



**CAMBRIDGESHIRE  
& PETERBOROUGH**  
COMBINED AUTHORITY

<b>CAMBRIDGESHIRE AND PETERBOROUGH COMBINED AUTHORITY BOARD</b>	<b>AGENDA ITEM No: 3.1.3</b>
<b>31 JULY 2019</b>	<b>PUBLIC REPORT</b> <i>This report has an appendix which is exempt from publication as 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 as amended.</i>

## **£100m AFFORDABLE HOUSING PROGRAMME: SCHEME APPROVALS – DRAKE AVENUE, PETERBOROUGH**

### **1.0 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 Board 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 of £1,430,154 is sought from the CPCA's Affordable Housing Programme for 33 new homes for affordable rent on land at Drake Avenue, Peterborough to be delivered by Cross Keys Homes. A business case for this proposal is attached as exempt Appendix 1.

<b><u>DECISION REQUIRED</u></b>	
<b>Lead Member:</b>	<b>Cllr Graham Bull, Portfolio Holder Housing</b>
<b>Lead Officer:</b>	<b>Roger Thompson, Director of Housing and Development</b>
<b>Forward Plan Ref: 2019/037</b>	<b>Key Decision: Yes</b>
<p>The Combined Authority Board is recommended to:</p> <p>(a) Commit grant funding of £1,430,154 from the £100m Affordable Housing Programme to deliver 33 new affordable homes at a site in Drake Avenue, Peterborough.</p>	<p><b>Voting arrangements</b></p> <p>Simple majority of all Members</p>

## **2.0 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 £70 million 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 Board) 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:

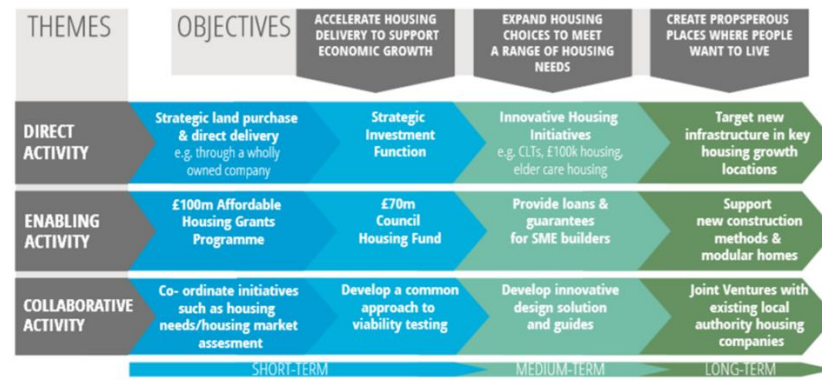


Fig 3: CPCA Housing themes and objectives/ Source: 31ten/ Inner Circle Consulting

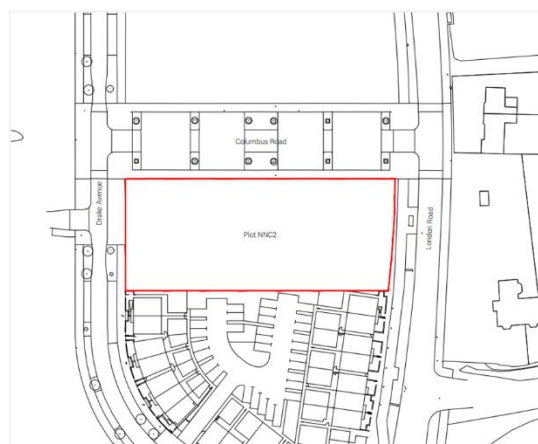
- 2.6. The Housing Strategy also approved a flexible, multi-toolkit approach as the most effective way of accelerating affordable housing delivery. The use of grant as a tool to help unlock sites and deliver additional affordable housing is one of these tools:

**A flexible multi-toolkit approach**



### 3.0 PROPOSED SCHEME FOR APPROVAL – CROWLAND ROAD, EYE GREEN, PETERBOROUGH

- 3.1. The site is a brownfield site located on land to the west of London Road, which runs directly through the New Fletton and Old Fletton suburbs of Peterborough. The site extends to approximately 0.2 hectares (0.6 acres) as outlined in the plan extract below:





3.2. The site currently has planning permission for 15 family homes with no affordable housing obligation. Cross Keys Homes is proposing to acquire the

site and that the 15 homes for market sale are converted to 33 homes for affordable rent, subject to planning approval. The affordable rent levels will be capped at the Local Housing Allowance level (Choice Based Lettings Model, Peterborough City Council). The accommodation schedule is summarised in the table below:

Dwelling type	Tenure	# Units
2 bed, 3-person apartment (61 sqm)	Affordable rent	33
TOTAL		33

3.3. A pre-application has been submitted. Cross Keys Homes have engaged in dialogue with Peterborough City Council to ensure that the scheme is policy compliant and a local lettings policy is in place.

3.4. The development programme milestones are summarised in the table below:

	Date
Acquisition	July 2019
Submit Planning	August 2019
Planning Approval	December 2019
Start on Site	May 2020
Completion	August 2021

3.5. Cross Keys Homes has applied to the Combined Authority for £1,430,154 grant to deliver 33 new affordable homes. This represents an average grant per unit of £43,338:

Scheme	# Units	Total Scheme Costs	CPCA Grant requested	Start on Site	Completion
Drake Ave, Peterborough	33	£ 4,496,162	£1,430,154	May 2020	August 2021

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

3.6. The proposed scheme offers the following additionality:

- The scheme will deliver 33 new homes for affordable rent in an area of housing need. The 33 homes will all be available for affordable rent in accordance with a local lettings policy agreed with Peterborough City Council;
- Peterborough City Council has a growing need for permanent rented homes for households currently in temporary accommodation and other households on the housing register. There are 395 households and 479 children currently in temporary accommodation awaiting rehousing, and a total of 3371 households on the Peterborough housing register. There is an approximate need for over 1,200 2-bedroom homes in Peterborough.
- The scheme will provide housing that is responsive to local housing needs;
- The proposal converts 15 market sale homes to 33 homes for affordable rent;
- The scheme will be delivered by August 2021;

- The applicant advises that the scheme's design and build contract is with a local Lincolnshire-based contractor who will engage local supply chains to deliver the project.

3.7. Peterborough City Council, Housing and Strategic Planning Manager has confirmed the additionality provided by the scheme and support for the application. Peterborough City Council, Housing and Strategic Planning Manager has confirmed the additionality provided by the scheme and support for the application. It will boost the supply of rented tenure homes in Peterborough; there is a pressing need for rented tenure homes in Peterborough arising from the high number of households in temporary accommodation awaiting rehousing, as well as other households with an identified housing need seeking assistance through the housing register. There are 395 households and 479 children currently in temporary accommodation awaiting rehousing, and a total of 3371 households on the Peterborough housing register.

"The original permission for this scheme was to deliver 15 market homes with no affordable component. Cross Keys Homes proposal to deliver the site as 33 two bedroomed apartments which will all be provided as affordable rented tenure, means that this scheme will not only deliver affordable housing that would otherwise not have been provided, but it will also focus on providing rented homes and therefore assist with tackling our most immediate housing pressures. The property size in most demand to meet housing demand from applicants on the housing register is two-bedroom dwellings which further increases the additionality to be gained from supporting this scheme."

### **Proposed Conditions of Grant Approval**

3.19. It is proposed that the grant of £1,430,154 for 33 units at Drake Avenue, Peterborough be approved subject to the following conditions:

(a) Pre-contract

- Confirmation of the development programme for the scheme, with a back-stop start on site of no later than Q1 2020/21
- Confirmation of the local lettings plan being agreed between Cross Keys Homes and Peterborough City Council

(b) Post contract but pre draw-down of grant

- Achievement of full planning
- Evidence of start on site.

## **4.0 FINANCIAL IMPLICATIONS**

4.1. This application is supported by due diligence information which has been reviewed by The Combined Authority Housing and Finance teams. A Business Case is attached as exempt Appendix 1 to this paper which includes a summary of scheme financials.

4.2. Supporting this application will approve £1,430,154 grant from the Affordable Housing Programme, subject to satisfactory completion of due diligence work.

The impact of this on the overall position of the £100 million Affordable Housing Programme is shown below:

	# Schemes Approved to date	# Units Funded	CPCA Funding Committed £
Affordable Housing Grants	13	757	7,357,452
Loan & Toolbox Investments	4	56	37,007,335
<b>TOTALS</b>	<b>17</b>	<b>813</b>	<b>44,364,787</b>
Proposed Schemes: Affordable Housing Grants			
Werrington, Peterborough Affordable Housing Grant (CPCA Board 31 July 2019: Agenda Item 3.1(a))	1	88	3,845,600
Crowland Road, Eye Green, Peterborough (CPCA Board 31 July 2019: Agenda Item 3.1 (b))	1	25	875,000
Drake Avenue, Peterborough (CPCA Board 31 July 2019: Agenda Item 3.1 ©)	1	33	1,430,154
Affordable Housing Grants TOTAL	16	903	13,508,206
Affordable Housing Grants: AVERAGE GRANT PER UNIT			14,959
Loan & Toolbox Investments TOTAL	4	56	37,007,335
<b>TOTALS IF SCHEMES APPROVED</b>	<b>20</b>	<b>959</b>	<b>50,515,541</b>

## 5.0 LEGAL IMPLICATIONS

- 5.1. The Combined Authority has authority under section 1 Localism Act 2011 to exercise a general power of competence. The Combined Authority can exercise this power by virtue of the Cambridgeshire and Peterborough Combined Authority Order 2017. This power permits the Combined Authority to make grants to providers in order to deliver the terms of the devolution deal signed with Government.

## 6.0 SIGNIFICANT IMPLICATIONS

- 6.1. There are no significant implications to consider in this paper.

## 7.0 EXEMPT APPENDIX

- 7.1. This paper is supported by the following appendix which is exempt from publication as 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.

- (a) Exempt Appendix 1 – Business Case

<b><u>Source Documents</u></b>	<b><u>Location</u></b>
List background papers: CA Board report September 2018	<a href="https://cambridgeshirepeterboroughcagov.cmis.uk.com/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/913/Committee/63/Default.aspx">https://cambridgeshirepeterboroughcagov.cmis.uk.com/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/913/Committee/63/Default.aspx</a>
Housing and Communities Committee July 2019 - £100m Housing and Communities Committee Affordable Housing Programme Update	<a href="https://cambridgeshirepeterboroughcagov.cmis.uk.com/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/879/Committee/65/Default.aspx">https://cambridgeshirepeterboroughcagov.cmis.uk.com/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/879/Committee/65/Default.aspx</a>