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| HOUSING AND COMMUNITIES COMMITTEE | AGENDA ITEM No: 2.4 (v) |
| 09 NOVEMBER 2020 | PUBLIC REPORT Appendix 1 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 SCHEME APPROVALS
(NOVEMBER 2020) - SANDPIT ROAD, THORNEY (PCC), 5 ADDITIONAL UNITS**

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 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 Affordable Housing programme of £237,804 is sought for 5 additional shared ownership units, on the scheme at Sandpit Road, Thorney, Peterborough.**
- 1.4. A previous Business Case for this proposal was attached as this is a supplementary paper for additional grant for units which are available and counted towards the CPCA housing target of 2000, by March 2022.

| <u>DECISION REQUIRED</u> | |
|---------------------------------|---|
| Lead Member: | Councillor Chris Boden, Lead Member for Housing and Chair of Housing and Communities Committee |
| Lead Officer: | Roger Thompson, Director of Housing and Development |

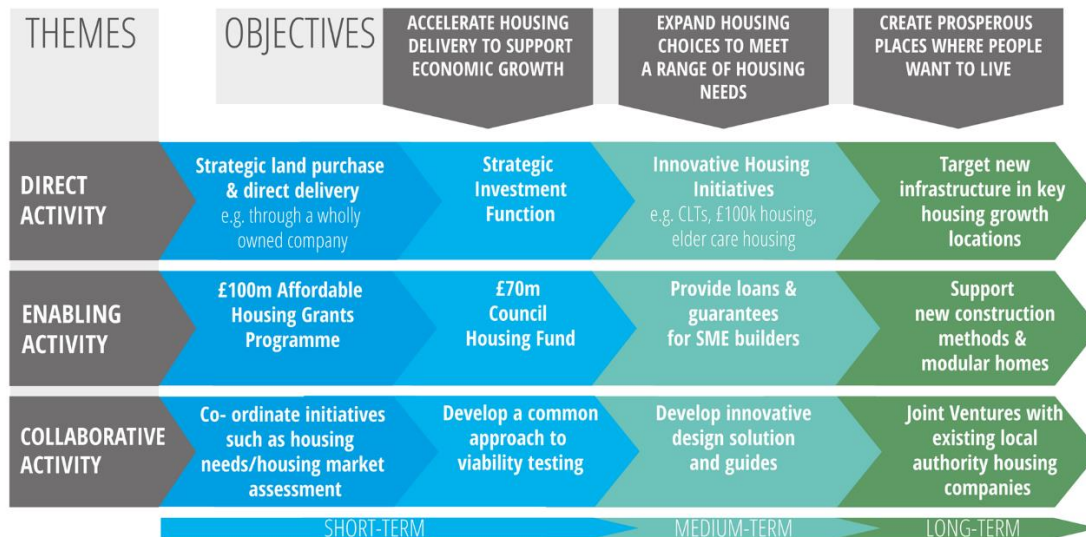
| Forward Plan Ref: 2020/062 Key Decision: Yes | |
|---|--|
| <p>The Housing and Communities Committee is recommended to:</p> <p>(a) Commit grant funding of £237,804 from the £100m Affordable Housing programme to enable delivery of a further 5 additional shared ownership homes at Sandpit Road, Thorney, Peterborough - Subject to confirmation of the release of balancing monies for the £100m programme from BEIS & MHCLG.</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.
- 2.2. Heylo Homes has previously applied to the Combined Authority and received approval to a grant of £1,367,766 to deliver 32 shared ownership as part of 4 different development sites, including Sandpit Road

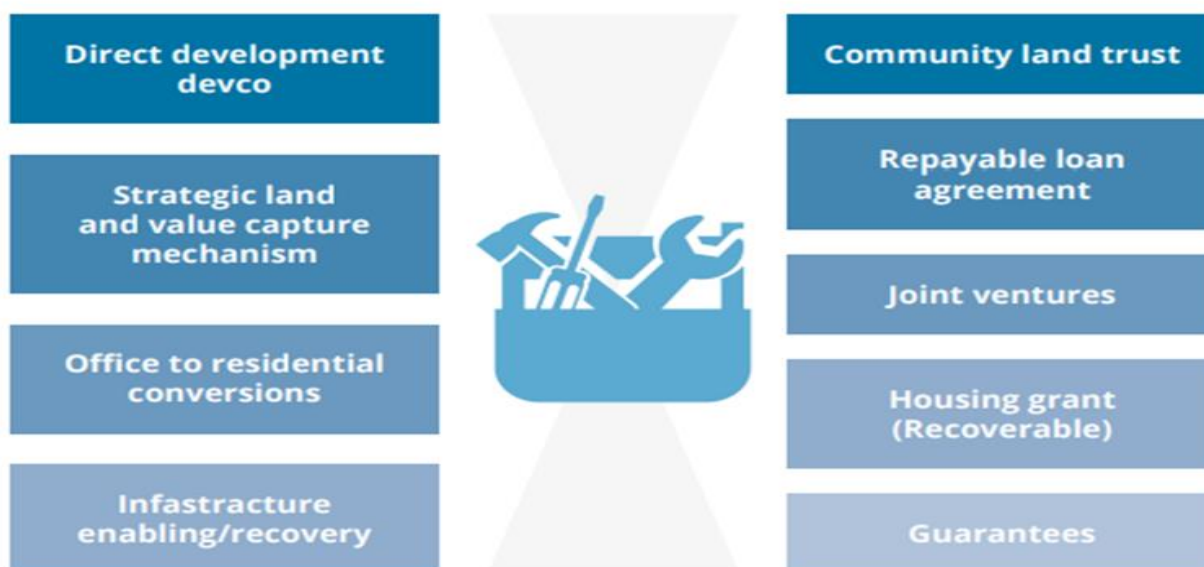
Combined Authority Housing Programme

- 2.3. 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.
- 2.4. 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.
- 2.5. 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.
- 2.6. The Combined Authority Housing Strategy was approved by the Board in September 2018 and included three core objectives as illustrated in the figure overleaf:



2.7. 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



2.8. Full performance updates relating to the programme are presented to the Housing and Communities Committee at every meeting. Both the £100m & £70m programmes (within the overall £170m programme) are on track to achieve their targets by March 2022.

3.0 PROPOSED SCHEME FOR APPROVAL

SANDPIT ROAD, THORNEY, PETERBOROUGH. (PCC)

- 3.1. Further potential to convert market units to affordable units has arisen at the Sandpit Road, Thorney site, in addition to the Larkfleet proposal approved earlier in the year.
- 3.2. The already approved scheme enables 32 properties built for open market sale to be converted by tenure and sold through as shared ownership. These properties are on all four sites which are being built by Larkfleet Homes to their standard market specification and sold alongside their market properties through their Allison Homes and Larkfleet Homes brands.
- 3.3. Heylo Housing are acquiring the properties once shared ownership purchasers have been identified at the stage of onward sales completion. The property will be simultaneously transferred to Heylo Housing Registered Provider Limited who will issue a shared ownership lease to the purchaser.
- 3.4. Heylo has secured an opportunity to acquire a further 5 properties at Sandpit Road, Thorney which is what comprises this additional proposal.

Figure 1: - Sandpit Road, Thorney (PCC)



- 3.5. An additional 5 units are to be added to the initial units to be delivered, all as shared ownership units at Sandpit Road, Thorney, Peterborough.

- 3.6. Attached is a property schedule of the additional units at Sandpit Road, Thorney, Peterborough.

| Description/ Type of unit | Number of Units | Size (sqm) | NDSS Standard (sqm) | Meets NDSS | ¹ % of NDSS |
|---------------------------|-----------------|------------|---------------------|------------|------------------------|
| Sandpit Road, Thorney | | | | | |
| 3b/4p | 2 | 74 | 84 | No | 88% |
| 3b/5p | 3 | 85 | 93 | No | 91% |
| TOTAL | 5 | | | | |

About Heylo Homes

- 3.7. Heylo Homes was established in partnership with Lancashire County Council's Pension Fund in 2014. Heylo is a Homes England Investment Partner and all new homes are managed by Heylo Housing Registered Provider Ltd, a registered provider with Homes England. Heylo does not undertake direct development but has an established track record of working with the house building industry to increase delivery of affordable home ownership with a portfolio of 3,500 properties and a further 1000 in their pipeline.
- 3.8. Heylo is specialist shared ownership provider. Heylo has branded its product Home Reach, it is shared ownership using the Homes England standard form lease and is fully compliant both with Homes England and NPPF definitions of affordable and intermediate housing, as well as being acceptable to mortgage lenders
- 3.9. This proposal is for Heylo to work with this house builders Larkfleet Homes to enable increase the supply of affordable home ownership through shared ownership on this site currently under development. Delivery will be in addition to affordable housing planning requirements.
- 3.10. Heylo have presented these further 5 additional units with a top up grant request. These 5 units will enhance the number of units across the Peterborough region.
- 3.11. The Housing Enabling Officer for Peterborough City Council was happy and supportive for the units coming to Peterborough. She supported the grant bid to enable Heylo to purchase units and these units will provide additionality over and above s.106 requirements and will help to assist eligible households into affordable homeownership.

Additionality / Case for Combined Authority funding

- 3.12. The proposed scheme offers the following additionality:

¹ Numbers are rounded up in some instances.

- Heylo have agreed to the additional 5 units on the Peterborough site with Larkfleet.
- The CPCA grant will enable a further 5 shared ownership affordable units to be provided, as part of the CPCA 2000 unit start on site homes target by March 2022.
- **These units are converting market units to affordable units, over and above any planning requirements to provide affordable housing.**

Proposed Conditions of Grant Approval

3.13. It is proposed that the grant of £237,804 will help with the delivery of a further 5 new shared ownership affordable homes within the CPCA region to be approved subject to the following conditions:

After execution of the grant funding agreement but pre draw-down of phased grant payments by way of one (1) instalment:

- i. Grant will be paid upon either proof of practical completion, or a statement/letter from Heylo's Solicitors, advising the CPCA of the acquisition of the additional units by Heylo.

SIGNIFICANT IMPLICATIONS

None.

4.0 FINANCIAL IMPLICATIONS

4.1. The applicant has provided a scheme Business Case previously at the April 2020 Housing Committee, no additional information was required as the request is for a further top up of grant to acquire more affordable units.

4.2. Supporting this application will approve £237,804 grant from the Affordable Housing Programme at an average grant rate of £47.56k per unit.

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 before Nov 2020 Committee | 33 | 1,536 | 39,698,271 |
| PROPOSED SCHEME FOR NOVEMBER 2020 COMMITTEE APPROVAL | | | |

| | | | |
|--|-----------|--------------|-------------------|
| 9-17 HAWES LANE, WICKEN, EAST CAMBRIDGESHIRE. | 1 | 16 | 640,000 |
| MORE'S MEADOW, GREAT SHELFORD, SOUTH CAMBRIDGESHIRE | 1 | 21 | 1,008,000 |
| ALL ANGELS PARK, HIGHFIELDS, CALEDNOTE | 1 | 5 | 247,999 |
| SPRINGFIELD AVENUE, MARCH | 1 | 32 | 1,560,000 |
| SANDPIT ROAD, THORNEY, PETERBOROUGH | 1 | 5 | 237,804 |
| Total Affordable Housing Grants if approved by Board | 38 | 1,615 | 43,392,074 |

Affordable Housing:
AVERAGE GRANT
RATE PER UNIT*

£26.9k

Maximum Net Loan
Value

| | | | |
|--|----------|-----------|-------------------|
| Loan & Toolbox capital committed (from £40m revolving fund) | 5 | 53 | 39,846,817 |
|--|----------|-----------|-------------------|

Total Loan Value Excluding repayments £51.1m

| | | | |
|---|-----------|--------------|-------------------|
| TOTAL IF NOV 2020 SCHEME IS APPROVED | 43 | 1,668 | 83,238,891 |
|---|-----------|--------------|-------------------|

5.0 LEGAL IMPLICATIONS

- 5.1. The recommendations accord with Combined Authority's powers under Part 4 Article 11 of the Cambridgeshire and Peterborough Combined Authority Order 2017 (SI 2017/251).
- 5.2. The meeting shall be conducted in accordance with Parts 2 and 3 of the Local Authorities and Police and Crime Panels (Coronavirus)(Flexibility of Local Authority and Police and Crime Panel Meetings)(England and Wales) Regulations 2020.

6.0 APPENDICES

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

| <u>Background Papers</u> | <u>Location</u> |
|---------------------------------|--|
| Housing Strategy September 2018 | <u>CA Board September 2018</u> |