



HOUSING AND COMMUNITIES COMMITTEE	AGENDA ITEM No: 2.2 (iv)
13 JANUARY 2020	PUBLIC REPORT

£100M AFFORDABLE HOUSING PROGRAMME SCHEME APPROVALS

11 MARKET FLATS TO SHARED OWNERSHIP AT TRUMPINGTON MEADOWS, CAMBS

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. Grant from the Combined Authority Affordable Housing programme of £400,000 is sought for 11 residential units, all to be shared ownership at Trumpington Meadows, Cambridge. A Business Case for this proposal is not yet available.

<u>DECISION REQUIRED</u>	
Lead Member:	TBC
Lead Officer:	Roger Thompson, Director of Housing and Development
Forward Plan Ref: 2020/001	Key Decision: Yes
The Housing and Communities Committee is recommended to: (a) Commit grant funding of £430,000 from the £100m Affordable Housing programme to enable the delivery of 11 shared ownership affordable homes in Trumpington Meadows	Voting arrangements: Simple majority of all Members

2. 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.

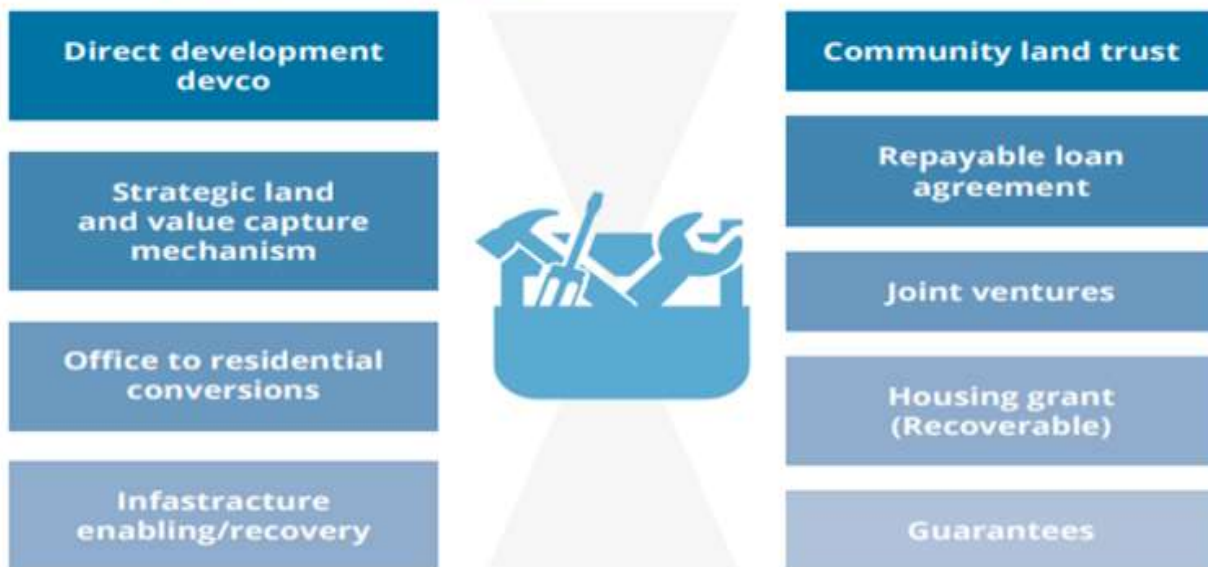
Combined Authority Housing Programme

- 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 £70m 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 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.
- 2.5. The Combined Authority Housing Strategy was approved by the Board in September 2018 and included three core objectives as illustrated in the figure below:



- 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



- 2.7. Full performance updates relating to the programme are presented to the Housing and Communities Committee on a quarterly basis with the most recent provided as a report on today's agenda. Both the £100m & £70m programmes (within the overall £170m programme) are on track to achieve their targets by March 2022.

3. PROPOSED SCHEME FOR APPROVAL

COMPLETED MARKET FLATS FOR 11 HOMES AT TRUMPINGTON MEADOWS.

- 3.1. An opportunity has arisen to increase the supply of affordable housing provision by selling properties built for market sale as shared ownership. The properties are currently under construction and it is proposed that they will be purchased by Sage Housing
- 3.2. This proposal is to enable 11 properties built in one block for open market sale to be sold through shared ownership. The properties are 10 x 2 bed flats and 1 x 1 bed flat, in the highly sort after area of Cambridge.
- 3.3. These properties are not subject to any existing S106 or affordable housing requirements.
- 3.4. The site is part of a whole site of approximately 392 homes with a mix of flats and houses for the private and social housing market.
- 3.5. Sage are in the process of purchasing the properties and looking to exchange in the middle of January 2020.

Figure 1: - Accommodation site plan



Figure 2: - Dwelling type with size of unit

About Sage Housing

Plot Ref	Phase	Block	H'se type / Apt Fl.	Unit Type	Accommodation	Tenure	Area (sq ft)
186	10	Block H	Ground Floor - FT2 (Embassy)	Flat	1 bed	Shared Ownership	527.0
185	10	Block H	Ground Floor - FT1 (Embassy)	Flat	2 bed	Shared Ownership	748.0
187	10	Block H	First Floor - FT1 (Embassy)	Flat	2 bed	Shared Ownership	748.0
190	10	Block H	Second Floor - FT1 (Embassy)	Flat	2 bed	Shared Ownership	748.0
193	10	Block H	Third Floor - FT1 (Embassy)	Flat	2 bed	Shared Ownership	748.0
195	10	Block H	Third Floor - FT3 (Embassy)	Flat	2 bed	Shared Ownership	748.0
192	10	Block H	Second Floor - FT3 (Embassy)	Flat	2 bed	Shared Ownership	748.0
189	10	Block H	First Floor - FT3 (Embassy)	Flat	2 bed	Shared Ownership	748.0
188	10	Block H	First Floor - FT4 (Embassy)	Flat	2 bed	Shared Ownership	769.0
191	10	Block H	Second Floor - FT4 (Embassy)	Flat	2 bed	Shared Ownership	769.0
194	10	Block H	Third Floor - FT4 (Embassy)	Flat	2 bed	Shared Ownership	769.0

- 3.6. Sage is a Registered Provider of affordable homes operating across England, established in May 2017.
- 3.7. Sage brings together senior executives from Registered Providers, the public sector and institutional residential management, who have successfully provided homes for over 100,000 families across the public and private sectors in previous ventures together.
- 3.8. They provide sustainable affordable housing by securing new sources of capital from long-term stable investors. This allows them to meet the needs of local authority partners, whilst bringing a new approach to the sector.
- 3.9. Through their funding model, they provide stability and certainty which accelerates the construction of affordable housing, as housebuilders can rely on their commitments.
- 3.10. They are fully regulated by the Regulator of Social Housing and adhere to the highest level of compliance with its regulatory standards.
- 3.11. They work with the most experienced house builders in the country to deliver high quality new affordable homes for low-cost rent and shared ownership.
- 3.12. Sage only provides affordable homes, they do not provide housing for market sale.

3.13. Delivery will be in addition to affordable housing planning requirements.

3.14. The Housing Dept at Cambridge City were unable to assist Sage in acquiring these units, as their funds were tied up in developing and producing new homes. Our supporting this scheme will benefit the need for the area and for the people in Greater Cambridgeshire.

3.15. People from Cambridgeshire who require shared ownership homes are referred to Help to Buy East and South East which is managed by the Council choice Homebuy Agent.

3.16. The grant levels are of a reasonable level ensuring that due to our own due diligence and ensuring we were getting value for money; this grant request is now being presented.

Additionality / Case for Combined Authority funding

3.17. The proposed scheme offers the following additionality:

- Both parties will enter into a Sale and Purchase Agreement following grant approval by CPCA
- The properties are not subject to any existing S106 or affordable housing requirements

Proposed Conditions of Grant Approval

3.18. It is proposed that the grant of £430,000 for the delivery of 11 shared ownership homes at Trumpington Meadows, Cambridgeshire to be approved subject to the following conditions;

Pre-contract:

The provision of the final business case by Sage for the grant, to verify value for money by the CPCA Housing and Finance teams.

Both parties will enter into a Sale and Purchaser Agreement following a grant approval by CPCA.

Post contract but pre draw-down of grant:

- i. evidence of ownership.
- ii. evidence of sale to new occupier

SIGNIFICANT IMPLICATIONS

4. FINANCIAL IMPLICATIONS

- 4.1. The applicant is to provide an acceptable Business Case for the level of grant with supporting documentation, as a condition to this paper.
- 4.2. Supporting this application will approve £430,000 grant from the Affordable Housing Programme at an average grant rate of £39,090 per unit of affordable housing.
- 4.3. The impact on this funding on the programme is set out below:

	Number Schemes Approved	Number of Affordable Units Funded	CPCA Funding Committed £
Total Affordable Housing Grants approved by Board	20	1086	20,552,706
Total Loan & Toolbox capital committed (from £40m revolving fund)	4	43	40,830,000
TOTAL PRIOR TO NOV 2019 BOARD	24	1129	61,382,706
PROPOSED SCHEME FOR JAN 2020 BOARD APPROVAL	4	1086	
Middlemore Road, St Marys, Ramsey (CPCA Board 13 January 2020: Agenda Item 3.1(a))	1	11	509,000
Stilton, Rear of 26-34 High Street, Peterborough	1	42	1,570,000
Alconbury Weald & Mandeville Place, Hunts	1	17	817,550
Trumpington Meadows, Cambridge	1	11	430,000
Total Affordable Housing Grants if approved by Board	28		23,879,256
Affordable Housing: AVERAGE GRANT RATE PER UNIT*		1167	(23,879,256/1167) =£20,462 per unit
Loan & Toolbox capital committed (from £40m revolving fund)	4	43	41,120,000
TOTAL IF JAN 2020 SCHEME IS APPROVED	32	1210	64,999,256

5. LEGAL IMPLICATIONS

- 5.1. The Cambridgeshire and Peterborough Combined Authority Order 2017 granted 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.

6. APPENDICES

None

<u>Background Papers</u>	<u>Location</u>
Housing Strategy September 2018	CA Board September 2018
£100m Affordable Housing Programme Update Nov 2019	CA Board Nov 2019