

APPENDIX 1

Draft Affordable Housing S.106 Commuted Sums Grant Policy (corporate branding to be applied)

Introduction

1. The delivery of high-quality affordable homes is of great strategic importance to the council. Homes which are affordable, and delivered to high design and environmental standards, have a very significant impact on quality of life for the council's residents.
2. The council currently receives commuted sums (financial contributions) in certain circumstances, in lieu of the on-site delivery of affordable housing. These sums are made available to enable the delivery of further affordable homes, where projects can demonstrate that they are making a significant contribution to the affordable housing stock through the provision of high-quality homes which are genuinely affordable to lower income households in the area.

Applying for Grant Funding

3. The council may make funds available to enable the delivery of new affordable housing where proposals can demonstrate a significant contribution to meeting housing need in the district in a way that addresses the key areas contained in this document. Project proposals are expected to align with the majority of the key priorities below, reflecting the council's Housing Delivery Strategy 2022-2024. These are: -
 - Delivers affordable housing
 - Delivers social rent
 - Community led
 - In area where there is a high level of demand and deficit of supply
 - Meets net zero or better carbon build standards
 - Achieves low levels of embodied carbon
 - Projects with gas heating will not be considered
 - Not able to access Homes England funding
 - Meeting need from the housing register (e.g. regeneration)
 - Delivers affordable housing in perpetuity
4. It is important that any application for grant funding demonstrates that it contributes to meeting the majority of these priorities before it can be considered. Significant weight will be given to how a project proposal meets these priorities in assessing applications.
5. In addition to the above strategic priorities, all proposals must comply with relevant Local Plan policy requirements, building regulations, meet the Nationally Described Space Standard as a minimum, and seek to achieve maximum household occupation through appropriate bedroom sizes.

Eligible Costs

6. Grant funding is awarded in relation to identified cost elements. These are: -
 - Acquisition (usually the cost of land)

- Works (build costs)
- Oncosts (fees directly associated with the projects, such a planning fees)

Application Assessment and Criteria

7. Where an application is considered to contribute to meeting strategic priorities identified in the Housing Delivery Strategy, then assessment will consider factors relating to the ability to deliver and financial robustness and grant requirement.
8. The following criteria are grouped into themes. Applicants will be required to provide evidence within the application to cover all these considerations. They form part of the assessment process, and will also form part of the overall scoring assessment: -

Governance

- Governance structure
- Incorporated company
- Community led
- Registered Provider
- Capability – skills, capacity, experience

Financial Robustness and value for money

- Unit and scheme costs demonstrating VFM
- Proportion of grant funding against scheme costs
- Other sources of funding
- Robust feasibility appraisal/financial viability assessment
- Risk assessment

Project management

- Proposed site status
- Realistic project plan
- Project management capacity
- Any milestones achieved
- Demonstration of community engagement
- Evidence of LA discussions/support

Scheme features

- Good housing type and tenure mix
- Design aligns to council policy
- Use of innovative methods
- Low, zero or negative carbon
- Added social value (e.g. use of local contractors, apprenticeships)

Financial Appraisal

9. The financial appraisal of a proposal will undergo the following review process. It is important that an application is accompanied by sufficient information to allow a full appraisal to be undertaken.
 - a) Application received with supporting information
 - Land acquisition and independent RICS valuation

- Independent RICS unit GDV valuation
- Contractor selection process
- Contractor tender process
- Contractor cost analysis
- LA completed model

b) Analysis of development cost information. Ensure the cost analysis meets minimum build standards, including meeting all environmental standards.

c) Review levels of grant funding.

d) Holistic review of application

e) Financial risk review

- Governance
- Financial robustness
- Project management
- Scheme features

10. At each review point if there is a negative outcome there will be an opportunity for the application to resubmit their application having amended their application based on the feedback received.

11. The affordable housing team will review the financial information presented and then compare against industry standard KPIs.

- IRR - Internal rate of return
- GDV - Gross development value
- POC- Profit on cost
- CPSft – Cost per square foot/meter
- PDG - Property demand growth.

A summary of the financial appraisal will be sent to the finance team to for their comments.

Scoring

12. Applications must meet the essential criteria, and address the key strategic priorities of the council’s Housing Delivery Strategy as outlined in this document. Where there is a limit on the availability of funds, scores will be used to rank competing applications. It is therefore important to provide as much detail as possible in the application.

Scoring Matrix

Governance	Score (0-3 points)
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Governance structure	
Incorporated	
Registered Provider	
Capability – skills, capacity, experience	
Financial robustness and value for money	
Unit and scheme costs demonstrating VFM	
Proportion of grant funding requested (of tsc)	
Robust feasibility appraisal/financial viability assessment	
Other sources of funding	
Risk assessment	
Project management	
Proposed site status	
Realistic project plan	
Project management capacity	
Milestones achieved	
Demonstration of community engagement	
Evidence of LA discussions/support	
Scheme features	
Good housing type and tenure mix	
Design aligns to council policy	
Use of innovative methods	
Added social value	
Meets zero carbon or better	
Strategic	
Delivers affordable housing	
Delivers Social Rent	
Community led	
Area where high level of demand and deficit of supply	
Not able to access Homes England funding (eg regeneration project)	
Meeting need from housing register	
Delivers affordable housing in perpetuity	

13. Scores will be applied on a 0 – 3 basis, depending upon how closely the various elements of a project fit with the elements above.

- 0 - Element not present / evidenced
- 1 - minimal presence / evidence
- 2 - Significant presence / evidence
- 3 - Present / fully satisfactory

For example, a proposal which meets only minimum building regulation standards is likely to score 1, whereas a zero-carbon scheme would score a 3.

A development comprising all Social Rent would score 3, whereas a development comprising a mix of Affordable Rent and Social Rent may score a 2, depending upon the proportion Social Rent.

Documentation required with the application

14. The applicant must ensure that the documentation provided with the application is sufficient and detailed enough to enable the council to make a thorough assessment of the proposal in order to be able to arrive at an informed decision. Where evidence is lacking or incomplete, this will be reflected in scoring or rejection of the application. The following documents must be included in any submission, in addition to other supporting documents.

- Financial viability appraisal, including a complete breakdown of all associated costs
- Title documents (where applicable)
- Planning consent
- Constitution
- Location plan

Grant Funding Agreement and Payment of Grant

15. Any successful applicant will be required to enter into a legally binding grant funding agreement. The agreement will set out the terms on which the grant is made available. The council has a legal duty to protect public funds, and provision will be made within the agreement to ensure that the grant is used for its intended purpose. Grant will become repayable should the project not deliver as set out in the agreement, or in the event that any affordable homes delivered with the benefit of grant, cease to meet the definition of affordable housing.

16. Applicants should note that the council will require a notice to be placed on the title for any grant funded project requiring the council's permission in the event of any disposals. Where a recipient body is not a Registered Provider, the council may require a legal charge on the relevant land.

17. Grant will be paid in stages throughout the life of the development phase. These will be identified within the grant agreement. The key payment stages typically comprise five milestones, with total grant payable, apportioned between them.

Timetable and Process

- i. Following submission of a grant funding application, the council will acknowledge receipt within 10 working days.

- ii. The council will provide an indication timescale at this stage. This will depend significantly upon the quality of the information provided with the application.
- iii. Once assessed, an officer report will be produced (if the application is successful), and a provisional date for consideration by Cabinet.
- iv. If approved by the council's Cabinet, a budget will need to be set by full Council in most cases. This will be at a subsequent meeting. The meeting date can be provided once a Cabinet resolution to approve has been made.

Application Form (Draft)

IMPORTANT

The information provided with this application will be used to determine whether the project is recommended for grant funding to the council's Cabinet. You should therefore ensure that the form is fully completed, detailing how your proposal meets the council's priorities and objectives for grant funding set out in this document. All relevant supporting documentation must be submitted with the application.

Name and address of applicant body

Contact name

Telephone

Email

RSH Registration Number (if applicable)

Site address

Summary of project

Planning reference (if applicable)

Social Rent (yes/no)	
Affordable Rent (yes/no)	
Net-zero carbon or better (yes/no)	

Please set out how the proposals meet the council's key priorities and objectives

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Tenure and dwelling type schedule

Tenure	1 bedroom	2 bedroom	3 bedroom	4+ bedroom
Social Rent				
Affordable Rent				
Total				

Rents (p/w)

Tenure	1 bedroom	2 bedroom	3 bedroom	4+ bedroom
Social Rent				
Affordable Rent				

Average weekly market rent

1 bedroom	2 bedroom	3 bedroom	4+ bedroom

General Needs or Supported?

General Needs	
Supported	

Project costs

Acquisition	
Build	
On-costs	
Total project costs (TPS)	

Project funding

Grant	
Private borrowing	
RCGF	
Other public subsidy (please specify)	
Total (should equal TPS above)	

Project proposal

Net-Zero carbon or better?

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Please use this space to provide a full description of the project. This should include how it contributes to meeting housing need in the district, including the need for genuine affordability. You should include basic technical details in relation to heating and energy supply, such as photovoltaics or heat pumps, together with information on construction methods and any fabric first principles.

Grant requirement

In addition to providing supporting documents, please briefly explain why the project requires grant funding to enable it to proceed.

Document list

Please list the supporting documents submitted with this application.

Date

Name and signature