

# CABINET

## APPLICATION FOR GRANT FUNDING FROM THE COMMUNITY HOUSING FUND 5 March 2019

### Report of Director of Economic Growth and Regeneration

PURPOSE OF REPORT			
To approve a grant application to fund the pre-development costs to support a community led development being brought forward by Halton Senior Co-Housing Group Ltd.			
Key Decision	<input checked="" type="checkbox"/>	Non-Key Decision	Referral from Cabinet Member
Date of notice of forthcoming key decision	5 <sup>th</sup> November 2018 & 18 February 2019		
This report is public but contains appendices exempt from publication by virtue of paragraph 3, of Schedule 12a of the Local Government Act 1972			

#### RECOMMENDATIONS OF COUNCILLOR ANDREW WARRINER

- (1) To set aside up to £160,000 grant towards the pre-development costs of a new community led development (as detailed in Appendix 1) from the Community Housing Fund.
- (2) That, subject to requirements from Lancashire County Council Highways Authority, that Cabinet authorise officers to bid for Homes England – Community Housing Fund Phase 1 Infrastructure costs (as detailed in Appendix 1) should this be required.
- (3) That the Section 151 Officer be authorised to update the General Fund Revenue Budget to reflect any decision taken under recommendation 1 to be funded from the Revenue Grants Unapplied, and subject to there being a nil impact on the Council's resources.

## **1.0 Introduction**

- 1.1 Lancaster City Council received an allocation of Community Housing Fund totalling £707,630 in 2016/17 to support community led housing developments. The commitment from government at the time was to provide £60M to support community led developments, with allocations made directly to Local Authorities who are affected by second homes ownership and a formula to allocate the grant was used to calculate the allocations. Community led housing projects are driven by local communities who have identified a local housing need in their area which is not being met. Community led schemes are often developed in rural areas where local housing is unaffordable. Schemes can be owned and managed by groups or delivered in partnership with other social landlords. Community led developments are not necessarily exclusively affordable housing (depending on what need has been identified by the community) but typically schemes often provide some element of affordable housing to meet a range of needs.

## **2.0 Background**

- 2.1 A report was presented to Cabinet in August 2017 which approved the Grant Policy in respect of the Fund and sought authority to create a jointly funded officer post with Fylde Borough Council. The post was filled and then the post holder submitted notice to terminate four months after appointment.
- 2.2 A further report was approved on 6<sup>th</sup> November 2018 to commit the funding to develop a Community Housing Enabling Hub with partner Local Authorities and to create a new officer post to directly support community led housing projects in Lancaster district.
- 2.3. Since receiving the original allocation in 2016/17 officers have continued to support groups in exploring opportunities to bring forward community led developments. To date, three potential community led projects have been identified in Lancaster district, and a fourth project which has not yet received or required any grant funding from Lancaster City Council.
- 2.4 To date, just under £100K of the original allocation has either been spent/committed as follows:-

2017/18 spend	£12,982.90
2018/19 spend to date	£45,624.56
2018/19 committed but unspent	£41,100.00
<b>Total to date</b>	<b>£99,707.46</b>

- 2.5 The budget spend so far has included payments for specialist advice, previous salary and equipment, 3 x grants to groups totalling £35K, £9K contribution towards the cost of the Regional Enabling Hub and £40K set aside to fund the new officer post.

### **3.0 The Proposal**

- 3.1 Halton Senior Co-Housing Group Ltd would like to develop a scheme of 20 residential properties designed for people of aged 55 and above, with on-site communal facilities and shared areas. This proposal will complement the existing Lancaster Co-Housing Scheme which was completed in 2013.

### **4.0 Scheme Details**

- 4.1 The details of the site identified for the proposed development are also contained in exempt Appendix 1 along with the breakdown of costs (separated into pre-development and total scheme costs).

### **5.0 Grants from the Community Housing Fund**

- 5.1 Cabinet are reminded that the Community Housing Fund is not intended to solely support schemes providing affordable housing. This is a development which is seeking to provide mixed tenure, with 14 market housing units which will cross subsidise the delivery of 6 x affordable units.
- 5.2 The aim of this project is to achieve Passivhaus standards (equivalent to Code Level 6 of the Code for Sustainable Homes) for the proposed 20 units. The 6 affordable housing units are likely to be provided in the form of 3 units of intermediate housing which is expected to be shared ownership or a shared equity model (where the group retains a percentage equity stake in the property and will ensure the units will be affordable housing in perpetuity) and 3 rented units. The space and design standards will be further considered at planning stage, but indications are that all 20 units will achieve Lifetime Home standards, but the scheme may also include one unit designed to full wheelchair standards and dementia friendly design is also being explored. It is not certain who will be managing the affordable units at this stage, but they may be transferred to Lune Valley Community Land Trust (a separate community group working in partnership with Halton Senior Co-Housing Group) or to a Register Provider. As part of seeking planning permission for the site, there will be a process to determine and safeguard how the affordable housing element of the site will be owned and managed.

## 6.0 Funding to deliver the scheme

6.1 The scheme costs and site details are set out in Appendix 1 (exempt).

## 7.0 Payment of the Grant

7.1 If the grant application is approved, a grant agreement will be entered into between the City Council and Halton Senior Co-Housing Group Ltd. The grant agreement will stipulate the arrangements for monitoring the grant as well as the phasing of payments, and will be subject to the group and site owner having entered into an option agreement for the land before the first payment is issued, to provide certainty that this scheme can be delivered. The Grant Agreement will also stipulate which clawback arrangements are in place and in what circumstances where payments are suspended or withdrawn.

7.2 The original report approved by Cabinet in August 2017 set out that because of the specialist nature of the community led housing projects, that groups will not always be in a position to obtain estimates from more than one service provider, and on this basis, some relaxation of the council's procurement processes will be necessary. For example, the chosen Architect for this project has the required knowledge and experience of Passivhaus design and was directly involved in the original Co-Housing Scheme development.

## 8.0 Details of Consultation

8.1 Extensive dialogue has taken place with the Senior Co-Housing Group Ltd, the specialist adviser for the Community Land Trust Network and the council's preferred consultant for an independent analysis of pre-development costs required and the total scheme costs submitted.

## 9.0 Options and Options Analysis (including risk assessment)

	<b>Option 1: Approve the grant funding</b>	<b>Option 2: Do not approve the grant funding</b>
Advantages	The grant will enable the community group to advance their proposals and get to a point where they have a deliverable scheme. The principle of a scheme of this type being supported has already been established through pre-application advice which was positive. The group have already been directly involved in	The funding could be used to support other projects.

	<p>the original Co-Housing Scheme and have the skills and experience to bring this project to fruition.</p> <p>It will increase the housing options for older people providing a full range of tenures and help balance housing markets.</p> <p>It will encourage other community groups to take projects forward.</p> <p>The units will achieve Passivhaus standards.</p> <p>The council can demonstrate to MHCLG/Homes England the funding has been used for the purpose it was intended.</p>	
Disadvantages	<p>The funding could be spent on other projects.</p>	<p>It will not deliver a community led scheme or any of the associated benefits.</p> <p>If the group were to seek funding through Homes England, their bid may be unsuccessful at a point where the council has unallocated Community Housing Fund reserves.</p> <p>The outstanding matters outlined in Appendix 1 will remain unresolved</p>
Risks	<p>There is always uncertainty with any development that it will be viable, deliverable and will obtain planning permission which could result in abortive costs. However, pre-application planning advice has been positive.</p> <p>The group will be required to enter into an option agreement on the land before any grant is paid, this should be minimised.</p> <p>The grant payments will also be made in phased payments, again to reduce the risk of abortive costs being incurred.</p>	<p>Loss of opportunity</p> <p>Other than the grant payment, there are no further risks upon the council.</p> <p>Reputational damage</p>

## **10.0 Officer Preferred Option (and comments)**

10.1 The officer preferred option is Option 1. Whilst recognising the level of grant required to fund the pre-development costs is considerable, in construction terms this represents a small proportion of the overall scheme costs. Halton Senior Co-Housing Limited is already positioning itself to take this scheme forward, and has obtained an in principle approval for the necessary development finance to fund the project.

## **11.0 Conclusion**

11.1 The proposal seeks to provide an exemplar residential development which offers a number of added values and benefits and would positively contribute to delivery of the council's Housing Strategy by providing 20 new homes suitable to meet the needs of older people, which be of high quality and design and will also increase the provision of affordable housing in the local area.

### **RELATIONSHIP TO POLICY FRAMEWORK**

Corporate Plan - links directly with improving the quality and availability of housing including the provision of affordable housing in some instances.

Draft Local Plan 2011-2031 – contributes to increasing the opportunities to bring new housing forward to meet the district's annual housing requirement.

Lancaster District Housing Strategy– meeting the needs of all parts of the community by providing a more diverse housing offer through community led developments.

### **CONCLUSION OF IMPACT ASSESSMENT**

**(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing):**

If the report is approved as recommended, this will have a positive impact as it will increase the opportunities for specific groups to bring forward community led schemes tailored to their own needs and objectives. An Equality Impact Assessment has been undertaken and is attached.

### **LEGAL IMPLICATIONS**

Legal Services will advise on the terms of the grant agreement should the report be approved.

### **FINANCIAL IMPLICATIONS**

The application is for £160k of the Community Housing Fund to be allocated to the Halton Senior Co-Housing Group Ltd. Of the original grant awarded in 2017 of £707.6k so far £99.7k has been spent/committed leaving a current balance of £607.9k.

If the recommendation is approved the Section 151 officer is authorised to update the general fund revenue budget as required.

**OTHER RESOURCE IMPLICATIONS, such as Human Resources, Information Services, Property, Open Spaces:**

Cabinet at its meeting in November 2018 approved a report to set aside funding from the Community Housing Fund to provide direct officer support for community led developments.

**SECTION 151 OFFICER'S COMMENTS**

The Deputy S151 Officer has been consulted. Although there remains a remote residual risk of clawback of funds by MHCLG with the officer preferred option, I am satisfied that on balance, we have mitigated this risk, to an acceptable level.

**MONITORING OFFICER'S COMMENTS**

The Monitoring Officer has been consulted and has no further comments.

**BACKGROUND PAPERS**

None

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