



<b>HOUSING &amp; COMMUNITY COMMITTEE</b>	<b>AGENDA ITEM No: 2.3</b>
<b>22 JUNE 2020</b>	<b>PUBLIC REPORT</b>

## **£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.
- 1.2. The Housing and Communities Committee Currently receives performance updates on expenditure and delivery of outputs (new homes) relating to the £100 million Affordable Housing Programme at every Committee meeting.

<b><u>DECISION REQUIRED</u></b>	
<b>Lead Member:</b>	<b>Cllr Chris Boden, Lead Member for Housing and Chair of Housing and Communities Committee</b>
<b>Lead Officer:</b>	<b>Roger Thompson, Director of Housing and Development</b>
<b>Forward Plan Ref: N/A</b>	<b>Key Decision: No</b>
The Housing and Communities Committee is recommended to:  (a) Note the progress of the delivery of the £100m programme	<b>Voting arrangements:</b>  Simple majority of all Members

## **2.0 PROGRAMME 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 33 schemes with allocated funding, of which 19 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 CA 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 year 2019/20 Annual Review took place in September, following which additional information has been provided. A follow up meeting took place in early February following which more information was provided in March. A payment of £17m of devolution deal monies has subsequently been made direct to Cambridge City Council and we await the £15m anticipated to be received by the Combined Authority.

## **3.0 FINANCIAL PERFORMANCE**

- 3.1. Grant investment approved for Affordable Housing schemes to date is £27.2 million, with a further £51.1 million approved from the revolving fund, although when that is 'cash flowed' the total drawdown should not exceed £40m at any one time. A total of £67.2 million (£40m revolving plus £27.2m grant) has been allocated to schemes to date. A list of the 33 schemes with CPCA Board or Committee approval is attached as Appendix 1.
- 3.2. £47.68 million has been contractually committed, comprising £7.68 million in grants and the full revolving £40 million in loan funding. £19.5 million is in the process of being contracted.
- 3.3. £4.327 million in grant and £34.14 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.

#### **4.0 PROGRAMME DELIVERY**

- 4.1. The Affordable Housing Programme currently has 33 schemes with allocated funding, of which 19 are in contract. The geographic distribution of the 33 schemes is shown on a map in Appendix 2 and differentiates between the grant schemes and £40 revolving fund loan schemes (see the appendix legend). 591 housing units have started on site to date and 89 homes completed. In total 1,290 units have been approved by Committee or Board and pending Covid 19 issues, we are chasing those schemes and providers to deal with pre-construction issues as quickly as possible, to commence starts on site.
- 4.2. The graphs in Appendix 3 show the progress of the programme over time
- 4.3. Scheme approvals since the last presentation to the Housing & Community Committee;
  - (a) Brampton Park, Brampton, Hunts – ReSI will deliver a scheme of 39 new homes, including 6 additional affordable houses. Grant from Combined Authority approved for £270,002
  - (b) St Thomas Park, Ramsey, Hunts – Heylo & Linden Homes will deliver 94 new homes, including 10 additional affordable houses. Grant from Combined Authority approved for £476,997
  - (c) Whittlesey Green, Fenland; Sandpit Road, Thorney, Peterborough & Cromwell fields Bury, Hunts – Heylo & Larkfleet will deliver 430 new homes with 32 additional affordable houses. Grant from Combined Authority approved for £1,367,766
  - (d) Roman Fields, Paston, Peterborough – Keepmoat will deliver 457 new homes with 23 additional affordable houses. Grant from Combined Authority approved for £1,000,500
  - (e) JMS Damson Drive, Peterborough – Keepmoat will deliver 116 new homes with 10 additional affordable houses. Grant from Combined Authority approved for £430,500
- 4.4. Scheme Withdrawals since last presentation:
  - (a) Papworth, South Cambridge – Flagship scheme of 9 additional affordable homes. Grant of £114,000 was offered by the Combined Authority. Grant was potentially going to be used to subsidize the delivery of S106 units. Flagship not able to convert market units to shared ownership, so mutually agreed that the grant will not be taken up.

#### **Starts on Site**

- 4.5. There have been 591 Starts on Site to date in total, up from 483 when last reported.

- 4.6. We anticipate more starts on site as soon as the constraint on the construction market from the social distancing measures under Covid-19 is relaxed.

### **Completions**

- 4.7. The programme has so far delivered 89 completed units. Seven schemes have completed in some form, with another 2 schemes due to complete in the next few months, Covid-19 construction delays permitting.

### **Forward Programme and Pipeline Development**

- 4.8. There are appx 3,300 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 1000 units could potentially be delivered from this pipeline. Assuming the grant scheme papers coming to committee on 22<sup>nd</sup> June are approved (totalling 296 units) we will need a minimum of 414 units to come forward from this pipeline to deliver the programme target of 2,000 units.
- 4.9. We are seeing the Covid-19 lockdown being released for the construction industry, although the efficiency of this with the new contractor guidelines is still being determined. 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. We are expecting an acceleration in starts on site into financial year 2020/21 as contractors Covid-19 restrictions are gradually relaxed and a 'new normal' is established. If a Covid-19 lockdown is re-applied due to a spike in cases, the impact will need to be further assessed.
- 4.10. 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.
- 4.11. 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 using the CPCA development company Angle Developments (East) Ltd might be considered appropriate if the market might be considered as failing to deliver. We are also in some early stage discussions with developers regarding potential joint ventures.

### **Communicating the Opportunity**

- 4.12. The mayoral £100k Homes home ownership initiative has been launched and the Combined Authority housing team is supporting this through housing

toolbox activities as referred in the Sept 2018 Housing Strategy. Further info is available at [www.100khomes.co.uk](http://www.100khomes.co.uk).

- 4.13. 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.
- 4.14. 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**

- 4.15. Covid-19 disruption and economic impact currently represents the greatest risk. Short and now medium term construction programme impacts are being felt. The Nationwide building society has reported a 1.7% month on month house price decline in May 2020 and further falls are being predicted for the next few months at least. Wider economic and any structural issues for the housing market will be identified as the general economic impacts are recorded and assessed. There is evidence that registered providers are more nervous about making decisions to proceed, particularly with schemes that involve shared ownership units. We may well see increasing situations of tenure conversion from market housing to various forms of affordable housing.
- 4.16. The CPCA programme faces 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.
- 4.17. 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.
- 5.2. The second graph in Appendix 3 shows the amount of money committed to the programme and alongside it the amount of money actually paid to date.

## **6.0 LEGAL IMPLICATIONS**

- 6.1. There are no new implications. 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 Part 4, Article 11 of the Cambridgeshire and Peterborough Combined Authority Order 2017 (SI 2017/251). This power permits the Combined Authority to make grants to providers in order to deliver the terms of the Devolution Deal signed with Government.
- 6.3 The meeting shall be conducted in accordance with Parts 2 and 3 of the Local Authorities and Police and Crime Panels (Coronavirus)(Flexibility of Local Authority and Police and Crime Panel Meetings)(England and Wales) Regulations 2020.

## 7.0 APPENDICES

- 7.1. Appendix 1 – Combined Authority Affordable Housing Programme - Approved Schemes May 2020
- 7.2. Appendix 2 – Distribution of £100m Housing programme schemes
- 7.3. Appendix 3 – £100m programme bar charts

<b><u>Source Documents</u></b>	<b><u>Location</u></b>
<i>DCLG Approved Business Case</i> Devolution Deal 2016 Assurance Framework Social Housing Rents (Exceptions and Miscellaneous Provisions) (Amendment) Regulations 2019	Cambridgeshire and Peterborough Combined Authority, Alconbury Enterprise Campus, Alconbury Weald, Huntingdon PE28 4XA <a href="http://cambridgeshirepeterborough-ca.gov.uk/">http://cambridgeshirepeterborough-ca.gov.uk/</a>