



<b>HOUSING AND COMMUNITIES COMMITTEE</b>	<b>AGENDA ITEM No: 2.3</b>
<b>13 JANUARY 2020</b>	<b>PUBLIC REPORT</b> Appendix 2 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 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 Committee.

<b><u>DECISION REQUIRED</u></b>	
<b>Lead Member:</b>	<b>[TBC]</b>
<b>Lead Officer:</b>	<b>Roger Thompson, Director of Housing and Development</b>
<b>Forward Plan Ref:</b> N/A	<b>Key Decision: No</b>
The Housing and Communities Committee is recommended to: (a) Note the progress of the delivery of the £100m programme	<b>Voting arrangements:</b> Simple majority of all Members

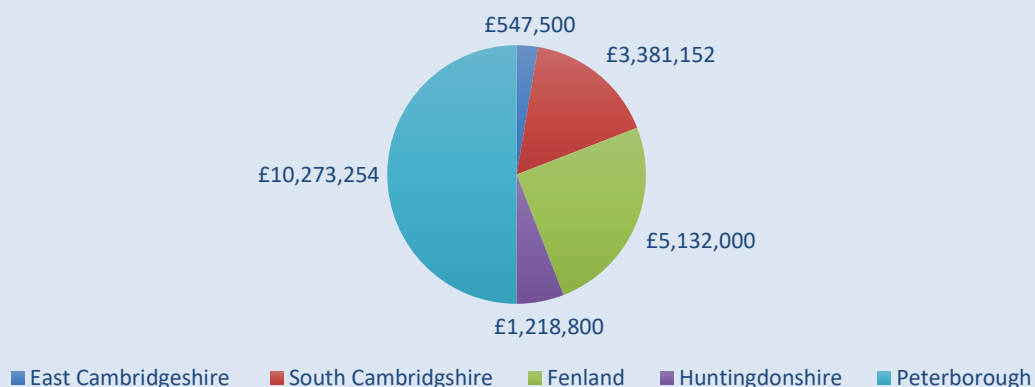
## **2.0 BACKGROUND**

- 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 24 schemes with allocated funding, of which 11 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 Board when ready. This includes opportunities for CA 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 Annual Review took place in September, following which additional information has been provided and a follow up meeting is to take place.

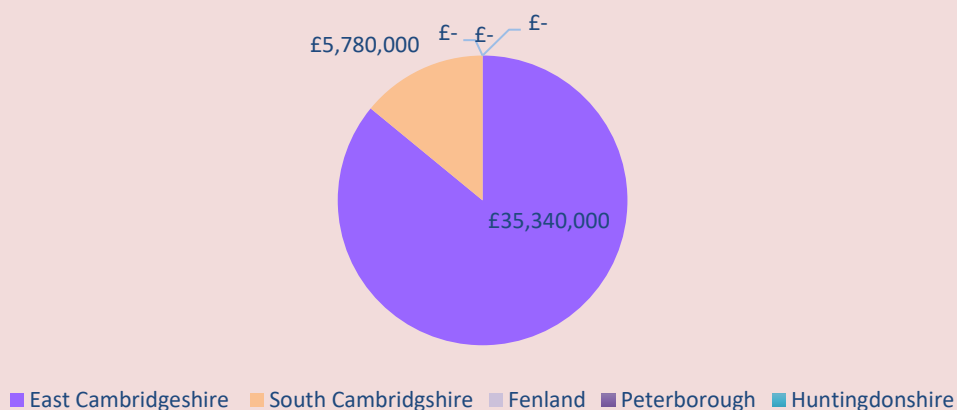
## **3.0 FINANCIAL PERFORMANCE**

- 3.1. Grant investment approved for Affordable Housing schemes to date is £20.5 million, with a further £41.1 million approved as revolving fund, funding. A total of £62 million has therefore been allocated to schemes to date, most on a recycling basis. A list of the 24 schemes with Combined Authority Board or Committee approval is attached as Appendix 1.

### £20.5m Expenditure approved for Grant to Jan 20



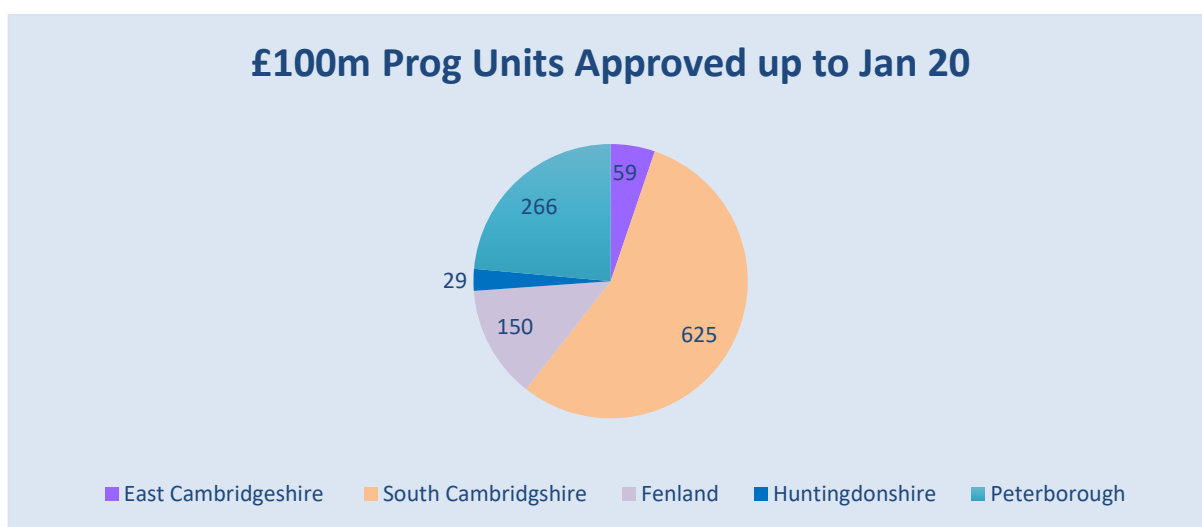
### £41.1m Expenditure approved from Revolving fund to Jan 20



- 3.2. £35.5 million has been contractually committed, comprising £4.6 million in grants and £30.9 million in loan funding. £30.7 million is in the process of being contracted.
- 3.3. £2.7 million in grant and £25.6 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 cashflow 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 £30m, 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 11 are in contract. Six schemes have completed, with one scheme of 54 units due to complete in the next few months. 202 housing units have started on site to date and 68 homes delivered. We have had confirmation that in March 2020, 234 affordable housing units will start on site at Northstowe simultaneous to the starting of the Mare Fenn flood remediation works. In total 1,129 units have been approved by the Board and we are chasing those schemes and providers to deal with pre-construction issues as quickly as possible, to commence starts on site.



- 4.2. Scheme approvals since the last presentation to the Housing & Community Committee;
- (a) 94 Great Whyte, Ramsey – Platform Housing Group will deliver 15 new homes for affordable rent. Grant from Combined Authority approved £600,000
  - (b) Bretton Court, Bretton Centre, Peterborough – Medesham Homes will deliver an office to residential conversion of 45 flats for affordable rent. Grant from Combined Authority approved £1,687,500
  - (c) Wisbech Road, March – Funding Affordable Homes Housing Association will deliver subject to full planning in March 2020 a windfall site of 98 affordable rent and 20 shared ownership homes. Grant from Combined Authority approved £4,542,000
  - (d) Linton Road, Great Abingdon – Laragh Homes will deliver a scheme of no less than 13 homes, including no less than 5 affordable units comprising 3 affordable rent and 2 shared ownership. Loan from Combined Authority approved for £5,780,000

- 4.3. Scheme Withdrawals since last presentation:

None

- 4.4. In total £12,609,500 has been approved since last reporting to deliver an additional 163 new affordable homes.

### **Starts on Site**

- 4.5. There have been 202 Starts on Site to date. A recent scheme due to start on site in Jan 2020 is Bretton Court in Peterborough (asbestos stripping out at developers risk subject to Combined Authority contract).
- 4.6. We have had confirmation that in March 2020, 234 affordable housing units will start on site at Northstowe, simultaneous to the starting of the Mare Fenn flood remediation works.
- 4.7. We anticipate more starts on site in early 2020 up to the Combined Authority year end March 2020 business plan target of around 600 units.

### **Completions**

- 4.8. The programme has so far delivered 68 completed units.
- 4.9. 20 homes have completed since we last reported, 8 homes in Burwell, East Cambridgeshire delivered by Hastoe and a further 12 homes at Snowley Park, Fenland being delivered by Cross Keys Homes.

### **Forward Programme and Pipeline Development**

- 4.10. Schemes totalling an additional 132 units are currently under active consideration by Combined Authority officers (where the Housing and Development Team is in active discussions with applicants regarding proposed schemes) and we expect to come forward for Committee or Board approval before end March 2020.
- 4.11. There are appx 3,000 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 1,200 units could be delivered from this pipeline using devolution funds.
- 4.12. 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, with a target of 600 by end March 2020.
- 4.13. In addition to identified schemes, there may be opportunities for CA 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 CLT scheme at Kennett in East Cambs.

- 4.14. 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.

### **Communicating the Opportunity**

- 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, Issues and Process**

- 4.17. The Combined Authority programme is facing 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 currently a higher than usual 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 regularly to discuss the market, opportunities and to share intelligence.
- 4.20. At the last committee meeting members enquired about CPCA considering using an independent company to check the viability of grant applications. Our view is that we have expertise within the CPCA finance and housing and development teams to review applicant's business plans and development appraisals 'in house' without the delay and expense of appointing third party advisors every time an application is received.

## 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 and Monitoring and Evaluation Frameworks.
- 6.2. The Cambridgeshire and Peterborough Combined Authority Order 2017 grants the Combined Authority a general power of competence. 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 December 2019
- 7.2. Appendix 2 – Exempt from publication – Affordable Housing Programme Pipeline
- 7.3. Appendix 3 – £40m revolving fund summary cashflow forecast

<b><u>Source Documents</u></b>	<b><u>Location</u></b>
<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 <a href="http://cambridgeshirepeterborough-ca.gov.uk/">http://cambridgeshirepeterborough-ca.gov.uk/</a>