

## **SUBSIDY CONTROL ANALYSIS**

Grant recipient: Rentplus

Grant: £989,325.00

### **Legal Basis**

Cambridgeshire and Peterborough Combined Authority (CPCA) is publishing information in relation to the grant to Rentplus-UK Limited (Rentplus) as required by Article 369 of Chapter 3 to Part 2 of the UK-EU Trade and Cooperation Agreement (TCA). This transparency notice provides information on how the Grant meets subsidy principles set out in Article 366 of Chapter 3 to Part 2 of the TCA which are now binding under domestic law by virtue of s.29 of the European Union (Future Relationship) Act 2020.

In line with transparency requirement, this decision will be published by the CPCA and information provided to BEIS as required. The award of Grant is made by the Combined Authority pursuant to Article 11 of the Cambridgeshire and Peterborough Combined Authority Order 2017.

The grant funding was awarded to RentPlus on 15<sup>th</sup> March 2021 by Housing Committee ([Document.ashx \(cmis.uk.com\)](https://document.ashx?cmis:ukey=00000000-0000-0000-0000-000000000000))

### **Purpose of Grant**

THE CPCA is making funding available, in the form of Grant, to Rentplus, a private limited company which offers prospective tenants housing at an affordable rent with a view to eventual home ownership thereby assisting lower income households on to the property ladder.

The Grant will assist Rentplus in the acquisition and purchase of 22 new homes on the site known as Alconbury Weald, Alconbury, Huntingdonshire in the sum of £989,325.00 for the provision of affordable housing.

The provision of the subsidy is part of the CA's wider strategy to encourage the construction of at least 2000 affordable housing units across the CA's region. This opportunity is particularly attractive as (i) it provides "additionality" because the units at Alconbury are not currently allocated as "affordable housing" (and so would be in addition to the 2000 units otherwise planned) and (ii) it provides a new product that enables those who are not able to purchase homes in the commercial market to do so at a discounted price. The lack of affordable housing is a well understood problem across the UK and is particularly acute in East of England amongst other places, which includes the CA's area, see Commons Library Briefing, April 2021 ([What is affordable housing? \(parliament.uk\)](https://commonslibrary.parliament.uk/briefing-papers/cp102/))

### **Grant Assessment**

The amount of grant is calculated on a sliding scale on a per unit basis, i.e. the amount of grant is limited to what will be required to deliver each unit. The number of units to which the grant is applied is the multiplier.

The intervention is proportionate given that the amount of subsidy as calculated on a per unit basis (i.e. per dwelling) is comparable with the support provided to Registered Providers for similar purposes. The Grant Agreement commits Rentplus to procure that the housing is let at affordable rents unless and until the housing is sold to the tenants or otherwise in accordance with its operating model.

The Council will implement a robust assurance process as part of the claim procedure. This will ensure that all costs claimed will be eligible in accordance with the funding agreement. The maximum average per unit contribution is £45k. If there is a requirement for a higher level of intervention, then Rentplus will be required to justify the higher per unit subsidy.

### **Beneficiaries**

The residential units the subject of the subsidy is one-and two-bedroom flats built for the market but were not sold and are therefore surplus to requirements. Urban and Civic, the developer, requested CPCA to find a buyer for these units and change the tenure type of them from market housing to affordable housing through a tenure conversion.

The subsidy is designed to encourage the development of land and the acquisition of housing for affordable housing in the CPCA's area.

In the absence of the subsidy it is unlikely that that the 22 homes would be converted from market to an affordable housing tenure and would have remained unsold for a lengthy period of time. As beneficiary, Rentplus would not acquire the 22 homes without the subsidy.

The change created is that these units will be occupied by low income earners, professionals and key worker instead of remaining empty and unsold. The Rentplus model ensures that prospective tenants are means tested to ensure that they have housing needs that justify an allocation of a tenancy to them.

The units are market units and do not replace, and are to be delivered over and above, any section 106 type affordable requirements.

There is no obvious alternative means by which the objective in this instance could be achieved. The main beneficiary of the subsidy are future occupiers of the units. The cost of less distortive means of achieving the same objective (if any) would either (i) be passed to occupiers undermining the policy objective of providing affordable housing or (ii) be borne by the State in itself funding the provision of housing at market rates.