



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

JAMES PALMER
CAMBRIDGESHIRE &
PETERBOROUGH MAYOR

HOUSING AND COMMUNITIEE COMMITTEE	AGENDA ITEM No: 2.1
9 MARCH 2020	PUBLIC REPORT

£100m AFFORDABLE HOUSING PROGRAMME (NON-GRANT): CAMBRIDGE CITY, HISTON ROAD, DEVELOPMENT LOAN TO LARAGH HOMES

1.0 PURPOSE

- 1.1. Subject to further information to be provided to the Committee by the Director of Housing & Development, to seek approval from the Board for the provision of a loan facility to Histon Road Development LLP for the development of a 27 unit housing scheme at 295-301 Histon Road, Cambridge, CB4 3NF
- 1.2. The loan will be used to acquire the land and develop the site of 27 housing units that will include 10 affordable residential units.
- 1.3. Through this transaction the site will be delivered, without which the developer has advised that this will not happen due to constraints of a lack of funding from traditional High Street lenders and willing equity partners in the current economic climate.
- 1.4. Providing the loan will enable 10 affordable units to be delivered under the current S106 agreement, without which the scheme will not proceed in the foreseeable future. No grant is requested or involved.

<u>DECISION REQUIRED</u>	
Lead Member:	Councillor Chris Boden, Lead member for Housing and Chair of the Housing and Communities Committee
Lead Officer:	Roger Thompson, Director of Housing and Development
Forward Plan Ref: n/a	Key Decision: No
<p>Subject to further information which will be provided by the Director of Housing & Development, the Housing and Communities Committee is recommended to:</p> <p>(a) Recommend that the Combined Authority Board approve the provision of a loan facility to Histon Road Developments LLP for a scheme of 27 units</p> <p>(b) Recommend that the Combined Authority Board delegate authority to the Director of Housing and Development, in consultation with the Monitoring Officer and the Lead Member for Investment and Finance, to conclude any necessary legal documentation, including the determination of the interest rate to be charged and the security for the loan by way of a first charge upon the land.</p>	<p>Voting arrangements</p> <p>Simple majority of all Members</p>

2.0 BACKGROUND

- 2.1. In order to have a selection of tools and a flexible approach in which housing delivery can be achieved and accelerated, on the 26th September 2018 the Combined Authority Board approved a flexible multi toolkit housing strategy.
- 2.2. The strategy included the provision of a rolling fund from within the £100m housing programme to be used for toolkit opportunities over and above just issuing traditional grant, such as a repayable loan agreement, as is being proposed in this paper.

A flexible multi-toolkit approach



2.3. The approved Housing Strategy included the following policy commitments:

- (a) Under paragraph 3.17 to promote all housing that is in addition to the existing development pipeline.
- (b) Under section 3.18 there is a commitment to being creative and using a range of financial delivery mechanisms that have not traditionally been a public sector method to support and deliver housing.
- (c) This proposal is further supported by paragraph 3.23 to encourage the best use of all property assets
- (d) Under 3.24 to helping to accelerate schemes using financial mechanisms in the toolbox.
- (e) Under 3.25 to more enabling action including loans
- (f) Under 3.27 to taking the initiative on more direct interventions as exemplified in the toolbox above.

2.4. The site has a reserved matters planning approval from Cambridge City Council from 17th December 2019. However, to deliver the development, the developer needs a source of funding to enable a prompt delivery of the scheme. Without funding support the development of much needed affordable housing will not progress. The intention is that Laragh House Developments Ltd, having already acquired the property, will initiate the development through their LLP subsidiary created specifically to deliver this development.

2.5. The site is located to the rear of 295-301 Histon Road, Cambridge and is shown in red in Appendix 2.

3.0 PROPOSAL & CONDITIONS

- 3.1. The Director of Housing & Development will be providing further information to the Committee as to the detail of the proposal and the conditions to be attached.

4.0 FINANCIAL IMPLICATIONS

- 4.1. Subject to further information to be provided by the Director of Housing & Development, it is proposed that the Combined Authority provides a loan to Histon Road Developments LLP. Detailed financial implications will be provided in the light of that further information.

5.0 LEGAL IMPLICATIONS

- 6.1 At its meeting on the 26 September 2018, the Combined Authority Board agreed by a majority to:
- a) agree the approach to delivering the Housing Strategy set out in the 31Ten report in Appendix 1 of the report.
 - b) agree the concept of creating a revolving fund of monies from within the £100m programme for housing investment, to run within and beyond the 5 year programme.
- 6.2 The Combined Authority has the ability to lend under s.12 Local Government Act 2003 "power to invest" as well as under its general power of competence under the Cambridgeshire and Peterborough Combined Authority Order 2017 provided that it is compliant with European state aid rules.
- 6.3 In making any such investment the Authority is required to have regard to the government's statutory guidance on Local Government Investment (section 15 Local Government Act 2003) and specific guidance published by the Chartered Institute of Public Finance and Accountancy.
- 6.4 A first charge will be taken over the property and only released as sales are being completed and loan re-payments made.
- 6.5 The devolution deal of June 2016 placed no particular restrictions on the use of the £100m housing programme for such purposes. The £100m must be used for delivering housing and growth.

6.0 APPENDICES

- 6.1. None

<u>Source Documents</u>	<u>Location</u>
List background papers:	

Reports and minutes of the Combined Authority Board 26 September 2018	<u>Combined Authority Board 26 September 2018</u>
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