



Agenda Item No: 2.2

Affordable Housing Programme – Update on Implementation

To:	Housing and Communities Committee
Meeting Date:	11 July 2022
Public report:	Yes
Lead Member:	Councillor Lewis Herbert, Lead Member for Housing and Communities
From:	Roger Thompson, Director of Housing and Development
Key decision:	No
Forward Plan ref:	N/A
Recommendations:	The Housing and Communities Committee is required to: note the report.
Voting arrangements:	No vote required.

1. Purpose

- 1.1 This report is to update Housing Committee members on the outcome of the affordable housing programme to 31 March 2022.

2. CPCA Programme April 2017 to March 2022

- 2.1. The Combined Authority's Affordable Housing programme ran until 31 March 2022 with the original ambition under the devolution deal to deliver 2,000 new affordable homes from £100m of funding.
- 2.2. DLUHC determined that the programme in its previous form ended with effect from 31st March 2021. DLUHC offered a new programme of support for additional affordable housing for the period April 2021 to March 2022 with conditions that the CPCA accepted. This included the principle that no new money above the £55m originally forwarded would be made available unless the CPCA could evidence additional units having started on site to justify claiming additional housing grant monies.

AFFORDABLE HOUSING PROGRAMME DELIVERY

- 2.3. The 'original' Affordable Housing Programme that ended 31st March 2021 has 37 schemes with allocated funding, totalling 733 housing units started on site. 481 of those homes have now completed. See schedule of schemes in Appendix 1.
- 2.4. The schemes in the programme to March 2021 have £26.1m of grant committed to them and include the 5 loan schemes originally intended to be part of a revolving fund, repayments from which are now being used to fund the grant programme.
- 2.5. The Affordable housing programme for the period April 2021 to March 2022 had 18 potential schemes provisionally identified, looking to deliver up to 1,188 units. We have delivered 716 units from 8 schemes, evidencing to DLUHC appx £1.1m of additional grant funding above the original £55m provided. This has now been paid to CPCA by DLUHC. The programme of schemes for 2021/22 is shown in Appendix 2.
- 2.6. Brining the two together, **the additional affordable housing unit numbers delivered within the original period April 2017 to March 2022 is 1,449 units.** (calculation; 733 programme to Mar 2021 + 716 in the 2021/22 programme). We have therefore delivered 72.5% of the targeted additional affordable housing unit numbers and utilised 56.1% of the £100m capital that it was advised by government under the Devo deal.
- 2.7. The average grant rate per affordable housing unit is appx £38,700.

CONTEXT IN WHICH THE PROGRAMME HAS BEEN DELIVERED

- 2.8. Between April 2017 and May 2018 an initial 'early win's' programme was approved. This achieved 68 units started on site in the first 18 months of the programme up until September 2018.
- 2.9. Between Sept 2018 to April 2019 the CPCA was not able to offer any funding support for additional affordable housing as new legislation was required to enable the CPCA to legally offer grant support for additional affordable rental and shared ownership units. This resulted

in the CPCA programme incurring significant reputational damage and having to effectively try and re-launch itself from May 2019.

- 2.10 Brexit caused uncertainty and the loss of skilled labour and trades in the construction industry.
- 2.11 Covid initially shut the construction industry down from March to May 2020. It has caused significant supply chain issues and another period of severe disruption due to the Omnicom variant occurred between Nov 21-Feb 22.
- 2.12 For the 2021 -22 Programme DLUHC did not approve the proposed CPCA programme until Sept 22, leaving CPCA 6 months to work with partners to get schemes started on site. In addition, a cap on the grant rate of £45,000 per unit was applied which effectively restricted the geographical area in which the CPCA programme could effectively function.
- 2.13 Over the final 12 months there have been significant construction cost inflation implications, resulting in several medium and small sized housing schemes in our 2021-22 programme not starting on site in time because tender returns exceeded the level of pre-approved or delegated authority with the developers.

Although we have clearly encountered what might be described as 'headwinds' in seeking to deliver the programme, none of this can take away some frustration and disappointment felt by the Housing team that the full target under the devo deal has not been achieved.

Significant Implications

3. Financial Implications

- 3.1 There are no additional financial implications. The return of the loan monies from the 5 loans in the housing programme are being recycled into providing the grants in the grant funded schemes. The progress of the loan recovery is reported to Housing committee in a separate paper, but we can confirm that 2 of the 5 loans have now been fully re-paid with interest.

4. Legal Implications

- 4.1 There are no new legal implications.

5. Public Health implications

- 5.1 There are no additional public health implications

6. Environmental and Climate Change Implications

- 6.1 There are no additional environmental or climate change implications

7. Other Significant Implications

7.1 None.

8. Appendices

8.1 Appendix 1 – Affordable Housing Programme - Approved and Started on Site Schemes period to March 2021.

8.2 Appendix 2 – Affordable Housing Programme – Approved and Started on Site Schemes period April 2021 to March 2022.