

Report to: Cabinet



Date of Meeting 3 November 2021

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A

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## Community Housing Fund

### Report summary:

The purpose of this report is to provide an update on the spending of the Community Housing Fund to date and to seek authority to increase the scope of the scheme to enable both capital and revenue grant.

### Is the proposed decision in accordance with:

Budget Yes  No

Policy Framework Yes  No

### Recommendation:

- 1) To approve the use of the Community Housing Fund for capital grant going forward with approval of individual grant applications delegated to the Strategic Lead for Housing, Health & Environment in consultation with the Portfolio Holder for Homes and Communities.
- 2) To increase the amount of grant for revenue funding from £40,000 to £50,000.

### Reason for recommendation:

To ensure community led affordable housing schemes can be delivered.

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### Portfolio(s) (check which apply):

- Climate Action and Emergency Response
- Coast, Country and Environment
- Council and Corporate Co-ordination
- Democracy, Transparency and Communications
- Economy and Assets
- Finance
- Strategic Planning
- Sustainable Homes and Communities
- Tourism, Sports, Leisure and Culture

**Equalities impact** Low Impact

**Climate change** Medium Impact

**Risk:** Low Risk;

**Links to background information** [Cabinet report 05 April 2017 on Community Housing Fund](#)

**Link to [Statement of Intent](#)**

Priorities (check which apply)

- Better Homes and Communities for all
  - Greener East Devon
  - A resilient Economy
  - Services that matter
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## **1.0 Background**

- 1.1 On 23 December 2016 the Chief Executive received a letter from the Department for Communities and Local Government (DCLG) advising that EDDC had been awarded £1,210,418 of the £60M Community Housing Fund (CHF) announced in the 2016 Budget. The purpose of the funding was to enable local community groups to deliver affordable housing units of mixed tenure on sites which are likely to be of little interest to mainstream housebuilders.
- 1.2 A report was taken to Senior Management Team in February 2017 which outlined our proposals for the use of the funding. An exemption to standing orders was approved by Cabinet on 5 April 2017 to appoint Wessex Community Housing Project (now known as Middlemarch) to work in the district supporting Community Land Trusts. A further exemption to standing orders has been submitted for approval to renew the service level agreement with Middlemarch for a further 4 years. A revenue based grant scheme was created and CLTs and Parish Councils can apply for funding after submitting an application form.
- 1.3 The letter from DCLG stated that the fund would enable capital investment, technical support and revenue to be provided to make schemes more viable and significantly increase community group's current pipeline. We have been using the fund to pay for technical support and revenue grant but we now need to be able to offer capital grant to make schemes viable and ensure their delivery.

## **2.0 Update and current position**

- 2.1 To date we have £916,718 remaining in the Community Housing Fund. We have awarded grant to 7 CLTs and one Parish Council (Clyst Honiton) for revenue funding for feasibility investigations totalling £246,757 (See table below). We have spent a further £62,500 on paying Middlemarch for their technical support over 4 years together with £10,000 to the Devon Rural Housing Partnership who complete housing needs surveys and assist us with rural enabling work.

<b>Group/Organisation</b>	<b>Funding received</b>
Yarcombe Parish CLT	£23,355.66
Wilmington CLT	£16,215.9
Upper Coly Valley CLT	£43,584
Beer CLT	£38,645
Colyton & Colyford CLT	£33,314
Gittisham CLT	£38,627
Clyst Honiton Parish Council	£2,302
Broadhembury CLT	£25,156
<b>Total</b>	<b>£246,757.66</b>

- 2.2 To apply for funding the CLT or community group/parish council complete an application form which is then verified and checked by an advisor for Middlemarch who are not connected to

the CLT or scheme (Chinese Wall approach), before sending to EDDC for final approval and payment. The limit for each group for revenue funding is £40,000. However there have been occasions where this amount has been exceeded. The £40,000 limit was set in collaboration with Middlemarch based on the average total amount required to set up a CLT and secure planning permission. What we have found is that some of the sites which the CLTs are progressing are challenging and require more detailed or specific types of reports to support their planning application and sites are taking longer to get to development stage which requires more technical support from Middlemarch. There have also been abortive costs if a particular site did not proceed. It is now considered that a higher limit of £50,000 is an appropriate amount for revenue funding to cover rising costs.

2.3 The CLTs are having varying degrees of success and are all at different stages in their journey to provide affordable homes for their communities. Gittisham are progressing with their chosen site and will soon be in a position to request pre-application advice from planning. Colyton were making progress with one site but unfortunately this has now fallen through. They are continuing to look for suitable sites. Wilmington CLT found a site and a willing landowner who was successful in gaining outline planning approval (the landowner funded the application). Unfortunately the land owner then changed their mind and decided not to release the land for development. The CLT is looking at other suitable sites in the village and working with other landowners. Yarcombe have submitted a planning application for 6 units in Marsh which is awaiting determination. Upper Coly Valley CLT have received planning permission for 6 new affordable homes on a piece of land owned by the Parish Council and adjoining EDDC council stock. Beer CLT, who are not supported by Middlemarch, have also used the grant to prepare a planning application for their second development in Beer comprising 7 units. This application has been granted planning approval. Upton Pyne CLT who have already delivered a scheme are now looking to do another and Lyme Regis CLT are looking to help Uplyme deliver a scheme.

2.4 To date the grant has enabled 3 CLTs to get schemes drawn up and submit a planning application with all schemes receiving planning approval. Whilst funding was available from Homes England for this (funding stopped in March 2020), the CHF has proven to be a quicker and simpler way of accessing funds. Middlemarch have supported 2 of these CLTs and have been influential in driving things forward and keeping momentum going amongst these groups. Middlemarch's technical abilities have been essential as all of the chosen sites have proven very challenging.

2.5 The pipeline for Community Led Housing is as follows:

<b>Stage in development process</b>	<b>Number of affordable units</b>
Affordable units with planning permission	19 (6 will not proceed)
Affordable units in for planning	6
Affordable units about to submit planning application	6
CLTs in early stages (likely delivery)	10
<b>Total (that are likely be delivered)</b>	<b>34 units</b>

### **3.0 Use of Community Housing Fund for Capital Grant**

3.1 Due to the high costs associated with developing small, often difficult rural sites with limited infrastructure together with the more rigorous design expectations there is likely to be a shortfall in funding when it comes to building these units. Following discussions with Homes England (HE), Middlemarch and Teign Housing (the registered provider partnered with two of the CLTs) it is proposed that we agree to use the Community Housing Fund to provide capital grant funding to help gap fund in situations where there is a short fall. Initial discussions with

Homes England, who have agreed in principal to fund a number of the CLT schemes through the Affordable Homes Programme, have confirmed that the level of HE grant available will not meet the build costs and even with additional monies from the registered provider there is still a funding shortfall affecting viability.

- 3.2 The level of gap funding will depend on the site specifics and some schemes will require more gap funding than others. For this reason we do not propose setting a maximum level of grant per unit but instead will consider each request on a scheme by scheme basis. However in order to ensure the fund can support a number of projects we will limit the amount of grant to cover up to 30% of total development costs. We intend to work with the registered provider and Homes England to ensure value for money is achieved. They have agreed to an open book approach to assess viability.
- 3.3 We will expect groups to have considered all available sources of finance/grant. In some cases commuted sums could be used instead of the CHF. The Council has provided loans to CLTs in the past and this option could also be considered.
- 3.4 Applications for capital grant funding will require the submission of a fully completed grant application form together with supporting evidence from the registered provider and/ or Homes England to include viability appraisal showing the short fall in funding. Middlemarch will provide additional advice if necessary on how the proposal compares to other CLT projects with similar costs. Authority to approve capital grant applications will be delegated to the Strategic Lead for Housing, Health & Environment in consultation with the Portfolio Holder for Homes and Communities.
- 3.5 It is proposed that the Council enters into an individual grant agreement with the grant recipient which will usually be the registered provider. This will specify the purpose and objectives of the grant, terms and conditions including repayment should the scheme not finish, monitoring and how the grant will be paid.

#### **4.0 Recommendation**

- 4.1 To approve the use of the Community Housing Fund for capital grant going forward with approval of individual grant applications delegated to the Strategic Lead for Housing, Health & Environment in consultation with the Portfolio Holder for Homes and Communities.
- 4.2 To increase the amount of grant for revenue funding from £40,000 to £50,000.

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#### **Financial implications:**

Additional revenue requirement will be met from existing Community Housing Fund grant.

#### **Legal implications:**

The legal framework is set out within the report and requires no further comment at this stage.