



Agenda Item No: 2.1

£100M AFFORDABLE HOUSING PROGRAMME

To:	Housing and Communities Committee
Date:	15 March 2021
Public Report:	Yes
Lead Member:	Councillor Chris Boden, Leader Member for Housing and Chair of Housing and Communities Committee
From:	John Hill, Chief Executive; Kim Sawyer, Chief Executive and Roger Thompson, Director Housing and Development
Key Decision:	No
Forward Plan ref:	N/A
Recommendations:	<p>The Housing and Communities Committee is requested to recommend to the CPCA Board to:</p> <ul style="list-style-type: none">(i) approve the revised proposals for the future delivery and completion of the £100m Affordable Housing Programme as outlined in paragraph 3.3.(ii) note the revised arrangements for the operation and completion of the £70m Cambridge City Housing Programme(iii) instruct the Chief Executives to inform the MHCLG of the recommendation as agreed and bring forward a report to the Board the arrangements for the implementation of the revised scheme.
Voting Arrangements:	A simple majority of all Members

1. PURPOSE

- 1.1 To update on the £100m affordable housing programme and £70m Cambridge City Council affordable housing programme.

2. BACKGROUND

- 2.1 The MHCLG have now notified the CPCA of the outcome of their review of the £100m affordable housing programme and the Cambridge City Council £70m programme. Paragraph 3.3 outlines the proposed arrangements for the completion of the two affordable housing programmes.

3. MHCLG RESPONSE

- 3.1 Members will recall that the MHCLG review was focused on three key issues, specifically:

- Programme end date March 2021 or March 2022
- Receipt of £45m of the outstanding funding
- Inclusion or otherwise of the 243 units (or part) already captured as starts on site at Northstowe.

The MHCLG response also addresses the operation of the remainder of the funding to ensure value for money and additionality. In addition, it sets out revised arrangements for the operation of City's £70m affordable housing programme.

- 3.2 In summary, MHCLG have concluded that they cannot support the £100m Affordable Housing Programme in its current operation including the ineligibility of the 243 units at Northstowe. Nevertheless, MHCLG have made revised proposals to ensure continual delivery of affordable housing to 2022.

These revised proposals reflect a number of MHCLG concerns, specifically that the grant element of the fund has generated 403 qualifying starts and an average intervention rate of £41k per home.

- 3.3 The revised offer is summarised below.

MHCLG will make further funding available to the CPCA for the delivery of affordable housing up to 31 March 2022 subject to the following conditions

- CPCA **invest all returning loan funding** into schemes that will maximise additional starts by March 2022, or as soon as possible thereafter, where loan funding will not be returned in time to invest in schemes with starts by 31 March 2022.
- All **schemes must first be funded from the £55m** already provided by MHCLG, except where funding is already out on loan and will not have been repaid to the CPCA by 31 March 2022.
- MHCLG will only provide **additional funding for unfunded schemes** that will both deliver additional starts by 31 March 2022 and be able to demonstrate an

average intervention rate on par with the Department's own Affordable Homes Programme. We expect that intervention rate to be capped at c.£45k per unit. However, as intervention rates are scheme specific and dependant on the tenure mix being delivered, this will be routinely reviewed in the monitoring process.

- CPCA will need to provide **evidence on a scheme-by-scheme basis** of meeting: additionality requirements (as defined by Homes England and in 'The Capital Funding Guide'); required intervention rate; and start date, in advance of payment by MHCLG.
- My department will undertake a monitoring regime of the programme and evidenced claims will be required in order to approve schemes and authorise payments.
- Publication of agreed monitoring and milestone progress reports will ensure transparency of the regime and support local accountability for the delivery of this fund.

(For the purposes of clarity, these arrangements do not allow any further allocations from the £100m affordable housing programme for the revolving fund).

- Release the final allocation of the £15m for 2020/21 to passport to Cambridge City Council. From 2020/21, the CPCA will cease its role as agreed and confirmation that the grant will be paid directly to the Council.

- 3.3 Members are requested to recommend the acceptance of these revised proposals. MHCLG have requested acceptance or otherwise by 17 March 2021, as this occurs before next CPCA Board, the Chief Executive will share with MHCLG the outcome of this Committee in the interim.

4. **FINANCIAL IMPLICATIONS**

- 4.1 The financial implications of these revised proposals will be finalised and presented to the next Housing and Communities Committee following discussions with Government officials on implementation arrangements.

5. **LEGAL IMPLICATIONS**

- 5.1 None.

6. **APPENDICES**

- 6.1 None

7. **BACKGROUND PAPERS**

- 7.1 Letter from Luke Hall MP, Minister of Housing, Communities and Local Government to Members of CPCA Board Members, 11 March 2021.