



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

HOUSING AND COMMUNITIES COMMITTEE	AGENDA ITEM No: 2.3
11 November 2019	PUBLIC REPORT Appendix 2 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 Update

1.0 PURPOSE

- 1.1. This report provides an update on the £100 million Affordable Housing Programme being led by the Combined Authority. Appendices 2 and 3 to this report contain commercially sensitive information and are exempt from publication.
- 1.2. The Housing and Communities Committee receives regular performance updates on expenditure and delivery of outputs (new homes) relating to the £100 million Affordable Housing Programme. The next update is proposed to be in March 2020.

<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 Housing and Development
Forward Plan Ref: n/a	Key Decision: No

<p>The Housing and Communities Committee is recommended to:</p> <p>(a) Note the report on spend and outputs for the £100 million Affordable Housing Programme.</p> <p>(b) Note the forward pipeline of sites with affordable housing.</p>	<p>Voting arrangements</p> <p>Simple majority of all Members</p>
---	---

2.0 BACKGROUND

- 2.1. The Combined Authority's Affordable Housing programme runs for five years from 1 April 2017 to 31 March 2022 with the ambition to deliver a minimum of 2,000 new affordable homes.
- 2.2. It is anticipated that over its lifetime, the programme will support a mixed portfolio of schemes including strategic sites and projects brought forward by housing associations, developers and Community Land Trusts (CLTs). It includes the intended use of grant and a revolving fund to help unlock sites and deliver additional affordable housing, alongside other tools to support and enable housing delivery.
- 2.3. The Affordable Housing Programme currently has 20 schemes with allocated funding, of which 11 are in contract.
- 2.4. The programme pipeline has further schemes at various stages of development and due diligence which will be brought to Committee or Board when ready. This includes opportunities for Combined Authority investment into large-scale or 'strategic sites' across Cambridgeshire and Peterborough.
- 2.5. As part of monitoring arrangements for the Devolution Deal, Government undertakes an annual review of progress with representatives from the Combined Authority, Ministry of Housing, Communities and Local Government (MHCLG) and Department for Business, Energy and Industrial Strategy (BEIS). The first meeting for the 2019 Annual Review took place in September, following which additional information has been provided and a follow up meeting is planned for later in November.

3.0 FINANCIAL PERFORMANCE

- 3.1. Grant investment approved for Affordable Housing schemes to date is £13.7 million, with a further £35.5 million approved as revolving fund funding. A total of £49.2 million has therefore been allocated to schemes to date, most on a recycling basis. A list of the 20 schemes with Combined Authority Board or Committee approval is attached as Appendix 1.
- 3.2. Of this, £35.5 million has been contractually committed, comprising £4.6 million in grants and £30.9 million in loan funding. £13.7 million has yet to be

contracted. We anticipate that a further £6.25m of that will be contracted before the next committee date.

- 3.3. £2.4 million in grant and £24.4 million in loan has been paid to date. As the Combined Authority is its own accountable body for the purposes of its funding from Treasury, every payment made to schemes must be capable of being scrutinised by independent auditors. We have set up as simple a process as we can for providers to supply supporting evidence of project expenditure and delivery milestones having been met to enable prompt payments.
- 3.4. We also provide in Appendix 3 a summary cashflow of the anticipated drawdown of the schemes that have been approved by board to come from the £40m revolving fund. At present the maximum drawdown is forecast to be approximately £30m in December 2019, so there is still opportunity with headroom to find and deliver more revolving fund schemes.

4.0 PROGRAMME DELIVERY

- 4.1. The Affordable Housing Programme currently has 20 schemes with allocated funding, of which 11 are in contract. Five schemes have completed in some form, with two schemes due to complete in the next few months. 202 housing units have started on site to date and 48 homes delivered. We have had confirmation that in January 2020, 234 affordable housing units will start on site at Northstowe simultaneous to the starting of the Mare Fenn flood remediation works. In total 946 units have been approved by the Board and we are chasing those schemes and providers to deal with pre-construction issues as quickly as possible, to commence starts on site.

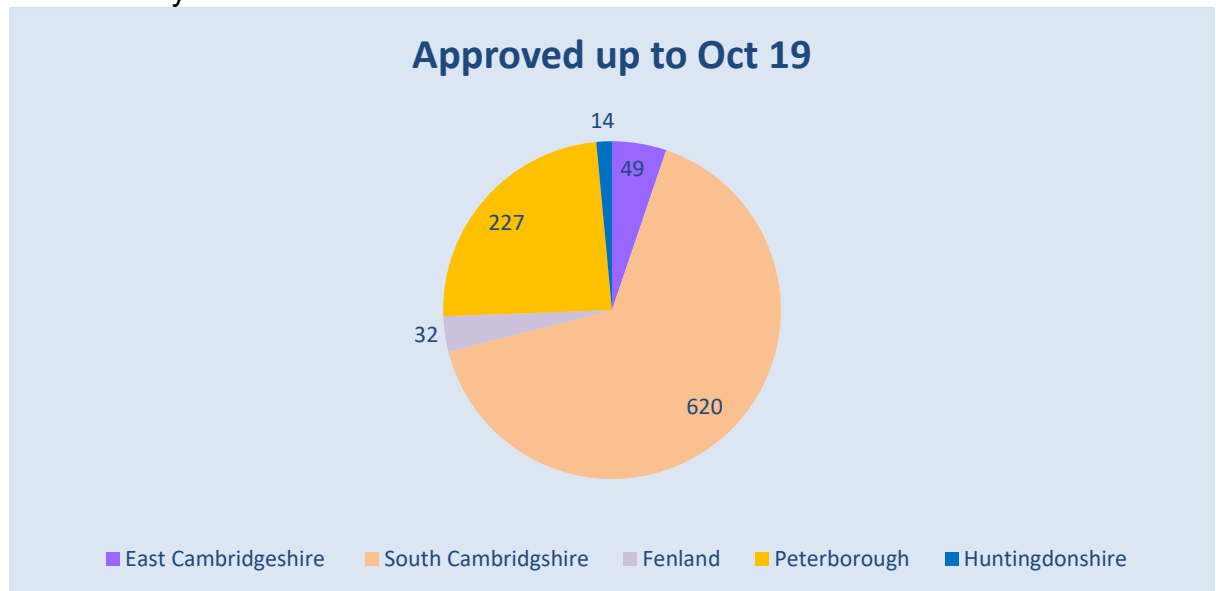
- 4.2. Scheme approvals since July Housing Committee;

- (a) Werrington, Peterborough – Funding Affordable Homes HA will deliver 88 new homes for Affordable Rent. Grant from Combined Authority approved £3,845,600
- (b) Crowland Road, Peterborough – Medesham will deliver 25 homes for Affordable Rent. Grant from Combined Authority approved £875,000
- (c) Drake Avenue, Peterborough – Crosskeys Homes will deliver 33 new homes for Affordable Rent. Grant from Combined Authority approved £1,430,154
- (d) Whaddon Road, Meldreth – Settle homes will deliver 4 new homes for Affordable Rent and 1 new home for Shared Ownership. Grant from Combined Authority approved for £215,000.

- 4.3. Scheme Withdrawals since July Housing committee:

- (a) Station Road, Thorney – Prospective acquisition to acquire a 5.1 acre site, withdrawn from transaction following pre-contract due diligence, issues with securing vacant possession, adequate highways access solution and planning following adoption of new local plan.

- 4.4. In total £6,365,754 has been approved since reporting to July Housing Committee, to deliver an additional 151 new affordable homes.
- 4.5. Figure 1) below shows the current distribution of the 946 approved units by local authority.



Starts on Site

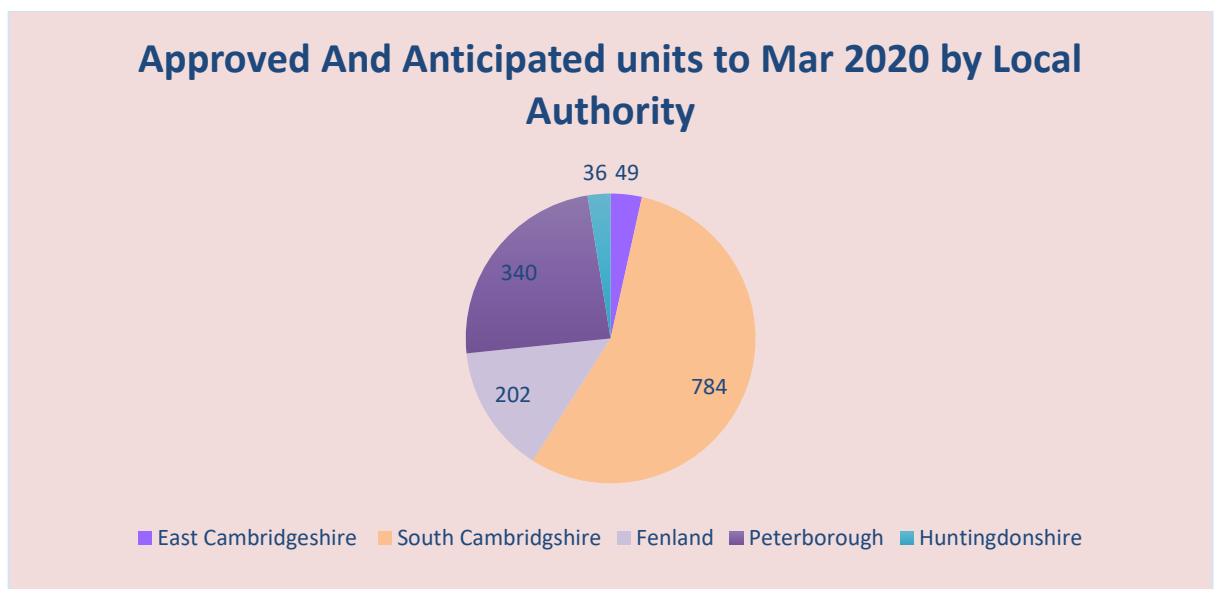
- 4.6. There have been 202 Starts on Site to date with the most recent scheme started at Crowland Road in Peterborough (at developers risk subject to Combine Authority contract).
- 4.7. We have had confirmation that in January 2020, 234 affordable housing units will start on site at Northstowe, simultaneous to the starting of the Mare Fenn flood remediation works.
- 4.8. East Cambs Trading Company confirmed start on site of 15 affordable units in August as a result of the refurbishment of the former MOD site in Ely.
- 4.9. We anticipate more starts on site in early 2020 up to the Combined Authority year end March 2020 business plan target of around 600 units.

Completions

- 4.10. The programme has so far delivered 48 completed units. Most recently since we last reported to July committee, 12 units at Snowley Park and 15 units at Willingham have completed.
- 4.11. A further 20 homes are due to complete before the next committee date, 8 homes in Burwell, East Cambridgeshire being delivered by Hastoe and a further 12 homes are programmed to complete at Snowley Park, Fenland being delivered by Cross Keys Homes.

Forward Programme and Pipeline Development

- 4.12. There are 3 new schemes for grant being recommended to committee at the Nov 19 meeting, totalling 178 units from an additional £6,829,500 of proposed grant funding. The cumulative impact of those schemes once approved will be reported at the next performance update to committee.
- 4.13. Schemes totalling an additional 287 units are currently under active consideration by Combined Authority officers (where the Housing and Development Team is in active discussions with applicants regarding proposed schemes) and we expect to come forward for Committee or Board approval before March 2020. The projected distribution of units by local authority area for both approved schemes, units being considered at Nov 19 committee and units under consideration before Mar 2020 is shown in Figure 2) below.



- 4.14. There are over 3,000 affordable units in the Cambridgeshire and Peterborough Affordable Housing programme pipeline which is updated by local authority housing officers. With a discount applied for risk for up to 70% of those units not actually getting to the point of coming into the Combined Authority programme, around a further 1200 units could be delivered from this pipeline using devolution funds.
- 4.15. Therefore at this stage we are still confident that the programme target of a minimum of 2,000 new affordable homes will be delivered as starts on site by 31st March 2022. The pipeline list is attached as Appendix 2 (Exempt). We are expecting an acceleration in starts on site, with a target of 600 by end March 2020.
- 4.16. In addition to identified schemes, there may be opportunities for CA investment into schemes or phases as part of delivery of large-scale or 'strategic sites'

across Cambridgeshire and Peterborough. The Combined Authority is engaged in early-stage dialogue with a range of organisations. Strategic sites have the potential to deliver significant numbers of new homes. Some of the new homes might be deliverable within the £100m Affordable Housing Programme period to March 2022, for example potential affordable units at Wyton Airfield and the CLT scheme at Kennett in East Cambs.

- 4.17. Further opportunities will be identified during the programme across the range of development toolbox methodologies. We monitor housing sites that are currently on the market and upon which we review if any housing toolbox action might be considered appropriate if the market might be considered as failing to deliver.

Communicating the Opportunity

- 4.18. The Combined Authority actively promotes the opportunities presented by the Affordable Housing Programme across sector networks including the Housing Board, Homes for Cambridgeshire and Peterborough and local National Housing Federation meetings.

- 4.19. The Housing and Development Team meets with landowners, housebuilders, private developers and other stakeholders on a regular basis to encourage proposals to come forward for investment from the Affordable Housing Programme.

Risks and Issues

- 4.20. The Combined Authority programme is facing pressure from Providers' ability to seek funding from other sources – primarily Homes England. The current Homes England Shared Ownership and Affordable Homes Programme ends in March 2021 and providers are keen to take up and deliver on their full obligations within that programme, as their performance will impact on future funding allocations.

- 4.21. There is currently a higher than usual market risk, with a slowdown in the market since September 2018 making registered providers more nervous about making decisions to proceed, particularly with schemes that involve shared ownership units.

- 4.22. Officers from the Housing and Development Team meet Homes England staff regularly to share intelligence and monitor the impacts of the respective programmes.

5.0 FINANCIAL IMPLICATIONS

- 5.1 There are no financial implications other than those covered in the body of the report.

6.0 LEGAL IMPLICATIONS

- 6.1. The obligations within the devolution deal require the Combined Authority to ensure the funds are spent in line with its Assurance and Monitoring and Evaluation Frameworks.
- 6.2. 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.

7.0 APPENDICES

- 7.1. Appendix 1 – Combined Authority Affordable Housing Programme - Approved Schemes October 2019
- 7.2. Appendix 2 – exempt from publication – Affordable Housing Programme Pipeline
- 7.3. Appendix 3 - £40m revolving fund summary cashflow forecast

<u>Background Papers</u>	<u>Location</u>
<i>DCLG Approved Business Case</i> Devolution Deal 2016 Assurance Framework	Cambridgeshire and Peterborough Combined Authority, Alconbury Enterprise Campus, Alconbury Weald, Huntingdon PE28 4XA http://cambridgeshirepeterborough-ca.gov.uk/