



Environment & Sustainable Communities Committee

13 November 2023

Agenda Item

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Title:	Affordable Housing Programme – Reallocation of Funding
Report of:	Azma Ahmad-Pearce – Programme Manager
Lead Member:	Councillor Bridget Smith, Lead Member for Housing and Communities
Public Report:	Yes, but with exempt appendices
Key Decision:	No
Voting Arrangements:	A simple majority of voting Members.

Recommendations:

A	To note the Affordable Housing Programme and the non-delivery of 4 of the 6 Garage sites, which will lead to the loss of 8-11 units in total, this is subject to design and planning.
B	To approve the reallocation of the remaining funding for the Garage sites to the Stanground site, this sum is £332,500.

Strategic Objective(s):

The proposals within this report fit under the following strategic objective(s):

✓	Achieving good growth – provide the 1400+ homes as agreed by the CPCA (Cambridgeshire and Peterborough Combined Authority) and providers, between 2017-2022, around the CA.
✓	Enabling resilient communities – provide suitable housing and ensuring communities are robust

1. Purpose

1.1	To set out proposals to reallocate funding within the Affordable Housing Programme and to provide details of both sites concerned.
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2. Proposal

2.1	To reallocate funding within the Affordable Housing Programme from the Garage site to Stanground. Both sites are in Peterborough. The Garage site will only deliver 2 sites of the 6 proposed and they will no longer be able to provide bungalows as first advocated. No further CPCA funding for the Garage sites will be required.
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	<p>It is being proposed that the remaining grant amount of £332,500 be used to help fund the Stanground site due to initial cost increases, these being material costs from Europe and the length of time taken for decisions to be made by third parties in processing the site. A change in Building Regulations has led to further increased costs which were not anticipated. The additional funds will help keep Stanground as an all-affordable rented site, and to help families in Peterborough acquire suitable housing.</p> <p>DLUHC (Department of Levelling Up, Housing & Communities) have been made aware and require no further decision from them on the programme. This means that the monies from the Garages can be used to help Stanground become more financially viable, with CKH (Cross Keys Homes) providing the remaining shortfall.</p>
2.2	The Combined Authority's Affordable Housing programme ran from 2017 until 31 March 2022 (schemes having to be started on site by that date).

3. Background

3.1	<p>The Garage Sites came to CPCA as a housing site for grant to the Housing Committee meeting on the 9 of November 2020. This was a proposed site of 6 redundant garage sites to be redeveloped on and provide 19 bungalows for people aged 55+. The site was initially due to start in March 2022 but has developed problems along the way.</p>
3.2	<p>This site had many underlying issues unbeknown to the CPCA, as 4 of the sites now have various problems including a major sewer running underneath, rights of ways issues, contaminated grounds, and boundary wall issues. Due to the cost, it has now been decided to avoid the redevelopment on these sites.</p> <p>Redevelopment of the remaining 2 sites into alternative accommodation seems possible and plans are being drafted. One site will offer 8 flats, and the other site will offer 2 family houses and a possible bungalow, dependent on planning and design.</p>
3.3	<p>Stanground was a site which had many issues, and was due to start earlier, but had party wall issues which took longer to resolve. The site redevelopment started in March of this year.</p> <p>The Stanground units have also had to factor in increased costs due to the new Building Regulations which have come into force and the cost-of-living element making materials more expensive..</p> <p>This site was to provide 18 flats and 8 houses. PCC were particularly happy that the site was to be an all-affordable rented site and it would help place homeless families on their waiting list with much needed housing. This site was approved for grant on 22nd June 2020, with a grant total of £1,170,000. At the time of the Committee Meeting, these funds were adequate to produce the 26 homes at an affordable rent.</p>
3.4	<p>Both the Garage and the Stanground sites acquired their first tranche of grant in April/May 2022, due to the contract of works being signed. However, the Garages site started to fall into disarray, with both sites showing lengthy delays in starting on site (SOS), and further stalling because of additional expenses due to the cost of living, inflation at an all-time high and material delays. The additional cost amount for Stanground is £430k, to help with viability and maintaining the site as an affordable rented site.</p>
3.5	<p>The Garage sites will not require the second tranche or final payment of grant. This means there is an additional £332,500 still available. This £332,500 could be used to fund the additional costs brought on at Stanground. The shortfall of approximately £97,500 will be delivered by CKH.</p>
3.6	<p>The full site with the extra funds will remain at an affordable rent for the people of Peterborough, DLUHC have been made aware and CPCA do not require any further decisions from them, and therefore it is now the Committee's decision to agree the transfer of funds from the Garage sites to Stanground.</p>
3.7	<p>An additional Deed of Variation and a virement will be drafted, signed, and agreed to the sums being transferred from one site to the other. CKH have no further claim on the grant for the Garages site. A smaller number of units will be delivered on the two remaining Garage sites.</p>

3.8	PCC can confirm their support for CKH's request to CPCA to agree to the reallocation of unspent funds from the garage site development scheme to Stanground to get this project back on track in terms of delivering the much-needed rented tenure homes as originally intended.
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4. Appendices

4.1	EXEMPT Appendix 1 – CKH Email request
4.2	EXEMPT Appendix 2 – CKH Funding Request to CPCA
4.3	EXEMPT Appendix 3 – Email trail: CKH, PCC and DHLUC

5. Implications

Financial Implications

5.1	The remaining £332,500 (the final part payment for the Garage sites) will be used to help make Stanground financially viable and remain as an all-affordable rented site. The Garage sites has received its full amount of grant in its entirety, and it will deliver 8 or 11 new units on the 2 remaining Garage sites, subject to design and planning.
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Legal Implications

6.1	There are no new legal implications. A further Deed of Variation will be required to note the change in the number of units being delivered at the Garage sites and that the remaining funds are being transferred to the Stanground site.
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Public Health Implications

7.1	There are no known public health implications.
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Environmental & Climate Change Implications

8.1	There are no new Environmental or Climate change implications.
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Other Significant Implications

9.1	None
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Background Papers

10.1	Housing Committee Report 9 November 2020– (Previously known as HUSK Site, now referred to as Garage sites) Husk Sites (Garage & Infill Sites)
10.2	Housing Committee Report 22 June 2020.– Stanground, Peterborough Report