



HOUSING AND COMMUNITIES COMMITTEE	AGENDA ITEM No: 2.2 (iii)
27 APRIL 2020	PUBLIC REPORT Appendix 1 to this report is exempt from publication because it contains 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: WHITTLESEY GREEN, WHITTLESEY (FDC), SANDPIT ROAD, THORNEY (PCC), HARRIERS REST, WITTERING (PCC) & CROMWELL FIELDS, BURY (HDC).

PURPOSE

- 1.1. As part of the Devolution Deal, the Combined Authority successfully secured £100 million from Government to deliver 2,000 affordable homes across Cambridgeshire and Peterborough.
- 1.2. This report provides the Committee with a request for grant approval for additional affordable units that are spread over 4 different sites in the context of the overall investment pipeline for the Combined Authority's £100m programme.
- 1.3. Grant from the Combined Authority Affordable Housing Programme of £1,379,072 is sought for 32 shared ownership homes over 4 different sites, with one site in Fenland, two sites in Peterborough and one site in Huntingdonshire. A Business Case for this proposal is attached as exempt Appendix 1.

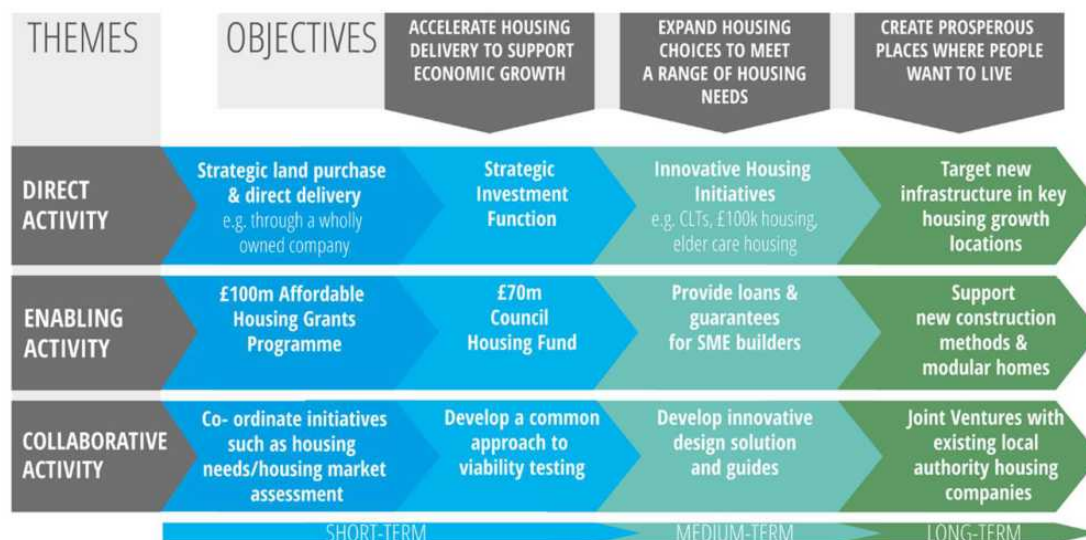
<u>DECISION REQUIRED</u>	
Lead Member:	Cllr Chris Boden, Lead Member for Housing and Chair of Housing and Communities Committee
Lead Officer:	Roger Thompson, Director of Housing and Development
Forward Plan Ref: 2020/004	Key Decision: Yes
<p>The Housing and Communities Committee is recommended to:</p> <p>(a) Commit grant funding of £1,379,072 from the £100m Affordable Housing programme to enable delivery of 32 additional shared ownership homes at 4 sites across the Combined Authority area,.</p>	<p>Voting arrangements:</p> <p>Simple majority of all Members</p>

2. BACKGROUND

- 2.1. The Mayor and the Combined Authority are committed to accelerating affordable housing delivery to meet local and UK need and support economic growth in the region.

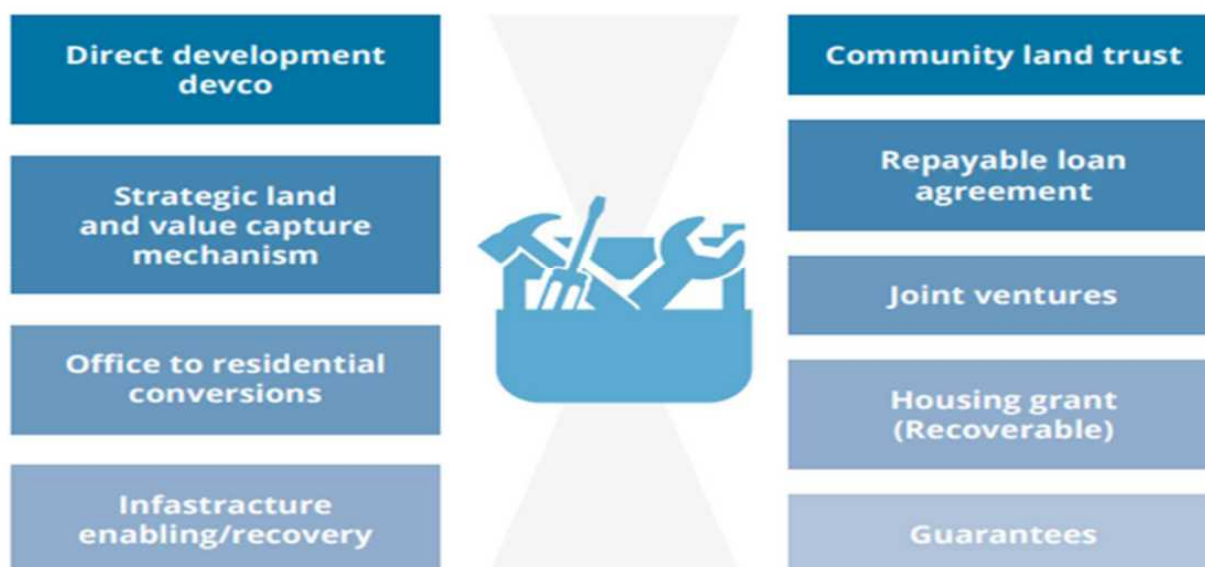
Combined Authority Housing Programme

- 2.2. In 2017, the Combined Authority successfully negotiated £170 million from Government for delivery of an ambitious housing programme providing 2,500 new affordable homes by March 2022.
- 2.3. Within this programme, £100 million is available to be used across the Combined Authority area to deliver 2,000 affordable homes and £70m is available to Cambridge City Council to deliver 500 new council homes.
- 2.4. The Housing and Development Team at the Combined Authority is working with officers in all partner local authorities (via the Cambridgeshire and Peterborough Housing Committee) to identify new schemes to come forward for support from the Affordable Housing Programme. The Team is also building relationships with landowners, developers and housing providers to seek opportunities to influence, enable and accelerate delivery of new affordable housing across the Combined Authority area.
- 2.5. The Combined Authority Housing Strategy was approved by the Board in September 2018 and included three core objectives as illustrated in the figure below:



2.6. The Housing Strategy also approved a flexible multi toolkit approach as the most effective way of accelerating affordable housing delivery. The use of grant as a tool to help unlock sites and deliver additional affordable housing is one of these tools:

A flexible multi-toolkit approach



2.7. Full performance updates relating to the programme are presented to the Housing and Communities Committee on a quarterly basis with the most recent provided as a report on today's agenda. Both the £100m & £70m programmes (within the overall £170m programme) are still on track to achieve their targets by March 2022.

3. PROPOSED SCHEME FOR APPROVAL

WHITTLESEY GREEN, WHITTLESEY, (FENLAND), SANDPIT ROAD, THORNEY (PETERBOROUGH) & HARRIERS REST, WITTERING (PETERBOROUGH) AND CROMWELL FIELDS, BURY (HUNTINGDONSHIRE)

- 3.1. Heylo Homes has applied to the Combined Authority for £1,379,072 grant to deliver 32 shared ownership homes as part of 4 different development sites.
- 3.2. This proposal is to enable 32 properties built for open market sale to be converted by tenure and sold through as shared ownership. The properties on all four sites will be built by Larkfleet Homes to their standard market specification and sold alongside their market properties through their Allison Homes and Larkfleet Homes brands.
- 3.3. Purchasers currently unable to purchase the property on the open market will have the opportunity to purchase through shared ownership. Heylo Housing will acquire the property after purchasers have been identified at the stage of onward sales completion. The property will be simultaneously transferred to Heylo Housing Registered Provider Limited who will issue a shared ownership lease to the purchaser.
- 3.4. Heylo has agreed Heads of Terms with Larkfleet Homes to acquire the 32 properties making up this proposal. Both parties will enter into a Sale and Purchase Agreement following grant approval by the Combined Authority.
- 3.5. Larkfleet Homes has secured full planning consent for these sites and they are currently under development. The properties are not subject to any existing S106 or affordable housing requirements.

Figure 1: Whittlesey Green, (FDC)



Figure 2: - Sandpit Road, Thorney (PCC)



Figure 3: - Harriers Rest, Wittering (PCC)



Figure 4: - Cromwell Fields, Bury, (HDC)



3.6. Above are the 4 sites whereby the units are being acquired from. 11 will be acquired from Whittlesey Green, 8 from Sandpit Road, 7 from Harriers Rest and 6 from Cromwell Road, Hunts.

3.7. Anticipated build completion dates which start in March 2020 through to April 2021. However they will have slippage due to Covid 19 as the construction companies have halted most building work at this time.

3.8. The tenure is all shared ownership with different sizes, ranging from 1 - 4 beds.

	Dwelling type	M2	Tenure type	quantity
Whittlesey Green	6 x 3b/5p	74	Shared ownership	6
	5 x 3b/4p	86	Shared ownership	5
Sandpit Road	4 x 3b/6p	87	Shared ownership	4
	3 x 3b/4p	74	Shared ownership	3
	1 x 2b/3p	61	Shared ownership	1
Harriers Rest	5 x 3b/5p	83-85	Shared ownership	5
	2 x 3b/6p	90	Shared ownership	2
Cromwell Fields, Bury	3 x 4b/8p	118	Shared ownership	3
	1 x 3b/4p	74	Shared ownership	1
	2 x 1b/2p	52	Shared ownership	2
				32

About Heylo Homes

- 3.9. Heylo Homes was established in partnership with Lancashire County Council's Pension Fund in 2014. Heylo is a Homes England Investment Partner and all new homes are managed by Heylo Housing Registered Provider Ltd, a registered provider with Homes England. Heylo does not undertake direct development but has an established track record of working with the house building industry to increase delivery of affordable home ownership with a portfolio of 3,500 properties and a further 1,000 in the pipeline.
- 3.10. Heylo is specialist shared ownership provider. Heylo has branded its product Home Reach, it is shared ownership using the Homes England standard form lease and is fully compliant both with Homes England and NPPF definitions of affordable and intermediate housing, as well as being acceptable to mortgage lenders
- 3.11. This proposal is for Heylo to work with this house builder Larkfleet Homes to enable increase the supply of affordable home ownership through shared ownership on these sites currently under development. Delivery will be in addition to affordable housing planning requirements.
- 3.12. Heylo have presented these 32 units across the four sites into one grant request. These 32 units will enhance the number of units across the region. Heylo packaged the sites into one grant request to show all these units are within the region.
- 3.13. The Housing Enabling officer for Huntingdonshire DC was happy and supported the homes coming through, he was also happy with the mix of housing on the scheme, as it helps increase the need of suitable accommodation in their borough. This would benefit the need for the area and for the people in Huntingdonshire.
- 3.14. The Housing Enabling Officers for Peterborough City Council & Fenlands District Council was happy and supportive for the units coming to Peterborough and Fenlands. She supported the grant bid to enable Heylo to purchase units and these units will provide additionality over and above s.106 requirements and will help to assist eligible households into affordable homeownership

Additionality, Case for Combined Authority funding & Programme

3.15. The proposed scheme offers the following:

- Heylo has agreed Heads of Terms with Larkfleet to acquire these 32 properties making up this proposal
- Heylo internal approval anticipated by during April 2020

- Contractual agreement with Larkfleet Homes anticipated June 2020
- The CPCA grant will enable an additional 32 affordable units to be provided, as part of the CPCA 2000 start on site homes target by March 2022.

Proposed Conditions of Grant Approval

3.16. It is proposed that the grant of £1,379,072 will help with the delivery of 32 new affordable homes at the 4 different sites within the CPCA region to be approved subject to the following conditions: -

Pre-contract:

Confirmation of Heads of Term and agreed site ownership.

Post contract but pre draw-down of grant:

- evidence of site ownership.

SIGNIFICANT IMPLICATIONS

4. FINANCIAL IMPLICATIONS

4.1. The applicant has provided a scheme Business Case and its supporting documentation, attached as exempt Appendix 1 to this paper.

4.2. Supporting this application will approve £1,379,072 grant from the Affordable Housing Programme at an average grant rate of £43,100 per unit for each unit of affordable housing.

4.3. The impact on this funding on the programme is set out below: -

	Number Schemes Approved	Number of Affordable Units Funded	CPCA Funding Committed £
Total Affordable Housing Grants approved by Board as at March 2020	25	1,176	24,096,506
Less: Sage Scheme no longer available	-1	-11	-330,000
Total before April 2020 Committee	24	1,165	23,766,506
PROPOSED SCHEME FOR April 2020 Committee APPROVAL			

Brampton Park, Hunts	1	6	270,002
St Thomas Park, Ramsey	1	10	476,997
Heylo sites – Larkfleet	1	32	1,379,072
Total Affordable Housing Grants if approved by Board	27	1,213	25,892,577

Affordable Housing:
AVERAGE GRANT
RATE PER UNIT* £21.3k

Loan & Toolbox capital committed (from £40m revolving fund)	5	53	51,167,000
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TOTAL IF MARCH 2020 SCHEME IS APPROVED	32	1,266	77,059,577
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5. LEGAL IMPLICATIONS

- 5.1. The Cambridgeshire and Peterborough Combined Authority Order 2017 granted the Combined Authority a general power of competence. This power permits the Combined Authority to make grants to housing providers in order to deliver the terms of the devolution deal signed with Government.

6. APPENDICES

Appendix 1 – Exempt from publication - Business Case including supporting evidence.

<u>Background Papers</u>	<u>Location</u>
Housing Strategy September 2018	CA Board September 2018
£100m Affordable Housing Programme Update Mar 2020	CA Board Mar 2020