

£100 Million Affordable Housing Programme: Heylo Bayard Plaza, for replacement with Roman Fields, Paston, Phase 2, Peterborough

To:	Housing and Communities Committee
Meeting Date:	11 July 2022
Public report:	This report contains appendices which are exempt from publication under 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)). The public interest in maintaining the exemption outweighs the public interest in publishing the appendices.
Lead Member:	Councillor Lewis Herbert Lead Member for Housing and Chair of Housing and Communities Committee
From:	Roger Thompson, Director of Development and Housing
Key decision:	No
Forward Plan ref:	N/A
Recommendations:	<p>The Housing and Communities Committee is asked to approve and agree the variation to the grant agreement to account for the lack of sales at Bayard Plaza:</p> <ul style="list-style-type: none">a) Due to the lack of sales on the site, Heylo wishes to vary its grant agreement, as the site has not sold many, and wishes to hand the units at Bayard Plaza back to Brightfield, the developer.b) There is a replacement proposal to instead deliver the additional affordable units with Keepmoat, to provide new shared ownership homes, which will replace the units lost at Bayard

Plaza, Peterborough, with units at Roman Fields, Paston, Peterborough.

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

1. Purpose

- 1.1 Heylo have approached CPCA regarding the site Bayard Plaza, Peterborough, whereby they acquired 40 units as part of CPCA affordable housing programme 2017-21. The Housing Committee agreed the project for grant funding on the 6th of March 2021. It was agreed grant funding on that date, in conjunction with 3 other named sites.
- 1.2 However, Heylo have found they are unable to sell all the units (40) as a shared ownership product. They have sold 12 and they wish to relinquish its duty on the other 28 units. In exchange, they wish to acquire units at Roman Fields, Paston, towards the AHP.

2. Background

- 2.1 In February 2021, Heylo approached the CPCA for grant funding on the 4 sites scheme, Bayard Plaza, Pemberton Park, Judith Gardens and Alconbury Weald. The latter 3 were all established sites, which have now been sold and grant will be provided for those units.
- 2.2 The site Bayard Plaza was given approval also. But this site in Peterborough has not sold all their units. It has been noted that valuers drove past the building, and gave it an exceptionally low rating, compounded by the area of Peterborough in which it is located. This part of Peterborough is going through a regeneration. People tried to acquire mortgages for the shared ownership luxury flats, some achieved this, but many mortgage lenders refused. In total, all but 12 out of 40 units have been sold at Bayard Plaza until to date. That grant will be paid, for those units at a given time.
- 2.3 Heylo in March 2022 approached CPCA, after a year of trying to encourage further sales, they have decided that there is no more they can do and decided to request that they relinquish the balance of 28 of the original of 40 units, but will still count the 12 units that they have sold at Bayard Plaza.
- 2.4 The remaining units will be given back to Brightfield. CPCA have met them but are unable to work with them to potentially let the units at 80-% of market rent, as they are not a Registered Provider. Heylo will reuse the remaining grant towards the purchase of the units at Roman Fields, Paston. There is also some grant clawback being received from the increased sales in shares of their units on another scheme with Larkfleet, and this grant clawback is proposed to be used to help purchase further units. In total, 30 units will replace the loss of 28 units not achieved at Bayard Plaza, a net gain of 2 units to the final programme outcome.
- 2.5 The units at Roman Fields are 9 flats and 21 homes, for shared ownership, through the Heylo model of shared ownership. The site is Roman Fields, Paston, Peterborough, and they will reuse the remaining grant of £896,625, plus, £109,548 from the clawback from the Larkfleet sites. This provides a grand total of £1,006,173, of grant towards a swap of units,

The site plan is below: -



2.6 The size of the units are all Homes England space standards compliant and only affordable rented units must be NDSS, and not required for shared ownership units in Peterborough: -

2.7

Description/ Type of unit	Number of Units	Current size	NDSS Standard (sqm)	Meets NDSS	% Of NDSS
Shared ownership					
9 x 2B/3P Flats	9	60	70	N	98%
8 X 2B/3P house	6	63	70	N	90%
9 x 3B/4P	9	78	90	N	93%
3 x 3B/4P	3	71	90	N	85%
1 x 2B/3P	1	69	70	N	99%
Total	30				

The Housing Enabling Officer for Peterborough City Council was supportive for the units coming to Peterborough she supported the swap over of the units at Bayard Plaza's 28 units to be accommodated with Roman Fields, Paston for 30 units. This will enable people to purchase homes and will provide additionality over and above the S106 requirements and it will assist eligible householders into affordable home ownership.

Significant Implications

3. Financial Implications

3.1 Additionality case for Combined Authority Funding

The following:

- The CPCA are happy to support the relinquishment of the Bayard Plaza site of 40 to 12 units.
- To consider using the grant funding remaining on an additional 30 units in total to acquire units at Roman Fields, Paston, Peterborough.

Proposed Condition of Grant Approval.

It is proposed that the grant remaining is approximately £896,625 plus the clawback money received from Heylo of £109,548 will help acquire the additionality proposed.

After execution of the grant funding agreement 25% of the initial grant will be released, with the remaining 75% paid on completion.

3.2 The CPCA grant will help with the swap of units to be acquired at Roman Fields, Paston to people who wish to acquire a shared ownership home.

The financial table is below, no changes to the provider, and no additional grant given, just a swap of units, and with additional clawback from Heylo to help acquire the units.

	Number Schemes Approved	Number of Affordable Units Funded	CPCA Funding Committed £
Previous Schemes SOS (Start on Site)	31	733	£26,094,770.00
Total of schemes approved 21-22	8	716	£29,280,450.00
Remove Bayard Plaza units		28	£896,625.00
Remaining units		688	
PROPOSED SCHEME FOR JULY 2022 COMMITTEE APPROVAL			
Total for 17-21			£26,094,770.00
returned grant			£896,625.00
total			£26,991,395.00
CLAWBACK FROM LARKFLEET SITES			£109,548.00
overall return total			£27,100,943.00

PROPOSED SWAP OF HEYLO BAYARD PLAZA, FOR ROMAN FIELDS, PASTON, PETERBOROUGH	1	30	£1,006,173.00
Total Affordable Housing Grants if approved by Board	39	718	£26,094,770.00

Affordable
Housing:
AVERAGE
GRANT RATE
PER UNIT* £18.0k

TOTAL IF JULY 2022 SCHEME IS APPROVED	1,451	26,094,770
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4. Legal Implications

- 4.1 A Deed of Variation will apply to the units at Bayard Plaza and a new GFA will be granted for Roman Fields, Phase 2, Paston, Peterborough.

5. Public Health implications

- 5.1 These units are new build and will benefit the health and wellbeing of the people of Peterborough whereby new opportunities of home ownership is a positive outcome for public health. Newly designed properties will have all the necessary energy efficient and insulation within a new build and will be in line with building regulations.

6. Environmental and Climate Change Implications

- 6.1 It has been discussed that the properties will be to an energy efficient standard, which will be in relation to building regulations. The properties will be built to energy efficient standards to help minimise waste. Building houses that are easy to warm and minimise the risk of flooding. This, therefore, brings about a positive outcome for the environmental and climate change implications.

7. Other Significant Implications

- 7.1 No further significant implications, such as Equalities and Risk, Engagement and Consultation which have not been dealt with under the legal or financial implications.

8. Appendices

- 8.1 Appendix 1 – application form and business plan, with portfolio details
- 8.2 Exempt Appendix 2 – due to commercially sensitive.

9. Background Papers

9.1 None.