



HOUSING AND COMMUNITIES COMMITTEE	AGENDA ITEM No: 2.4 (iii)
09 NOVEMBER 2020	PUBLIC REPORT Appendix 1 to this report is exempt from publication because 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. It is considered that the public interest in maintaining the exemption would outweigh the public interest in disclosing the information.

**£100M AFFORDABLE HOUSING PROGRAMME SCHEME APPROVALS
(NOVEMBER 2020) ALL ANGELS PARK, HIGHFIELDS, CALDECOTE, SOUTH
CAMBRIDGESHIRE**

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 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 Affordable Housing programme of £247,999 is sought for a further 5 shared ownership additional units, at All Angels Park, Highfields, Caldecote.**
- 1.4. A new Business Case for this proposal is attached as exempt Appendix 1.

<u>DECISION REQUIRED</u>	
Lead Member:	Councillor Chris Boden, Lead Member for Housing and Chair of Housing and Communities Committee
Lead Officer:	Roger Thompson, Director of Housing and Development
Forward Plan Ref: 2020/062	Key Decision: Yes

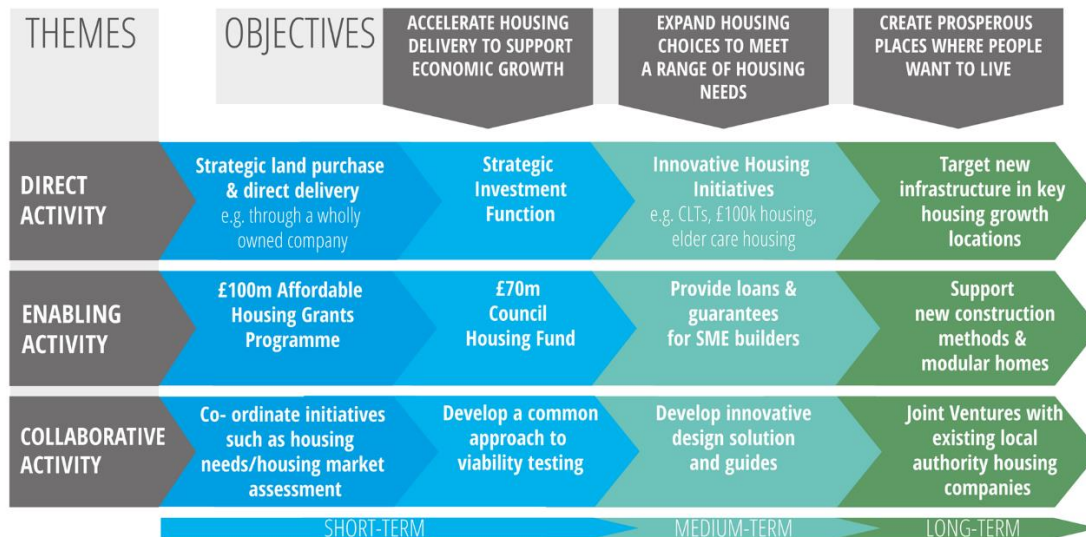
<p>The Housing and Communities Committee is recommended to:</p> <p>(a) Commit grant funding of £247,999 from the £100m Affordable Housing programme to enable delivery of an additional 5 shared ownership homes at All Angels Park, Highfields, Caldecote - Subject to confirmation of the release of balancing monies for the £100m programme from BEIS & MHCLG</p>	<p>Voting arrangements:</p> <p>Simple majority of all Members</p>
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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.

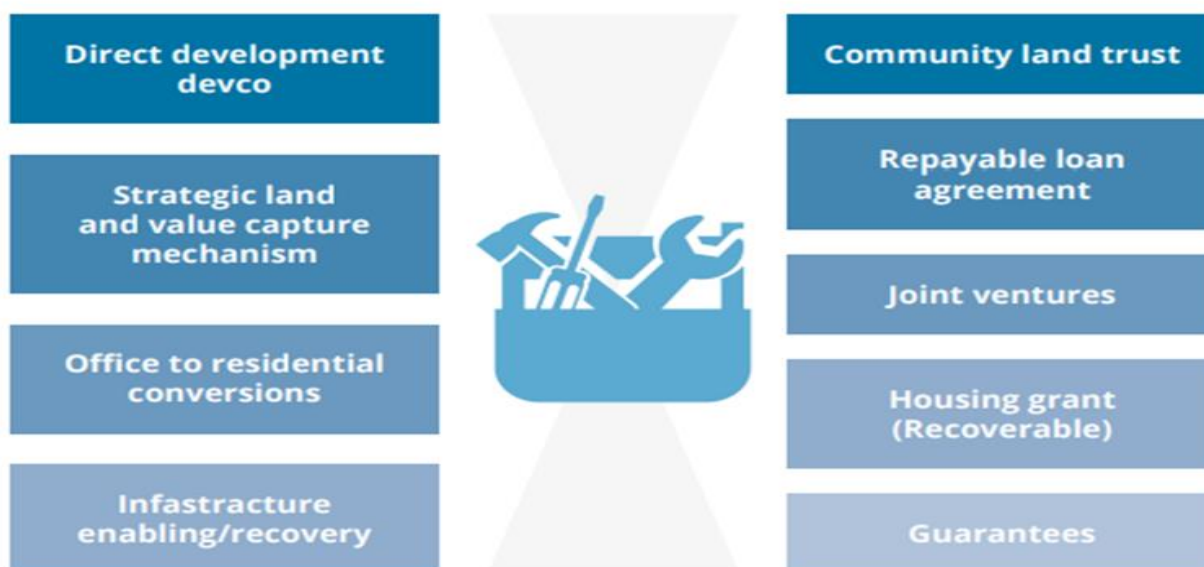
Combined Authority Housing Programme

- 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 £70m 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 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.
- 2.5. The Combined Authority Housing Strategy was approved by the Board in September 2018 and included three core objectives as illustrated in the figure overleaf:



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



2.7. Full performance updates relating to the programme are presented to the Housing and Communities Committee at every meeting. Both the £100m & £70m programmes (within the overall £170m programme) are on track to achieve their targets by March 2022.

3.0 PROPOSED SCHEME FOR APPROVAL

ALL ANGELS PARK, HIGHFIELDS, CALDECOTE, SOUTH CAMBRIDGESHIRE

- 3.1. This proposal is to take five properties being built for open market sale and to undertake a tenure conversion to affordable housing as shared ownership units over and above any planning requirements. The properties will be built by Vistry under their Linden Homes brand to their standard market specification and sold alongside their market properties.
- 3.2. Purchasers currently unable to purchase the property on the open market will have the opportunity to purchase through shared ownership.
- 3.3. Heylo Housing will acquire the property after purchasers have been identified at the stage of onward sales completion. The property will be simultaneously transferred to Heylo Housing Registered Provider Limited who will issue a shared ownership lease to the purchaser.

Figure 1: - Highfields, Caldecote



Figure 2: - Area Plan

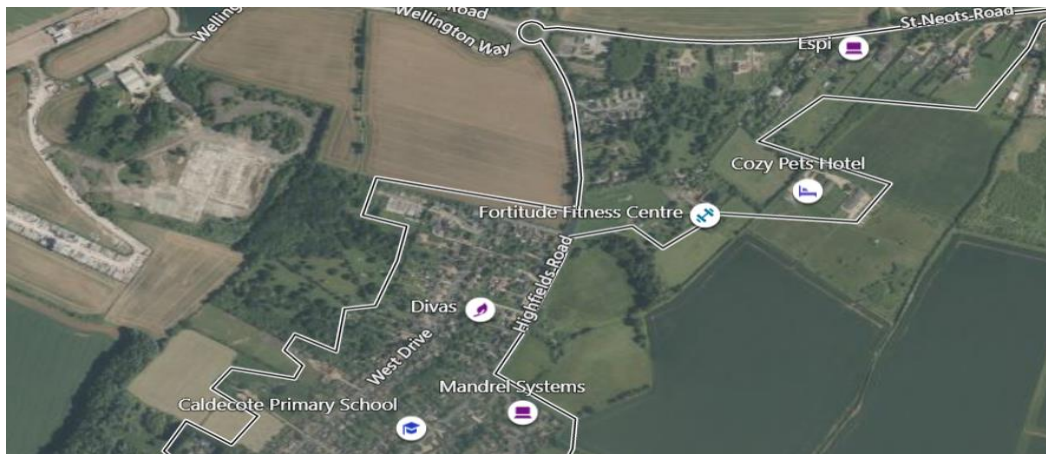


Figure 3: - Site and Access



3.4. Heylo has agreed Heads of Terms with Vistry to acquire these 5 properties making up this proposal. Both parties will enter into a Sale and Purchase Agreement following grant approval by CPCA.

3.5. Below are the dwelling types, tenure types and bedroom sizes.

Description/ Type of unit	Number of Units	Size (sqm)	NDSS Standard (sqm)	Meets NDSS	¹ % of NDSS
Shared Ownership					
1 x 3b/5p	1	88	93	No	95%
3 x 3b/4p	3	80	84	No	95%
1 x 2b/4p	1	73	79	No	92%
Total	5				

About Heylo Housing

3.6. 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 1,000 in their pipeline.

3.7. 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

¹ Numbers are rounded up in some instances.

- 3.8. This proposal is for Heylo to work with this house builders Linden Homes to enable increase the supply of affordable home ownership through shared ownership on this sites currently under development. Delivery will be in addition to affordable housing planning requirements.
- 3.9. Property sales values are shown on the attached schedule. It is anticipated that purchasers will acquire 50% initial shares. The unsold equity is therefore expected to be 50%. A rent of 2.75% will be payable by purchasers on the unsold equity with annual reviews set at RPI + 0.5%.
- 3.10. Vistry has secured full planning consent for these sites and they are currently under development. The properties are not subject to any existing S106 or affordable housing requirements.
- 3.11. The Housing Enabling Officer for South Cambridgeshire District Council can confirm her support for this bid. The opportunity of having such units is very welcome and the range of property sizes will be beneficial to meeting needs on the housing register.

Additionality / Case for Combined Authority funding

3.12. The proposed scheme offers the following additionality:

- The CPCA are happy to support the creation of 5 additional shared ownership units in South Cambridgeshire.
- South Cambridgeshire suffers from unaffordability issues and providing shared ownership products allows people to secure affordable housing in the region.
- **This proposal is converting open market units to affordable shared ownership units, over and above any planning requirements.**

Proposed Conditions of Grant Approval

3.13. It is proposed that the grant of £247,999 will help with the delivery of 5 new shared ownership homes within the CPCA region to be approved subject to the following conditions:

After execution of the grant funding agreement but pre draw-down of phased grant payments by way of one (1) instalment:

- i. To pay the grant in a one-off payment once the properties are acquired. With proof of a statement of acquisition from Heylo's Solicitors or proof of Practical Completion.

4.0 SIGNIFICANT IMPLICATIONS

4.1 None.

5.0 FINANCIAL IMPLICATIONS

- 5.1 The applicant will provide new a scheme Business Case, with the necessary documentation and this will be presented as Appendix 1.
- 5.2 Supporting this application will approve and additional grant of £247,999 from the Affordable Housing Programme at an average grant rate of £49.6k per unit.
- 5.3 The impact on this funding on the programme is set out below: -

	Number Schemes Approved	Number of Affordable Units Funded	CPCA Funding Committed £
Total before Nov 2020 Committee	33	1,536	39,698,271
PROPOSED SCHEME FOR NOVEMBER 2020 COMMITTEE APPROVAL			
9-17 HAWES LANE, WICKEN, EAST CAMBRIDGESHIRE.	1	16	640,000
MORE'S MEADOW, GREAT SHELFORD, SOUTH CAMBRIDGESHIRE	1	21	1,008,000
ALL ANGELS PARK, HIGHFIELDS, CALEDNOTE	1	5	247,999
Total Affordable Housing Grants if approved by Board	36	1,578	41,594,270

Affordable Housing:
AVERAGE GRANT
RATE PER UNIT* £26.4k

Maximum Net Loan
Value

Loan & Toolbox capital committed (from £40m revolving fund)	5	53	39,846,817
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Total Loan Value Excluding repayments £51.1m

TOTAL IF NOV 2020 SCHEME IS APPROVED	41	1,631	81,441,087
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4.0 LEGAL IMPLICATIONS

- 4.1. The recommendation accords with CPCA'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.

5.0 APPENDICES

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

<u>Background Papers</u>	<u>Location</u>
Housing Strategy September 2018	<u>CA Board September 2018</u>