



CAMBRIDGESHIRE AND PETERBOROUGH COMBINED AUTHORITY BOARD	AGENDA ITEM No: 3.1.1
31 JULY 2019	PUBLIC REPORT <i>This report has an appendix which is exempt from publication as 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 as amended.</i>

£100m AFFORDABLE HOUSING PROGRAMME: SCHEME APPROVALS JULY 2019: WERRINGTON, PETERBOROUGH

1.0 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 Board with one scheme for approval of grant funding in the context of the overall investment pipeline for the Combined Authority's £100m programme.
- 1.3. A grant of £3,845,600 is sought from the CPCA's Affordable Housing Programme for 88 new homes for affordable rent at a brownfield site in Werrington, Peterborough, to be delivered by the Funding Affordable Homes Housing Association (FAHHA). A business case for this proposal is attached as exempt Appendix 1.

<u>DECISION REQUIRED</u>	
Lead Member:	Cllr Graham Bull, Portfolio Holder Housing
Lead Officer:	Roger Thompson, Director of Housing and Development
Forward Plan Ref: 2019/037	Key Decision: Yes
<p>The Combined Authority Board is recommended to:</p> <p>(a) Commit grant funding of £3,845,600 from the £100m Affordable Housing Programme to deliver 88 new affordable homes at a site in Werrington, Peterborough.</p>	<p>Voting arrangements</p> <p>Simple majority of all Members</p>

2.0 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 £70 million 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 Board) 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:

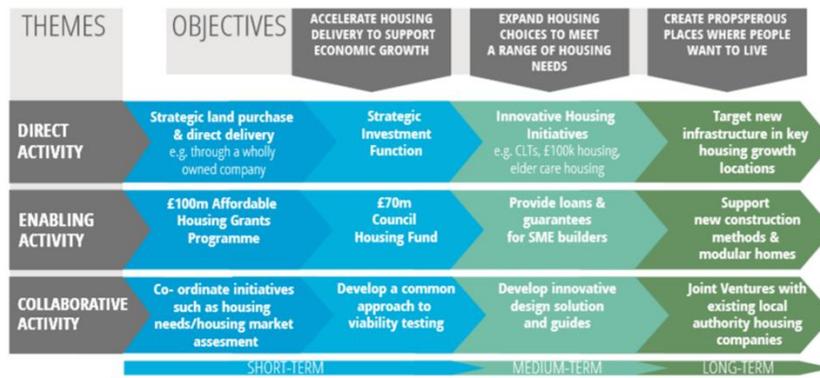


Fig 3: CPCA Housing themes and objectives/ Source: 31ten/ Inner Circle Consulting

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



3.0 PROPOSED SCHEME FOR APPROVAL – WERRINGTON, PETERBOROUGH

3.1. The site is brownfield, it comprises a demolished office building and redundant public realm and is currently unallocated in terms of future development use.



- 3.2. As the images below show, the retail units on the site are hoarded up; the hoarding on the office site is compromised and third parties are able to gain access. The site has ongoing maintenance and social challenges.



- 3.3. The Funding Affordable Homes Housing Association (FAHHA) is proposing to develop the site to deliver a high quality scheme of 88 new homes for affordable rent in an area of housing need.
- 3.4. The site is currently unallocated. FAHHA have engaged in detailed dialogue with Peterborough City Council (Planning, Highways and Housing) over the past 10 months to develop a scheme that is policy compliant.
- 3.5. A full planning application will be submitted in August 2019 with a decision hoped for in November 2019.

3.6. It is proposed that the scheme will comprise the following affordable homes:

# Units	Type	Tenure
41	1 bed 2 person flats (50sqm)	Affordable Rent
30	2 bed 3 person flats (61sqm)	Affordable Rent
17	2 bed 4 person flats (72sqm)	Affordable Rent

3.7. Following discussions with Peterborough City Council, the scheme has also been designed to provide a mixed housing offer which is responsive to the Local Authority's housing needs and which will create a balanced and sustainable community. It is proposed that 22 of the total homes will be available under a local lettings plan; the details of this plan are to be agreed between Peterborough City Council and FAHHA (for example: the plan might include 25% of the homes being available to people of highest need and 25% to existing housing association tenants currently in under-occupied properties, which would enable those larger properties to also be released):

# Units	Type	Tenure
16	1 bed 2 person flats (50sqm)	Affordable Rent
6	2 bed 3 person flats (61sqm)	Affordable Rent

3.8. The affordable rent levels will be set at the LHA rent cap within Peterborough City Council.

3.9. The draft floorplans for the scheme are provided below. Note: these are not yet final.



Current Portfolio

Project Name	Close Date	Deal Category	Deal Description	Investment	Lease Type	Units	Lease Length
Luton YMCA	Oct 2015	Specialist	Young Homeless	£7.3m	Full repairing and insuring	78	30 Years
Harwich	Dec 2015	Specialist	Extra Care & Learning Disabilities	£9.3m	Full repairing and insuring	70	35 Years
Walton	Dec 2015	Specialist	Extra Care	£8.2m	Full repairing and insuring	60	35 Years
Independent Living	Oct 2016	Specialist	Care in the Community	£24.4m	Full repairing and insuring	103	25 Years
Northampton	Jun 2017	Specialist	Extra Care	£15.6m	Full repairing and insuring	80	20(+10) Years
Island Point	Dec 2017	General Needs	Social/Affordable Rent & Shared Ownership	£29.7m	Management lease	173	20 Years
Landmark Pinnacle	Dec 2017	General Needs	Shared Ownership	£12.1m	Management lease	35	20 Years
Total				£106.6m		599	

3.15. The FAHHA is one of the subsidiaries within the Funding Affordable Homes group. FAHHA is a Registered Provider of affordable housing which are supported with public subsidy or delivered under S106 agreements. Due diligence is ongoing, FAHHA has provided its Annual Accounts (year ending 30 June 2018). A condition of the grant will be that we have evidence that FAHHA have access to the balance of the funding required to complete this development.

3.16. FAH have just reached an agreement with Cording to bring in new investment to help them to deliver their affordable housing ambitions and development pipeline. The Funding Affordable Homes Management team is now part of Cording Real Estate Management.

3.17. FAHHA has provided due diligence information in support of their application for grant support, including financial assumptions which have been reviewed by the Combined Authority Housing and Development Team and Finance Team.

Additionality / Case for Combined Authority funding

3.18. The scheme FAHHA is proposing to deliver offers the following additionality:

- The site is currently unallocated in terms of future development use; it comprises a demolished office building and redundant public realm and has existing maintenance and social challenges;
- The scheme will deliver 88 new homes for affordable rent in an area of housing need. The 88 homes will all be available for affordable rent set at the LHA rent cap within Peterborough City Council;
- The scheme will provide housing that is responsive to local housing needs;
- The scheme has received a positive pre-planning application response and FAHHA is working closely with Peterborough City Council to ensure the scheme meets requirements;
- It is proposed that the scheme will be delivered by July 2021;

3.19. Both Peterborough City Council and the Combined Authority have been in dialogue with FAHHA to ensure that the scheme meets the policy requirements and the ambitions to accelerate delivery of affordable housing. The scheme represents reasonable value, the grant of £3,845,600 enables delivery of 88 affordable homes by summer 2021 at an average grant rate of £43,700 per unit.

- 3.20. Peterborough City Council, Housing and Strategic Planning Manager has confirmed the additionality provided by the scheme and support for the application:

“The provision of the proposed wholly affordable scheme comprising 38 one bedrooomed flats and 50 two bedrooomed flats, all for affordable rented tenure, would provide a much needed boost to the supply of homes required to meet the growing and pressing need for permanent rented homes for households currently in temporary accommodation and other households on the housing register. There are 395 households and 479 children currently in temporary accommodation awaiting rehousing, and a total of 3371 households on the Peterborough housing register. Seventy per cent of these applicants require one and two bedroom dwellings and therefore the proposed property mix for this scheme will contribute to meeting this significant identified local need.

The site itself forms part of the Opportunity Area at Werrington District Centre identified in the new Local Plan which indicates that up to 100 dwellings could be delivered as part of the Opportunity area regeneration. Therefore this proposed scheme is compatible with the indicative residential capacity for the Werrington Centre and its location close to existing amenities and a bus route makes it a suitable location for affordable housing.”

Proposed Conditions of Grant Approval

- 1.1. It is proposed that the grant of £3,845,600 for 88 units at Werrington, Peterborough be approved subject to the following conditions:
- (a) Pre-contract
 - Provision of a formal valuation confirming the existing site value of £1.45m
 - Confirmation of the development programme for the scheme, with a back-stop start on site of no later than Q1 2020/21.
 - Confirmation of the availability of the balance of funding to FAHHA in order to complete this scheme.
 - (b) Post contract but pre draw-down of grant
 - Achievement of full planning / reserved matters and S106
 - Confirmation of the local lettings plan being agreed between FAHHA and Peterborough City Council
 - Evidence of site ownership
 - Evidence of start on site.

2.0 FINANCIAL IMPLICATIONS

- 2.1. This application is supported by due diligence information which has been reviewed by The Combined Authority Housing and Finance teams. A Business Case is attached as exempt Appendix 1 to this paper which includes a summary of scheme financials.

- 2.2. Supporting this application will approve £3,845,600 grant from the Affordable Housing Programme, subject to satisfactory completion of due diligence work. The impact of this on the overall position of the £100 million Affordable Housing Programme is shown below:

	# Schemes Approved to date	# Units Funded	CPCA Funding Committed £
Affordable Housing Grants	13	757	7,357,452
Loan & Toolbox Investments	4	56	37,007,335
TOTALS	17	813	44,364,787
Proposed Scheme: Affordable Housing Grant			
Werrington, Peterborough Affordable Housing Grant	1	88	3,845,600
Affordable Housing Grants TOTAL	14	845	11,203,052
Affordable Housing Grants: AVERAGE GRANT PER UNIT			13,258
Loan & Toolbox Investments TOTAL	4	56	37,007,335
TOTALS IF SCHEME IS APPROVED	18	901	48,210,387

3.0 LEGAL IMPLICATIONS

- 3.1. 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 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.

4.0 SIGNIFICANT IMPLICATIONS

- 4.1. There are no significant implications to consider in this paper.

5.0 EXEMPT APPENDIX

- 5.1. This paper is supported by the following appendix which is exempt from publication as 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.

- (a) Exempt Appendix 1 – Business Case

<u>Source Documents</u>	<u>Location</u>
List background papers: CA Board report September 2018	https://cambridgeshirepeterboroughcagov.cmis.uk.com/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/913/Committee/63/Default.aspx

<p>Housing and Communities Committee July 2019 - £100m Housing and Communities Committee Affordable Housing Programme Update</p>	<p>https://cambridgeshirepeterboroughcagov.cmis.uk.com/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/879/Committee/65/Default.aspx</p>
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