



Environment & Sustainable Communities Committee	Agenda Item
11 September 2023	11

Title:	Affordable Housing Programme – Heylo swap from SN Developments to Vistry sites
Report of:	Azma Ahmad-Pearce – Housing Programme Manager
Lead Member:	Councillor Bridget Smith, Lead Member for Housing and Communities
Public Report:	Yes
Key Decision:	No
Voting Arrangements:	A simple majority of voting Members.

Recommendations:

The Environment and Sustainable Communities Committee is recommended to

A	Agree to terminate the Heylo Grant funding agreement (GFA) to acquire units from SN Developments with CPCA (Cambridgeshire and Peterborough Combined Authority), dated 28 January 2022.
B	Approve the site swap from New Road Haddeham (11 units) to the Vistry (12 units) and to approve the use of the allocated funding of £528,750 for these units.

Strategic Objective(s):

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

x	Achieving good growth – provide the 1400+ homes as agreed by the CPCA and providers, between 2017-2022, in the CPCA area.
x	Enabling resilient communities – provide suitable housing and ensuring communities are robust

1. Purpose

1.1	This report is to update the Environment & Sustainable Communities Committee members on the progress of affordable housing programme 2017-2022.
1.2	Heylo has been a big provider of new homes to the CPCA Affordable Housing Programme. One of their last projects was to provide 27 new homes, 16 with Allison Homes and 11 with a new provider, SN Developments, for the properties in New Road, Haddenham, East Cambridgeshire. The properties with Allison Homes are being honoured, however Heylo have a Heads of Terms contractual agreement for the allocation of the units but have not received any communication from SN Developments and they believe that the company may have issues.

	On this basis, Heylo have been working with Vistry and have acquired a replacement of 12 units at three sites, one in South Cambridgeshire and two in East Cambridgeshire, to honour its agreement as part of the 2000 homes to be delivered through the £100m Affordable Housing Programme.
1.3	This will bring the total number of units to be provided to 1457, as part of the £100m Affordable Housing Programme 2017-22.

2. Proposal

2.1	<p>On 28 January 22, CPCA entered into a grant form agreement for the site at New Road, Haddenham, East Cambridgeshire, with Heylo. It is now proposed that this agreement be terminated as it cannot be honoured.</p> <p>The agreement was to acquire 11 new units as part of the CPCA's 2000 homes and the £100m Affordable Housing Programme. These units are part of Heylo Housing portfolio, through which CPCA have acquired units before, and there is a good working relationship, converting market housing to affordable housing in the form of shared ownership.</p> <p>A new GFA will need to be agreed and signed with Heylo for the units with Vistry to be consolidated, and a termination of the GFA with Heylo and SN developments to occur, if approved by Committee.</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). The programme was to provide 2000 new homes in the CPCA area. These units will be a replacement of the units lost, therefore maintaining the numbers achieved.

3. Background

3.1	<p>Heylo approached CPCA with 11 units at New Road, Haddenham constructed by SN developments, these units were to be converted from market to shared ownership, in an area that requires affordable housing.</p> <p>The site start was confirmed in January 22, after a site visit from the Housing Programme Manager. The site is believed to be progressing, but Heylo have tried to contact SN developments to no avail. There has been a continuous silence from SN Developments and Heylo are under the impression that this site has fallen through.</p>
a.	<p>Heylo have provided a statement claiming the following: -</p> <p><i>"Heylo had advised that they had agreed Heads of Terms with SN Developments to acquire the properties at Haddenham prior to seeking funding from CPCA and appointed solicitors to draw up contracts to purchase the properties in advance of entering into the GFA. Initially SN Developments were actively engaged but then advised that they were prioritising work to start on site and would prefer to delay the legal work with Heylo until closer to the date when they expected to start marketing the plots. We therefore agreed to target contract exchange by end of April 2022. Since then, we have had only intermittent communications from them, and our last response was in February 2023. Since that time, we have had no engagement in spite of regular emails and phone calls.</i></p> <p><i>Furthermore, recent house builder risk reports undertaken by Heylo using data from Dun and Bradstreet credit reporting tool identified SN Developments as being a Moderate to High Risk suggesting that the company may be facing financial challenges. Heylo would usually raise these issues with partner house builders to get a better understanding of the current position but when they are not engaging with us that is not possible.</i></p>

	<p><i>Unfortunately, due to the issues highlighted above Heylo have reached the conclusion that they were unable to proceed with their contractual arrangements with SN Developments.”</i></p> <p>Currently, Heylo have other partners such as Allison Homes, Keepmoat, but they are also working with Vistry, which have several sites in around the CPCA area.</p>
3.2	<p>The site is in construction, as viewed by the Housing Programme Manager visiting twice in January 2022, and more recently at the end of July 2023.</p> <p>It has been agreed with Heylo that they will replace the 11 units lost with this provider. These will be swapped for units with Vistry which have several sites across the CPCA region, one in SCDC and two sites in ECDC. The grant already agreed will be reallocated.</p>
3.3	<p>Heylo have approached CPCA to replace the units from SN developments with Vistry units. Vistry are providing twelve units in total; two in South Cambridgeshire and ten in East Cambridgeshire:</p> <ul style="list-style-type: none"> • Two units are in All Angels Park, Caldecote. • Six units are in Quantum Fields, Littleport • Four units are at Willow Woods, Ely. <p>All 12 units will provide much needed housing in both districts. There will be one more unit than the 11 initially agreed with Heylo and SN Developments.</p>
3.4	<p>Firstly, SCDC will be offered 2 units at All Angels Park and have already acquired units from CPCA in the past. They are all to NDSS (National Described Space Standards) for a 3 bed 4-person household. SCDC are happy with the offer, no objections of two shared ownership homes. However, there are issues with EWR nearby, which have been noted.</p>
3.5	<p>The other units are in ECDC, Willow Woods, Ely, and Quantum Fields, Littleport. Contact has not yet been made with the Enabling Officer at ECDC. The semi-detached homes are all just slightly under NDSS, but only marginally. The 2 bed houses are smaller, but above the HE criteria, at 88% of NDSS. Ten units have been received with no objection from ECDC.</p>
3.6	<p>Regarding grant, no further grant is required, and the grant agreed to be used for the Heylo SN Developments site which was £538,750 will be used on these sites to acquire 12 units. The units will be acquired as a shared ownership option, and occupiers will be able to acquire 50% of the share of the units and the rest on a small rental charge, with the ability to staircase up accordingly.</p> <p>The average grant per unit will be £44,895, in line with DLUHC (Department of Levelling Up, Housing & Communities) guidance, of under £45k per unit.</p> <p>Plot allocations have been provided; however, these are indicative and could change for an alternative like for like if they are sold – due to demand on these sites.</p>
3.7	<p>Some of these units are completed and the remainder will be available by January 2024.</p>

4. Appendices

4.1	Appendix 1 – CPCA application form for affordable housing [EXEMPT]
4.2	Appendix 2 – Business case/plan for Heylo and Vistry site [EXEMPT]
4.3	Appendix 3 – Heylo Portfolio by bed spaces [EXEMPT]

5. Implications

Financial Implications

5.1	All grant funding is allocated. The SN Development part of the grant has not been drawn down and the grant will only be paid out on completion of those units. Heylo will ensure to provide completion certificates or legal representation from their legal department that these units are complete and occupied.
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Legal Implications

6.1	The initial GFA with SN Developments will be terminated on approval of this report and a new GFA will be devised and agreed once Committee have approved the swap.
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Public Health Implications

7.1	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.
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Environmental & Climate Change Implications

8.1	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.
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Other Significant Implications

9.1	None
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Background Papers

10.1	None
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