

CABINET

PROGRESS WITH THE COMMUNITY HOUSING FUND 6 November 2018

Report of PLANNING MANAGER (REGENERATION AND PLANNING)

PURPOSE OF REPORT				
To set aside funding for the development of a sub-regional Community Housing Hub with neighbouring local authorities and to create a new fixed term Community Housing Fund Development Officer post				
Key Decision	X	Non-Key Decision		Referral from Cabinet Member
Date of notice of forthcoming key decision		8 October 2018		
This report is public				

RECOMMENDATIONS OF COUNCILLOR ANDREW WARRINER

- (1) Note the progress being made within this region in relation to the development of a Community Led Housing Hub.
- (2) That funding from the Community Housing Fund be set aside to enable a contribution of up to £15K for Year 1 Set up costs for a Community Led Housing Hub and where there is opportunity to do so officers be authorised to submit a bid for continued revenue funding for the Hub in future years either through Homes England or other relevant external funding sources.
- (3) That further funding of up to £40K from the Community Housing Fund also be set aside to support the creation of a new fixed term part-time post (21 hours per week) for up to two years from initial appointment.
- (4) In the event that Lancaster City Council is unable to recruit a suitable candidate, the equivalent budget is used to purchase direct support from the Community Housing Hub Provider if capacity exists.

- (5) **That the Head of Financial Services/Section 151 Officer be authorised to update the General Fund Revenue Budget to reflect any decisions taken under recommendation 2 and 3 to be funded from the Revenue Grants Unapplied Reserve and for continuation of the Hub in future years, through additional external funding bids where appropriate to do so, 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 and a formula to allocate the grant was used to calculate the allocations.
- 1.2 Community led housing is a term used to describe forms of residential development which is driven by local communities who have identified a local housing need in their area which is not being met. Community led housing schemes have often been developed in rural communities where the cost of housing is unaffordable for local people and where groups have been instrumental in developing projects that will meet that need. Community led developments can be owned and managed by communities through legal mechanisms such as Community Land Trusts, or in partnership with a social landlord (Registered Providers) but always where the community group is integrally involved in the process and key decisions (what, where, for who etc). Community led developments are not necessarily exclusively affordable housing although some are, and the Community Housing Fund is not restricted to affordable housing, but typically schemes will provide some element of affordable housing to meet a range of need.

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 to seek authority to create a jointly funded officer post with Fylde Borough Council. An officer appointment was subsequently made and the post holder commenced in January 2018.
- 2.2 In April 2018 the post holder served notice that she was unable to maintain full time hours across the two Local Authorities and she has been retained by Fylde Council in a part-time position. Lancaster City Council is currently without any dedicated officer resource in order to develop and progress this area of work. Notwithstanding this, Lancaster City Council has undertaken a series of engagement work on community led developments and has worked directly with

community groups to develop proposals.

- 2.3 Whilst there is an intention to create a new fixed term part time officer post within Lancaster City Council's establishment, it should be noted that neither Wyre Borough Council or South Lakeland District Council have been able to make an appointment and identify a candidate that met their requirements and possesses the skills knowledge and experience to fulfil this role.

3.0 Progress in developing a Community Housing Hub for Cumbria and Lancaster

- 3.1 On 29th January this year a Community Led Housing Training Event was held in Cumbria which was attended by representatives from the four Local Authority districts in Cumbria who benefited from the funding issued in January 2016. The training was provided by The Community Land Trust Network who have held a key role in advising government on the current grant regime.
- 3.2 The training event set out the benefits of developing a Community Led Housing Hub within this region in order to support and facilitate future grant payments and to help to spread the word and support the movement locally. Whilst the size and scope of such an initiative was not specified, the benefits to setting up a service which not only cuts across Local Authority District boundaries, but also county boundaries was highlighted.
- 3.3 Since January, representatives from Local Authorities across Cumbria and Lancaster have engaged in discussions about setting up a Hub initiative. In this part of the region representatives from the following Local Authorities support the concept of setting up a HUB partnership: South Lakeland, Eden, Copeland, Carlisle, Allerdale and Lancaster.
- 3.4 An initial scoping meeting was held on 3rd July with representatives from each of the districts present to review how a Hub initiative may operate across Cumbria and Lancaster and the proposal from that meeting was given in principal support from the Cumbria Housing Group on 27th July.
- 3.5 Another meeting was held on 2nd August with the aim to examine the options available for setting up a sub-regional Hub. At the meeting representatives were present from both the Northumberland Hub and the North Yorkshire and East Riding of Yorkshire Hub, each presenting how Hub services had evolved and developed in their respective regions.

4.0 The Proposal

- 4.1 Representatives from the 6 participating organisations recognise that existing Hub initiatives across other regions have evolved in different

ways and therefore engage in different functions. Similarly for Cumbria and Lancaster individual partners may have slightly different requirements, the HUB arrangement would therefore need to be flexible and allow for this. There is however broad agreement on a number of key aspects in relation to the proposed initiative:

- 4.1.1 The Hub would represent a single point of contact across a geographically defined region.
 - 4.1.2 The service should include a dedicated website.
 - 4.1.3 The service should encompass a promotional role in respect of Community Led Housing, raising awareness, engaging more individuals and groups, supporting capacity building within communities and growth of numbers of homes within the sector.
 - 4.1.4 Establish a technical panel of a range of organisations that can support groups to bring forward projects.
- 4.2 A draft tender document has now been produced and a plan to kick start the service has been proposed. The estimated costs for developing a Hub and running the service for an initial 12 month period has been assessed which was broadly based on the North Yorkshire/ East Riding of Yorkshire model. The objective in the longer term would be for the service to attract future external funding. The proposed set up funding with a contract award of circa £65K would be split between each of the Local Authorities involved and based on the proportion of Community Led Housing funding which has been issued to each district as shown at Appendix 1 (Lot 1). However, approval is being sought to set aside up to £15K in the event that the overall contract value should increase beyond the estimated figure of £65K. The sum requested for each district against the notional figure of £65K would be:

South Lakeland District Council £30,550

Eden District Council £12,350

Allerdale Borough Council £10,400

Lancaster City Council £9,100

Copeland Borough Council £2,600

Carlisle City Nil – however they will act as the accountable body by leading on the procurement process and associated legal issues.

- 4.3 As part of the tendering process discussions have taken place about creating a second Lot to provide direct support to any of the Local Authority partners who require it. As South Lakeland District Council are also without any dedicated officer resources at the present time, they wish to explore this (60 – 100 hours per month approx). Should a second Lot be pursued or in the event of the successful provider have the capacity to deliver direct support to any of the Local Authority partners, then authority is sought to enable Lancaster City Council to purchase direct support to the equivalent financial value of up to £40K

alongside the £9K to £15K required for the Hub set up costs.

- 4.4 Whilst the Community Led Housing Sector in the UK remains very small compared to many other countries in Europe and North America (less than 0.3% of total housing output), the Government is committed to significantly increasing the sector. Since December 2016 when the Government allocated £60m funding to kick start and support Community Led Housing developments across 148 local authorities, significant progress has been made locally in relation to developing new initiatives.
- 4.5 With funding of almost £5m granted to Cumbria, covering 4 District Authorities and Lancaster funding has largely been targeted towards communities where good quality and affordable homes are in short supply.
- 4.6 Whilst individual local authorities have made progress in terms of establishing community groups and specific projects there is scope for improving delivery by working in partnership to establish a Hub.

5.0 The Community Housing Fund

- 5.1 The Government is reinforcing their commitment and support to the Community Led Housing Sector by making a further £163m available up to March 2020 across England, creating a new opportunity to provide more affordable housing options which are initiated by community members themselves. Homes England set out the benefits of the growth of the Community Led Housing sector in their new prospectus stating it will:
 - Encourage engagement and creativity from local people
 - Deliver high quality design and construction standards
 - Utilise innovative building techniques and energy efficiency measures
 - Support smaller house building companies and helps sustain the local economy
 - Provide homes that are affordable at local incomes
- 5.2 The prospectus also sets out a clear but flexible approach to how Community Led Housing should be delivered:
 - Schemes need to be group led either through an extension of community based activity, or through a Developer / Community partnership providing meaningful community engagement and consent occurs throughout the development process.
 - The community does not have to initiate and manage the process, or build the homes themselves, although some may do.

- The local community group, or organisation will own, manage, or steward the homes and in a manner of their choosing, this may be done through a mutually supported arrangement with a Registered Provider that owns the freehold, or leasehold for the property.
- The benefits to the local area and / or specified community must be clearly defined and legally protected in perpetuity.

6.0 Funding Opportunities

6.1 Phase One of the Fund encourages eligible organisations to apply for funding to help cover project-specific activities that will support development of community-led housing proposals. The prospectus highlights that Local Authorities can apply for funding for the following purposes:

6.1.1 Undertaking capital bids for associated infrastructure costs which will support community-led housing development. This may include access roads, roundabouts or services needed to open up a site.

6.1.2 The employment of staff to provide advisory services, information and support to groups.

6.1.3 Local Authorities (or Registered Providers) may apply for revenue grants to support community groups to develop community-led housing projects and in so doing remain Lead Agents throughout the process. This may include capacity building, and predevelopment initiatives (for example the costs of forming a corporate body, training, feasibility studies, surveys, Architects and legal fees).

6.2 On 17th September 2018, the government published the Addendum to the Phase One Prospectus which provides capital grants to support Community Led Developments which is broadly the equivalent to the funding available through Homes England Affordable Homes Programmes but which is tailored to Community Led Housing Groups. In order for groups to be able to progress bids to develop schemes, they are likely to require the necessary support and guidance to acquire Investment Partner Status in order to draw down funding, and will either need to obtain Registered Provider status or lease units to a Registered Provider for the provision of rented accommodation in order to qualify for capital funding. The rationale for this requirement is due to state aid rules and to ensure consistency in terms of the quality and management arrangements. Inevitably having the officer resources in place with the additional benefits and support that can be delivered through the sub-regional hub should ensure that schemes identified in Lancaster district can come forward, and is a very good use of the City Council's allocation of Community Housing Fund in 2016/17.

7.0 Existing Budget Position

- 7.1 To date, Lancaster City Council has allocated just over £50K from the 2016/17 allocation as follows:-

Specialist Adviser Payments (Community Land Trust Network)	£5K
Officer Post	£4K
Specialist Architectural Advice	£6K
Grants to Groups	£36K
<i>(Lune Valley Community Land Trust x 2 projects/Halton Senior Co-Housing x 1 project)</i>	

- 7.2 If any of the schemes identified can be taken forward, additional funding will be required (which is envisaged to be a mixture of private finance drawn down by the group, a further grant from the Community Housing Fund by virtue of a Cabinet decision, and/or funding from the Homes England programme).
- 7.3 Lancaster City Council is seeking to create a dedicated officer post for a fixed term period for two years (which may be extended if further funding is secured) and would consist of 21 hours per week utilising around £40K of the Community Housing Fund budget. Whilst it would certainly be our preference to employ an officer directly as this would offer better value for money and be a local dedicated resource, for the reasons already outlined in this report, should it not prove possible to do so, then the council would be forward planning an alternative option subject to the necessary approvals being obtained in advance.

8.0 Details of Consultation

- 8.1 None other than the consultation with neighbouring authorities in Cumbria to advance a proposal and some limited dialogue with the Community Land Trust Network who are supportive of the principle of a sub-regional Community Housing Hub.

9.0 Options and Options Analysis (including risk assessment)

	Option 1: Proceed with setting up a Community Housing Hub and create an officer resource through direct recruitment or through the Hub	Option 2: Only provide funding for officer support.	Option 3: Do not proceed with either option
Advantages	It will improve access to and increase the range of specialist services available to Community Groups that will not	It will create a local resource to directly support groups in Lancaster district.	There will be no budget implications.

	otherwise be available. It will provide the direct officer support required.		
Disadvantages	The funding could be spent on other projects.	The funding could be spent on other projects. Option 2 would not increase the range of specialist services available to Community Groups although there would be a local resource, it would potentially take longer for schemes to come to fruition.	There would be very little direct support available to support groups to bring projects forward. The capacity within the existing establishment will result in delays in bringing schemes forward due to lack of specialist input and the momentum of projects would be lost.
Risks	The effectiveness of the Hub will rely on the successful Provider who are likely to be based in Cumbria. It may be difficult to find a candidate that has the skills and knowledge required for the position. Using the Hub as a means of securing direct officer support will not provide the equivalent hours	The council may be unable to fill the vacancy. It is unlikely that the Hub Provider would be able to provide direct support if Lancaster City Council is not involved in the Hub partnership.	Loss of opportunities Reputational damage if the budget is not used for its intended purpose. Lack of delivery could hinder the future funding opportunities available. MHCLG may seek to recoup the allocation and direct it elsewhere.

10.0 Officer Preferred Option (and comments)

- 10.1 The Officer Preferred Option is Option 1. The establishment of a sub-regional Community Housing Hub will improve access to and increase the range of specialist services required to bring Community Led developments into fruition building on the successes of some of the schemes already completed or being brought forward in Cumbria. Along with the provision of direct support (either through a recruitment process or through a Hub) will ensure that Community Groups will have the necessary support and assistance required. This is particularly important if bids are made for capital grant due to the requirements of Homes England in terms of the quality of bids, acquiring Investment Partner Status, and in some instances, acquiring Registered Provider status for the management of rented units.

11.0 Conclusion

- 11.1 Community Led developments provide an opportunity to diversify the housing

market in Lancaster district and increase the provision of affordable housing. Given that a further announcement of £163M national funding to support these initiatives and the fact that the council was successful in receiving the original allocation of £707K in 2016/17, funds have been put in place to provide a robust framework of support for local community groups without any direct impact on other council resources.

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. Further engagement work will be taking place as part of the review of the Lancaster District Housing Strategy and once a dedicated officer resource is in place.

LEGAL IMPLICATIONS

It is understood that a partnership agreement is to be entered into by the local authorities involved in the Housing Hub. This, amongst other matters, should set out how the authorities are to work together, funding contributions and how decisions are to be reached. Legal Services will need to be consulted on the partnership agreement prior to signage.

There are no other legal implications stemming from this report.

FINANCIAL IMPLICATIONS

There are no additional financial implications arising for the Council directly from this report as set up costs for the Community Led Housing Hub and creation of a new fixed term part time post can be fully funded from the Community Housing Fund. This would still leave around £600K remaining in the Revenue Grants Unapplied Reserve to support the direct delivery of community-led affordable housing schemes.

It is expected that any continuation of the Hub beyond the initial set up year would be funded through bidding for additional Homes England grant specifically for this purpose or other external funding available and that submission of such bids be delegated to officers.

Subject to either Option 1 or 2 being implemented, the Head of Financial Services / Section 151 Officer under delegated authority would need to update the General Fund Revenue Budget as appropriate, to be funded from the Revenue Grants Unapplied Reserve and for

continuation of the Hub in future years, through external funding bids. This is subject to there being a nil impact on the Council's resources, noting that for any bids where additional Council resources are required, such as match funding, etc. then a report would be brought back to Members for approval prior to submission of the bid.

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

An additional post will provide further opportunity for employment within the district.

The length of the recommended contract of employment does not bring any human resources implications to be considered.

SECTION 151 OFFICER'S COMMENTS

The Section 151 Officer has been consulted and has no further comments.

MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS

None

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