



<b>HOUSING AND COMMUNITIES COMMITTEE</b>	<b>AGENDA ITEM No: 2.2 (i)</b>
<b>13 JANUARY 2020</b>	<b>PUBLIC REPORT</b> 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**

### **MIDDLEMORE ROAD, ST MARYS, RAMSEY – CHORUS HOUSING**

#### **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 a proposal for 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 £509,000 is sought for 11 units (8 units at social rent and 3 shared ownership) at Middlemore Road, St Marys, Ramsey, to be delivered by Chorus Housing Group. A Business Case for this proposal is attached as exempt Appendix 1.

<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: 2020/001</b>	<b>Key Decision: Yes</b>
	<b>Voting arrangements:</b>

<p>The Housing and Communities Committee is recommended to:</p> <p>(a) Commit grant funding of £509,000 from the £100m Affordable Housing programme to enable delivery of 11 (8 social rent and 3 shared ownership) affordable homes at Middlemore Road, St Marys, Ramsey.</p>	<p>Simple majority of all Members</p>
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## 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.

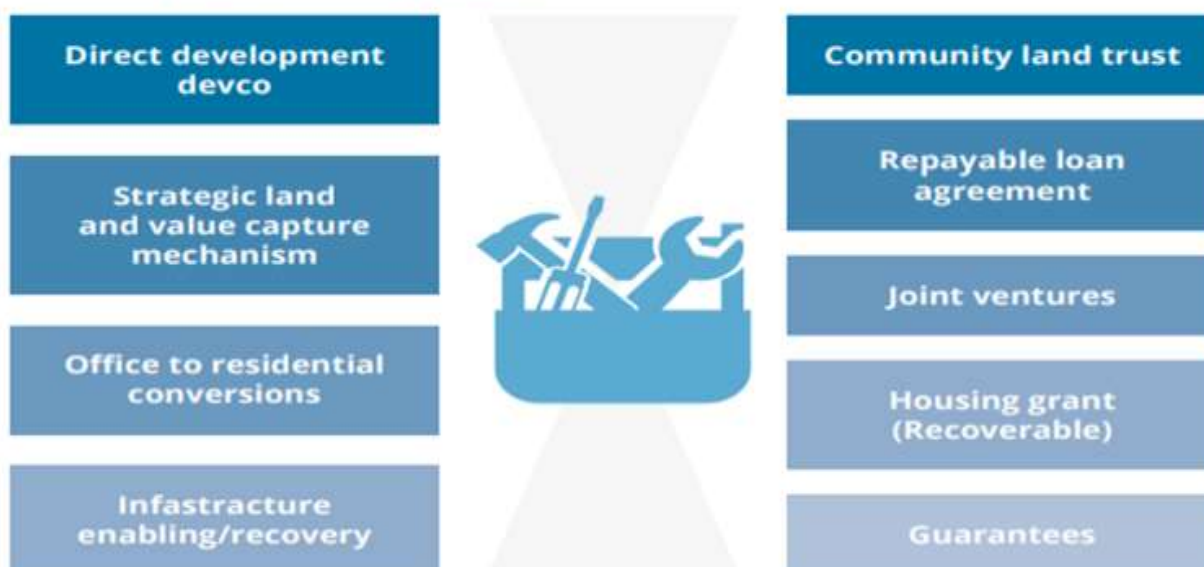
### Combined Authority Housing Programme

- 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 at every meeting 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

#### MIDDLEMORE ROAD, ST MARYS, RAMSEY – CHORUS HOUSING GROUP

- 3.1. Chorus Housing Group has applied to the Combined Authority for £509,000 grant to deliver 11 new affordable homes (8 social rent and 3 shared ownership).
- 3.2. Planning application 17/00630/FUL was achieved, this site is a rural exception site and therefore conceals some significant abnormal costs in relation to the adopted highway requirements and infrastructure costs.
- 3.3. St Marys, Ramsey is an area surrounding Ramsey which has an array of alternative shops, and businesses. To the south east of Peterborough and north east to Alconbury, Ramsey is set in the countryside within easy reach of the A1 (M). The site is on the edge of the town, leading to the countryside.

**Figure 1: - Map of the site - St Mary's, Ramsey**



- 3.4. The planning permission was specifically stated to have the access road to remain as an unadopted road and therefore planning was agreed.
- 3.5. The site is providing a significant element of social rented accommodation (8 units). Chorus are therefore using funds from their Chorus Disposal Proceeds

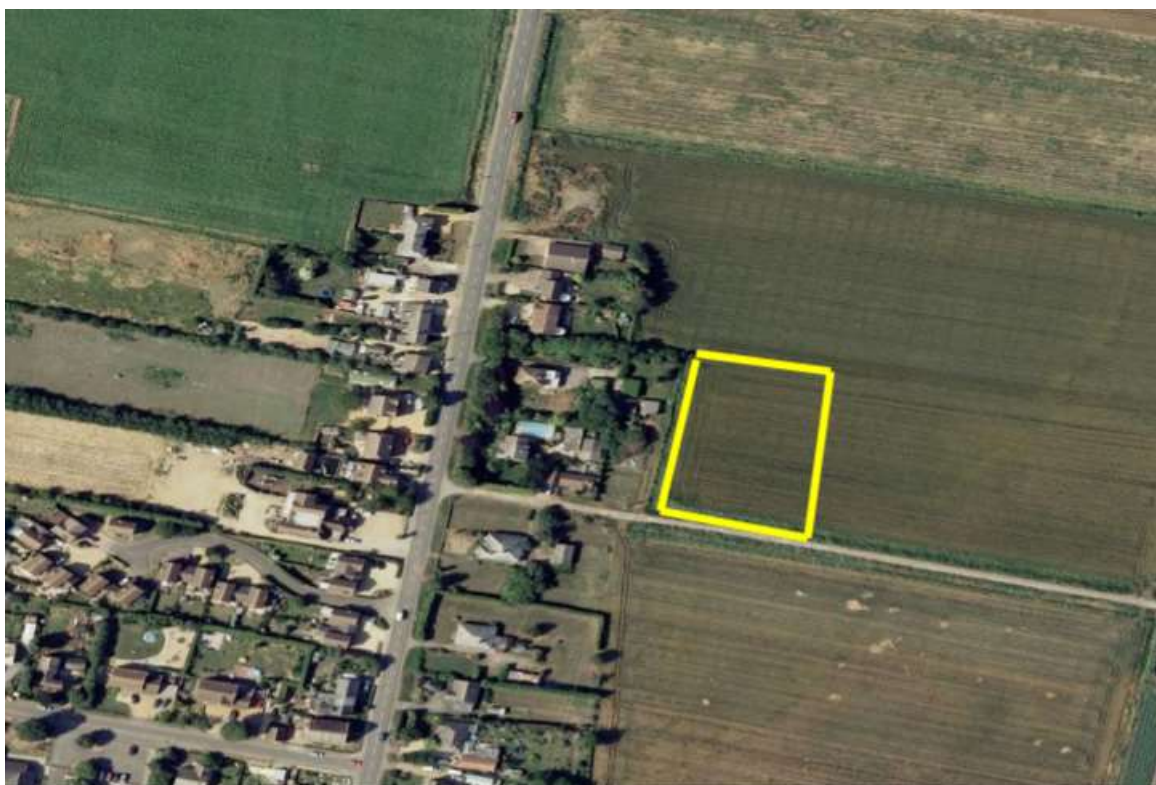
Fund pot to re-provide units but require further assistance through match funding from the Combined Authority.

Dwelling Type	m <sup>2</sup>	Type of tenure	Gross Sq. Ft	Quantity
1 x 2b/3p bungalow		Social rent	67 m2	1
2 x2b/4p house		Social rent	77m2	2
5 x 3b/5p house		Social rent	82m2	5
3 x 3b/5p house		Shared ownership	82m2	3
				11

### About Chorus Housing Group

- 3.6. Chorus Homes is part of the Places for People Group, having joined the group last year. It has since expanded its offering, supporting communities, and building many new homes across Cambridgeshire and beyond.
- 3.7. Chorus Homes Group are based in Huntingdonshire, and work closely with Huntingdonshire Council, as they are developing a number of infill sites currently.
- 3.8. Chorus Homes is focused on providing good value for money. Their customers want good quality homes and services but expect Chorus to be as efficient and effective as possible so they can keep costs down.
- 3.9. This means managing resources economically, efficiently and effectively to provide quality services and homes, and delivering year-on-year improvements in value for money.
- 3.10. The Housing Enabling officer for Huntingdonshire DC is happy with the mix of housing on the scheme. They are aware of the complexities of the site and they are aware that the use of Disposal Proceeds Funds (DPF) homes funding is being used alongside Combined Authority grant to help provide the units.
- 3.11. Middlemore Road is a smallish rural exception site, and therefore does not benefit from economies of scale. The site has abnormal costs in relation to highways costs, specifically provision of the access road and services to the site. Additionally, these are rented as Social Rent (rather than Affordable Rent) which is a commitment Chorus gave to Huntingdonshire DC some time ago.





Site location in Yellow

3.12. Chorus will be utilising some DPF, so it is effectively being funded jointly by the Combined Authority and DPF. Although it is higher than normal cost, the local authority nonetheless supports the proposals.

3.13. This would benefit the need for the area and the people in Huntingdonshire.

3.14. On receiving the original grant request form from Chorus Housing Group, the grant levels initially requested were much higher than what is now being proposed. As a result of discussions and further work with the Combined Authority through our own due diligence processes, the grant levels were brought down to a more reasonable level ensuring that Chorus could still find the site delivery as being viable and ensuring that we are getting value for money.

### **Additionality / Case for Combined Authority funding**

3.15. The proposed scheme offers the following additionality:

- The scheme will deliver 8 social rented properties and 3 shared ownership properties in accordance with the lettings policy agreed with Huntingdonshire District Council, which without Combined Authority grant support we understand will not be delivered.
- The scheme is anticipated as being delivered by Quarter 3 2021/2022

## Proposed Conditions of Grant Approval

- 3.16. It is proposed that the grant of £509,000 for the delivery of 11 new affordable homes at Middlemore Road, St Mary's, Ramsey, using the Combined Authority's modern form of grant agreement be approved subject to the following conditions;

### Pre-contract:

Confirmation of development programme, with a back-stop start on site of main contract no later than 30<sup>th</sup> September 2020.

### Post contract but pre draw-down of grant:

- i. evidence of site ownership – which we are advised Chorus own.
- ii. evidence of start on site.

## SIGNIFICANT IMPLICATIONS

### 4. FINANCIAL IMPLICATIONS

- 4.1. The applicant has provided a scheme Business Case and its supporting documentation, attached as exempt Appendix 1 to this paper.
- 4.2. Supporting this application will approve £509,000 grant from the Affordable Housing Programme at an average grant rate of £46,272 per unit for each unit affordable housing units.
- 4.3. The impact on this funding on the programme is set out below:

	Number Schemes Approved	Number of Affordable Units Funded	Combined Authority Funding Committed £
Total Affordable Housing Grants approved by Board and Committee	20	1,086	20,552,706
Total Loan & Toolbox capital committed (from £40m revolving fund)	4	43	41,520,000
<b>TOTAL TO DEC 2019</b>	<b>24</b>	<b>1,129</b>	<b>62,072,706</b>
<b>PROPOSED SCHEME FOR JAN 2020 APPROVAL</b>		1,086	
Middlemore Road, St Marys, Ramsey (Combined Authority Board 13 January)	1	11	509,000

2020: Agenda Item 3.1(a))			
Total Affordable Housing Grants if approved by Board & Committee	25	1,097	21,061,706
Affordable Housing: AVERAGE GRANT RATE PER UNIT*		1097	(21,061,706/1097) =19,199 per unit
Loan & Toolbox capital committed (from £40m revolving fund)	4	43	41,520,000
<b>TOTAL IF JAN 2020 SCHEME IS APPROVED</b>	<b>29</b>	<b>1,140</b>	<b>62,581,706</b>

## 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

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

<b><u>Background Papers</u></b>	<b><u>Location</u></b>
Housing Strategy September 2018	<a href="#">CA Board September 2018</a>
£100m Affordable Housing Programme Update Nov 2019	<a href="#">CA Board Nov 2019</a>