

<b>LONDON BOROUGH OF CAMDEN</b>	<b>WARDS:</b> Gospel Oak
<b>REPORT TITLE</b> Regeneration Strategy for the Community Investment Programme scheme: Bacton Low Rise Estate Phase 2 (Gospel Oak) (SC/2022/44)	
<b>REPORT OF</b> Cabinet Member for New Homes, Jobs and Community Investment	
<b>FOR SUBMISSION TO</b> Housing Scrutiny Committee Cabinet	<b>DATE</b> 5 <sup>th</sup> September 2022 7 <sup>th</sup> September 2022
<b>STRATEGIC CONTEXT</b>  Secure, good-quality housing is fundamental to residents' well-being. We want to be bold in supporting the We Make Camden ambition: Everyone in Camden should have a place they call home. Camden is tackling the housing crisis using all the levers available to us – including building bigger, better homes for our families and communities. The Community Investment Programme is one of our most significant and ambitious levers for tackling inequality and improving lives in our Borough.  We Make Camden is our joint vision for the Borough, developed in partnership with our community. The Community Investment Programme (CIP) contributes to the aspirations set out by our communities through We Make Camden by building homes that are safe, genuinely affordable, the right size, and accessible. The CIP is aligned with our organisational commitment to tackling the climate emergency and contributing to supporting households to avoid debt and financial hardship by creating homes that reduce heating and energy costs. Our CIP is also aligned with our wider organisational commitment to participation and partnership with our communities – our schemes are developed with residents on Estates and in communities, and they help shape the design and the priorities for Council housebuilding.  In 2020 the Council received an external and independent review of our delivery and priorities by the Local Government Association (LGA) Peer Review including our Community Investment Programme. The recommendations included that Camden looks to work with partners that can help accelerate and deepen the impact of the CIP on the housing crisis in the Borough. This report seeks to respond to the recommendation of the LGA Peer Review that the Council seek partnerships to increase impact and that we continue to learn and develop the CIP to respond to our changing context.  Our CIP has consistently been at the forefront of local authorities seeking to build new homes – working with communities and learning over the last ten years what we need to do to make the most impact on the housing crisis. Camden has built over 1000 homes over the last ten years, including 618 social rent homes. We have and will continue to adapt and manage our CIP to have the most impact on housing insecurity and the housing crisis as it impacts our residents and communities.	

## **SUMMARY OF REPORT**

The Council's strategy for the Bacton Low Rise Estate has always been to prioritise its residents and therefore the phasing was designed so that the majority of residents could move directly into their new homes on Phase 1. In line with this strategy, 67 high quality homes were delivered in the first phase, with 46 of those homes being let at social rent.

Phase 2, to which this report relates, is required to not only deliver more affordable housing but aims to generate income from private sales to subsidise the delivery costs of Phases 1 and 2. The strategy outlined in this report enables the Council to do so.

The report is recommending a change of Delivery Strategy on Bacton Phase 2 from that of 'Council as housebuilder', to that of a Development Agreement with a development partner. The report explains the reasons for this amended Delivery Strategy and considers the financial and non-financial implications of this strategy.

The Council has assessed its entire development programme on a scheme-by-scheme basis to determine the most suitable delivery strategy for each project and ensure that the programme is affordable, viable and carries an acceptable level of risk. The proposed strategy to enter into a Development Agreement on this project is not without its own risks, particularly in the current market. The recommended approach is the result of a detailed options appraisal, significant market testing and an in depth understanding of the processes involved to secure the best outcomes for Camden.

Camden has a strong track record of robustly and confidently managing contractors and contractual negotiations. We will be very clear throughout this process on our own requirements and what the Council will and will not negotiate on. The proposed budget will ensure that this vitally important process is properly resourced with an expert professional team to lead negotiations and support decision making throughout.

### **Local Government Act 1972 – Access to Information**

No document(s) has been used in the preparation of this report:

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## RECOMMENDATIONS

The Housing Scrutiny Committee is asked to consider the report and make any recommendations to the Cabinet.

That, having considered the results of the consultation set out at Section 5 and the results of the Equalities Impact Assessment at Appendix C, and having due regard to the obligations set out in section 149 of the Equality Act 2010, Cabinet is asked to agree:

1. the Revised Delivery Strategy set out Section 2 of the report noting
  - (a) That the Delivery Strategy for the development will now be through a Development Agreement with a development partner, set out in paragraphs 2.1 to 2.8;
  - (b) the revised business case for this Delivery Strategy, set out in paragraphs 2.13 to 2.15;
2. Approve a forward project budget of up to £4.95m for implementation of the Delivery Strategy, set out in paragraph 2.13;
3. To delegate authority (subject to compliance with all statutory requirements) to the Executive Director Supporting Communities, in consultation with the Cabinet Member New Homes, Jobs and Community Investment, Cabinet Member for Better Homes and Cabinet Member for Finance and Cost of Living, the Executive Director Corporate Services and the Borough Solicitor, the power to take all appropriate actions to progress and implement the Revised Delivery Strategy, including but not limited to:
  - (a) Agreeing contract award strategies, including the selection of a development partner, expenditure, and contract awards for the implementation of the project;
  - (b) Agreeing temporary lease of the site and any other legal mechanisms required as part of the Development Agreement; and
  - (c) Agreeing ownership and management arrangements for the intermediate homes and any commercial space.

Signed: *Neil Vokes*



Director of Development, Supporting People

Date: 24/08/2022

## **1. CONTEXT AND BACKGROUND**

- 1.1. In September 2012 Cabinet agreed the 'Council as housebuilder' Delivery Strategy for the regeneration of the Bacton Low Rise Estate in Gospel Oak. Camden originally obtained planning permission for the redevelopment in 2013 (with the most recent Minor Material Amendment planning application approved in 2018). Camden completed construction of the 67 new mixed tenure homes in Phase 1 in 2017. Phase 1 was co-designed with the local community and won multiple housing awards. It showcased the high quality design and placemaking the Council is delivering, working with local residents, through the Community Investment Programme.
- 1.2. Following completion of Phase 1, the Council commenced negotiations with the Phase 1 main contractor to complete the regeneration works, as was originally planned. However, negotiations were unsuccessful as they failed to align with best value expectations, and the Council was therefore unable to award the contract for the later phases of the development. Whilst the delivery approach for Phase 2 was reset, in the period 2018/19, Camden contracted out the demolition of the former estate, and completed the diversion of underground services crossing the cleared site. Recent photographs of the cleared site are at Appendix B. At this time, Camden undertook a review of Phase 2 to make improvements to the design and update it in line with legislative changes regarding fire safety and sustainability. This improvement work contributed to lengthening the programme and then in 2020/21, Camden was presented with an opportunity to secure additional funding from Homes England to increase the affordable housing on the scheme. However, after prolonged discussions with Homes England, Camden was unable to secure a funding commitment.
- 1.3. The Council is now keen to ensure there are no further delays to building the new homes for returnees and local residents, as well as replacing the temporary boiler house which currently provides heating and hot water to Phase 1 homes.

## **2. PROPOSAL AND REASONS**

### REVISED DELIVERY STRATEGY

- 2.1. This report proposes to amend the Delivery Strategy of Bacton Phase 2 from that of 'Council as housebuilder', to that of a Development Agreement in partnership with a private developer.
- 2.2. Phase 2 currently has planning permission to deliver 247 mixed tenure homes (of which 61 social rent, 10 intermediate, and 176 market sale). The entire Bacton Low Rise Estate redevelopment (Phases 1 and 2 combined) is consented to deliver 41.7% affordable housing, and this level of affordable housing will be maintained in the Development Agreement. The outdoor spaces will also be improved through the regeneration, be greener and feel safer for residents of the new homes and the general public. Phase 2 of the regeneration was always intended to provide the majority of the homes for private sale on the scheme, to cross subsidise the affordable housing on Phase 1 (and the remaining affordable housing on Phase 2). This strategy also enabled the majority of tenants to be rehoused straight away.

- 2.3. Issues of overcrowding on the former estate will be addressed in Phase 2. The February 2011 Bacton housing needs survey had a high response rate of 63% and overcrowding was reported by 21% of respondents. Phase 2 will provide a range of property sizes to ensure that different housing needs are met and households are not overcrowded. This includes a good proportion of family sized homes for social rent and 10% of all homes being accessible or adaptable for wheelchair users.
- 2.4. Subject to contractual negotiations, it is expected that the partner will finance the entire scheme; complete a planning amendment application; complete construction via a temporary lease; and sell the private homes via long leases.
- 2.5. The Council will always retain freehold interest in the land. Camden will retain ownership of the social rent homes and expects to receive a land value payment subject to planning and financial viability. Ownership and management arrangements for the intermediate homes and any commercial space will be agreed between the Council and the development partner.
- 2.6. There will be minimal funding requirement for Camden, allowing the Council to spread its resources more widely and maximise the delivery of affordable housing in the borough. Engaging with a development partner will also help to significantly reduce Camden's risk in the delivery of the development as key development risks including construction, financial exposure and sales exposure, will be significantly transferred to the partner.
- 2.7. Bacton Phase 2 is well suited to delivery through a Development Agreement for a number of reasons. The scheme already has planning permission; vacant possession is available; and there are a high number of homes for private sale on the scheme, which makes it an attractive opportunity to developers. Camden's funding capacity issues require the consideration of developer-led approaches where investment and risk can be transferred. It is an ideal site for a developer because the risks are known and can be reasonably quantified by a developer at the outset.
- 2.8. Camden undertook soft market testing with a number of developers in July 2022 to gauge market interest in the opportunity. The feedback was positive with all developers confirming their interest in bidding for the opportunity, provided the procurement process to appoint a development partner is efficient and the opportunity is market facing. Several observations and comments from developers will be factored into the design of the procurement process, ensuring Camden attracts quality developers and secures value for money.

#### DELIVERY OF PROJECT OBJECTIVES

- 2.9. Camden's key objectives for the project are:
  - **Financial affordability and viability** - The Capital Financing Requirement to deliver the scheme must be affordable to the Council, in the context of its wider Capital Programme and any revenue impact on the HRA
  - **Affordable housing** - Maintain the same percentage (based on floorspace) and number of units of affordable housing as the current planning

permission. This includes delivery of the remaining 41 replacement council homes and 20 additional council homes. This will help ensure the scheme meets the housing needs of returnee residents and local people

- **Speed of delivery with social rent homes built first** - Expedite the delivery programme, particularly the social housing
- **Social value** - Social value benefits achieved for the local community
- **Social housing quality** - Quality of the social rent homes to be equivalent to other CIP newly built council homes with long term benefits for residents, the climate and for Camden
- **Social housing landlord** - Camden retains ownership and landlord role of the social rent homes
- **Community engagement** - High levels of engagement with the local community throughout the project lifecycle

2.10. In addition to the above, Camden will consider building flexibility into the contract to increase the affordable housing if any grant funding becomes available for the scheme in the future, such as from Homes England or the GLA.

2.11. Camden has a good track record of delivering Development Agreements that achieve project objectives and positive outcomes. For example, the Charlie Ratchford Court extra care scheme in Chalk Farm was successfully completed in 2020 under a Development Agreement with a national housebuilder. Also, Camden is working with a residential developer on a mixed-use scheme in West Hampstead under a Development Agreement. Indeed, Development Agreements are a very common development delivery strategy for local authorities across London and nationally.

2.12. There are several ways in which the Council will ensure that the project objectives are achieved, including but not limited to:

- Ensuring that the Development Agreement covers all the Council's requirements and objectives, both financial and non-financial (for example, the level of affordable housing)
- The developer will be contractually bound to deliver all of their obligations under the Development Agreement including paying the tendered land value payment and delivering the social rent homes to time, cost and quality standards as prescribed in the contract
- Appointing an experienced and highly skilled expert professional team to represent Camden and ensure its objectives are met
- Ensuring appropriate internal resources and staff from key service areas are in place to manage and support delivery
- Preparing a robust set of building requirements and specifications which form part of the contract
- Ensuring timely completion of the scheme through contractual controls
- The council will inspect and monitor the build quality to ensure the developer meets the required standards
- Both the council and developer are required to work within all current legal, statutory and policy frameworks

#### REVISED BUSINESS CASE

2.13. Camden's estimated projected expenditure to implement the Delivery Strategy is up to £4.95m. This includes all necessary professional fees to procure a development partner; monitor on site activities; and ensure the scheme is built

to the required quality standards. It also covers site maintenance and security costs before the development partner takes on this responsibility. It also covers the replacement of the temporary boiler house serving Phase 1 homes.

- 2.14. Camden and its professional advisors have tested the financial viability of the scheme from a developer’s perspective, including estimating likely construction costs and sales values. As part of the Development Agreement, Camden expects to receive a land value payment from the developer, subject to planning and financial viability. In addition to this, Camden will retain the 61 new, high quality social rent homes.
- 2.15. The Part II report at Appendix D sets out more details on the revised business case. The Council is not publishing its view on land value in Part I as this could distort the development partner procurement process.

### 3. OPTIONS APPRAISAL

- 3.1. Multiple options were assessed for the scheme delivery, with a Development Agreement being the recommended option. A high-level summary of the options appraisal is set out below showing performance against four of the key project objectives (the full list can be found in section 2.9 of this report).

Option	Key Project Objective Achieved?				Option Recommended or Discounted?
	Financial affordability / viability	Affordable housing level same as current planning permission	Speed of delivery with social rent homes built first	Social value	
<b>1 - Development Agreement</b>	Yes	Yes	Yes	Yes	<b>Recommended</b> as achieves all project objectives
<b>2 - ‘Council as housebuilder’ delivery in multiple phases to improve affordability</b>	No	Yes	No, construction over 6 years & social rent homes built last	Yes	<b>Discounted</b> as unaffordable and slow programme
<b>3 - Freehold land sale</b>	Yes	Unknown. Development will be managed through the statutory planning process	Unknown as subject to land purchaser’s programme	None	<b>Discounted</b> as does not achieve any project objectives
<b>4 - Joint venture</b>	No as Camden must invest half of total costs	Yes	Yes, but slower than a Development Agreement as it will take longer to negotiate the JV contract initially	Yes	<b>Discounted</b> as unaffordable and slow programme
<b>5 - Partial land sale to cross-subsidise Camden self-delivery of affordable housing</b>	No as Camden must finance the affordable housing	Yes	Yes, but slow as before construction, land disposal needed & design & planning changes for splitting site	Yes	<b>Discounted</b> as unaffordable and very slow programme

#### 4. WHAT ARE THE KEY IMPACTS / RISKS? HOW WILL THEY BE ADDRESSED?

Risk	Impact	Mitigation
1 - Camden does not appoint a development partner at the conclusion of the tender process	<ul style="list-style-type: none"> <li>- No development partner appointed</li> <li>- Further programme delay</li> </ul>	<ul style="list-style-type: none"> <li>- Soft market engagement already completed which shows there is strong interest in the market to bid and an acceptance of Camden's requirements</li> <li>- During the tender process, Camden is very clear with bidders about its requirements and what the Council will and won't negotiate on</li> <li>- Negotiation with bidders will take place during the tender process as this maintains appetite and focus as bidders know they are still in competition</li> <li>- Camden appoints experienced, expert client professional team to support the tender process</li> <li>- Camden has a clear exit strategy if it cannot reach contractual agreement with the preferred bidder</li> <li>- Camden has a strong track record of robustly and confidently managing contractors and contractual negotiations</li> </ul>
2 - Build cost inflation, rising material costs, supply chain delays and labour shortages + site abnormals impacting construction costs	<ul style="list-style-type: none"> <li>- May lower land value payment offers from bidders</li> <li>- Land value payment is fixed, subject to planning, so this will not impact Camden's land payment once in contract with the developer</li> </ul>	<ul style="list-style-type: none"> <li>- The developer will be contractually bound to deliver all of their obligations under the contract including paying the land value payment they tendered, subject to any conditions such as planning</li> <li>- Developer proposals will be submitted on the basis of market risks (costs and values) being transferred from the Council to the partner</li> <li>- The developer will base their land value payment on their view of the construction market including cost inflation.</li> <li>- Land value offers will be tested for robustness by Camden's financial advisors during the tender process to ensure they are realistic and achievable in the current economic climate</li> <li>- To avoid overly cautious risk pricing, Camden will share existing site information / surveys on a non-reliance basis during the tender process. Given the site is cleared, has a planning consent, and detailed site information is available, Camden expects this to enable potential partners to have a very good view of the risks when they submit their tenders</li> </ul>
3 - Programme delay	<ul style="list-style-type: none"> <li>- Site remains vacant or construction stalls</li> <li>- Returnees and other residents must wait longer for new homes</li> </ul>	<ul style="list-style-type: none"> <li>- Long stop dates and delay events included as contractual controls to ensure that the development is completed within a reasonable timescale</li> <li>- Contractual requirement for social housing to be built first</li> <li>- It is normal to build in acceptable delay events into a Development Agreement which will permit the developer to slow down construction / delivery in circumstances such as economic recession, delays to securing planning permission, extreme weather events etc.</li> <li>- Programme delay is not a risk that can be 100% mitigated and is a normal part of property development activity</li> </ul>
4 - Developer's planning amendment application isn't supported by local planning authority	<ul style="list-style-type: none"> <li>- Delayed programme</li> <li>- Requires further design work</li> </ul>	<ul style="list-style-type: none"> <li>- Camden will review bidders' design proposals during the tender process</li> <li>- Pre-app meeting will be held with the planning authority to ensure the proposal is policy compliant</li> <li>- Camden (CIP) will review and sign off developer's design proposals before they are submitted to planning</li> </ul>
5 - Sales are slow and private homes unoccupied	<ul style="list-style-type: none"> <li>- Developer may need to adapt sales strategy / pricing</li> </ul>	<ul style="list-style-type: none"> <li>- The developer will base their land value payment on their view of the sales market and property values, and the risk / reward sits with the developer albeit the Council will have an opportunity to share in value uplift through an overage clause which is a typical mechanism built into Development Agreements</li> <li>- Non-restrictive sales strategy permitted in the contract to ensure new homes are sold quickly and do not remain void</li> </ul>
6 - Construction causing disruption to local residents	<ul style="list-style-type: none"> <li>- Noise and dust from construction and vehicles. Road closures etc.</li> </ul>	<ul style="list-style-type: none"> <li>- Developer's Construction Management Plan must be approved by the planning authority and stipulate how noise, dust and deliveries will be managed to minimise disruption to residents</li> <li>- Residents will be consulted on the proposals before it is approved</li> </ul>
7 - Social rent homes not delivered to high quality standard	<ul style="list-style-type: none"> <li>- Poor experience for tenants</li> <li>- Repairs and maintenance issues</li> </ul>	<ul style="list-style-type: none"> <li>- Camden's quality standards clearly stipulated in the contract</li> <li>- Construction carefully monitored and inspected by Camden's professional team</li> </ul>



## 5. CONSULTATION / ENGAGEMENT

5.1. Our communication strategy will be focussed on quality communication, consultation, and engagement. Our approach will be built on providing opportunities for residents to engage and opportunities for the development partner to contribute and add value to local aspirations. Our engagement principles are summarised below:

- **Regular, clear communications** - to ensure residents are kept informed and updated at every stage of the regeneration process e.g. through regular newsletters and FAQ sheets
- **Two-way engagement and regular feedback** - providing the local community with opportunities to share their views and contribute towards shaping the plans for their neighbourhood
- **Sharing programme updates** - providing timeframes and an overview of stages to demonstrate a clear path to delivery of the estate regeneration
- **Empower residents** - we will aim to create a positive relationship between the development partner and community, fostering communication and collaboration

5.2. **An Equalities Impact Assessment (EQIA)** at Appendix C was carried out over the summer and has identified that the most significant negative equality impacts are likely to be concentrated through the protected characteristics of disability, age, pregnancy and maternity, health and language. Continued consideration and inclusive engagement methods will be necessary to ensure greater inclusion and mitigate any negative consequences outlined in the report. Additionally, we will implement and regularly monitor the EQIA mitigation action plan.

5.3. The project will continue to engage and consult with key stakeholders and businesses, with priority given to Bacton returnee residents, Bacton Tower Tenants and Residents Association (TRA), Wendling TRA, Cherry Court TRA, St Martin's Church, and the Older Persons Care home. Ward Members will have regular written briefings combined with regular meetings. There will be a need to source an alternative hub space and relocation of the local Community Liaison Team. Our Community Liaison Team will remain instrumental to engagement as they are well respected locally and have extensive knowledge of local residents and the local stakeholders.

5.4. Activities so far include:

- Regular updating and correspondence with the potential returnees on their housing needs
- Written updates to the surrounding community and Cherry Court TRA
- Dialogue with St Martin's Church
- Local primary schools' arts competition run by the Community Liaison team on 'Housing of the future'. The artwork is on display on the site hoarding (see photos at Appendix B)

5.5. Key messaging to residents will be focussed on:

- We are bringing forward plans to build new homes for the community at Bacton and the wider Gospel Oak area
- Our plans will provide returning residents with new council homes that are larger and more energy efficient, helping to save money on fuel bills

- Local residents will be consulted on any proposed design improvements as we need their views to shape the new development plans
- We are committed to keeping residents informed about each stage of the redevelopment process with timely and regular updates
- The positive impact of working with a development partner at Bacton, including enabling the council to fund new council homes and ensuring that construction work is underway within a faster timeframe
- How residents will benefit from the Development Agreement including new high quality social rent homes built first; a well-designed scheme with improved building standards and new public realm; and the added social value the partner will deliver
- Assurances that the scheme will meet the housing needs of returnees and local people, including providing family homes and homes adapted for wheelchair users

## 6. LEGAL IMPLICATIONS

6.1. Decision makers must take into account in coming to any decision the Council's equality duties and have due regard to them. In summary these legal obligations require the Council, when exercising its functions, to have 'due regard' to the need to:

- (a) eliminate discrimination, harassment and victimisation and other conduct prohibited under the Act (the protected characteristic of marriage and civil partnership is also relevant);
- (b) advance equality of opportunity between people who share a relevant protected characteristic and those who don't; and
- (c) foster good relations between people who share a relevant protected characteristic and those who don't (which involves tackling prejudice and promoting understanding).

Under the Duty the relevant protected characteristics are: Age, Disability, Gender reassignment, Pregnancy and maternity, Race, Religion, Sex, Sexual orientation.

In this case the EQIA concludes that there is no potential for discrimination and all appropriate opportunities to advance equality and foster good relations have been taken.

6.2. Further Legal Comments are incorporated in the report.

## 7. RESOURCE IMPLICATIONS

7.1. This report seeks a Cabinet decision to change the Delivery Strategy for the Phase 2 development at Bacton Low Rise. The report proposes delivery through a development agreement rather than through direct Council delivery. This report also seeks Cabinet to:

- Note the revised business case;
- Approve an increase to budget of up to £4.95m; and
- Delegate authority to the Executive Director Supporting Communities regarding contract award and disposal of the site.

7.2. **Affordability** - Officers have undertaken an options appraisal of delivery options for the scheme. This has demonstrated that delivery of the scheme through Council-led direct delivery is unaffordable in terms of the impact direct

delivery has on the ability to deliver other priorities across the Capital Programme. The extent of these affordability and viability issues means the scheme cannot be delivered through direct delivery without significantly hampering the Council's ability to deliver future pipeline schemes.

- 7.3. A key benefit of moving from a traditional CIP model of direct delivery to a development agreement is the impact on the HRA borrowing requirement. Peak borrowing and finance costs with direct delivery would be significantly higher relative to delivery via a development agreement.
- 7.4. Officers have modelled the impact of the development agreement approach on the approved surplus position and the Council's Capital Financing Requirement (CFR). The modelling demonstrates the development agreement approach would have a negligible impact on the Council's CFR and interest budget and therefore could potentially deliver the Council's outcomes and leave needed resources to deliver other pipeline schemes.
- 7.5. **Budget** - The council's estimated expenditure to implement the revised delivery strategy is up to £4.95m. This includes all necessary professional fees to procure a development partner, work on reviewing and negotiating the design, monitoring of onsite activities and ensuring the scheme is built to the required quality standards. It also covers expenditure including site maintenance and security costs before the development partner takes on this responsibility and heating energy centre works to the Phase 1 site.
- 7.6. It is estimated that the developer would pay a receipt for the land. This land receipt is subject to future assessments of the proposal's viability. This viability assessment would be determined by a more detailed review of planning, design, construction, and sales elements and therefore the land receipt amount is not certain.
- 7.7. The report mentions the Council retaining flexibility regarding the use and application of future grant allocation, although a later assessment should be made to ensure the most efficient use of future grant funding.
- 7.8. **Risks and opportunities** - It is important for context to note the current economic environment. Construction costs are rising and combining with labour shortages to drive inflation, which is at a 40-year high. The developer will factor these risks into their proposals in order to maintain their desired level of profit, therefore the land receipt will reflect prevailing market conditions and the value of the receipt is uncertain.
- 7.9. Developer proposals will be submitted on the basis of market risks (costs and sales values) being transferred from the Council to the partner. The advantage of delivery through a development agreement is clear in terms of conserving funding to deliver future pipeline schemes.
- 7.10. A development agreement of the scale proposed in this report would represent a fundamental change to the way the CIP currently delivers its residential schemes. The Council would have to establish sound controls to protect its interests and to ensure successful delivery of the scheme.
- 7.11. Subject to contractual negotiations with the incoming development partner, it is envisaged that the Council will sell the long lease rights to the private units at

Phase 2 Bacton. The Council in return would retain a freehold interest in the land and ownership of 61 social units.

- 7.12. Officers intend to include an overage clause to protect the Council's interest with regards to the developer making significantly higher profits than anticipated from the private units. The overage clause would see the Council entitled to receive further monies if the private units were sold above a certain agreed amount. Officers would seek appropriate advice to ensure the overage clause is framed in a way to both protect the Council and avoid disincentivising the developer.

## 8. ENVIRONMENTAL IMPLICATIONS

- 8.1. The Bacton Low Rise Estate regeneration project includes demolition of existing homes and the redevelopment of the estate to much higher standards in terms of design, space standards and sustainability. Improved standards will reduce heating demand and consumption amongst residents, which may help to tackle fuel poverty.
- 8.2. 100% of materials from the Phase 2 site demolition were recycled. The environmental effects of future construction waste on Phase 2 are not considered to be significant. A Construction Management Plan must be approved by the planning authority, which includes waste management.
- 8.3. Subject to planning, it is expected that renewable, low carbon energy will be used to provide heating and hot water for the new homes. As such, it is not considered that there would be any significant air quality effects because of the development. The development will also be largely car free and provide new pedestrian links and cycle parking. The scheme will include measures for biodiversity enhancement and sustainable urban drainage systems.

## 9. TIMETABLE FOR IMPLEMENTATION

- 9.1. Camden is committed to expediting the delivery programme. The table below outlines the estimated dates of key project milestones.

Project milestone	Estimated date
Development partner contract award	Spring / summer 2023
Amendment planning application submission	2023
Construction starts	2024
Construction completion	2027

## 10. APPENDICES

A - Site location plan

B - Recent photographs of the site

C - Equality Impact Assessment (EQIA)

PART II Appendix D – This appendix is not for publication as it contains exempt information relating to the financial or business affairs of any particular person (including the authority holding that information).

**REPORT ENDS**