



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

HOUSING AND COMMUNITIES COMMITTEE	AGENDA ITEM No: 2.2 (iii)
13 JANUARY 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

MARKET HOUSES FOR TENURE CONVERSION AT ALCONBURY WEALD AND MANDERVILLE PLACE, HUNTINGDONSHIRE - HEYLO HOUSING

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 a proposed scheme for approval of grant funding in the context of the overall investment pipeline for the Combined Authority's £100m programme.
- 1.3. Grant from the Combined Authority Affordable Housing programme of £819,800 is sought for the tenure conversion of 17 completed units, all to be shared ownership at two sites, Alconbury Weald and Manderville Place, Huntingdonshire. A Business Case for this proposal is attached as exempt Appendix 1.

<u>DECISION REQUIRED</u>	
Lead Member:	[TBC]

Lead Officer:	Roger Thompson, Director of Housing and Development
Forward Plan Ref: 2020/001	Key Decision: Yes
<p>The Housing and Communities Committee is recommended to:</p> <p>(a) Commit grant funding of £819,800 from the £100m Affordable Housing programme to enable the delivery of 17 shared ownership affordable homes in Alconbury Weald and Brampton, Huntingdonshire</p>	<p>Voting arrangements:</p> <p>Simple majority of all Members</p>

2. 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.

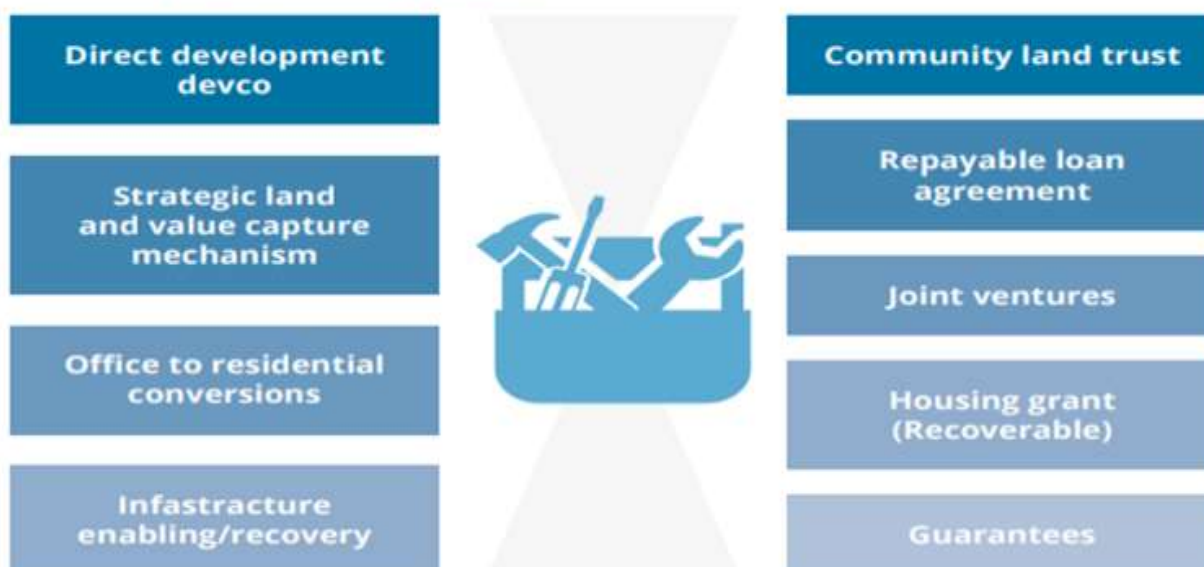
Combined Authority Housing Programme

- 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 below:



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. PROPOSED SCHEME FOR APPROVAL

MARKET HOUSES FOR TENURE CONVERSION AT ALCONBURY WEALD, ALCONBURY AND MANDERVILLE PLACE, BRAMPTON HUNTINGDONSHIRE

- 3.1. An opportunity has arisen to increase the supply of affordable housing provision by converting the tenure of properties built for market sale to shared ownership. The properties are currently under construction by Crest Nicholson on their Alconbury Weald and Manderville Place developments in Alconbury.
- 3.2. This proposal is to enable 17 properties built for open market sale to be sold through shared ownership. The properties on both sites are being built by Crest Nicholson to their standard market specification and sold alongside their market properties. Prospective purchasers currently unable to afford to purchase the property on the open market will have the opportunity to purchase through shared ownership. Heylo Housing Group Ltd will acquire the property as purchasers are identified. The property will then be simultaneously transferred to Heylo Housing Registered Provider Limited who will issue a shared ownership lease to the purchaser
- 3.3. Crest Nicholson have secured full planning consent for both sites and they are currently under development. The properties are not subject or part of any existing S106 or affordable housing requirement.
- 3.4. Properties will reach build completion from Jan 2020 through to September 2020. Grant payments will only be made following onward sale to an eligible shared ownership purchaser.

Figure 1: - Alconbury Weald.



Figure 2: - Mandeville Place, Bampton



Figure 3: - Dwelling type with size of unit

Estate Name	Dwelling Type	Gross Sq. Ft	Quantity
Alconbury Weald	3 bed semi detached	981	1
Alconbury Weald	3 bed semi detached	1054	1
Alconbury Weald	3 bed semi detached	1054	1
Alconbury Weald	3 bed detached	1011	1
Alconbury Weald	2 bed semi detached	805	1
Alconbury Weald	3 bed detached	1011	1
Alconbury Weald	2 bed semi detached	805	1
Alconbury Weald	3 bed semi detached	926	1
Alconbury Weald	3 bed semi detached	926	1
Alconbury Weald	2 bed semi detached	805	1
Alconbury Weald	2 bed semi detached	805	1
Alconbury Weald	3 bed detached	1011	1
Mandeville Place	3 bed detached	1040	1
Mandeville Place	3 bed semi detached	1048	1
Mandeville Place	2 bed terraced	958	1
Mandeville Place	2 bed terraced	958	1
Mandeville Place	2 bed terraced	958	1

About Heylo Homes

- 3.5. Heylo 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 the pipeline.
- 3.6. Heylo is a specialist shared ownership provider. Heylo has branded its product Home Reach, it is shared ownership using the Homes England standard form of 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.
- 3.7. This proposal is for Heylo to work with this house builder Crest Nicholson to enable increase the supply of affordable home ownership through shared ownership on two sites currently under development. Delivery will be in addition to affordable housing planning requirements.
- 3.8. The Housing Enabling officer for Huntingdonshire DC is happy with the mix of housing in the proposal, as it helps increase the need of suitable accommodation in their borough. This would benefit the need for the area and for the people in Huntingdonshire.
- 3.9. People from Huntingdonshire who require shared ownership homes are referred to Help to Buy East and South East which is managed by the Council choice Homebuy Agent. Heylo will use this Homebuy agent to help house mainly local people.
- 3.10. On receiving the original grant request from Heylo Housing, the grant levels requested were much higher than what is now being proposed. As a result of discussions, negotiation and further work with the Combined Authority, the grant levels were brought down to a more reasonable level whilst ensuring that Heylo still have a viable model scheme. Through our own due diligence processes, we are confident that we are ensuring we are getting value for money.

Additionality / Case for Combined Authority funding

3.11. The proposed scheme offers the following additionality:

- Heylo has agreed Heads of Terms with Crest Nicholson to acquire the 17 properties making up this proposal. Both parties will enter into a Sale and Purchase Agreement following grant approval by the Combined Authority.

- Crest Nicholson have secured full planning consent for both sites and they are currently under development. The properties are not subject to any existing S106 or affordable housing requirements

Proposed Conditions of Grant Approval

3.12. It is proposed that the grant of £819,800 for the delivery of 17 affordable homes at Alconbury Weald and Manderville Place, Huntingdonshire, using the Combined Authority's modern form of grant agreement, be approved subject to the following conditions;

Pre-contract:

Heylo has agreed Heads of Terms with Crest Nicholson to acquire the 17 properties making up this proposal. Both parties will enter into a Sale and Purchase Agreement following grant approval by CPCA

Post contract but pre draw-down of grant:

- i. evidence of ownership.
- ii. evidence of sale to new occupier

SIGNIFICANT IMPLICATIONS

4. FINANCIAL IMPLICATIONS

4.1. The applicant has provided a scheme Business Case and its supporting documentation, attached as exempt Appendix 1 to this paper.

4.2. Supporting this application will approve £819,800 grant from the Affordable Housing Programme at an average grant rate of £48,244 per unit of affordable housing.

4.3. The impact on this funding on the programme is set out below:

	Number Schemes Approved	Number of Affordable Units Funded	Combined Authority Funding Committed £
Total Affordable Housing Grants approved by Board and Committee	20	1,086	20,552,706
Total Loan & Toolbox capital committed (from £40m revolving fund)	4	43	41,520,000
TOTAL TO DEC 2019	24	1,129	62,072,706
PROPOSED SCHEME FOR JAN 2020 APPROVAL	3	1,086	

Middlemore Road, St Marys, Ramsey (Combined Authority Board 13 January 2020: Agenda Item 3.1(a))	1	11	509,000
Stilton, Rear of 26-34 High Street, Peterborough	1	42	1,570,000
Alconbury Weald & Mandeville Place, Hunts	1	17	819,800
Total Affordable Housing Grants if approved by Board and Committee	27	1	23,451,506
Affordable Housing: AVERAGE GRANT RATE PER UNIT*		1,156	(23,451,506/1,156) =20,286 per unit
Loan & Toolbox capital committed (from £40m revolving fund)	4	43	41,520,000
TOTAL IF JAN 2020 SCHEME IS APPROVED	31	1,199	64,971,506

5. LEGAL IMPLICATIONS

- 5.1. The Cambridgeshire and Peterborough Combined Authority Order 2017 granted the Combined Authority a power of general competence. 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. APPENDICES

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

<u>Background Papers</u>	<u>Location</u>
Housing Strategy September 2018	CA Board September 2018
£100m Affordable Housing Programme Update Nov 2019	CA Board Nov 2019