



<b>Report for:</b>	Cabinet
<b>Title of report:</b>	Grant Funding Hightown Housing Scheme – 66 Books, Wood End Lane
<b>Date:</b>	14 <sup>th</sup> February 2023
<b>Report on behalf of:</b>	Councillor Margaret Griffiths, Portfolio Holder for Housing
<b>Part:</b>	I
<b>If Part II, reason:</b>	N/A
<b>Appendices:</b>	N/A
<b>Background papers:</b>	Cabinet report January 2018 (CA/18/18)
<b>Glossary</b>	N/A

#### Report Author / Responsible Officer

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<b>Corporate Priorities</b>	A clean, safe and enjoyable environment Building strong and vibrant communities Ensuring economic growth and prosperity Providing good quality affordable homes, in particular for those most in need
<b>Wards affected</b>	Adeyfield East Ward
<b>Purpose of the report:</b>	To seek approval for the payment of one for one grant funding to Hightown to enable the delivery of 33 affordable housing units at the site known as 66 books.
<b>Recommendation (s) to the decision maker (s):</b>	To award an additional one for one receipt grant funding payment of £1,035,146 to Hightown for the development known as 66 Books, Wood Lane End for affordable housing development in the borough. This will result in a total grant funding level of £3,300,000 for this scheme.
<b>Period for post policy/project review:</b>	2 years

## **1 Introduction/Background:**

In January 2018, Cabinet reached a decision to award £2,264,854 funding via 141 Right to Buy receipts to Hightown for their project called 66 Books. To date £883,819 of funding has been paid to Hightown Housing Association for a 30% contribution towards the acquisition of the land.

The remaining funds were not drawn down by Hightown as the requirement to spend the funding within a 3-year period resulted in the funds being redirected to the Council's own programme of building new homes. The Council was only ever providing grant towards the funding of 33 rented homes that were not going to be part of the s106 requirement. It was always Hightown's intention that the remaining units would be funded by Homes England.

Hightown knew that the Council could not fund completed social housing from one for one receipts, (and considered bare land owned by a housing association to be 'social housing'). They agreed to enter into more than one grant agreement: one for funding towards the land and one for the build, as they knew that they would not be able to buy the land, achieve planning permission and build out the scheme within the 3 year timeframe for spending one for one receipts (as it was at the time).

When Hightown finally achieved planning permission and came back to the Council for further grant, the Council's one for one receipts had significantly reduced and the grant funding previously agreed was no longer available.

Upon the announcement from Homes England of further affordable homes grant, in September 2020, for the period 2021-2026, Hightown approached Homes England to establish if they would be able to secure any further funding for the affordable units on the scheme. There is a rule around the use of blending one for one grant with other affordable grants and this is not permitted. Hightown were unable to achieve further grant funding via this route for the construction of the affordable units.

Until now, the 33 homes that had low levels of grant, (just the 'acquisition grant'), that Hightown could not get top up funding from Home England. The 33 units are due to complete in July 2023.

The cost increase is due to rising inflation costs causing an uplift on the cost of construction and the requirement to maximise the grant to assist in achieving the right level of affordability for tenants.

## **2 Key Issues/proposals**

Homes England have asked the Council to consider further funding to enable completion of the 66 Books site, preventing any risk to delivery of the remaining affordable housing units and impacting negatively on provision of accommodation to Dacorum residents.

After engagement with Hightown, it is proposed that funding should be provided on the basis that the homes are delivered at a rent that is affordable to Dacorum residents and therefore funding this project will enable the rents to be capped at 65% of open market value. The total funding required to achieve this is £3,300,000. This includes the amount paid to date (£883,819) and is therefore £1,035,146 above the original January 2018 Cabinet approval.

## **3 Options and alternatives considered**

- The first option considered was for Hightown to pay back the grant, which has been reviewed with the Council's legal team and, as the agreement was explicit and only for the purchase of the site, which has been completed, this would not be possible, as the terms of the agreement have been fully discharged.
- The second option to approach Homes England was not viable as they will not allow blending funding streams.

#### **4 Consultation**

Chief Housing Officer  
Head of Financial Services & Deputy 151  
Assistant Director of Housing Operations & Safe Communities  
Assistant Director of Legal and Democratic Services  
Strategic Leadership Team

#### **5 Financial and value for money implications:**

One for one receipts, paid to Housing Associations by way of a grant, provides the means to increase the provision of affordable homes within the Borough at no cost to the Council and assists in avoiding the costs of homelessness by increasing affordable housing supply.

The Council has this resource available within the budget as the existing housing revenue account will be re-profiled and Homes England will be approached to obtain further funding for the Council's own new build programme.

#### **6 Legal Implications**

A grant agreement will be established between the parties.

#### **7 Risk implications:**

Provision of additional funding will increase the need to finance Dacorum schemes from non 141 sources.

Failure to provide further funding risks impact of non-delivery of affordable housing units in the Borough.

#### **8 Equalities, Community Impact and Human Rights:**

Funding this project will bring positive benefits to the community in terms of increased housing supply and affordable housing.

The Council will receive 100% nomination rights on first lettings and 75% on all subsequent lettings.

There are no human rights issues arising from this report.

#### **9 Sustainability implications (including climate change, health and wellbeing, community safety)**

This project will deliver new modern affordable homes build to the latest sustainability standards.

#### **10 Council infrastructure (including Health and Safety, HR/OD, assets and other resources)**

There are no direct implications arising from the report

#### **11 Statutory Comments**

##### **Monitoring Officer:**

The terms of the funding will need to be set out in a funding agreement between the parties to document all the agreed terms and to ensure that the funding is utilised to provide housing at the affordable rent levels agreed.

**S151:**

The provision of the additional funding will take the total grant funding for this scheme to £3.3m, circa £100k per affordable new home. This funding will guarantee the 33 affordable homes are developed and maintained at a rent level of 65% of the open market value.

This additional grant payment for 66 Books will mean the current projected 141 housing receipts will be fully utilised by 2025, hence the need for the HRA to look to non 141 receipts as a source of financing for its capital programme from 2025. This could, as a last resort, include borrowing.

**12 Conclusions:**

Hightown is building 33 affordable new homes. An increase to the total grant funding payment from £2,264,854 to £3,300,000 (noting paid to date £883,819.00), will enable the new homes to be capped at 65% of open market value achieving the right level of affordability for tenants.