



To: Executive Councillor for Housing (and Deputy Leader): Councillor Catherine Smart
Report by: Alan Carter, Head of Strategic Housing
Relevant scrutiny committee: Community 13/3/2014
Services
Scrutiny
Committee
Wards affected: Abbey Arbury Castle Cherry Hinton Coleridge
East Chesterton King's Hedges Market Newnham
Petersfield Queen Edith's Romsey Trumpington
West Chesterton

HOMES & COMMUNITIES AGENCY
AFFORDABLE HOUSING PROGRAMME 2015-18 GRANT BID
Key Decision

1. Executive summary

The Council has successfully bid for Homes & Communities Agency (HCA) grant funding for developing new build Affordable Housing in the previous two bid rounds. It is proposed within this report that Cambridge City Council bids for grant to help fund the delivery of future Affordable Housing to be owned and managed by the Council. If the Council does not bid for the grant funding other sources of funding will be required to deliver future new build Affordable Housing schemes.

2. Recommendations

The Executive Councillor is recommended:

- a. To approve delegated authority be given to the Director of Customer and Community Services following consultation with the Executive Councillor for Housing, Chair and Spokes to agree the final bid to secure grant funding from the HCA and to agree to enter into a Framework Delivery Agreement (FDA) with the HCA if successful.
- b. To approve delegated authority be given to the Director of Customer and Community Services following consultation with the Executive

Councillor for Housing, Chair and Spokes to agree future bids to the HCA for grant funding via future market engagement.

3. Background

The Homes & Communities Agency (HCA) published the Affordable Homes Programme 2015-18 (AHP) prospectus on the 27 January 2014. This sets out the parameters of any bid to be submitted for Affordable Housing grant funding. Please see Appendix A for a summary of the prospectus. Cambridge City Council, as a Registered Provider, is eligible to bid for funding from the AHP bid round.

The Council first began building its own housing again in 2009, with grant funding from the HCA for 7 new homes. The Council went on to secure £2.6m of grant funding from the HCA to delivery 146 Affordable Homes in the Affordable Housing Programme 2011-15. This report proposes that a bid is submitted to the HCA for grant funding from the AHP.

A key difference between this AHP bid round and the past two bid rounds is that indicative proposals will not be accepted unless the overall bid is over £5m (with no less than 50% firm schemes). The AHP requires bids of the scale the Council would propose (ie under £5m) to be based solely on firm schemes. A firm scheme includes the following minimum requirements:

- § The name of the scheme;
- § The x,y co-ordinates;
- § Details of ownership or control by the bidder;
- § The scheme has reached the formal Planning stage ; and
- § Tender stage reached.

This restricts the number of sites on which the Council can bid. However, a process known as 'future market engagement' will allow the Council to bid for grant funding from the HCA on sites when they become a firm scheme. 25% of the AHP will be held back for schemes to be submitted under future market engagement.

One site the Council is currently working on is the Quad development at Clay Farm. This scheme will be a firm scheme by the bid deadline. Only the shared ownership element will be eligible for funding as the Council will be using Right to Buy receipts to fund up to 30% of the Affordable Rented dwellings, which then precludes the use of HCA AHP grant to part fund the Affordable Rent element of this scheme.

There may also be a small number of units categorised as firm schemes from the 3 year rolling programme which the Council's bid could include.

The final bid will be presented to the Director of Customer and Community Services to approve submission to the HCA following consultation with the Executive Councillor for Housing, Chair and Spokes.

The closing date for bids is noon Wednesday 30 April 2014 and all successful bidders through the AHP will be required to sign a standard form of agreement with the HCA, the FDA. An element of this agreement, which is not yet published, will be to secure the delivery of the Affordable Housing between April 2015 and March 2018. Once this agreement has been published a précis will be presented to the Director of Customer and Community Services to approve the signing of the FDA following consultation with the Executive Councillor for Housing, Chair and Spokes.

If grant funding is not secured then the Council will need to find alternative funding methods to fill the deficit if development of new build Affordable Housing schemes is to continue. Any scheme will always return to the Community Services Scrutiny Committee for final scheme approval, which will include the funding structure of that scheme. Within the Budget Setting Report 2014/15, Appendix M, there is the opportunity to use unallocated Right to Buy receipts and HRA surpluses to help fund new build delivery. HRA surpluses can be used together with any HCA grant.

4. Implications

(a) Financial Implications

Any grant funding secured will have a positive impact on the costs to the Council delivering new build Affordable Housing.

(b) Staffing Implications (if not covered in Consultations Section)

Housing Development staff will be required to finalise a bid, with the support of Housing Finance colleagues. If successful in the grant bid Housing Development staff will be project managers, which includes rigorous reporting to the HCA.

(c) Equal Opportunities Implications

An EQIA has been carried out for the Council's new build programme overall.

(d) Environmental Implications

All developments will achieve a high level of sustainability at level 4 of the Code for Sustainable Homes or other recognised sustainable construction methods, such as Passivhaus Standard.

(e) Procurement

If Cambridge City Council is successful in securing grant funding from the HCA a delivery partner will be required. The Council has procured a partner (through an EU compliant tender), Hill Residential Limited, to deliver the housing on Quad. The Council is able to work with Keepmoat Limited until February 2016 via the Affordable Housing Framework Agreement on any other sites on which the Council achieves funding. During the AHP delivery period, from April 2015 to March 2018, another partner or partners to develop any future successful sites will be required. Therefore, potentially procurement of other delivery partners will be required.

(f) Consultation and communication

The Residents' Consultative group and Affordable Housing Member steering group have been kept informed of the potential to bid for grant funding on a number of occasions.

The new build Affordable Housing development programme has featured in several editions of Open Door.

(g) Community Safety

Secured by Design will be achieved on all schemes that are developed with AHP grant funding.

5. Background papers

These background papers were used in the preparation of this report:

- § EQIA for the Council's new build programme
- § Homes & Communities Agency Affordable Homes Programme 2015-18 Prospectus, January 2014,
https://www.homesandcommunities.co.uk/sites/default/files/our-work/ahp_2015-18.pdf
- § Budget Setting Report 2014/15

6. Appendices

Appendix A: Homes & Communities Agency Affordable Housing Programme 2015-18 prospectus summary

7. Inspection of papers

To inspect the background papers or if you have a query on the report please contact:

Author's Name: Sabrina Walston, Housing Development Manager
Author's Phone Number: 01223 – 457910
Author's Email: sabrina.walston@cambridge.gov.uk