

Housing Scrutiny Committee

2019-09-19

HDA Programme Update Appendix 3 – Land transactions for schemes developed through Cambridge Investment Partnership.

Background

One option for the delivery of Council homes is the Cambridge Investment Partnership. When CIP was established in 2017, a report at the Strategy & Resources Scrutiny Committee set out the approach to land transactions for schemes developed through this route, this was based on legal advice at the time.

The process utilised to date has meant that when the Council buy back the affordable housing from CIP there is SDLT payable- this is due to the unique nature of the funding from the Combined Authority which is not recognised under the public subsidy reliefs defined by HMRC.

Council officers are working with Deloittes to look at how the public subsidy relief can be applied however to date based on existing legislation and funding applied to this scheme there is not a solution to this, an application has been made to HMRC to consider this unique situation.

As schemes have moved forward legal advice has been taken on each transaction, including the procurement issues and risks. Bevan Brittan and Freeths have acted for the City Council. Given the unresolved SDLT position and updated procurement advice a revised set of preferred contract arrangement is proposed for the CIP schemes. These options take account of the legal advice received as the schemes have been taken through the process agreed by the Council in October 2017.

Revised Approach to land transactions for schemes developed by the Cambridge Investment Partnership.

The revised approach to land transactions will be to adopt one of the following options. The Head of the Housing Development Agency is authorised to determine which option will be adopted in each case.

- Lease the land to CIP and acquire the affordable housing through an Affordable Housing Agreement. This option was adopted for Anstey Way and Mill Road Phase I, but does incur a Stamp Duty Land Tax (SDLT) liability and for larger schemes going forward has procurement risk.
- Provide a license to CIP and acquire the affordable housing through an Affordable Housing Agreement. This option incurs no SDLT liability and is potentially suitable for new schemes, such as Ventress Close, Akeman Street and Garage Sites, that are under the OJEU threshold
- For schemes required to deliver affordable housing under Section 106 of the Town and Country Planning Act 1990, transfer the site to CIP under a Land and Development agreement, with the land for the affordable housing transferred back to the Council (HRA). This option incurs no SDLT liability, and may be suitable for Mill Road Phase II and Cromwell Road
- For schemes over the OJEU threshold, work with CIP to project manage the development process, including obtaining planning permission. Hill would be appointed by the Council through an existing framework to carry out the construction. A suitable framework has been identified which includes the potential for direct call off where appropriate. This route may be suitable for Meadows & Buchan, Colville Road and Campkin Road. There will be no SLDT liability for the affordable housing.