

£100 Million Affordable Housing Programme: Bayard Plaza, Rentplus

To: Housing and Communities Committee

Meeting Date: 6 September 2021

Public report: This report contains appendices which are exempt from publication under Part 1 of Schedule 12A of the Local Government Act 1972, as amended, in that it would not be in the public interest for this information to be disclosed (information relating to the financial or business affairs of any particular person (including the authority holding that information)). The public interest in maintaining the exemption outweighs the public interest in publishing the appendices.

Lead Member: Councillor Lewis Herbert Lead Member for Housing and Chair of Housing and Communities Committee

From: Roger Thompson, Director of Development and Housing

Key decision: Yes

Forward Plan ref: 2021/012

Recommendations: The Housing and Communities Committee is recommended to:

- a) Committing grant funding of £1,800,000 from the £100m Affordable Housing programme to enable delivery of 40 new affordable flats of the rent to buy product at Bayard Plaza, Peterborough, with Rentplus. **Subject to confirmation of the release of balancing monies for the £100m programme from BEIS & MHCLG and MHCLG approving the Rentplus delivery model. Rentplus will be required to offer these properties through the Council's Choice Based Lettings scheme.**

Voting arrangements: A simple majority of all Members

1. 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 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 from the Combined Authority's Affordable Housing Programme of £1,800,000 is sought for 40 flats, as a rent to buy product at Bayard Plaza, Peterborough, near the town centre. This is an office to residential project, which is near completion.

2. Background

- 2.1 The Housing and Development Team at the Combined Authority is working with officers in all partners 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.
- 2.2. The Combined Authority Housing Strategy 2018 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.
- 2.3 The proposed site requesting for grant from the current Housing Programme is for approximately 40 new flats in the Peterborough region. This site is being delivered by Brightfield Group, who have converted an old office to residential units. The grant requested to acquire these units is £1,800,000. Forty market units will be converted to affordable rental to buy and therefore available at an affordable rent for up to 20 years.
- 2.4 The units are delivered to a high specification, with open plan living arrangements which help with heating and energy efficiencies.

Internal photos of the units, dining area and bedroom.



2.5 Below is a table referring to the unit types, size, and tenure types. They refer to Nationally Described Space Standards. (rounded up)

Description/ Type of unit	Number of Units	Size (sqm)	NDSS Standard (sqm)	Meets NDSS	% of NDSS
Bayard Plaza					
3 x 1b/2p	3	53.6	50	Y	107.2%
11 x 2b/3p	11	55-59	61	N	90.2-96.7%
5 x 2b/3p	5	60	61	N	98.4%
8 x 2b/3p	8	61-70	61	Y	100-115%
6 x 2b/4p	6	70-80	70	Y	100-114%
5 x 2b/4p	5	80-90	70	Y	114-129%
1 x 2b/4p	1	90.1	70	Y	129%
1 x 2b/4p	1	100.1	70	Y	143%
Total	40				

2.6 The tenants move into the homes and rent for a period of 5/10/15 or 20 years, Rentplus's model is predicated on a quarter of the scheme being disposed every 5 years. Whilst the rent is at either LHA (Local Housing Allowance) or 80%, whichever the lower they cover off any service charges or ground rents and encourage applicants to clear debt and save towards the end goal of purchasing their own home.

2.7 When they purchase Rentplus will gift them a 10% deposit which enables them to go to any high street lender and secure a mortgage. They are supported throughout their whole tenancy through a partner housing association (likely to be Catalyst), giving tenants all the support, they need. This makes the product more affordable than a traditional shared ownership model.

2.8 The Housing Enabling Office for Peterborough, confirms that as Bayard Plaza is a city centre office to residential Permitted Development scheme of 102 apartments, which is exempt from the requirement to provide affordable housing through planning obligations. Heylo has already received CA funding to deliver 40 units for shared ownership in this scheme. The proposal from Rentplus would provide 40 further units for Rent to Buy tenure which is another affordable home ownership product. Applicants for the Rent to Buy units will need to meet income and employment status criteria to be eligible (the average household income required to be eligible for a Rentplus unit is £31,600) and therefore these

dwellings will not assist the council with meeting the most pressing needs of homeless households or low-income households on the housing register but would still allow some people to acquire the units if they are employed with sufficient income. The presence of Rentplus as a provider at Bayard Plaza would be beneficial in managing the stability of occupancy for the scheme as a whole and therefore the overall impact of this scheme in this city-centre location.

- 2.9 If the CA is minded granting fund these schemes it would be beneficial if conditions could be applied requiring Rentplus to offer these properties through the Council's Choice Based Lettings scheme so that eligible households can apply and enter into an appropriate nominations agreement to ensure those in greatest need have an opportunity to access the properties.
- 2.10 Both parties will work together to achieve a nominations agreement in line with Peterborough and Rentplus requests, as far possible.

Significant Implications

3. Financial Implications

3.1 **Additionality case for Combined Authority Funding**

The proposed scheme offers the following additionality:

- The CPCA are happy to support the creation of 40 new homes of rent to buy product in the Peterborough Council area.

It is proposed that the grant of £1,800,000 will help with the delivery of 40 new homes. -

After execution of the grant funding agreement – the grant will be released on the completion of the sale of the units to Rentplus.

- 3.2 Supporting this application by providing £1,800,000 from the current Housing Programme is at an average grant rate of £45k per unit.

	Number Schemes Approved	Number of Affordable Units Funded	CPCA Funding Committed £
Previous Schemes SOS		733	
Previous schemes in June	18	1918	47,586,441
Total units lost & monies returned	2	38	1,600,000
Total of schemes approved 21-22	16	1,147	45,986,441

PROPOSED SCHEME FOR SEPTEMBER 2021 COMMITTEE APPROVAL			
HEYLO SITES, WITH SN DEVELOPMENTS & LARKFLEET	1	27	1,209,000
BAYARD PLAZA, PETERBOROUGH, RENTPLUS	1	40	1,800,000
Total Affordable Housing Grants if approved by Board	18	1,214	48,995,441

Affordable Housing:
AVERAGE GRANT
RATE PER UNIT* £40.4k

TOTAL IF SEPTEMBER 2021 SCHEME IS APPROVED	18	1,947	48,995,441
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4. Legal Implications

- 4.1 The recommendation accords with the Combined Authority's powers under Part 4 Article 11 of the Cambridgeshire and Peterborough Combined Authority Order 2017 (SI 2017/251) and the CPCA Constitution Chapter 10 para.3.2.6(a).

5. Other Significant Implications

- 5.1 None

6. Appendices

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

7. Background Papers

- 7.1 None