



HOUSING AND COMMUNITIES COMMITTEES	AGENDA ITEM No: 3.3
9 MARCH 2020	PUBLIC REPORT Appendices 2 and 3 to this report are exempt from publication because they contain 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. Appendix 2 to this report contains commercially sensitive information and is exempt from publication.
- 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 meeting of the Committee.

<u>DECISION REQUIRED</u>		
Lead Member:	Councillor Chris Boden, Portfolio Holder 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> <ol style="list-style-type: none"> 1. Note the report outputs for the £100 million Affordable Housing Programme, and the next report will be provided in April 2020. 		<p>Voting arrangements</p> <p>A simple majority of all members.</p>
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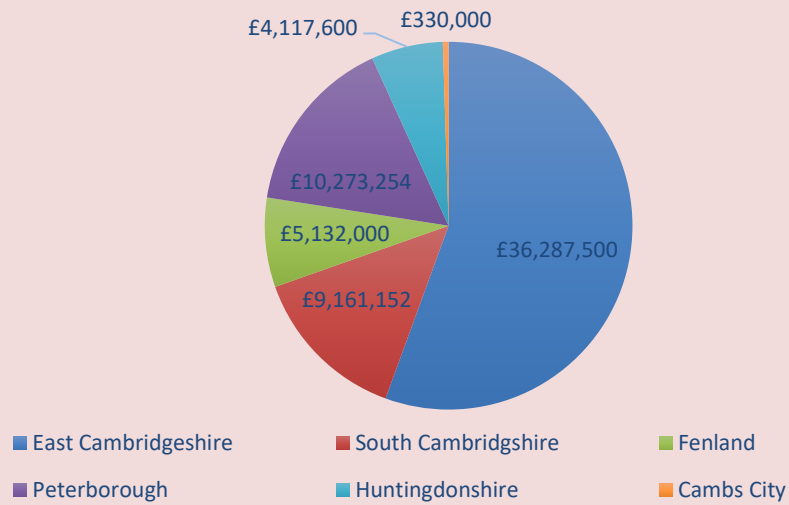
2.0 BACKGROUND

- 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 28 schemes with allocated funding, of which 15 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 the Combined Authority 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 2019/20 Annual Review took place in September, following which additional information has been provided and a follow up meeting took place on 11th February.

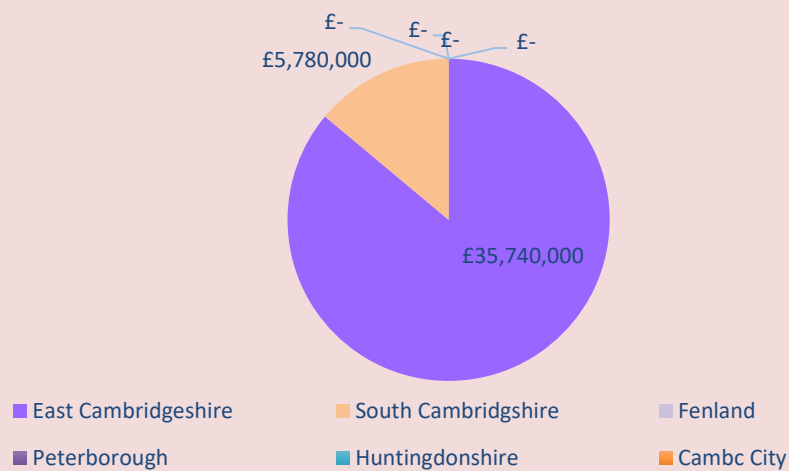
3.0 FINANCIAL PERFORMANCE

- 3.1. Grant investment approved for Affordable Housing schemes to date is £23.8 million, with a further £41.5 million approved as loans via the revolving fund. A total of £65.3 million has therefore been allocated to schemes to date, most on a recycling basis. A list of the 28 schemes with CPCA Board or Committee approval is attached as Appendix 1.

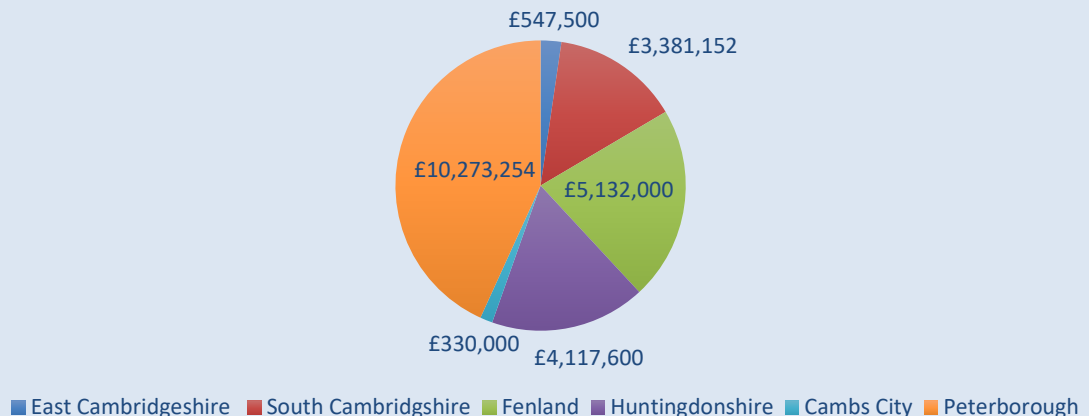
£100m approved expenditure



£100m Expenditure approved from Revolving fund to Feb 20



£100m Expenditure approved for grant to Feb 20

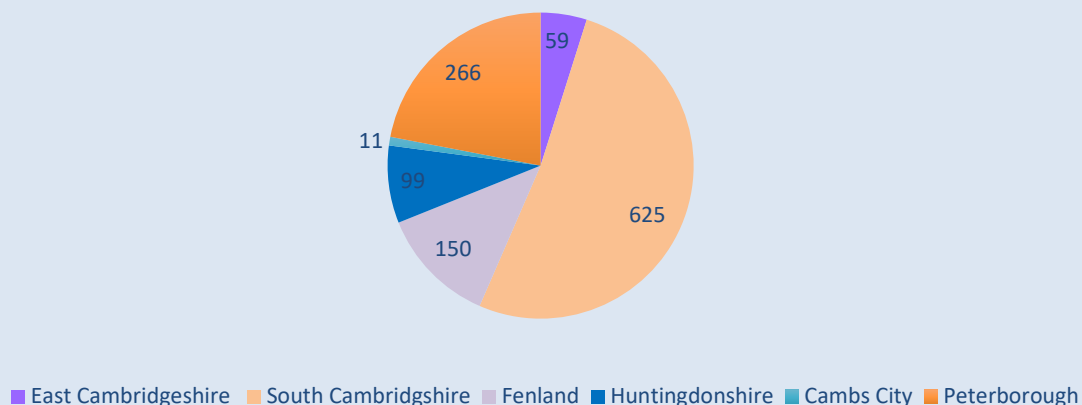


- 3.2. £47 million has been contractually committed, comprising £5.5 million in grants and £41.5 million in loan funding. £18.3 million is in the process of being contracted.
- 3.3. £2.9 million in grant and £29.7 million in loan has been paid to date. As the Combined Authority is its own accountable 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 cash flow 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 £35m, 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 24 schemes with allocated funding, of which 15 are in contract. Seven schemes have completed in some form, with another scheme due to complete in the next few months. 472 housing units have started on site to date and 89 homes delivered. In total 1,210 units have been approved by Committee or Board and we are chasing those schemes and providers to deal with pre-construction issues as quickly as possible, to commence starts on site.

£100m Prog Units Approved up to Feb 20



4.2. Scheme approvals since the last presentation to the Housing & Community Committee;

- (a) Middlemore Road, St Mary's, Ramsey – Chorus will deliver 11 new homes. Grant from Combined Authority approved £509,000
- (b) Rear of 26-34 High St, Stilton, Peterborough – Crosskeys Homes will deliver 42 new homes. Grant from Combined Authority approved £1,570,000
- (c) Manderville place, Alconbury Weald – Heylo will deliver 17 new homes. Grant from Combined Authority approved £819,800
- (d) Trumpington Meadows, Cambridge – Sage will deliver 11 homes. Loan from Combined Authority approved for £330,000

4.3. Scheme Withdrawals since last presentation:

None

4.4. In total £3,228,900 has been approved since last reporting to deliver an additional 81 new affordable homes.

Starts on Site

4.5. There have been 472 Starts on Site to date.

4.6. We have had confirmation that 243 affordable housing units will start on site at Northstowe, simultaneous to the starting of the Mare Fenn flood remediation works, for which the contract has now been placed.

4.7. We anticipate more starts on site up to the Combined Authority year end March 2020, where we expect the total to be appx 525 units started on site.

Completions

- 4.8. The programme has so far delivered 89 completed units.
- 4.9. Since last reporting a further 42 homes have completed, 8 homes in Burwell, East Cambridgeshire delivered by Hastoe, 12 homes at Snowley Park, Fenland delivered by Cross Keys Homes and 21 homes at Stanground Peterborough delivered by Medesham Homes.

Forward Programme and Pipeline Development

- 4.10. 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 be delivered from this pipeline using devolution funds.
- 4.11. 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 into financial year 2020/21.
- 4.12. In addition to identified schemes, there may be opportunities for Combined Authority 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 Community Land Trust scheme at Kennett in East Cambridgeshire.
- 4.13. 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.

£100k Homes & Communicating the Opportunity

- 4.14. The Mayoral £100k Homes home ownership initiative has now 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.
- 4.15. 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.

- 4.16. 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

- 4.17. The Combined Authority 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.
- 4.18. There is 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.
- 4.19. 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 Framework and Monitoring and Evaluation Framework.
- 6.2. The Combined Authority has a general power of competence 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 February 2020

7.2. Appendix 2 – exempt from publication – Affordable Housing Programme Pipeline

7.3. Appendix 3 – £40m revolving fund summary cashflow forecast

<u>Source Documents</u>	<u>Location</u>
<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 http://cambridgeshirepeterborough-ca.gov.uk/