

The Future of CPCA Housing Purpose and Function

To:	Housing and Communities Committee
Meeting Date:	11 July 2022
Public report:	Yes
Lead Member:	Councillor Lewis Herbert, Chair of the Housing and Communities Committee
From:	Roger Thompson, Director of Housing and Development
Key decision:	No
Forward Plan ref:	N/A
Recommendations:	<p>The Housing and Communities Committee is recommended to:</p> <ul style="list-style-type: none">a) Note the proposed role for the CA in supporting the future delivery of housing, specifically to;<ul style="list-style-type: none">i) Maintain the oversight of the build out of the affordable housing programme and the re-payment of the Loan Book.ii) Maintain a housing expertise and skills presence, retaining some housing officer capability and skills, providing capability to respond to future housing Initiatives and Opportunities, including those identified at the Member workshop.iii) Ask the Chief Executive to consider how best to reduce and reorganise resources to deliver these functions as part of the future transformation programme.b) Recommend that the Combined Authority Board approves the wind up of the Combined Authority 100% owned company, Angle Developments (East) Limited.

- c) Recommend the Combined Authority Board approves the wind up of the Combined Authority 100% owned company, Angle Holdings Limited.

Voting arrangements: A simple majority of all Members present and voting.

1. Purpose

- 1.1 This paper was presented to and approved by the Combined Authority (CA) Board on 27th June 2022 and the Board is asking the Housing Committee to consider the future role for the CA on funding co-ordination, skills and community housing.
- 1.2 The Paper is seeking to present Members with the potential opportunities that may exist to carry forward progress around the delivery of housing in our geography. A number of activities are presented for consideration and discussion. It may be that some synthesis of a number of these represents the most suitable way forward.
- 1.3 The Combined Authority housing activities have been reliant on the support of government grant monies up to this point. That has been fine while money was being made available, but now decisions are required about reviewing the level of CA Housing impact and areas of focus in line with the more limited resources available in the immediate future.

2. Background

- 2.1 The Government funded Affordable housing programme came to an end on 31st March 2022 and a document summarizing the outcome is shown in Appendix 3. The objective now is to look ahead at what sort of involvement the Housing Committee want to have in the housing arena over the next few years bearing in mind the Board's recent approval to the paper.
- 2.2 Workshops have been held with officers from throughout the CA area and Leaders. A summary of key points from the Leaders workshop held on 6th April 2022 is shown in Appendix 1. The key housing challenges were identified as being skills, specifically including those required for modern methods of construction and housing retrofit, strategic co-ordination around specialist housing, co-ordination with infrastructure planning, development viability and funding.
- 2.3 Feedback from the officer and partners workshop held on 29th March 2022 is shown in Appendix 2
- 2.4 There is a need to be cognisant that in order to work most impactfully in the housing arena, we will have to make decisions around the capacity and capability that would need to be within the organisation and across the CA's partners to deliver a refocused and purposeful CA commitment to housing.
- 2.5 The CA holds no resources in property or land. It has, unlike other public sector bodies, no

inherited legacy of assets upon which it could use to make a direct impact on housing availability if funding could be secured.

- 2.6 Compassion, Co-operation and Community are the Mayor's priorities. Access to affordable and good quality housing is an entrenched challenge in the CA area – whether it is social housing or through home ownership. Absence of this impacts on health, well-being, economic activity and poor housing stock is typically bad for the environment (for example through high energy usage). The objective is to help those least able to afford housing, including an ambition to focus where possible on affordable rent delivery.
- 2.7 There should be increased co-operation and outward partnership working by the CA, particularly with local councils, and with the whole range of Cambridgeshire affordable housing providers.
- 2.8 The idea is to identify what sort of role the Mayor and Council Leaders, in discussion with partners, want CA to have in housing and then resource with the right skills to that through the Even Better transformation programme, including the potential to harness the expertise and support from across the partner network.

Context of Current Housing Challenges

- 2.9 From the housing workshops there are multiple challenges currently existing that are affecting housing development, some being;
 - Control and cost of land
 - Construction materials availability and cost
 - Construction skill availability and cost
 - Forecasting in a volatile inflationary environment
 - Securing permissions
 - Achieving viability alongside modern sustainability and zero carbon standards
 - Getting developers to build in the less valuable or attractive parts of the CA area

The CA area covers very different housing markets that do have different issues. This needs to be acknowledged and any CA policy needs to be flexible to adapt to local needs or conditions.

A current pipeline of schemes in the CA area as supplied by the local council housing teams is attached in Appendix 7.

3. Potential CA Housing Activities

Maintain the oversight of the build out of the affordable housing programme and the re-payment of the Loan Book, but not do much more

- 3.1 This involves the retention of skills and capacity to support the completion of the delivery of the affordable housing programme for the housing schemes that were in the previous programme, having started on site before March 2022. That programme will require resources and skills for at least 1-2 years further to manage the delivery of grant terms and payments as grant supported affordable housing schemes are completed. This includes managing the remaining housing loan schemes through seeing the schemes completed and the loans re-paid. It is those repayments which provide much of the funding for the

future grant payments. The officer capability below Director level should be incorporated into the CA transformation programme. This resourcing may only have a modest capability to monitor and respond to any new opportunities.

Maintain a housing presence, retaining housing officer capability and potential influence with more capability to respond to future housing Initiatives, opportunities and potential impact upon stalled sites

- 3.2 In addition to 3.1, existing officer resources (excluding a Director level resource) could offer a capability to influence and impact on housing policy and delivery, including reasonable capability to react to and lead bids to any future housing initiatives or funding opportunities like a future HIF round. The CA has convening power and could act as an enabling body for local strategic housing leadership, though that needs to be further tested through more consultation with all local housing stakeholders to see if that is genuinely welcome and value adding.
- 3.3 This would involve more discussion with Homes England Directors to identify any areas where working in partnership could create more positive outcomes and add value. Cambridge City Council have also had some discussion with Homes England. Engaging that discussion at a wider CA level may present a stronger case, although up to this point there has been no suggestion that HE are prepared to offer any funding other than for individual schemes, as each scheme is presented and considered by Homes England on its own merit.
- 3.4 There is a potential role to offer skills to the CA constituent councils, specifically some strategic leadership and visibility of future bids and bid submission around that.
- 3.5 This should include engaging the wider capability of the CA transport, business and skills capabilities around the different elements involved in creating 'Places', specifically looking at what is required to engage and support the delivery of strategic schemes and if there are strategies or approaches to help unblock or accelerate difficult sites. This should be engaged as part of a transformation programme.
- 3.6 Consideration should be given on how best to enhance the existing linkage to the sub-regional housing board and also if there is a role to pick up from the Ox/Cambs Arc in promoting regional housing growth, development and any specific sites.

Enhance links to Skills, Growth and Infrastructure

- 3.7 There are linkages to be enhanced within the area of skills and economic growth. An example of this is in the area of the activities of the energy hub and the retrofitting of the housing stock via LAD2 and the sustainable warmth programme. The enhancement of these links should be structured as part of the Transformation programme. This also has overlap to the Climate change plan and seeking to articulate policy support around more efficient and sustainable housing development in the future.

Continue to Support Community Led Housing Initiatives

- 3.8 The CA has a current position to support community led housing initiatives, including Community Lands Trusts. On 10th January 2022 the CA Housing Committee approved a community led housing policy, as shown in Appendix 4. The role proposed is without great cost for the CA in continuing to support schemes and some existing officer capability should

be retained to support this.

Apply the 8 Core Housing principles previously considered at the September 2021 CA Housing Committee

- 3.9 The chair of the Housing Committee proposed a three zone strategy for affordable housing delivery, being Peterborough, Rural Cambridgeshire and Greater Cambridge. Opportunities for funding and investment would be engaged with Councils and registered providers, with a focus on particular needs to include community housing, tackling homelessness and rough sleeping. Part of this would look at ways to identify and, where possible, address market failures in skills, offer support for modern methods of construction (MMC) and potential partnering with developers focusing on larger sites though the CA will need to consider what value it can add.
- 3.10 Without any funding source to create influence, having an impact maybe challenging and require certain expertise and skills capability to be brought into the CA so that expertise and knowledge can be offered. Encouraging MMC and zero carbon development may well link to business and skills, with potential business support and initiative through that route.

Eight draft core principles were consulted on with various councils in August 2021 and then presented, discussed but not endorsed at the Sept 2021 CA housing committee. These are listed in Appendix 5 and the previous consultation document referred in Appendix 6.

Other Possible Options

- 3.11 We have looked at what other Combined and Local Authorities have done. This has included securing a long term housing investment fund from DLUHC (Manchester), building and acquiring affordable housing units directly themselves (Leicester City Council) and a scheme build affordable units, offer occupation and then sell for £1 after 25 yrs (West Midlands). These are only possible because access to finance was available.
- 3.12 There might be opportunities to approach market investors and there is particular investor and institutional interest in the PRS market at present. Some major employers are also considering the possibility intervening in the market to deliver supply for their own future employees, particularly where there is significant business growth. The key issue with both in the availability of land for which securing planning permission is likely to be successful and having access to capital resources.

Background to Development Companies Angle Holdings and Angle Developments (East)

- 3.13 Angle Developments (East) Ltd was set up to act as a vehicle for the CA to engage in either direct housing development or joint ventures, using proposed revolving fund monies from the affordable housing programme to be recycled indefinitely through supporting affordable housing development. The company would manage risk and act as the vehicle for the CA housing team to enter into such activities. Schemes were considered in various locations and opportunities reported to housing committee and board in Huntingdon, Peterborough and Manea in Fenland (where approval to buy a site was given under conditions that subsequently could not be met). It has not conducted any trading (for example buying and selling land) business.
- 3.14 Angle Holdings Ltd was set up to act as a holding vehicle for a number of companies that were being considered, but is the parent company for Angle Developments (East) Ltd.

Significant Implications

- 3.15 As part of the transformation programme, the current role of the director of housing and development should be ended. The new future housing role should be transformed into part of the brief for a future Director of 'Place'. The existing housing officer skills and resources below director level should form part of that future Directorate of Place. There are no other significant implications.
- 3.16 To reflect this new direction, the terms of reference of the Housing Committee should be reviewed to consider its functions.

4. Financial Implications

- 4.1 There will need to be a write off of the costs of setting up and operating the following companies, Angle Developments (East) Ltd and Angle Holdings Ltd. The total costs to be written off will be approximately £42,000 if both companies are agreed to be wound up. Checks are to be made to find out if Angle Holdings Ltd still has 1 share Growth company, before Angle Holdings would be wound up.
- 4.2 The housing team costs have been set off against the interest being received from the loan portfolio since April 2021. A re-organisation of housing officer resources without the director level resource and cost will make the retention of the 2 existing housing officer resources to maintain service and expertise more financially viable.

5. Legal Implications

- 5.1 As the CA has no direct route to funding, or ambition to engage in either direct development or potential joint ventures, then it has no reason to retain and maintain the internal company structure that was set up under the previous mayoral administration for that potential purpose.
- 5.2 The two companies are set up for that purpose were:

Angle Developments (East) Ltd
&
Angle Holdings Ltd

It is proposed that both of these companies should be wound up to avoid incurring further administrative costs in maintaining them.

6. Public Health implications

- 6.1 There are no immediate public health implications. Access to good and modern future standards of housing are known to produce better health outcomes for occupants. A future CA housing strategy will seek to address what types of policies and potential outcomes the CA Board might want to support.

7. Environmental and Climate Change Implications

- 7.1 There are no immediate Environmental or climate change implications. As part of a future CA housing strategy to be presented to the Board, ways in which the CA could seek to support and secure improved environmental and climate change outcomes from housing will be discussed.

8. Other Significant Implications

- 8.1 There are no other significant implications.

9.0 Appendices

- 9.1 Appendix 1 – Summary of key points from member workshop on 6th April 2022
- 9.2 Appendix 2 – Feedback from Housing partner workshop 29th March 2022
- 9.3 Appendix 3 – Outcome of the revised affordable housing programme to 31st March 2022
- 9.4 Appendix 4 – Housing Committee Approved Community Homes Strategy (10th Jan 2022)
- 9.5 Appendix 5 – Housing Core Principles (Sept 2021)
- 9.6 Appendix 6 – Housing Principles Consultation Responses (Aug 2021)
- 9.7 Appendix 7 – Housing Pipeline (Commercially Exempt)

10. Background Papers

- 10.1 None: