

£100 Million Affordable Housing Programme: Heylo Portfolio

To:	Housing and Communities Committee
Meeting Date:	15 March 2021
Public report:	This report contains an appendix which is exempt from publication under Part 1 of Schedule 12A of the Local Government Act 1972, as amended, in that it would not be in the public interest for this information to be disclosed (information relating to the financial or business affairs of any particular person (including the authority holding that information)). The public interest in maintaining the exemption outweighs the public interest in publishing the appendices.
Lead Member:	Councillor Chris Boden Lead Member for Housing and Chair of Housing and Communities Committee
From:	Roger Thompson, Director of Development and Housing
Key decision:	Yes
Forward Plan ref:	2021/014
Recommendations:	<p>The Housing and Communities Committee is recommended to:</p> <p>a) Commit grant funding of £2,168,625 from the £100m Affordable Housing programme to enable delivery of 60 affordable homes of shared ownership homes all over the region, East Cambridgeshire, Peterborough City Council and Huntingdonshire.</p>
Voting arrangements:	A simple majority of all Members.

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 A grant from the Combined Authority's Affordable Housing Programme of £2,168,625 is sought for 60 Homes, all shared ownership units at 4 sites to be acquired by Heylo. The sites are Alconbury Weald and Judith Gardens in Huntingdonshire, Pemberton Park, Witchford, East Cambridgeshire and Bayard Plaza, Peterborough, all adding additional affordable housing units towards the CPCA 2,000 unit affordable housing target.

2. Background

- 2.1 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.
- 2.2 The Combined Authority Housing Strategy 2018 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, deliver and create additional affordable housing is one of these tools.
- 2.3 The proposed sites requesting grant from the £100m Affordable Housing Programme are all currently on site and under construction nearing completion. This portfolio is spread across 4 sites, offering different property sizes towards shared home ownership, from flats or apartments to houses.
- 2.4 Below is a table referring to the unit types, size, and tenure types. They refer to Nationally Described Space Standards.

Description/ Type of unit	Number of Units	Size (sqm)	NDSS Standard (sqm)	Meets NDSS	% of NDSS
ALL SHARED OWNERSHIP PROPERTIES					
BAYARD PLAZA – PETERBOROUGH					
20 X 2B/3P	20	54-60	61	N	88-99
14 X 2B/3P	18	61-61+	61	Y	101
2 X 2B/4P	2	70	70	Y	100
ALCONBURY WEALD – HUNTS					
2 X 3B/5P	2	95	93	Y	102
JUDITH GARDENS - HUNTS					
4 X 3B/4P	4	87	84	Y	104
6 X 3B/6P	6	103	102	Y	101

PEMBERTON PARK, ELY					
2 X 2B/4P	2	79	79	Y	100
3 X 3B/4P	3	86	84	Y	102
3 X 3B/6P	3	103	102	Y	101
Total	60				

- 2.5 All the sites except for Bayard Plaza are new build. Bayard Plaza is former office building being converted to residential. This used to be the old Peterborough Council office and has been converted into high quality flats in the centre of the town with excellent public transport links.

Heylo Housing

- 2.6 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.
- 2.7 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.
- 2.8 The East Cambridgeshire Strategic Housing Team supports Heylo's proposal to deliver additionality on the site at Pemberton Park, Witchford through the purchase of eight market dwellings and for them to be converted to shared-ownership properties. This proposal will help to deliver more low-cost affordable home ownership properties in Witchford as well as helping to meet the ongoing housing need across East Cambridgeshire.
- 2.9 The Peterborough Housing Enabling Officer supports the units being converted from market units to shared ownership units at Bayard Plaza. The units will help to provide a shared ownership opportunity for local people in the centre of Peterborough.
- 2.10 The Huntingdonshire Housing Enabling Officer supports the extra units and is supportive of the delivery of 12 additional homes, 2 units on the Alconbury Weald site, and 10 units at Judith Gardens, Sawtry. These units will help with the continuing need of affordable housing through shared ownership in the area.

Significant Implications

3. Financial Implications

3.1 **Additionality case for Combined Authority Funding**

The CPCA grant will enable **an additional 60 units as a tenure conversion**, from market housing to shared ownership units from across 4 sites, to be provided as part of the CPCA 2,000 starts on site homes target by March 2022.

All the units represent a conversion of open market housing units to affordable housing units and therefore offer clear additionality.

3.2 Proposed Condition of Grant Approval

It is proposed that the grant of £2,168,625 will help with the delivery of 60 tenure conversion homes, subject to the following conditions: -

After execution of the grant funding agreement but pre-draw-down of phased grant payments by way of two (2) instalments:

- i. To provide grant draw down, once start on site has been evidenced
- ii. To provide grant draw down once practical completion has been established.

3.3 Supporting this application by providing £2,168,625 from the Affordable Housing Programme is at an average grant rate of £36.144k per unit.

	Number Schemes Approved	Number of Affordable Units Funded	CPCA Funding Committed £
Total after Jan 2021 Committee	49	1,741	60,999,099
total due to losses of units/approved schemes	2	78	3,365,000
Total before Mar 21 Committee	47	1,663	57,634,099
PROPOSED SCHEME FOR March 2021 COMMITTEE APPROVAL			
Heylo Portfolio - 4 sites CPCA	1	60	2,168,625
Total Affordable Housing Grants if approved by Board	48	1,723	59,802,724

Affordable Housing:
AVERAGE GRANT
RATE PER UNIT*

£34.7k

**Maximum Net Loan
Value**

Loan & Toolbox capital committed (from £40m revolving fund)	5	55	39,846,817
Total Loan Value Excluding repayments £51.1m			
TOTAL IF MAR 2021 SCHEME IS APPROVED	53	1,778	99,649,541

4. Legal Implications

- 4.1 The recommendation accords with the Combined Authority's powers under Part 4 Article 11 of the Cambridgeshire and Peterborough Combined Authority Order 2017 (SI 2017/251).
- 4.2. 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

5. Other Significant Implications

- 5.1 None

6. Appendices

- 6.1 Appendix 1 — Exempt papers, including the Business Case, and any supporting evidence

7. Background Papers

- 7.1 None.

Address where any papers can be obtained:

72 Market Street
Ely
Cambridgeshire CB7 4LS