



## Environment & Sustainable Communities Committee

**31 July 2024**

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| Title:               | Additional Units from Heylo  |
| Report of:           | Azma Ahmad-Pearce – Programme Manager  |
| Lead Member:         | Councillor Bridget Smith, Lead Member for Housing and Communities                            |
| Public Report:       | Yes, but with exempt appendices.   |
| Key Decision:        | No   |
| Voting Arrangements: | Recommendation A: no vote required.<br>Recommendation B: a simple majority of voting Members |

### Recommendations:

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|   | The Environment and Sustainable Communities Committee is asked to:   |
| A | Note the change to the units proposed by Heylo, this being units swapped from the Vistry portfolio to the Allison Homes portfolio of 12 units                                |
| B | Approve the use of clawback funding of approximately £280,000 for the acquisition of further 8 additional units in Peterborough as part of the Affordable Housing Programme. |

### Strategic Objective(s):

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| The proposals within this report fit under the following strategic objective(s): |  |
| 1  | Achieving good growth – providing the 1400+ homes as agreed by the CPCA (Cambridgeshire and Peterborough Combined Authority) and providers, between 2017-2022, in the area of the CA (Combined Authority). |
| 2  | Enabling resilient communities – providing suitable housing and ensuring communities are robust  |

### 1. Purpose

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| 1.1 | The report is to inform the members of the Environment and Sustainability Communities Committee of Heylo's intended swap of units from the Vistry sites to Allison Homes sites,   |
| 1.2 | The report also seeks approval from the Committee on the use of clawback from the programme and investing them into further units, towards the Affordable Housing Programme.<br><br>The clawback has been accumulating during the life of the programme, and it has been noted in the MTFP (Mid Term Financial Plan). The clawback accumulated, will be given back to MHCLG if not used within the programme. |

## 2. Proposal

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| 2.1 | Heylo swapped the units from Vistry, then to Allison Homes, after stamp duty issues arose.  |
| 2.2 | To propose the use of the clawback funding to acquire completed units (constructed from a housebuilder) to add to the final number of units achieved in this programme. |

## 3. Background

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| 3.1 | <p>Under the original grant funding agreement, between Heylo and SN Developments, 11 units were to be delivered at New Road, Haddenham. This project stalled and Heylo made the decision to seek alternative units and relinquish its interest in New Road, Haddenham; a business decision made by Heylo.</p> <p>A new deal was reached with Vistry to deliver 12 units across the region. Unfortunately, due to new stamp duty rules which came into effect in April 2024, Heylo were unable to proceed.</p> <p>Heylo then approached another provider – Allison Homes - who have agreed to replace the 12 units in the Peterborough area.</p> |
| 3.2 | <p>Clawback is the accumulation of grant, especially on shared ownership properties. Purchasers who acquired more shares on a shared ownership property than agreed with the Housebuilder/Registered provider. A clawback arrangement is defined in the GFA (Grant Funding Agreement), and the recovery of grant is based on the excess purchase of shares at initial purchase which exceeds the maximum sum allowed (this could be 40% or 50% dependent on site) of the unit. This amount over time has accumulated to approximately £280k.</p>  |
| 3.3 | <p>To bolster the number of affordable housing, Heylo were asked to acquire further completed units which are near completed properties being constructed, as they were currently finalising their deal with Allison Homes. Heylo contacted Allison Homes for more units with the use of clawback monies. Allison therefore provided a further 8 units, as below.</p>   |
| 3.4 | <p>Allison Homes had worked with CPCA before and have been able to provide Heylo with 8 more units in Peterborough – these are: -</p> <ul style="list-style-type: none"><li>• 2 at Abbey Park, Thorney - 2 x 3b/5p</li><li>• 2 at Harriers Rest, Wittering – 2 x 3b/4p</li><li>• 4 at Fletton Folly, Peterborough – 5 x 3b/5p.</li></ul> <p>These eight units are in construction and are in prime development across Peterborough. Completions are expected in October – Dec 24.</p>   |
| 3.6 | <p>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%. units.</p> <p>The grant required is £279,160 and it averages out to £34,895 for each shared ownership home. This is within the costings agreed with MHCLG.</p>   |
| 3.7 | <p>The Housing Enabling Officer for Peterborough City Council is supportive of the 12 units (which was part of the replacement) and for the additional 8 units as this will enable people to purchase homes and will provide additionality. It will assist eligible householders into affordable home ownership.</p> <p>The additional units will increase the current final total of units for the programme to 1444.</p>  |

## 4. Appendices

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| 4.1 | EXEMPT Appendix A: Scheme Submission          |
| 4.2 | EXEMPT Appendix B: Business Case              |
| 4.3 | EXEMPT Appendix C: Portfolio Expenditure Plan |

## 5. Implications

### Financial Implications

5.1 All grant funding is allocated.

### Legal Implications

6.1 Upon approval of the funding a new GFA will be entered into with Heylo.

### Public Health Implications

7.1 There are no known public health implications.

### Environmental & Climate Change Implications

8.1 There are no new Environmental or Climate change implications.

### Other Significant Implications

9.1 None

### Background Papers

10.1 None