

## **GREATER CAMBRIDGE HOUSING DEVELOPMENT AGENCY (H DA)**

### **PROGRESS REPORT – JUNE 2016**

#### **1. H DA OBJECTIVES**

A Business Plan for the H DA for 2016.17 has been produced. This builds on the Greater Cambridge City Deal commitments and has confirmed the following objectives for the H DA;

- To help deliver the commitment contained within the City Deal to provide an additional 1,000 dwellings on rural exception sites by 2031.
- To deliver new homes identified in Cambridge City Council and South Cambridgeshire District Council strategies as social housing landlords.
- To project manage the development of other land and properties assets put forward by the partner authorities, including acting on opportunities proposed by Cambridge University and Colleges as partners to the City Deal.
- To deliver new homes for Ermine Street Housing and the Cambridge City Housing Company, the companies created by South Cambridgeshire District Council and the City Council.
- To provide a housing development service for other housing agencies whose aims are aligned with meeting housing needs within the Greater Cambridge City Deal area.

From an operational perspective the objective is to become self-financing by 2018.19.

The business case for the H DA approved in the summer of 2015 set out the ambition for the service to be involved in a build programme of at least 4,000 homes, with the potential to deliver up to 8,000 if the land and funding opportunities allow.

Over a 16 year period to 2031, 4,000 homes equates to **250 homes per year which remains the target rate of delivery for the H DA.**

#### **2. CHANGING EXTERNAL ENVIRONMENT**

The Government through the Housing and Planning Act has introduced significant changes to the policy environment within which the H DA will operate and therefore how it goes about working on schemes that will deliver up to 250 new homes a year that match the tenure mix needed locally. Many of these new policies promote home ownership and an increase in house-building. They may therefore impact on the future tenure mix of new housing schemes, for example, the introduction of starter homes as a form of 'Affordable Housing' and the prioritisation of government grant for shared ownership as opposed to social rented housing. At the time of writing the regulation that will implement much of the Housing and Planning Act Bill has not yet been issued and therefore it is not possible to be clear on the site by site consequences of the policy changes.

At the time of writing the Cambridgeshire and Peterborough Devolution Agreement has not been agreed by the respective local authorities. However, the current proposal for housing grant totalling £170m would be a significant lever for the H DA to achieve its objectives. The grant will provide certainty for partner house-builders and developers that the Affordable Housing element of schemes will be available and therefore give confidence that schemes should be brought forward quickly. The grant will also allow the City Council to release the 'pause button' on Housing Revenue Account sites previously identified as having the potential for development.

### **3. WHAT HAVE WE ACHIEVED SINCE THE SUMMER 2015?**

Appendix 1 is a summary of progress against the initial Action Plan in relation to the set-up of the H DA.

In terms of governance, an officer Management Board has been established to oversee the evolution of the H DA. The Management Board is made up of;

Strategic Director – Cambridge City Council (Ray Ward)

Executive Director - Corporate Services – South Cambridgeshire District Council (the City Deal Housing Workstream lead) (Alex Colyer)

Director of Housing - South Cambridgeshire District Council (Stephen Hills)

Section 151 Officer - Cambridgeshire County Council (Chris Malyon)

A Member Reference Group has also been set up as with the following membership and will provide a key link into the partner authorities' democratic processes.

County Council – Cllr Paul Sales

South Cambs DC – Cllr Christopher Cross

City Council – Cllr Kevin Price

Executive Director - Corporate Services – South Cambridgeshire District Council (the City Deal Housing Workstream lead) (Alex Colyer)

In simple terms the Management Board will oversee the operation of the H DA and recommend its Business Plan to the Member Reference Group. The Member Reference Group will approve the Business Plan, will steer the H DA evolution and will ensure it is in line with the objectives of the respective partner authorities.

Both groups will meet quarterly.

#### **4. MARKETS AND SERVICES**

The H DA Business Plan 2016.17 firms up aspects of its operation as follows.

##### **Who are our customers?**

Our primary customers are the partner authorities and other parties to the City Deal and these will be the focus of the H DAs attention in the short to medium term. However, once established the H DA will look to market its services to other organisations focused on the delivery of new housing in line with the vision of the Greater Cambridge City Deal.

##### **What is our geography?**

The initial focus in the short to medium term will be Greater Cambridge ie South Cambridgeshire and Cambridge City Council districts

##### **What is our Unique Selling Point?**

- ✓ We are the only local development agency that has a public service agenda (public lead).
- ✓ We have broad political support (political advantage).
- ✓ We bring a new dynamic to lead and manage collaborative partnership working across the public and private sectors (relationship management).

In summary, the H DA is a trusted partner.

##### **What added value does the H DA bring?**

The H DA has the opportunity to 'look both ways' by assisting the public sector policy makers and decision takers on the commercial reality of housing delivery and to inform house-builders (and Registered Providers) to work with the planning systems to achieve their commercial objectives.

The H DAs opportunity is founded on its ability to work with the partner authorities own land holdings to promote a consensual and partnership approach to new housing delivery that complements the current private sector driven delivery of new housing.

##### **What are our services?**

Appendix 2 lists our services which are grouped under the following headings.

- A. Project management of schemes from inception to post occupation.**
- B. Programme management of groups of schemes.**
- C. Strategic development of housing delivery models including financial modelling and option appraisal.**

## 5. LAND, SCHEMES, FEES AND THE OPERATIONAL BUDGET

The H DA Business Plan is predicated on the basis that the H DA has access to public sector land that is developable for housing and access to development finance through the partner authorities. Through a fee charged on each scheme the H DA will be able to generate an income to sustain a staff team that has the right skills appropriate to the scale of its programme. Bringing together the land, funding and staff team, the H DA will drive the housing commitments in the City Deal.

### Land and Schemes

The table below summarises the current programme by the number of anticipated new homes to be completed by 2018.19.

Scheme	
	Total
Water Lane Redev.	24
Aylesborough Close Redev.	35
Hawkins Road Garages	9
Fulbourn Garages	8
Ekin Road Garages	6
Virido (The Quads), Clay Farm	208
Homerton College Site	95
18 Unit Garage and Infill	18
Anstey Way Redev.	34
Akeman Street Redev.	12
General Fund In-fill	6
General Fund In-fill	4
Mill Road Depot Site	167
Park Street Car Park	48
Meldreth Rd, Shepreth	25
Belsar Farm, Willingham	40
Sheen Farm, Litlington	18
Fen Drayton Rd, Swavesey	24
Horseheath Rd, Linton	4
Hill Farm, Foxton	15
Gt Abingdon	8
Robinson Ct, Gamlingay	14
Pembroke Way, Teversham	5
<b>Total New Homes</b>	<b>827</b>

Appendix 3 provides an up-date on progress with the schemes.

**If the housing grant becomes available through the Devolution Agreement, approximately 150 new social rented homes could be funded directly on schemes in Cambridge shown in the current programme. 80 new homes could be funded directly in South Cambridgeshire.**

### **Fees and the Operational Budget**

There is a direct relationship between the level of fee charged by the H DA, the number and value of schemes in the programme and the H DA's operational budget. Operational (revenue) costs can be covered by fees charged to each (capital) development scheme. The operational income will therefore be dependent on the number and value of schemes the HDA is managing. The number of schemes that can be managed will, in turn, be dependent on the H DA team capacity (skills, knowledge and experience) available. An understanding of this circular relationship between number of schemes; fee income and H DA team staff capacity is fundamental to the Business Plan and how the H DA is sustainable in the long term.

A fee structure was agreed by the H DA Officer Board in September 2015 as follows;

- a. If majority of scheme Affordable Housing – 3% AH construction cost
- b. If majority market or sub-market housing – 1% total scheme construction cost
- c. Spot purchase of services – hourly or day rate

The table below summarised the H DAs budget for 2016.17 and the estimated position to 2018.19.

	<b>Budget 2016.17</b>	<b>Est. Budget 2017.18</b>	<b>Est. Budget 2018.19</b>
<b>Expenditure</b>			
<b>Gross staff Costs</b>	491,770		
<b>On-costs</b>	98,354		
<b>Growth contingency</b>	90,000		
<b>Total</b>	680,124	700,528	721,544
<b>Income</b>			
<b>Fees</b>	488,117	572,409	
<b>City Deal Funding</b>	200,000	150,000	
<b>Total</b>	688,117	722,409	353,427
<b>(Surplus)/Deficit</b>	(7,992)	(21,880)	368,117

## 6. PEOPLE

### **What is our approach to the recruitment, retention and deployment of the staff capacity, knowledge, skills and experience that we need?**

Our approach to the recruitment, retention and deployment of the staff capacity, knowledge, skills and experience is to have a core team of permanent quality personnel backed up by a flexible approach to recruit fixed term staff or consultants to wrap around the core team as and when project delivery demands. The H DA will have a proactive approach to the recruitment of trainees to help sustain the agency in a competitive employment market.

Key factors in determine our approach to building the staff team for the H DA are;

- A recognition that on average it takes three years to complete a project from start to finish.
- The housing development and property sector generally is a competitive market for the recruitment and retention of personnel.
- Some knowledge, skills and experience input will be a continual requirement eg project management; experience of the housing development process; financial analysis - whereas some inputs will be periodically required at different times eg legal expertise.

The housing development process can be divided into three distinct phases – pre-construction; construction; and post-construction. In a programme of schemes there will be several schemes at each stage of the process.

The task in establishing and developing the H DA team is about getting the right capacity and skills at the right time as scheme opportunities and scheme delivery ebbs and flows.

### **Building the Team in 2016**

The Core Team is currently as follows;

**Managing Director – Alan Carter.** Appointed 11 April 2016.

**Assistant Managing Director – Sabrina Walston.** Appointed 8 June 2016.

**Housing Development Manager (City Lead) – Nicola Hillier.** (Permanent full-time post).

**Housing Development Manager (SCDC Lead) – Gill Anderton.** (Currently seconded into this full-time post from substantive SCDC post)

**Housing Development Officer (SCDC) – Sarah Lyons.** (Currently seconded into this full-time post from substantive City post)

**Housing Development Officer (City) - Mark Wilson.** (Permanent full-time post)

**Trainee Housing Development Officer (City) - Amelia Norman.** (Permanent full-time post)

The H DA Board has agreed a 'soft' approach to the establishment of the H DA as a shared service. This means that the core team will remain employed by their host authorities as indicated above, but SCDC employees will be seconded to the City Council as 'employing authority' until a decision is made whether to continue the H DA as a shared service or a wholly owned company. The target date for concluding on this is December 2016.

For 2016.17 recruitment to the core team will be in two stages.

#### Stage 1 - Immediate

- confirm the appointment of the Assistant Managing Director (complete)
- recruit a full-time Business and Systems Officer to help with the development of the systems and procedures for the fledgling H DA and thereafter to help manage and develop the system and procedures (offered and accepted)

#### Stage 2 – From October 2016

- recruit an additional full-time Housing Development Officer
- recruit a new full-time Technical Officer
- conclude on whether to recruit an additional Trainee Housing Development Officer

## 7. OFFICE AND SUPPORT SERVICES

The H DA will aim to operate a flexible and remote working model ie to have a minimum requirement for fixed office space. As part of the City Council's current restructure the H DA has agreed to operate as a 'pilot' for remote working in terms of current mobile IT and telephone hardware and to plan for 0.5 work-station per person.

## 8. STRATEGY FOR DELIVERY OF OBJECTIVES

The table below summarises the current H DA programme of schemes by landowning partner and by estimated year of completion.

	16.17	17.18	18.19
City Council	243	182	249
South Cambs DC	33	37	0
County Council	0	25	58
Total	276	244	307

Section 5 above shows that the H DA has an 'order book' for work of about two and half years and will be involved in the completion of new housing that exceeds its headline objective of 250 a year. This represents a healthy starting position. Bearing in mind the long

gestation period of some housing schemes that on average schemes take three years to complete, it is unlikely that this business model can be certain much beyond three years.

The H DA will take a strategic approach to deliver its objectives based on the following four themes;

1. Working with strategic housing and planning colleagues to understand the range of new housing needed in terms of tenure (Need).
2. Optimising partner land opportunities (Delivery - land).
3. Working on funding models and testing the viability of mixed tenure schemes (Delivery - funding).
4. Working with partners whose ambitions are aligned with the Greater Cambridge 'growth' agenda including other landowners (Partnership).

**The following table provides an indication of opportunities that the H DA is actively working on to deliver its objectives** in relation to the four themes above and to sustain the business through 2018.19 and beyond. To do so we will be seeking to achieve starts on new scheme totalling 250 homes a year from 2018.19.

	<b>Starts</b>	<b>Starts</b>	<b>Starts</b>
<b>Pipeline Scheme</b>	<b>2018.19</b>	<b>2019.20</b>	<b>2020.21</b>
<b>County Sites (Target 50 Homes a Year)</b>	38	70	0
<b>City and South Cambs DC Housing Revenue Account Funding or Sites (Target 50 Homes a Year)</b>	69	60	70
<b>City General Fund Sites (Target 50 Homes a Year)</b>	0	0	0
<b>Housing Company Schemes (Target 50 Homes a Year)</b>	35	0	0
<b>Partner Sites (Target 50 Homes a Year)</b>	35	0	0
<b>Totals</b>	177	130	70

In addition to the above sites, the existence and capacity of the H DA will provide the opportunity to more rigorously pursue the optimisation of other **public land assets** across Greater Cambridge for new housing. The H DA is leading for the two district authority partners on a recent initiative of the Department for Communities and Local Government to explore the redevelopment for housing of under-utilised sites owned by central government departments across Greater Cambridge.



There has not been the opportunity to pursue with any rigour effective **land assembly** that may marry public land with private land to optimise the benefit for both landowners.

**If the housing grant becomes available through the Devolution Agreement, it will provide greater certainty that new housing opportunities will be delivered on the HRA sites shown in the table and that funding for Affordable Housing on County sites; City General Fund sites; and other partner sites will be available.**

In terms of the 'Need' strategic delivery theme above, there is an opportunity for the H DA to influence the local **Affordable Housing Supplementary Planning Documents (AHSPD)** policy. Both Cambridge City Council and South Cambridgeshire District Council will produce new AHSPDs to guide the implementation of their Local Plans once approved. The AHSPDs could be a 'vehicle' to promote a different approach to the delivery of intermediate housing as part of the delivery of housing that is affordable to all household who cannot access market housing. This approach may be attractive to say colleges who may be prepared to take a different view of return on investment in housing. This work will link with other important strategic housing policy research on the extent of the need for intermediate housing potential loss of high value social rented housing as a consequence of Government policy. Finally, there is the opportunity to engage major employers directly in helping to solve the local housing crisis.

Finally, South Cambridgeshire District Council are a national 'vanguard' for the development of '**self-build**'. All local authorities are required to have an approach to self-build from April 2016. South Cambs have an opportunity to offer to run a sub-regional self-build service and are currently developing a business plan. Self-build in this sense is about local authorities identifying plots for new housing and matching them with households who wish to build a home on the plot. There is a logical fit therefore with H DA in terms of site finding; site constraint mapping; and profile of the service with small contractors. One option is therefore for the Self-Build service to be operated by the H DA.

**End**