



PART B:	RECOMMENDATIONS TO COUNCIL
REPORT TO:	POLICY AND RESOURCES
DATE:	23 MARCH 2017
REPORT OF THE:	FRONT LINE SERVICE DELIVERY LEAD BECKIE BENNETT
TITLE OF REPORT:	COMMUNITY HOUSING FUND
WARDS AFFECTED:	ALL

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

- 1.1 This report seeks approval to spend Ryedale's Community Housing Fund (CHF) allocation in accordance with the recommended principles.

2.0 RECOMMENDATIONS

- 2.1 That Council agrees:
- (i) the principle of using £86,200 (20%) of the total allocation for revenue purposes to support the delivery of new homes
 - (ii) that £43,100 (10%) of the allocation be used for additional Community Development capacity working with a specialised provider, in partnership with Hambleton District Council for a 2 year period
 - (iii) to passport £12,930 (3%) of the allocation into a pooled North Yorkshire enabling fund.
 - (iv) that the remaining £288,770 (67%) be used for capital works provided through grants, land acquisition or purchase of property in support of Community Led Housing

3.0 REASON FOR RECOMMENDATIONS

- 3.1 The Council has been allocated £431,000 from Government to help promote the development of Community Led Housing within the District. These funds need to be committed and spent on their intended purpose and further information on CLH is provided in the slide pack attached at Annex A, which was delivered to the Parish Liaison meeting in October 2016.

4.0 SIGNIFICANT RISKS

- 4.1 There is a risk that RDC does not spend its full allocation on its intended purpose. The Rural Housing Enabler will work closely with specialised community development providers to promote CLH across the district, in order to progress schemes. A proportion of funds will also be used to pay for additional revenue costs to speed up delivery. Capital funding will be used to de-risk potential schemes and make them viable for both communities and Registered Providers. Specialist technical support and programme management will come from the York, North Yorkshire and East Riding Housing Partnership to ensure the appropriate funding criteria is met.

5.0 POLICY CONTEXT AND CONSULTATION

- 5.1 Contributes to the Council's Corporate Plan, Meeting Housing needs in the district. The Council has been working across the North Yorkshire, York and East Riding Housing Partnership in order to develop a programme.

6.0 BACKGROUND

- 6.1 The Community Housing Fund was announced by DCLG in December 2016 to support CLH developments in areas where the impact of second homes is particularly acute. £60 million has been allocated to 148 LAs (mostly rural) across England for 2016/17. Going forward, any further allocations will depend on the impact of the fund.
- 6.2 The Council has been allocated £431,000 of this fund. Payment is being made in two tranches, the first of which has been received and the second of which will be paid subject to the submission of a delivery plan to DCLG in March this year.
- 6.3 This report recommends the principles as to how this money should be spent and proposes that the majority of funds (87%) should be used as capital funds to support the delivery of potential community led development opportunities within the district.
- 6.4 It is also recommended that 20% of these funds are allocated to revenue to provide additional capacity where required, particularly in relation to community development activity. In addition it is also proposed that 10% is allocated be used for additional Community Development capacity working with a specialised provider, in partnership with Hambleton District Council for a 2 year period and that 3% is pooled into a wider North Yorkshire enabling fund.

7.0 REPORT DETAILS

- 7.1 The District Council's allocation is £431,000. It is understood that the funding formula behind the allocation is primarily based on levels of second home ownership within the district. It also takes into account affordability of housing to local people, especially as high levels of second homes can push up property values and make them unaffordable.
- 7.2 The criteria that Government sets out what the funds can be spent on is quite broad. Funds can be used for both capital and revenue purposes. The key requirement is that the community must be integrally involved throughout the process in key decisions. They do not necessarily have to initiate and manage the development process, or build the homes themselves, though this is an option.

- 7.3 It is important to note that funding has been made available to the Council to help communities take forward community-led development in their areas and not to act directly as a developer or indeed project manage individual developments. The role of the Council is primarily as an enabler. Key responsibilities for the Council in this role are:
- Developing a plan as to how the money shall be spent to meet its intended purpose.
 - Acting as accountable body for the funding and ensuring it is spent on their intended purpose and reporting progress back to DCLG.
 - Supporting the communities themselves to develop schemes, including help with site identification; securing development partners; assessing scheme viability; supporting the legal process including development of governance arrangements; community development work and needs identification.
- 7.4 Whilst it is proposed to use some of the funds for revenue purposes to cover the cost of this work, the bulk of the allocation is to be used to cover capital costs associated with the acquisition of land/property and the actual construction of homes. The mechanics of this process are yet to be determined, however it is envisaged that funding support may be in the form of grant payments.
- 7.5 The terms of grant payments to be made (to communities or developers) along with a mechanism to calculate the value of such payments need to be worked up and agreed. Ideas being considered include the provision of funding to bring additional flexibility into the development process including up front funding to enable the acquisition and de-risking of sites or the covering of abnormal costs. Alternatively a flat or maximum grant rate per unit could be considered. Negotiations have commenced with both the HCA and Registered Providers to determine the ways that this fund could bring most added value.

7.6 Registered Provider and Homes and Communities Agency Support

- 7.6.1 The funding allocation from Government will help meet local housing need and supports the Council's wider housing strategy. It is important to note however that in real terms £431K is likely to have a limited impact in terms of the actual number of homes that can be delivered through this fund. It is very important therefore that the Council looks to stretch and maximise the value of these funds to help draw in additional funding, particularly from the HCA's Affordable Housing Programme as well as through the use of Registered Provider (RP) funding.
- 7.6.2 Whilst it is not a requirement of any community-led housing developer to be supported through either the support of an RP or the HCA, it is recommended that the Council does adopt this approach to build capacity. Working with a RP and the HCA brings a range of benefits to the process including
- The drawing in of additional funding support to maximise delivery.
 - The provision of specialist development expertise.
 - Construction experience and capacity.
 - Assurance around the design and quality of the homes developed.
- 7.6.3 What still needs to be determined is the role that both the community and the RP may make in the process. As highlighted, the role of the community could range from helping to identify a need and a site for a RP to take forward to full ownership and management of the homes. It is proposed that a number of different options are developed through the Rural Housing Network.

7.7 Future Allocations

7.7.1 There is some uncertainty around the mechanism for future allocations with some mixed messages coming out from Government as to whether payments will continue to be made to LAs or be administered by the HCA or even paid to national community-led housing bodies directly. Regardless of the mechanism for future funding, these funds give RDC an excellent opportunity to work up a pipeline of future community-led schemes going forward. It is understood from DCLG that whilst there is no real expectation that funds will be spent or even committed by year end LAs are expected to provide assurance to DCLG that they have plans in place to spend the funds.

7.8 Specialist Support and Sub-Regional Delivery Models

7.8.1 Whilst some potential opportunities have already been identified, developing community-led housing will be resource intensive and will require specialist technical and enabling support. In particular, support will be needed to help develop different models for delivery. Ideally a range of options as to how different models could work needs to be established.

7.8.2 Some of this technical support can be accessed via the wider community-led housing sector and networks. In order to access this support and to help pump-prime potential alternative delivery models, it is proposed that RDC supports work being undertaken via the wider York, North Yorkshire and East Riding Housing Partnership. It is recommended that a 3% fixed contribution of funds is agreed into a 'pooled' enabling pot to be used by the partnership to help draw in the specialist consultative support needed.

7.8.3 In addition there has been some discussion between districts both within the Rural Housing Network and via York, North Yorkshire and East Riding Housing Board around the principle of pooling funds to support the development of alternative delivery models going forward. These could include using funds to develop such ideas as a 'revolving rural land-bank', and a shared sub-regional delivery vehicle that acquires and de-risks land. Whilst these ideas may have some merit, to date there is no real detail or agreement or timescale in place as to how such ideas could evolve or be taken forward sub-regionally.

7.8.4 It is understood that there is a commitment from other Councils within the sub-region to make similar and proportionate contributions into this fund. Spending against the fund will be monitored by the York, North Yorkshire and East Riding Housing Board at which the Leader of the Council attends. Payment would also be subject to a formal agreement.

7.9 Other Revenue Costs

7.9.1 It is envisaged that revenue funding will be needed to both help accelerate or unblock the development process. This could include for example using funds to help the planning authority support this process. An agreed revenue budget of 20% is recommended. The amount needed for each scheme may vary depending on the form and shape of each proposal going forward.

The revenue support given directly to community groups would cover;

- Professional fees (i.e. architect, QS, planning fees etc)
- Other Consultancy costs
- Project management costs
- Site specific issues

- 7.9.2 It is important to note that the development of community-led housing is likely to be resource intensive for RDC. Whilst it is expected that the Rural Housing Enabler (a 0.5FTE post shared with Scarborough BC) will have a key role to play, these schemes will be far more resource intensive especially in terms of community development. There will also be a need for more focused community development work and capacity building of local communities and community groups both in the short and longer term that cannot be met with current staffing resources.
- 7.9.3 It is proposed therefore that some funds are used to pay for additional specialised community development support within the district. Hambleton DC would like to commission this service in partnership with RDC and initial discussions have taken place with Rural Action Yorkshire. This is needed to be able to work with communities on a range of activities including
- Developing the group including legal structures and governance
 - Assistance with wider funding applications and other support
 - Developing a proposal and business plan
 - Support on project planning and management
 - Longer term group and business development
- 7.9.4 At this stage it is recommended therefore that 10% of the total budget is set aside for this purpose which would cover a 2 year period.

8.0 IMPLICATIONS

8.1 The following implications have been identified:

- a) Financial
There are no additional budget implications notwithstanding the CLH funding allocation is a positive financial boost to support the development of community led housing.
- b) Legal
There are likely to be legal implications for the Council going forward depending on the community led model adopted. These could include support from the Council in drawing up governance arrangements and or development agreements for the new homes.
- c) Equalities
CLH will have a positive impact in terms of equalities and diversity issues and will increase the availability of accommodation in areas of high demand.
- d) Staffing Issues
Developing community-led housing is likely to be resource intensive for the Council, particularly in relation to community development type activity. The report recommends that part of the funding is used to pay for delivery by Hambleton District Council on our behalf.
- e) Planning, Environmental, Health and Safety, Sustainability, Crime and Disorder
No implications.

9.0 NEXT STEPS

9.1 The first tranche of funding has have been received, subject to approval a submission will be made to the DCLG outlining the plan for the areas of work the funding will be allocated to and it is expected that the second tranche of funding will be received during 2017/18.

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Background Papers:
Annex A - Community Housing Fund Slides.