



**CAMBRIDGESHIRE  
& PETERBOROUGH**  
COMBINED AUTHORITY

<b>CAMBRIDGESHIRE AND PETERBOROUGH COMBINED AUTHORITY BOARD</b>	<b>AGENDA ITEM No: 3.1 (ii)</b>
<b>26 JUNE 2019</b>	<b>PUBLIC REPORT</b> This report has two appendices (exempt Appendices 1a and 1b) which are exempt from publication under Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended, in that it would not be in the public interest for this information to be disclosed - information relating to the financial or business affairs of any particular person (including the authority holding that information).

**£100M AFFORDABLE HOUSING PROGRAMME SCHEME APPROVALS: JUNE 2019**  
**LUMINUS, HUNTINGDONSHIRE**

**1.0 PURPOSE**

- 1.1. As part of the Devolution Deal, the Combined Authority successfully secured £100 million from Government to deliver 2,000 affordable homes across Cambridgeshire and Peterborough.
- 1.2. This report provides the Board with one scheme for approval of grant funding in the context of the overall investment pipeline for the Combined Authority's £100m programme.
- 1.3. A grant of £618,800 is sought from the CPCA's Affordable Housing Programme to deliver 14 new homes for social rent across 7 sites in Huntingdonshire, to be delivered by Luminus, part of Places for People. A Business Case for this proposal is attached as exempt Appendix 1.

<b><u>DECISION REQUIRED</u></b>	
<b>Lead Member:</b>	<b>Cllr Graham Bull, Portfolio Holder Housing</b>
<b>Lead Officer:</b>	<b>Roger Thompson, Director of Housing and Development</b>
<b>Forward Plan Ref: 2019/033</b>	<b>Key Decision: Yes</b>
<p>The Combined Authority Board is recommended to:</p> <p>(a) commit grant funding of £618,800 from the £100m Affordable Housing programme to deliver 14 new affordable homes for Social Rent at seven sites in Huntingdonshire.</p>	<p><b>Voting arrangements:</b></p> <p>Simple majority of all Members</p>

## **2.0 BACKGROUND**

- 2.1. The Mayor and the Combined Authority are committed to accelerating affordable housing delivery to meet local and UK need and support economic growth in the region. This is reflected in the 2030 Ambition for coordinated, interventions and investment tailored to local need across housing, transport and infrastructure, planning and land use and skills.

### **Combined Authority Housing Programme**

- 2.2. In 2017, the Combined Authority successfully negotiated £170 million from Government for delivery of an ambitious housing programme providing 2,500 new affordable homes by March 2022.
- 2.3. Within this programme, the City Council is leading on the delivery of 500 new council homes for Cambridge using £70 million, and the remaining £100 million is to be used within the wider Combined Authority area to deliver an additional 2,000 homes.
- 2.4. The Housing and Development Team at the Combined Authority is working with officers in all member authorities (via the Cambridgeshire and Peterborough Housing Board) to identify new schemes to come forward for support from the Affordable Housing Programme. The Team is also building relationships with landowners, developers and housing providers to seek opportunities to influence, enable and accelerate delivery of new affordable housing across the authority's area.

- 2.5. The Devolution Deal's Housing Business Case recognised that in the first instance *"new homes will be delivered through direct grant funding initially, however, this funding is expected to enable a fully revolving local fund in the Combined Authority which outlasts the initial five year period"*.
- 2.6. To have a flexible approach to ways in which housing delivery could be achieved and accelerated, the Combined Authority board approved a flexible multi toolkit Housing Strategy. This was approved by the Board in September 2018.

#### A flexible multi-toolkit approach



- 2.7. It is anticipated that the programme will support a mixed portfolio of schemes including strategic sites and projects brought forward by housing associations, developers and Community Land Trusts. It includes the use of grant as a tool to help unlock sites and deliver additional affordable housing.
- 2.8. The Affordable Housing Programme currently has 14 schemes with funding approved by the Combined Authority's Board, of which nine are in contract. Two schemes have so far completed, with two more schemes due to complete in Summer 2019. 122 housing units have started on site to date and 13 homes delivered.
- 2.9. In total 777 units have been approved by the Board and the Combined Authority is chasing those schemes and providers to deal with pre-construction issues as quickly as possible, to commence starts on site. Full performance updates relating to the programme are presented to the Housing and Communities Committee on a quarterly basis with the most recent provided in April 2019. Both the £100m & £70m programmes (within the overall £170m programme) are on track to achieve their targets by March 2022.

- 2.10. Total grant investment approved for Affordable Housing schemes to date is just over £6.7 million, with a further £30.9 million approved as loan funding. A total of £37.6 million has therefore been allocated to schemes to date.

### 3.0 PROPOSED SCHEME FOR APPROVAL

#### HUNTINGDONSHIRE SITES x 7 – LUMINUS GROUP (PLACES FOR PEOPLE)

- 3.1. Luminus has applied to the Combined Authority for £618,800 grant to deliver 14 new affordable homes at 7 sites all within Huntingdonshire. Table 1) below shows the sites for which Luminus is requesting CA support, the total scheme cost in each case, total public subsidy sought on each scheme and the proportion applied for from the CA programme. The average grant per unit for the 14 units is £44,200.

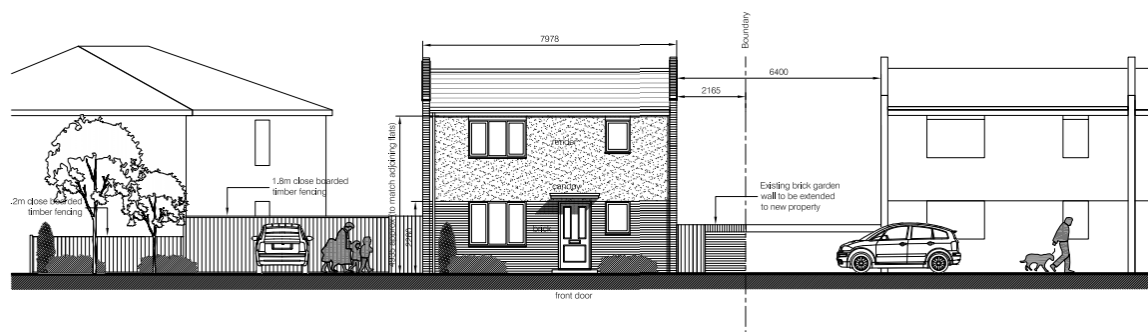
Table 1) Luminus Huntingdonshire Sites - June 2019

CPCA AH Programme Proposal June 2019	Social Rent Units	Total Scheme Costs	Total Public Subsidy	50% CPCA	Start	Comp
36 West Avenue, Ramsey	1	£217,836	110,750	55,375	Jul-19	20-Jul
Green Leys, St Ives (LDP)	1	£335,342	48,000	24,000	Jul-19	Jul-20
12 Oak Road, Stilton	1	£165,524	75,000	37,500	Jul-19	Jul-20
26 Norwood Road, Somersham	1	£213,254	101,000	50,500	Jul-19	Aug-20
Bluntisham Road, Needingworth	7	£1,355,871	580,000	290,000	Jul-19	Oct-20
Pingle Bank, Holme	1	£199,227	97,000	48,500	Jul-19	Jul-20
36 Fen Lane, Sawtry	2	£403,927	225,850	112,925	Jul-19	Jul-20
<b>14</b>		<b>£2,890,981</b>	<b>1,237,600</b>	<b>618,800</b>		

- 3.2. In order to respond to the need for quality affordable homes in Huntingdonshire, Luminus has a targeted programme of disposals of existing housing stock for properties that are deemed to be not fit for purpose either because of the cost of repair or because they are inherently expensive to heat. Huntingdonshire District Council has agreed that Luminus can use funding from proceeds from the sale of these properties and either purchase new properties or develop new affordable homes. The grant subsidy needed to deliver the 14 units currently proposed will therefore come from a mixture of disposals proceeds and CA funding.
- 3.3. Luminus enjoys a strong collaborative relationship with Huntingdonshire District Council to support the District's social housing priorities and neighbourhood management aspirations. The developments contained within this proposal form only a small part of Luminus' wider programme in Huntingdonshire and the wider CA area.

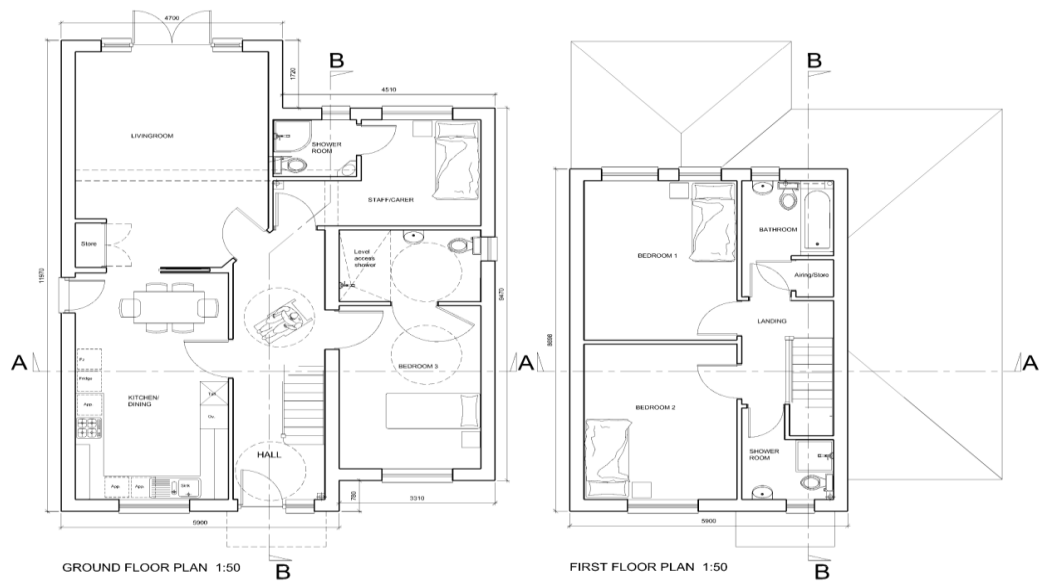
- 3.4. The majority of new affordable homes proposed for CA funding will be delivered on garage sites or corner plots to replace homes from Luminus' stock. This programme will achieve like for like replacements in terms of number of bedrooms and location whilst achieving an improvement in energy efficiency on average from the properties that have been replaced by around 37%.
- 3.5. Luminus has provided Due Diligence information in support of their application for each site within this proposal, including financial assumptions which have been reviewed by the CA's Housing and Development Team and Finance Team.
- 3.6. Sites in brief:-

- (a) 36 West Avenue, Ramsey – has planning permission (16/00908/FUL) for a new 2 storey, 3 bedroom house of 102 sqm / 1,098 sq ft to be built in the garden of 36 West Avenue

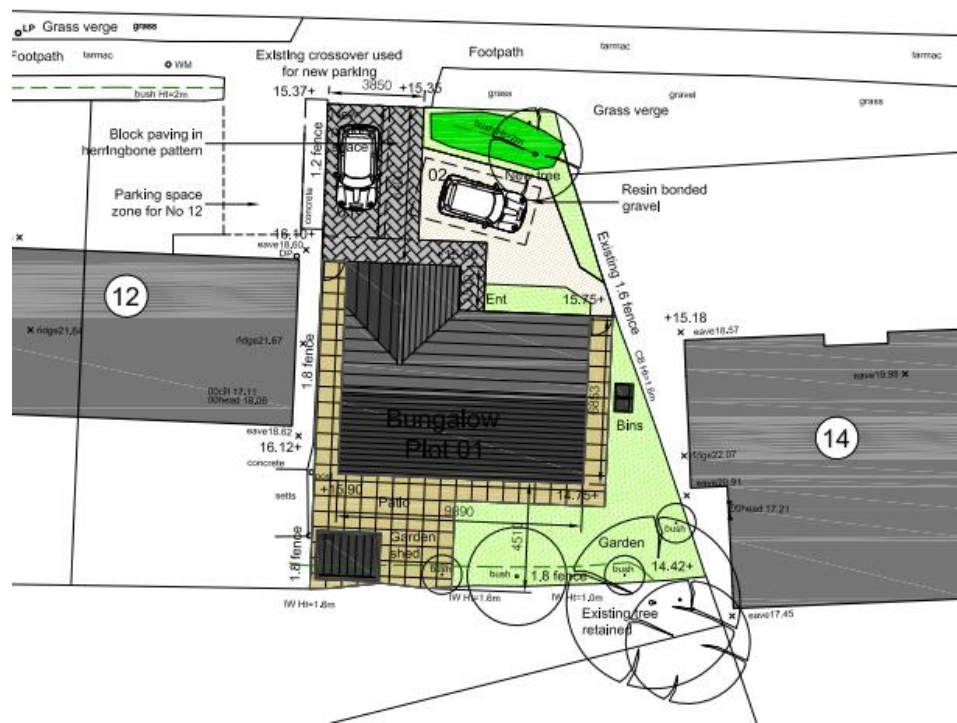


**Front (West) Elevation** (Scale 1:100)

- (b) Green Leys St Ives – has planning permission (16/01337/FUL) for one three bedroom house with support staff accommodation replacing four garages. The Council's Specialist Housing Officer working with the Learning Disability Partnership (LDP) has identified a housing need for three adults with moderate learning disabilities. They would occupy a four bedroom house with each adult having their own double bedroom with shared access to the living room, kitchen, bathroom and gardens. The three adults would be provided with support, including staff sleep in for which the fourth bedroom is required.



- (c) 12 Oak Road – has planning permission (15/01033/FUL) for erection of a two bedroom bungalow on this garden plot in the village of Stilton.



- (d) 26 Norwood Road – has planning permission (16/02102/FUL) for one three bedroom, five person detached two storey house on infill site (corner plot) next to 26 Norwood Road, Somersham





**3D front (roadside) elevation** (Scale NTS)

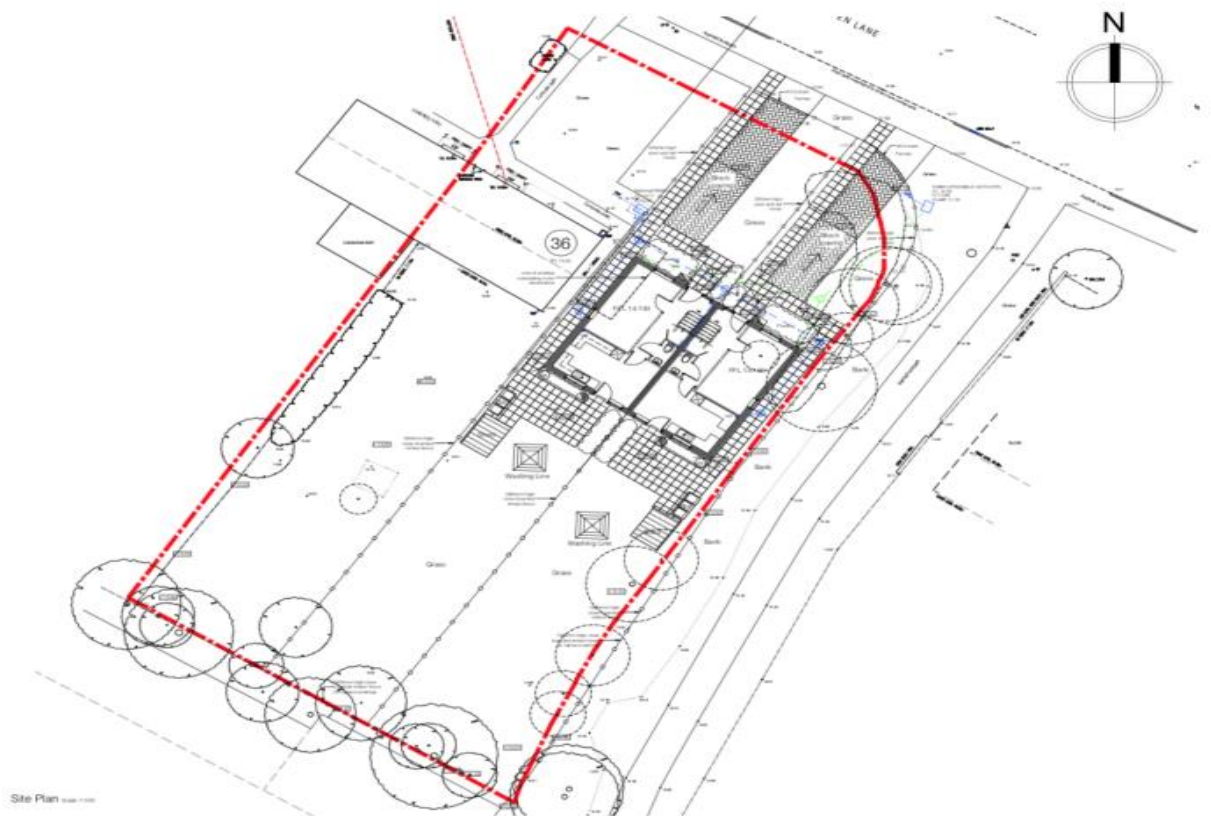
- (e) Bluntisham Road, Needingworth – this site has permission (17/01077/FUL) for 14 new homes on land adjacent to Fair View, Bluntisham Road, Needingworth. The development is on a rural exception site and will include 3 Shared Ownership units and four homes for Market Sale. Funding from the CA is only being sought for seven affordable homes (Social Rent)



- (f) Pingle Bank, Holme – has planning permission (17/01425/FUL) for a two storey, three bedroom detached property of approx. 100 sqm/1,076 sq ft on a corner garden plot in Holme near Peterborough



- (g) 36 Fen Lane, Sawtry – has planning permission (16/01154/FUL) to develop the site to provide two, two storey, two bedroom semi-detached houses of approx. 84 sqm / 904 sq ft each





All schemes are ready to commence in July 2019 and will be completed in Summer and Autumn 2020.

- 3.7. Given the role of disposals proceeds funding, Huntingdonshire District Council has been engaged in the development of this proposal. The Council and Luminus have agreed to work jointly to consider disposal of existing Luminus properties which are in relatively poor condition or require high levels of expenditure to bring them up to an acceptable standard.
- 3.8. Through this process, Luminus periodically provides details of specific properties and the information includes a summary of condition, estimates of costs to improve and recommendations from a Luminus surveyor and a Luminus director concluding that disposal is the best option. That information is considered by Council officers and their views are endorsed by the Council's Executive Councillor for Housing, Planning and Economic Development.
- 3.9. The sales proceeds have established a fund and in parallel with this, Luminus provide information on a pipeline of new developments which will be financed from the fund. The fund will enable the provision of more new homes than are sold.
- 3.10. The seven projects identified will meet a variety of needs. Included is a Rural Exception site in Needingworth providing housing for local people which has been subject to close consultation with the Parish Council and the proposals are informed by a Housing Needs Survey. The others make good use of land held by Luminus and for those, the resulting housing will be provided for Social Rent and made available to those on the Council's Housing Register. A home for those having Learning Disabilities is also proposed. All have planning consent and are therefore highly deliverable.
- 3.11. Having worked closely with Luminus on these, the Housing Strategy and Enabling Manager confirms that the Council fully supports the proposals.

## **About Luminus**

- 3.12. Luminus is a subsidiary of Places for People Group, one of the largest property and leisure management, development and regeneration companies in the UK with assets of £4.5bn and almost 200,000 homes owned or managed. Places for People is a well-regarded Registered Provider within England and has an extensive programme of affordable housing both through direct development and partnership arrangements with developers and national house builders. It has Strategic Partner status with Homes England.
- 3.13. Luminus is a developing housing association that manages a wide portfolio of 7,600 homes in the East of England. As the largest social housing provider in Huntingdonshire, the strategic focus of the business is to work in collaboration to develop sustainable communities by providing high quality homes, estate services and community development, while offering local employment

opportunities. The group has a G1/V1 rating (the highest grades achievable) with Homes England and a stable financial performance.

### **Additionality / Case for Combined Authority funding**

- 3.14. Garage and garden sites, particularly those providing only one or two properties, present financial challenges to develop in isolation compared with larger greenfield sites. Luminus approached the Combined Authority in 2018 to begin to develop a proposal which would bring together a range of sites and could utilise both the disposal proceeds funding and CA Affordable Housing grant. This presents relatively good value from the Combined Authority's perspective, leveraging match funding of £2,272,181 and enabling provision of 14 new affordable homes for Social Rent at an average grant rate per unit of £44,200. While this is higher than the programme grant rate per unit (currently £29k) this subsidy is considerably lower than units for social rent would usually require.

### **Proposed Conditions of Grant Approval**

- 3.15. It is proposed that the grant of £618,800 for 14 units at 7 sites specified in this paper be approved subject to the following conditions;
- (a) Pre-contract
    - confirmation of development programme for each scheme, with a back-stop start on site of main contract no later than 31<sup>st</sup> March 2020.
  - (b) Post contract but pre draw-down of grant –
    - achievement of full planning / reserved matters and S106
    - evidence of site ownership
    - evidence of start on site.

## **4.0 FINANCIAL IMPLICATIONS**

- 4.1. This application is supported by due diligence information which has been reviewed by housing and finance teams. A Business Case is attached as exempt Appendix 1 to this paper which includes a summary of scheme financials.
- 4.2. Supporting this application will approve £618,800 grant from the Affordable Housing Programme. The impact on this funding on the programme is set out below:

	<b>Grant allocation /£m</b>	<b>Total number of units funded</b>	<b>Average grant per unit /£k</b>
Traditional housing grant only	5.9	203	29
Scheme Proposed	0.618	14	44
<b>Sub-total traditional housing grant</b>	<b>6.52</b>	<b>217</b>	<b>30</b>
Infrastructure grant (Northstowe)	0.76	540	1.4
Loans x 2	0	34	0
<b>Sub-total infrastructure grant and loans</b>	<b>0.76</b>	<b>574</b>	<b>1.3</b>
<b>Totals all schemes</b>	<b>7.28</b>	<b>791</b>	<b>10*</b>

\*The programme average grant rate is reduced to £10k per unit by one infrastructure grant and two loan schemes which are delivering affordable housing with zero grant. The average grant rate for traditional affordable grant schemes within the programme is currently at £29k per unit.

## **5.0 LEGAL IMPLICATIONS**

5.1. The Combined Authority has authority under section 1 Localism Act 2011 to exercise a general power of competence. The Combined Authority can exercise this power by virtue of the Cambridgeshire and Peterborough Combined Authority Order 2017. This power permits the Combined Authority to make grants to providers in order to deliver the terms of the devolution deal signed with Government.

## **6.0 SIGNIFICANT IMPLICATIONS**

6.1. There are no significant implications to consider in this paper.

## **7.0 APPENDICES**

7.1. This paper is supported by the following appendices which are exempt from publication as they contain information relating to the financial or business affairs of any particular person (including the authority holding that information) under paragraph 3 of Part 1 of Schedule 12A of the Local Government Act.

- (a) Exempt Appendix 1a – Business Case
- (b) Exempt Appendix 1b – Business Case Financial Summaries

<b><u>Source Documents</u></b>	<b><u>Location</u></b>
CA Board report September 2018	<a href="https://cambridgeshirepeterboroughcagov.com/is.uk.com/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/913/Committee/63/Default.aspx">https://cambridgeshirepeterboroughcagov.com/is.uk.com/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/913/Committee/63/Default.aspx</a>
Housing and Communities Committee April 2019 - £100m Housing and Communities Committee Affordable Housing Programme Update	<a href="https://cambridgeshirepeterboroughcagov.com/is.uk.com/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/923/Committee/65/SelectedTab/Documents/Default.aspx">https://cambridgeshirepeterboroughcagov.com/is.uk.com/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/923/Committee/65/SelectedTab/Documents/Default.aspx</a>