



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

HOUSING AND COMMUNITIES COMMITTEE	AGENDA ITEM No: 2.2 (iii)
11 NOVEMBER 2019	PUBLIC REPORT Appendix 1 to this report is exempt from publication because it contains 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. It is considered that the public interest in maintaining the exemption would outweigh the public interest in disclosing the information.

£100M AFFORDABLE HOUSING PROGRAMME SCHEME APPROVALS

WISBECH ROAD, MARCH, PE15 8EY

1. 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 Committee 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. Grant from the CPCA Affordable Housing programme of £4,542,000 is sought for 118 affordable units at Wisbech Road, March delivered by Funding Affordable Homes Housing Association. A Business Case for this proposal is attached as exempt Appendix 1

<u>DECISION REQUIRED</u>	
Lead Member:	Cllr Graham Bull, Lead Member for Housing and Chair of Housing and Communities Committee

Lead Officer:	Roger Thompson, Director of Housing and Development
Forward Plan Ref: 2019/051	Key Decision: Yes
<p>The Housing and Communities Committee is recommended to:</p> <p>(a) Commit grant funding of £4,542,500 from the £100m Affordable Housing programme to enable delivery of 118 new affordable homes of 2,3 and 4 bed homes of affordable rent and shared ownership homes.</p>	<p>Voting arrangements:</p> <p>Simple majority of all Members</p>

2. 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.

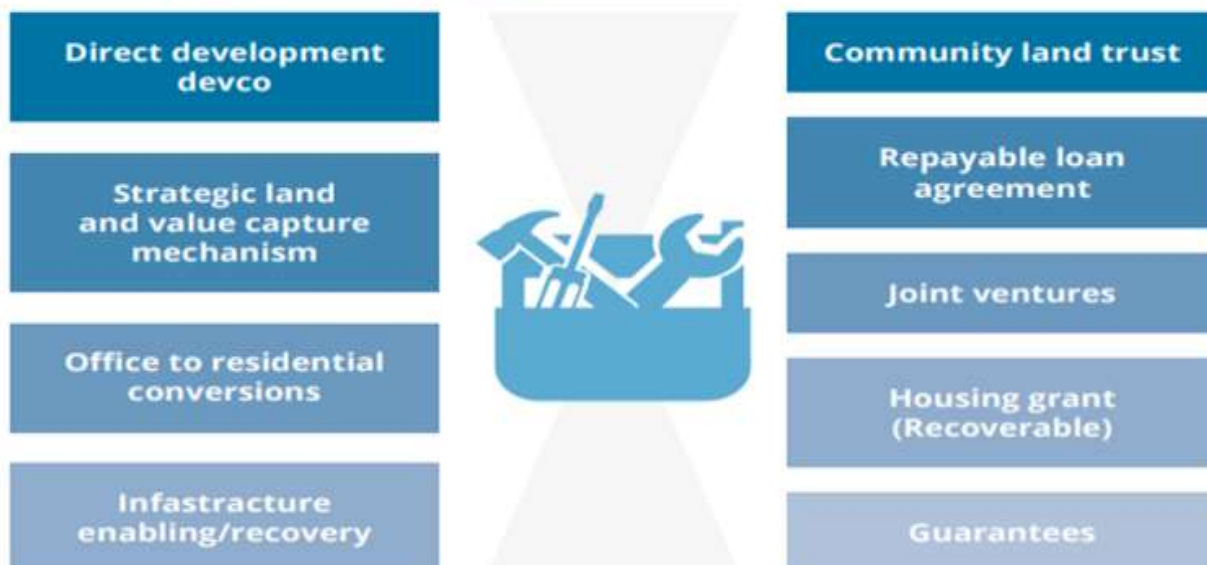
Combined Authority Housing Programme

- 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, £100 million is available to be used across the Combined Authority area to deliver 2,000 affordable homes and £70m is available to Cambridge City Council to deliver 500 new council homes.
- 2.4. The Housing and Development Team at the Combined Authority is working with officers in all partner local authorities (via the Cambridgeshire and Peterborough Housing Committee) 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 Combined Authority area.
- 2.5. The Combined Authority Housing Strategy was approved by the Board in September 2018 and included three core objectives as illustrated in the figure below:



- 2.6. The Housing Strategy also approved a flexible multi toolkit approach as the most effective way of accelerating affordable housing delivery. The use of grant as a tool to help unlock sites and deliver additional affordable housing is one of these tools:

A flexible multi-toolkit approach



- 2.7. Full performance updates relating to the programme are presented to the Housing and Communities Committee on a quarterly basis with the most recent provided on 10 July 2019. Both the £100m & £70m programmes (within the overall £170m programme) are on track to achieve their targets by March 2022.

3. PROPOSED SCHEME FOR APPROVAL

WISBECH ROAD, MARCH

- 3.1. Funding Affordable Homes has applied to the Combined Authority for £4,542,000 grant to deliver 118 new affordable homes on a windfall site in March. All 118 homes will be delivered by support of the grant. This is a private windfall site, where the homes would have been mostly for outright sale. Through their investment and CPCA grant support they are enabling the delivery of an all affordable housing scheme. The grant will enable a mixed tenure affordable housing scheme to be delivered with many homes for Affordable rent. A business case and supporting information are attached as a confidential appendix to this paper.
- 3.2. Outline Planning Permission granted and Reserved Matters Application to be submitted in November 2019. Final Planning decision is expected in March 2020.
- 3.3. The development site is in Wisbech Road, March, to the east of Peterborough City and north east to Huntingdon and on the outskirts of March. Good road connections are the A141 to get to the site.

Figure 1. Site location (Google Maps)



- 3.4. The site is located within walking distance of March town centre which offers a full range of local services and employment opportunities. Within walking distance of the site there is a supermarket, a range of retail shops, doctor's surgery, library, schools and offices.
- 3.5. The scheme is designed to National Space Standards where possible and is a mixed housing offer based on Local Authority demand and inclusion of homes for a range of housing demand.
- 3.6. The accommodation comprises of 98 affordable rents homes and 20 shared ownership homes. It comprises 2 and 3 bedroom homes, the additionality of the site would include 118 homes. This is a windfall site for the Fenlands Area.
- 3.7. Heads of Terms have been agreed and being signed with the landowner. Conditional exchange of contracts to be completed by January 2020.
- 3.8. All 118 homes will be delivered by support of the grant, as mentioned the site is privately owned and where the homes would have been mostly for outright sale. The grant will enable the mixed tenure of the scheme for a much-needed area.

Dwelling Type	m ²	Gross Sq.Ft	Quantity
2 bed (3 types)		-	90
3 bed (2 types)		-	28
			118

Figure 2: - Site plan – aerial view



- 3.9. The housing team at Fenlands District Council have been consulted. The current mix reflects Fenlands District Council comments, having removed any flats and focussing on 2, 3 and 4 bed houses.
- 3.10. Following recent discussions, it has been agreed that the scheme will operate under a Local Lettings Policy. The purpose of this policy is to let the homes to a wide demographic and economic range to create a balanced and sustainable community. This also supports the introduction of some homes to be sold as shared ownership.

About Funding Affordable Homes Housing Association

- 3.11. Working in partnership with housing associations, local authorities, house builders and developers, Funding Affordable Housing is building a large diversified portfolio of freehold properties offering economies of scale and future value enhancement and realisation.
- 3.12. The strategies include affordable homes for:
- Long-term rent (based on income and need)
 - Shared Ownership (allowing residents to increase their proportion of ownership over time)
 - Specialist accommodation (where additional support is required)
- 3.13. One of the subsidiaries within the Funding Affordable Homes group is the Housing Association 'FAHHA'. As a Registered Provider of affordable housing FAHHA it is a regulatory requirement to publish individual items of development expenditure in excess of £500.

Additionality / Case for Combined Authority funding

- 3.14. The proposed scheme offers the following additionality:
- The scheme will deliver 118 new homes whereby a large proportion is at Affordable Rent in an area of housing need. The 98 affordable rental units will be available in accordance with the lettings policy agreed with Fenlands District Council and 20 shared ownership units.
 - The scheme is anticipated as being delivered by Quarter 2 2022/2023, July 2022.
 - All 118 homes will be delivered by support of the grant. This is a private windfall site, where the homes would otherwise be mostly for outright sale. Through their own investment and CPCA grant support they can enable the delivery of an all affordable housing scheme.
 - The grant will enable a mixed tenure affordable housing scheme to be delivered with many homes for Affordable rent.

Proposed Conditions of Grant Approval

3.15. It is proposed that the grant of £4,542,500 for delivery of 118 new affordable homes at Wisbech Road, March be approved subject to the following conditions;

Pre-contract:

Confirmation of development programme, with a back-stop start on site of main contract no later than 31st August 2020.

Post contract but pre draw-down of grant:

- i. evidence of site ownership
- ii. evidence of planning consent, due at the end of March 2020.
- iii. evidence of start on site.

SIGNIFICANT IMPLICATIONS

4. FINANCIAL IMPLICATIONS

4.1. The applicant has provided a scheme Business Case and its supporting documentation, attached as exempt Appendix 1 to this paper.

4.2. Supporting this application will approve £4,542,000 grant from the Affordable Housing Programme at an average grant rate of £38.5k for each unit.

4.3. The impact on this funding on the programme is set out below:

	Number Schemes Approved	Number of Affordable Units Funded	CPCA Funding Committed £
Total Affordable Housing Grants approved by Board	17	908	13,723,206
Total Loan & Toolbox capital committed (from £40m revolving fund)	3	38	35,740,000
TOTAL PRIOR TO NOV 2019 BOARD	20	946	49,463,206
PROPOSED SCHEME FOR NOV 2019 BOARD APPROVAL			
Great Whyte, Ramsey Affordable Housing Grant (CPCA Board 11 November 2019: Agenda Item 3.1(a))	1	15	600,000

Bretton Court, Bretton Centre, Peterborough Affordable Housing Grant (CPCA Board 11 November 2019: Agenda Item 3.1 (a))	1	45	1,687,500
Wisbech Road, March Affordable Housing Grant, (CPCA Board 11 November 2019: Agenda Item 3.1 (a))	1	118	4,542,000
Total Affordable Housing Grants if approved by Board	23	1086	20,552,706
Affordable Housing: AVERAGE GRANT RATE PER UNIT*			(20,552,706/1086) =18,925.143
Loan & Toolbox capital committed (from £40m revolving fund)	3	38	35,740,000
TOTAL IF NOV 2019 SCHEME IS APPROVED	26	1124	56,292,706

5. 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. APPENDICES

Appendix 1 – Exempt from publication - Business Case including supporting evidence.

<u>Background Papers</u>	<u>Location</u>
Housing Strategy September 2018	CA Board September 2018
£100m Affordable Housing Programme Update Oct 2019	CA Board Oct 2019