

Eden District Council

Cabinet

24 May 2022

## Capital Grants for Affordable Housing Projects

<b>Portfolio:</b>	Housing and Health Portfolio
<b>Report from:</b>	Assistant Director Communities
<b>Wards:</b>	All Wards
<b>OPEN PUBLIC ITEM</b>	

### 1 Purpose

- 1.1 This report presents a number of applications for capital grants from Registered Providers (RP's). The grants are to support Affordable Housing projects across the district, which can be funded through Section 106 receipts.

### 2 Recommendation

- 2.1 It is recommended that the four applications set out at 3.7 be approved.
- 2.2 It is recommended that subject to the approval of 2.1, Council approve that budgets for Capital Grants totalling £544,000 be included in the Capital Programme 2022/23 to be funded from Section 106 receipts.

### 3 Background

- 3.1 The Council is the local housing authority for Eden district and has a statutory duty to produce a housing strategy. The Eden Housing Strategy 2021 – 2026 ('The Strategy') has been prepared in order to meet this requirement and is available on the Council's website.
- 3.2 The Housing Strategy objectives enable the Council to build upon its relationships with key housing partners in Eden and across Cumbria, and to maximise the opportunities created through our strategic and operational activities in relation to housing delivery.
- 3.3 The Housing priorities identified in the Strategy are:
- Development of good quality new housing
  - Improving the condition of our existing housing stock
  - Improving access to housing for all
- 3.4 The 'Development of good quality new housing' priority sets out the Council's strategic and operational activities in relation to enabling and development. In instances where the provision of affordable housing is not feasible on a site, private housing Developers are required to provide direct funding through the Section 106 legal agreement for the provision of alternative affordable housing in the District.

- 3.5 This funding is subject to certain criteria, which is set out in each individual agreement. This will normally be that funding should be spent on the provision of additional affordable housing within Eden district, and there may be provision to return funds to the Developer if not spent within certain time limits. It is therefore in the interests of Eden residents, and the Council for housing enabling activities to be prioritised.
- 3.6 The Policy and Procedure to spend Section 106 receipts designated for affordable housing, approved at Council on 23 September 2021, details how the Council proposes to use the funding and contains a fair and transparent process for allocation, in partnership with RP's, and Private Housing Developers.
- 3.7 A Housing Developer Forum of key partners has been established and the first meeting was held in December. The Policy and Procedure was presented and members invited to submit funding applications. The first four applications to be considered are set out below:

### **Application 1**

Capital Grant - Home Group – Westmorland Road, Appleby

Description – 100% affordable housing scheme comprising 2 bed and 3 bed houses (19) for general needs affordable rent and shared ownership. 5 x 2 bed and 8 x 3 bed houses for affordable rent (total 13 x affordable rent). 2 x 2 bed and 4 x 3 bed houses for shared ownership (total 6 x SO). The proposed site is a brownfield site that is allocated for housing in the Eden Local Plan 2014-2032.

Request – Due to viability issues the request is to fund additional costs of installing energy efficiency measures over and above current requirements as it would otherwise not be possible to install these additional 'green' measures. Specifically, this funding will be used to offset the extra costs of supplying and installing air source heat pumps and solar PVs in order to make these homes more energy efficient and reduce fuel poverty for the customer.

Benefits – Increases EPC rating, future proofing properties that will need to be retro-fitted at some point, meets Councils corporate priorities of developing good quality new housing, making progress on reducing the Council's carbon footprint to zero by 2030, reducing fuel poverty for the residents of Eden.

**Amount Requested - £190,000** (£10k per property).

### **Application 2**

Capital Grant - Home Group – Hunter Lane, Penrith

Description – 100% affordable housing scheme on brownfield land close to the town centre of Penrith. This will involve sensitive refurbishment of the former Police Station which is an old building in the Penrith conservation area – converting into 1 and 2 bed flats for shared ownership; demolition of the buildings behind (also part of the Police Station but a more modern addition) and construction of 2 bed and 3 bed houses for general needs affordable rent on the main site and on the site opposite. Proposed House Types and Tenure Mix: 6 x 2 bed and 6 x 3 bed new build houses for affordable rent (total 12 x affordable rent) 2 x 1 bed and 4 x 2 bed converted flats for shared ownership (total 6 x SO).

Request – Additional funding from EDC is required in order to improve viability and give us confidence to take this scheme forward with our construction partner, Atkinson Building Contractors. We would expect to provide energy efficient ASHPs and solar PVs on this scheme, subject to firming up costs.

Benefits – Increases EPC rating, future proofing properties that will need to be retro-fitted at some point, meets Councils corporate priorities of developing good quality new housing, making progress on reducing the Council's carbon footprint to zero by 2030, reducing fuel poverty for the residents of Eden.

**Amount Requested – £180,000** (£10k per property).

### **Application 3**

Capital Grant - Genesis Homes – Pennine View, Calthwaite

Description – 16 homes at Pennine View, Calthwaite. The intention is to construct low carbon net zero emitting open market homes. The homes follow a high specification of eco credentials, from their fabric first approach with the dwelling envelope, through to the renewable energy features which omit the use of LPG and rely 100% on renewable electricity. The home achieves this result by: - The home utilises the fabric first approach of thermal efficiency through high levels of floor, cavity and loft insulation. This procures an anticipated EPC Rating B. - The homes are 100% electric, with the removal of gas supply. The electricity supply is from 100% renewable sources. The home draws energy from an off peak tariff from renewable source, usually offshore wind. Providing a significant financial saving for the home owner. This energy is stored in battery storage attached to the dwellings. The home uses this battery storage during peak hours. Solar PV panels provide energy to a thermodynamic heat pump which supplies hot water to the dwelling. The heating in the home is infrared heating panels, significantly reducing electricity demand. The home comes with an electric vehicle charging point. The home is smart home enabled through Alexa, etc. This smart home controls the heating, vehicle charging, battery storage status, etc. The result is homes which will achieve an EPC Rating A due to this increase in specification.

Request – Due to viability issues and current market conditions the 4 affordable properties cannot be constructed to this standard. It is requested the affordable housing fund funds this gap in the market to install the upgrades required in converting these homes to zero emitting properties.

Benefits – Increases EPC rating, future proofing properties that will need to be retro-fitted at some point, meets Councils corporate priorities of developing good quality new housing, making progress on reducing the Council's carbon footprint to zero by 2030, reducing fuel poverty for the residents of Eden.

**Amount requested – £100,000** (£25k per property)

### **Application 4**

Capital Grant - Eden Housing Association – Extension of 7 Pennine View, Newbiggin for future larger families.

Description – The Housing Options Team at Eden HA are contracted to carry out the statutory homelessness function on behalf of the Council. In recent months there have been three families with in excess of seven children who have presented to the Team as potentially homeless. In all cases the Council would be likely to owe a

homelessness duty. The existing Housing Association stock across Eden is not large enough to accommodate a family of these sizes, and a proposal has been made to extend a three bedroom house with a large garden plot belonging to EHA.

Request – Due to the lack of available suitable accommodation it is requested the affordable housing fund is used to extend the existing property owned by Eden HA.

Benefits – Increases the supply of available social housing stock within Eden. Minimises the exhaustive costs associated (financial, social, psychological) of providing temporary accommodation and/or possible re-locating vulnerable families out of the District.

**Amount requested – up to £74,000 (this incorporates a contingency of 20% for any unforeseen issues).**

## **4 Policy Framework**

4.1 The Council has four corporate priorities which are:

- Sustainable;
- Healthy, safe and secure;
- Connected; and
- Creative

4.2 This report meets the Healthy, safe and secure corporate priority, which seeks to 'Improve housing, both new build and existing, working towards self-sufficiency in energy and co-produce healthy, connected, prosperous communities, for all, urban and rural.'

## **5 Consultation**

5.1 The proposals were considered with the Housing and Health Portfolio Holder, Assistant Director Communities, Assistant Director Development and the Housing Services Manager at a meeting on 17 February 2022 and the Portfolio Holder gave her endorsement to approve these applications.

## **6 Implications**

### **6.1 Financial and Resources**

6.1.1 Any decision to reduce or increase resources or alternatively increase income must be made within the context of the Council's stated priorities, as set out in its Council Plan 2019-2023 as agreed at Council on 7 November 2019.

6.1.2 The proposals set out within the report total £544,000 of capital grants to RP's, which can be funded from accumulated Section 106 receipts for Affordable Housing.

6.1.3 The budgets will need to be included in the capital programme and require approval by full Council.

6.1.4 The level of funding is below £1m and therefore does not trigger the LGR section 24 direction for capital contracts.

## 6.2 Legal

6.2.1 Contracts will need to be drawn up with the individual RP's to ensure compliance with standard procedures and protocols when spending public funding.

## 6.3 Human Resources

6.3.1 There are no Human Resources implications arising from this report.

## 6.4 Environmental

6.4.1 These properties will be upgraded to high energy efficient standards ensuring they will be properly insulated and efficiently heated via an air source heat pump. This will improve the energy rating, reduce carbon emissions and 'future proof' the properties so they do not need to be retro-fitted in the future. In light of the increase in energy prices these properties will be more fuel efficient which will make them cheaper to run and help to alleviate fuel poverty.

## 6.5 Statutory Considerations

<b>Consideration:</b>	<b>Details of any implications and proposed measures to address:</b>
Equality and Diversity	The proposals to spend section 106 receipts designated for affordable housing are intended to have a positive impact on all statutory considerations through improving access to good quality housing for all.
Health, Social Environmental and Economic Impact	The proposals to spend section 106 receipts designated for affordable housing are intended to have a positive impact on health, environmental and economic initiatives through the delivery of affordable housing with green energy measures; reducing the carbon footprint and reducing fuel poverty.
Crime and Disorder	N/A
Children and Safeguarding	N/A

## 6.6 Risk Management

<b>Risk</b>	<b>Consequence</b>	<b>Controls Required</b>
Risk of having to return unspent funding in the Council's Affordable Housing Fund if not utilised in a timely manner.  Legal challenges in respect of the statutory homelessness duty owed to local homeless families.	Loss of existing funding. Less affordable Housing delivered.  Reputational damage.  Legal case, costs and reputation.	The Policy/Procedure outlines a route to enable the best use of funding, to maximise opportunities presented through the Affordable Housing Fund and achieve best value for Eden residents.

## 7 Other Options Considered

7.1 No other options were considered.

## 8 Reasons for the Decision/Recommendation

8.1 To provide capital grants to RP's for affordable housing projects within the district.

### Tracking Information

<b>Governance Check</b>	<b>Date Considered</b>
<b>Chief Finance Officer (or Deputy)</b>	13 May 2022
<b>Monitoring Officer (or Deputy)</b>	13 May 2022
<b>Relevant Assistant Director</b>	05 May 2022

**Background Papers:**

**Appendices:**

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