

£100 Million Affordable Housing Programme: YBS (Yorkshire Building Society), Lynch Wood, Peterborough PE2 6WZ - Rentplus

To: Housing and Communities Committee

Meeting Date: 6 September 2021

Public report: This report contains appendices which are 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 Lewis Herbert - 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: 2021/012

Recommendations: The Housing and Communities Committee is recommended to:

- a) Committing grant funding of £4,320,000 from the £100m Affordable Housing programme to enable delivery of 96 affordable new homes, with Rentplus, in Peterborough. **Subject to confirmation of the release of balancing monies for the £100m programme from BEIS & MHCLG and MHCLG approving the Rentplus delivery model. Rentplus will be required to offer these properties through the Council's Choice Based Lettings scheme.**
- b)

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 £4,320,000 is sought for 96 flats, from the former office building the Yorkshire Building Society, Lynch Wood, Peterborough. This will be an office to residential conversion permitted development, which will be acquired by Rentplus.

2. Background

- 2.1 The Housing and Development Team at the Combined Authority is working with officers in all partners 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 and deliver additional affordable housing is one of these tools.
- 2.3 The proposed site requesting for grant from the £100m Affordable Housing Programme is the former Yorkshire Building Society, Lynch Wood, Peterborough. The site has recently become vacant, and Brightfield Group are looking to purchase the site and convert the site into 96 residential units, there is also a car park at the back which they looking to discuss with house builders or an RP to construct a further 40 units, in the form of houses, which will happen at a later stage.
- 2.4 Below is a table referring to the unit types, size, and tenure types. They refer to Nationally Described Space Standards. (rounded up)

Description/ Type of unit	Number of Units	Size (sqm)	NDSS Standard (sqm)	Meets NDSS	% of NDSS
YBS					
26 x1b/2p	26	49	50	N	98%
70 x 2b/3p	70	60	61	N	98.4%
Total	96				

- 2.5 The units are marginally smaller against NDSS, but as a permitted development, it is not mandatory. They are a rent to buy product rather than an affordable rented development, whereby the NDSS requirements would be in place.

Photos of the site



- 2.6 With Rentplus, the tenants move into the homes and rent for a period of 5/10/15 or 20 years, Rentplus's model is predicated on a quarter of the scheme being disposed every 5 years. Whilst the rent is at either LHA (Local Housing Allowance) or 80%, whichever the lower, they cover off any service charges or ground rents and encourage applicants to clear debt and save towards the end goal of purchasing their own home.
- 2.7 When the tenant is ready to purchase, Rentplus will gift them a 10% deposit which enables them to go to any high street lender and secure a mortgage. They are supported throughout their whole tenancy through a partner housing association (likely to be Catalyst), giving tenants all the support, they need.
- 2.8 The Housing Enabling Officer has confirmed that YBS is a Permitted Development scheme that is also exempt from planning obligations to provide affordable housing. The proposal from Rentplus to deliver all 96 units as a wholly Rent to Buy tenure scheme. This tenure offers a route to affordable homeownership. Because applicants for Rent to Buy are required to meet income and employment status criteria to be eligible (the average household income required to be eligible for a Rentplus unit is £31,600) these dwellings will not assist the council with meeting the most pressing needs of homeless households or low-income households on the housing register.
- 2.9 The housing enabling officer commented; If the CPCA is minded granting funds to these schemes, it would be beneficial if conditions could be applied requiring Rentplus to offer these properties through the Council's Choice Based Lettings scheme, so that eligible households within PCC housing waiting list, can apply and Rentplus and PCC enter into an appropriate nominations' agreement, to ensure those in greatest need have an opportunity to access the properties.

- 2.10 Both parties will work together to achieve a nominations agreement in line with Peterborough and Rentplus requests, as far possible.

Significant Implications

3. Financial Implications

3.1 Additionality case for Combined Authority Funding

The proposed scheme offers the following additionality:

- The CPCA are happy to support the creation of 96 new homes for rent to buy product in the Peterborough Council area.

It is proposed that the grant of £4,320,000 will help with the delivery of 96 new homes.

After execution of the grant funding agreement – the grant will be released on the completion of the sale of the site to Rentplus.

- 3.2 Supporting this application by providing £4,320,000 from the current Housing Programme is at an average grant rate of £45k per unit.

	Number Schemes Approved	Number of Affordable Units Funded	CPCA Funding Committed £
Previous Schemes SOS		733	
Previous schemes in June	18	1918	47,586,441
Total units lost & monies returned	2	38	1,600,000
Total of schemes approved 21-22	16	1,147	45,986,441
PROPOSED SCHEME FOR SEPTEMBER 2021 COMMITTEE APPROVAL			
HEYLO SITES, WITH SN DEVELOPMENTS & LARKFLEET	1	27	1,209,000
BAYARD PLAZA, PETERBOROUGH, RENTPLUS	1	40	1,800,000
YORKSHIRE BUILDING SOCIETY, PETERBOROUGH	1	96	4,320,000
Total Affordable Housing Grants if approved by Board	19	1,310	53,315,441

Affordable Housing:
AVERAGE GRANT
RATE PER UNIT*

£40.7k

TOTAL IF SEPTEMBER 2021 SCHEME IS APPROVED	19	2,043	53,315,441
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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) and the CPCA Constitution Chapter 10 para.3.2.6(a).

5. Other Significant Implications

- 5.1 None

6. Appendices

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

7. Background Papers

- 7.1 None