



Environment & Sustainable Communities Committee	Agenda Item
12 June 2023	13

Title:	Housing Loans Update
Report of:	Steve Cox, Interim Executive Director of Place and Connectivity
Lead Member:	Cllr Bridget Smith
Public Report:	Yes (except confidential Appendix C)
Key Decision:	No
Voting Arrangements:	No vote required.

Recommendations:

A	The Environment and Sustainable Communities Committee is recommended to note the current position in respect of outstanding loan repayments required to fund the 2021-2022 Affordable Housing Programme.
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Strategic Objective(s):

The proposals within this report fit under the following strategic objective(s):

A	Achieving good growth by contributing towards delivering 900+ homes by 2025.
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1.1 Purpose

1.1	This report seeks to inform Members of the current position concerning receipt of loan repayments that are required to fund the 2021-2022 Affordable Housing Programme.
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1.2 Proposal

2.1	To update and inform Members of the current position in respect of loan repayments and to inform Members of a decision to extend the Final Repayment Date of a loan made to Histon Road Development LLP.
2.2	The action to extend the duration of the loan to support the development at Histon Rd will avoid an imminent legal dispute and enable work on site to continue. The CPCA's security over the site shall remain as a first legal charge and there shall be no further loan advances. There is clear financial incentive for the Borrower to repay the CPCA loan as soon as possible and the action to extend the term of the loan agreement will minimise disruption to delivery of the housing.

1.3 Background

3.1	<p>As part of the Devolution Deal, the Combined Authority secured funding from Government to deliver an affordable housing programme that ended in March 2021.</p> <p>The Combined Authority's Housing Strategy approved by Board in September 2018 divided the funding into two parts. £60M was allocated for traditional grant funding and £40M was to be used for the then Mayor's plan for a revolving fund to support the delivery of additional affordable housing.</p> <p>The revolving fund initiative committed a total of £51.167M through 5 loans to development companies to fund delivery of 53 affordable units. In August 2020 the Combined Authority's Board approved loan extensions and interest free periods to reflect the detrimental impact upon delivery of projects caused by the Covid pandemic.</p> <p>In March 2021 Government conditionally agreed to a new affordable housing programme for 2021-2022 on the basis that all loan repayments were allocated to support the delivery of additional affordable housing through grant funding.</p>
3.2	<p>The table at Appendix A shows the status of each loan and since the meeting of the Housing and Communities Committee in March 2023 the loan made to support the scheme at the former MoD site in Ely was repaid by 31st March 2023.</p>
3.3	<p>Members are asked to note a decision made by the Chief Executive and reported to the Combined Authority's Board on 31st May 2023 to extend the final repayment date of the loan made to support the development at Histon Road, Cambridge. Documentation relating to the decision can be found appended to this paper.</p>

1.4 Appendices

4.1	<p>A – Summary of loans made from the Affordable Housing Programme</p> <p>B - Board report of 31 May 2023</p> <p>C - Confidential appendix to Officer Decision Notice of 5 May 2023</p>
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Implications

Internal Audit Implications

5.1	<p>In March 2023 the former Housing and Communities Committee were informed that an initial internal review was planned to look into the governance and processes followed in agreeing and managing loan terms between the Combined Authority and private housing developers. This review has yet to take place and will be undertaken when the matter of the remaining outstanding loan concludes.</p>
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Financial Implications

6.1	<p>Loans are repaid as a proportion of sale proceeds from each housing unit on completion of sale. The Combined Authority retains an element of control through its requirement to approve each sale prior to completion, and each development is monitored by officers.</p>
6.2	<p>The loan issued to East Cambridgeshire Trading Company for the project at West End Gardens, Haddenham was repaid with interest in January 2023.</p>
6.3	<p>The loan issued to Laragh Homes for the project at Alexander House, Forehill, Ely was repaid with interest in June 2022.</p>
6.4	<p>The loan issued to Laragh Homes for the project at Linton Rd, Great Abington was repaid with interest in January 2022.</p>

6.5	The loan issued to East Cambridgeshire Trading Company for the project to refurbish former MOD homes in Ely was repaid with interest on 31 March 2023.
6.6	The financial balance sheet at Appendix A shows that the outstanding balance of the loan made to support the development at Histon Rd, Cambridge was £8,172,335 on 23 rd May 2023.
Legal Implications	
7.1	The recommendations accord with CPCA's powers under Part 4 of the Cambridgeshire and Peterborough Combined Authority Order 2017 (SI 2017/251) and with the Committee's Terms of Reference as set out in CPCA's Constitution Chapter 10 para.3.2.9(b).
Public Health Implications	
8.1	There are no associated implications
Environmental & Climate Change Implications	
9.1	There are no associated implications
Other Significant Implications	
10.1	There are no associated implications
Background Papers	
11.1	N/A