opportunities	<p>One of the key barriers to self-build schemes is the availability of land when competing with developers in a buoyant economy. When the market is low, however, one of the key barriers to self-build becomes the availability of finance for development. Discussions with Cambridgeshire Building Society suggest that an enabled self build scheme in the manner proposed would be acceptable for funding to reasonable levels of loan to value ratios. Given the probable mix of properties on the site, this should enable new entrants to the property market to get onto the property ladder as well as existing homeowners.</p> <p>Co-housing groups can represent a cross section of the communities from which they are drawn. They tend to come together from cultural, family or ideological backgrounds. A scheme offering a mix of property types and values can meet their requirements well. Such schemes may also offer opportunities for specific ethnic or cultural communities that are difficult to bring together by more traditional approaches.</p>
Climate Change	<p>Whilst it is possible to impose specific environmental and sustainability targets on Site K1, this may impact significantly on the value depending upon the level specified. Many co-housing groups have high sustainability expectations and so it is anticipated that the site is likely to achieve good performance in this respect. It may be seen as contrary to the principles of self-build if targets are imposed rather than agreed by the ultimate residents of the scheme themselves (accepting that they will be bound by the requirements of current planning and building regulation legislation).</p>

### Consultations

19. The report by Futureplanners was developed with guidance from a multi-agency steering group including SCDC and Cambridge City Council representing planning, estates and housing strategy, Cambridgeshire County Council in its role as promoters of the Hive, Gallaghers, Unex and Bedfordshire Pilgrims Housing Association (BPHA). The workshop held in November 2009 was attended by around 50 people and interviewees for the report included the Director of Joint Planning, Enlinca, the Argyle Housing Co-op, Cambridge Building Society, Carter Jonas, local housing associations and developers, and local architects.
20. As stated above, a report on self-commissioned housing and K1 at Orchard Park was presented to Cambridge City Council's Strategy and Resources Scrutiny Committee on 29 March 2010. A verbal report on the study and proposed project was given to the Joint Strategic Growth Implementation Committee in February 2010.

### Effect on Strategic Aims

21. The recommendations of this report support three of the Council's Strategic Aims:
  - a. We are committed to being a listening council providing first class services accessible to all. This report recommends that the Council's planning policies continue to support a positive response to self-commissioned housing, thereby showing a willingness to listen to and engage with smaller developers and community-focussed housing groups.

- b. We are committed to making South Cambridgeshire a place in which residents can feel proud to live. Co-housing and self-provided housing has a history of providing high quality homes and garden areas, that are very well-regarded by residents and visitors.
- c. We are committed to assisting provision of local jobs for you and your family. Enabled co-housing and self-commissioned housing provides opportunities for local employment and skills programmes.

### **Conclusions / Summary**

- 22. Self-commissioned housing including enabled co-housing is receiving a high level of interest nationally. The site K1 at Orchard Park, that is owned by the City Council, has been identified as a potentially suitable site for enabled co-housing by a study. The City Council has agreed to take forward the recommendations of the study regarding K1, with funding from Cambridgeshire Horizons. SCDC will work with the City Council and other partners to facilitate the enabled co-housing project, and identify lessons that may be applied to other developments.
- 23. SCDC should take account of the potential contribution of self-commissioned housing as it revises and updates planning policies.

**Background Papers:** the following background papers were used in the preparation of this report:

Self-provided Housing in the Cambridge Sub-Region: Levers for Change (Report and Recommendations) by Futureplanners

Orchard Park Scrutiny Report – November 2009

**Contact Officer:** Jo Mills- Corporate Manager Planning and New Communities  
Telephone: (01954) 713350