

## **Hambleton District Council**

**Report To:** Cabinet

**Date:** 6 October 2020

**Subject:** **Affordable Housing Funding**

**Portfolio Holder:** Planning  
Councillor D A Webster

**Wards Affected:** All Wards

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### **1.0 Purpose and Background**

1.1 This report covers affordable housing funding from the following sources:

- Commuted Sums (Affordable Housing)
- Community Housing Fund

### **1.2 Commuted Sums (Affordable Housing)**

- 1.2.1 Hambleton District Council receives commuted sum payments from housing developers in lieu of on-site affordable housing provision in respect of planning permission for new housing schemes where this is considered appropriate. This report does not cover commuted sums received for other purposes, e.g. public open spaces.
- 1.2.2 The Council currently holds a total of £589,246. The legal agreements (section 106) determine the area where the funds must be spent and the deadline (usually 5 years). All the funds must be spent on affordable housing.
- 1.2.3 On 10 March 2020 the Council's Cabinet agreed to utilise commuted sum reserves (ring-fenced for affordable housing) to pay for the Council's annual contribution to the Rural Housing Enabler Programme from 2020/21. This is estimated to be a total of £37,500 for the next 5 years (April 2020 to March 2025).
- 1.2.4 On 2 June 2020 a Chief Executive delegated decision agreed that £80,000 of the commuted sum District-wide funds is used to fund the Council's Housing Development Officer post until 31 March 2022. Furthermore, it was agreed that the remaining funds should be spent on initiatives relating to the following:
- Providing grants to Registered Providers to increase delivery of new affordable housing, e.g. where funding from Homes England is insufficient to deliver a viable scheme.
  - Providing funding towards market housing schemes to increase/maintain affordable housing provision, e.g. where financial viability has been proven that the affordable housing requirement cannot be met.
  - Bringing empty properties (e.g. long-term empty homes; space over shops) into use as affordable housing. This can link in with the Council's Future High Street Funding bid.

- Providing grant funding for adaptations to existing affordable housing where alternative funding streams, e.g. Disabled Facilities Grants, are insufficient to cover the cost of such essential works. This is subject to only using funding which allows for the improvement of affordable housing. Hence this does not apply to all section 106 agreements.

1.2.5 In June 2020 the Council's housing association development partners were invited to submit funding bids in line with the above criteria by 1 September 2020. These bids have now been received and are summarised below.

<b>Scheme name</b>	<b>Organisation</b>	<b>Proposal</b>	<b>Amount</b>	<b>Relevant Area</b>
Ingleby Arncliffe	Beyond Housing	New-build 18 homes (including 11 affordable)	£219,900	Stokesley
Leeming Bar	Broadacres HA	Purchase of existing house and adaptation for disabled person (affordable rent)	£30,000	Bedale
Sutton-on-the-Forest	Horton Housing	8 new gypsy and traveller permanent pitches (affordable rent)	£91,350	Easingwold
Easingwold P&R	Broadacres HA	Purchase and repair of 4 existing homes for affordable rent	£100,000	Easingwold
Northallerton Homeless Supported Move-on	Broadacres HA	Acquisition of 3 new flats (conversion scheme) for affordable rent; ring-fenced for homeless people in the District	£36,000	District-wide

1.2.6 The above bids will deliver 27 new affordable homes in the District and will meet a range of different needs. Grant funding for the Ingleby Arncliffe scheme would be dependent on planning permission being obtained. All the schemes should be completed no later than 31 March 2022. None of the schemes can be delivered without the funding bid for. All the above bids are recommended for approval.

1.2.7 The Northallerton homeless move-on scheme bid of £36,000 forms a capital contribution to a bid to Government under the Next Steps Accommodation Programme which aims to provide additional accommodation for rough sleepers and those at risk of rough sleeping. The Council has submitted a bid in partnership with Broadacres Housing Association for capital and revenue funding (needed to provide staff support to residents). It is hoped that the outcome of the bid will be known by the Cabinet meeting date.

### 1.3 Community Housing Fund

1.3.1 This funding was provided by the Government in 2018 to help deliver new affordable housing through community-led initiatives. The Council currently holds a total of £95,000.

1.3.2 The Council has received a bid for £75,000 from the Matthew Robinson Trust to enable the upgrade of two existing almshouses and school master's house; and the development of one new-build home. They are working with Broadacres Housing Association who would manage the project and the completed homes (all of which would be let on affordable rent terms).

1.3.3 The Trust is in the process of applying for planning permission and hope to complete the project in 2021. Grant funding would be subject to planning permission being obtained.

1.3.4 The bid meets the criteria in the Council's Community Housing Fund Grant Policy and is supported by the Community Housing Fund Project Group (who met on 25 August 2020 to consider the bid), however as the bid is for more than £15,000 approval is needed from Cabinet.

### 2.0 Link to Council Priorities

2.1 The commuted sums expenditure contributes to the Council's priority of 'Providing a special place to live' by enabling the delivery of affordable housing.

### 3.0 Risk Assessment

3.1 The key risk is in not approving the recommendation(s) as shown below:-

Risk	Implication	Gross Prob	Gross Imp	Gross Total	Preventative action	Net Prob	Net Imp	Net Total
Committed sum funds remain unspent after the deadline specified in section 106 agreements	The funds will have to be returned to the developer, therefore could not be used for affordable housing	4	3	12	Approve the recommendations to enable expenditure to be made before the deadlines	5	2	10

Prob = Probability, Imp = Impact, Score range is Low = 1, High = 5

Overall the risk of agreeing with the recommendations outweighs the risks of not agreeing them and is considered acceptable.

## 4.0 Financial Implications

4.1 The table below shows the financial position in respect of the commuted sums.

Area	Available	Committed	Funds bid for	Balance
Stokesley	£143,146	£0	£219,900	-£76,754
Bedale	£24,000	£0	£30,000	-£6,000
Easingwold	£186,255	£0	£191,350	-£5,095
<b>Total sub-area</b>	<b>£353,401</b>	<b>£0</b>	<b>£441,250</b>	<b>-£87,849</b>
District-wide	£235,845	£117,500	£36,000	£82,345
<b>Total</b>	<b>£589,246</b>	<b>£117,500</b>	<b>£477,250</b>	<b>-£5,504</b>

4.2 It is proposed that the £87,849 deficit for the sub-area restricted funds is met from the District-wide funding of £82,345. This still leaves a shortfall of £5,504 hence it is proposed that this is taken from the £80,000 committed for the Housing Development Officer post as there will still be sufficient funding available for this, as on reviewing this funding only £74,496 is required

4.3 From the £95,000 available in the Council's Community Housing Fund, approval of the bid for £75,000 will leave a balance of £20,000.

4.4 All of the funding bids are considered to represent value for money as, for minimal grant contributions, they will lever in significant investment to the District and provide much needed new affordable homes for local people.

## 5.0 Legal Implications

5.1 The legal basis for each commuted sum is detailed within section 106 agreements for each housing scheme. Each agreement has specific wording (which varies agreement to agreement) which allows for expenditure towards the cost of increasing affordable housing and, in some cases, improvement of affordable housing.

5.2 The Council's Solicitor has been consulted as to whether the proposed permanent pitches for gypsy and travellers are classed as affordable housing and has decided that they are as they meet the national definition for affordable housing. Homes England also consider them to be affordable housing and are providing funding.

## 6.0 Equality/Diversity Issues

6.1 The proposed new homes meet a wide range of needs including disabled people, homeless households, rural households and gypsy and travellers.

## 7.0 Recommendations

7.1 It is recommended that Cabinet -:

- (1) agree the expenditure proposals relating to commuted sums (affordable housing) of £477,250 as shown at 4.1 of the report;

- (2) reduce the commuted sums funds committed for the Housing Development Officer post by £5,504 to cover the full costs of the bids for commuted sums (affordable housing) funding as shown at 4.2 of the report; and
- (3) agree the £75,000 expenditure relating to the Community Housing Fund as shown at 1.3.2 of the report.

Helen Kemp  
Director of Economy and Planning

**Background papers:** Cabinet report 'Rural Housing Enablers Programme' dated 10 March 2020.  
Chief Executive report 'Commuted Sums (Affordable Housing) Expenditure' dated 2 June 2020.  
Community Housing Fund Grant Policy 2017.

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