



**Westmorland  
& Furness  
Council**

Appendix A

# Affordable Housing Grant Policy

December 2023





## Who is this Policy for?

This Policy applies to all applications to Westmorland and Furness Affordable Housing Fund Grant.



Carlton Meadows (also pictured on front page)





## General Principle

Westmorland and Furness Council recognises the need for affordable housing and it is therefore a key priority within the Council Plan.

The provision of more affordable homes can help to increase the range of housing options, to help meet increasing demand and assist the Council in meeting its required housing responsibilities.

The Council's funds for Affordable Housing Grant provide an opportunity to add to other sources of funding available to local communities.

## Background

Providing affordable housing through market housing schemes is one of the main ways in which we deliver affordable housing. The Affordable Housing Grant seeks to provide grant funding to support schemes that will increase the provision of affordable homes.

Our affordable housing requirements are set out in the existing legacy district local plans (Barrow, Eden and South Lakeland). These will still apply whilst a new local plan for Westmorland and Furness (outside the national parks) is developed and adopted. The Lake District National Park and the Yorkshire Dales National Park authorities have their own local plan policies.

### South Lakeland

In **Kendal, Ulverston, Grange, Milnthorpe and Kirkby Lonsdale**, on schemes of nine or more dwellings, 35% of units should be affordable. Elsewhere in South Lakeland outside national parks this requirement applies to schemes of three or more units (SLDC Core Strategy Policy CS6.3)

In the **Arnside Silverdale** Area of Outstanding Natural Beauty, on schemes of two or more units at least 50% should be affordable. (AONB Local Plan Policy AS03)

### Eden

In former **Eden** District on schemes of 11 or more units, at least 30% of units should be affordable. Commuted sums in lieu of on site provision will be required on schemes of 6-11 units in **Alston, Appleby and Kirkby Stephen** and on schemes of 3-11 in other settlements outside Penrith (EDC Local Plan policy HS1)

### Barrow

In former **Barrow** Borough, on schemes of 10 or more dwellings, 10% should be affordable (BBC Local Plan Policy H14)

In the **Lake District National Park** a maximum of five dwellings should be for market local occupancy and any additional units should be affordable.

### National Parks

In the **Yorkshire Dales National Park** on sites of 11 or more dwellings, at least 50% should be affordable (alternatively 33% affordable and 33% market local occupancy is acceptable). Schemes of 6-10 dwellings will require a commuted sum and schemes of 5 or less will be restricted to local occupancy.

Planning permissions incorporating affordable housing will be subject to legal (Section 106) agreements will seek to secure the affordable housing in perpetuity, set out the tenure and mix of the affordable housing and set out eligibility including income and local occupancy requirements.

Requirements for affordable housing provision in market housing schemes are set out in the existing local plans for Barrow, Eden, South Lakeland and the National Parks.

New affordable housing schemes will also need to be designed and built in accordance with other policies in those local plans relating to the design and location of new development.

Government is requiring local authorities to prepare design codes for new development. The Lake District National Park authority is a front runner and has prepared a design code and adopted it as a supplementary planning document. New development within the park will be expected to



comply with the design code. Westmorland and Furness is in the process of commissioning a design code for those parts of the District for which it is the planning authority.

Affordable Housing Grants are available for capital projects that demonstrate strategic fit to the policy and alignment of the Council's sustainability principles of Equity, Economy and Environment.

There are no requirements for match funding, however, those projects that can demonstrate an element of match/aligned funding will be prioritised to ensure the Programme generates maximum value for money. All projects must comply with the UK Subsidy Control arrangements.

## Priorities for Investment

Successful projects will need to set out how they can contribute to the provision of affordable housing through market housing schemes, as well as the Westmorland and Furness Council Plan, and the Council's sustainability principles Environment, Equity and Economy.

### Environment

The Council is committed to encouraging sustainable growth and green developments that have consideration to Climate Change, Bio Diversity loss and Energy Efficiency principles. Applicants should consider how their project can work with the natural environment to achieve project objectives. Schemes that exceed existing standards will be given weighted preference to improve energy efficiency thereby, reducing the carbon footprint and alleviating fuel poverty, setting high aspirations for beauty, quality and sustainability measures are encouraged.

### Equity

The Council is committed to addressing inequalities, especially those resulting from poverty and rural sparsity.

The Council also recognises the importance of to delivering inclusive growth as well as our responsibilities in line with the Public Sector Equality Duty.

## Economy

The Council recognises the need to increase productivity, improve educational outcomes and broaden increase the skills across Westmorland and Furness. Capital schemes should support sustainable and inclusive growth which benefits our diverse population whilst protecting the environment.

The Council continues to prioritise the delivery of affordable homes and will give weighted preference to funding to secure delivery of social rented homes.

## What can the grant be used for?

The Grant can be used to support the following:

### 1. To contribute towards site assembly costs for potential affordable housing sites.

Grant funding can help towards acquisition of sites for affordable housing and for abnormal costs such as remediating contaminated sites that could be developed for affordable housing.

### 2. To contribute towards the costs of developing a site for development of affordable homes.

A grant can be provided for this purpose when evidence is provided that the funds are necessary to make the affordable housing scheme financially viable.

### 3. Enable additional affordable housing from housing developments, i.e. extra to the planning policy requirement.

In mixed market and affordable housing schemes the Affordable Housing Grant will only be used to fund provision in addition to the planning policy requirement.

### 4. To meet the funding gap to enable the affordable housing required by planning policy from housing developments where it has been proved that this is not viable.

There will be occasions when the local planning authority's affordable housing requirement cannot be delivered because a housing scheme is not



financially viable. In such cases rather than reducing the affordable housing requirement the grant could be used to maintain the requirement.

### 5. To upgrade new affordable housing to higher energy efficient standards

A grant can be provided to improve the energy efficiency of new affordable homes, thereby reducing the carbon footprint and alleviating fuel poverty.

## Who Can Apply?

Organisations that are eligible to apply for funding from Westmorland and Furness Affordable Housing Grants Fund are:

**Registered Providers** - Funding applications will be considered from Registered Providers of social housing who are involved in affordable housing scheme in the community. Funding for Registered Providers will be in the form of a grant agreement paid in stages as set out within the agreement.

**Community Organisations** - Funding applications will also be considered from Community Groups based in communities involved in affordable housing scheme. The Community Group could be an existing charitable trust or development trust or similar body such as a Community Land Trust.

Funding will be in the form of a grant agreement paid in stages as set out within the agreement.

There are a number of legacy projects which were agreed by the Legacy District's Cabinets. Where there is evidence of the agreement the grant will be honoured by Westmorland and Furness.

## Funding Criteria

**Direct recipients of funding through the scheme will be required to demonstrate they meet the following criteria:**

- Demonstrate Strategic Fit to the Affordable Housing Policy and the Westmorland and Furness Council Priorities
- Demonstrate alignment with the existing legacy District Local Plans

- Evidenced local housing needs
- Demonstrate community support for the proposals
- Demonstrate clear, realistic financial plans for the management and development of the housing scheme where applicable, via a full development appraisal, with discounted cash flow projection for the scheme
- Evidence funding is available to meet the total costs of the project (aside from W&F monies required)
- No other sources of funding are available to meet the amount that is being sought from the Council
- Be able to demonstrate strong governance arrangements by operating through open and accountable, co-operative processes, with strong performance management systems
- Demonstrate it has the skills and capacity within the organisation, or available to the organisations
- The Project or scheme has or is likely to obtain planning permissions (if required)
- Demonstrate compliance with UK Subsidy Control arrangements.

**In addition, Community Organisations will need to:**

- Be appropriately constituted (examples may include; a registered charity, community land trust or a charitable incorporated organisation, not for profit company)
- Have stated community benefit objectives
- Be non-profit distributing; any surpluses must be reinvested to further its social aims/community benefits.

All applications are subject to council funds being available



## Landowner status

### Council Owned Land

The Council's Property Disposal Policy was adopted by Cabinet in September 2023 (<https://westmorlandandfurness.moderngov.co.uk/documents/s12858/Item%2012%20Appendix%201%20-%20WFC%20Property%20Disposal%20Policy%20Sept%202023%2026556.pdf>). This policy explains that when the Council decides to declare a property asset as 'surplus to operational requirements' the assessment process in the diagram below will be followed.

This assessment process will pass sequentially through each stage. If stages 2 and 3 don't flag up a council requirement to retain the asset then the stage 4 screening will take place for potential 'transfer to partner organisations' for the development of affordable housing schemes. Such organisations include Registered Providers & Community Land Trusts .

Each opportunity will be advertised on the Council's procurement portal, The Chest.

It is anticipated that grant applications will be only made for schemes with an identified funding gap. This means that the capital costs of development, including acquiring the site and dealing with any abnormal costs, are insufficient to cover anticipated

receipts. Receipts will typically comprise primary grant aid (from Homes England), borrowing from lenders (secured against future rental income) and the developing organisation's own funds.

Where grants funds are sought from the Council, Registered Providers/Community Land Trusts should complete the Application form (Appendix A).

### Registered Provider / Community Land Trust owned land

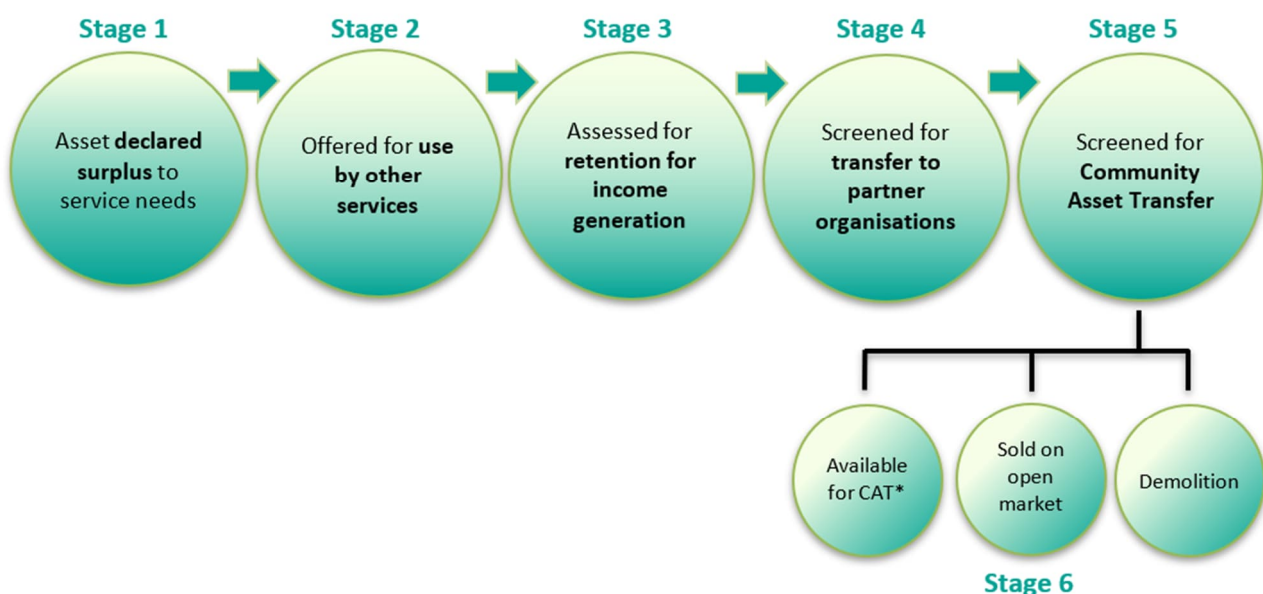
Any applications should be made using the application form (Appendix A).

### Allocated sites where an increase in affordable provision is proposed above planning policy requirements

The Council does not enter into negotiations for acquisitions between Developers and Registered Providers. It is recognised that a deal for affordable housing is normally agreed between the developer and one Registered Provider. Conceivably a Registered Provider could apply to the Council for grant support to purchase further affordable units above the planning requirement.

Applications should again be made using the application form (Appendix A).

### Asset assessment process prior to sale



\*See separate Community Asset Transfer Policy



## Assessment, Assurance & Decision-Making

All applications will be assessed by Westmorland and Furness Council, in line with HMT Green Book principles. The score will be based on 60% quality and 40% price.

Assessments will be proportionate with applications for larger values and of a higher degree of complexity or risk, requiring a greater level of scrutiny.

As part of the assessment process, the Council may need to clarify information provided. Applicants will be required to respond to queries in a timely and thorough manner. Failure to respond to queries could result in an incomplete assessment and impact on funding decisions.

### **A full development audit will be undertaken by the Council to assess the application.**

Applications will be subject to review by Legal and Finance teams to confirm the project can be delivered in line with Affordable Housing Grant Policy requirements, particularly in relation to complying with Subsidy Control regulations.

At the discretion of the Council, further information may be requested at any point of the application process, or during the delivery of the project, to assist with the above reporting requirements.

Upon completion of an assessment, a summary report for each application will be prepared which highlights key risks, deliverables, a recommendation for approval or rejection, a recommended funding award and any recommended conditions linked to the funding award.

Any commercially sensitive information will be redacted in the summary report. Applicants are required to confirm what is commercially sensitive in the application form.

The assessment summary will be considered by the Westmorland and Furness Investment Board who will make a final funding decision.

All unsuccessful projects will be offered feedback on their application. The Council's decision is final.

## Contracting, Reporting and Delivery

All successful applicants will be notified of the investment decision in writing.

Upon confirmation that an applicant accepts the offer of funding, the Council will issue a Grant Offer Letter. The Grant Offer Letter will set out key information including the terms of the funding award, the level of funding, deliverables, timescales and reporting requirements. The offer letter may also include any conditions related to the funding which the applicant will need to satisfactorily address.

Any grant award will be subject to Freedom of Information requests. Any details of awards will be made public and successful projects must agree to participate in any publicity or advertisements.

Projects will be required to closely monitor the delivery and success of the Project throughout the project lifetime and record achievement performance against key milestones and of the project outputs and outcomes.

Project reporting will be via the Council's Project Report Form. Failure to submit properly completed report forms and appropriate supporting information may affect future grant payments.

Grant Payments will be made to an agreed profile set out in the Grant Offer Letter. The Council reserves the right to alter the profile of Grant Payments during delivery, to address identified performance issues for example, but not limited to, delays in project delivery or expenditure falling behind agreed profiles.

The Council's approach to Grant Payments is designed to assist applicants in managing cashflow during project delivery, however applicants may be required to manage project cashflow from other resources for periods, including at the end of project delivery prior to the release of a Grant Retention Payment.

This Policy will be reviewed within three years from the date of approval.



## Application for Westmorland and Furness Affordable Housing Grant

### 1. Details of Applicant and Project

#### 1. Organisation's Name and Address

#### 2. Contact Details (name, email and telephone number)

#### 3. Project name

**4. Project Description** Describe what will be provided and why funding is being sought. Also state how prospective tenants will be selected. Please include a site location plan for specific housing scheme bids.

#### 5. Specific Details Required

**Total Number of Homes:**

**Of which how many are Affordable Homes:**

**Proposed House Types and Tenure Mix:**

**Proposed Rent/Sale Prices:**



## 2. How does the project address priorities and meet identified needs?

Applicants should demonstrate how the project contributes to the delivery of affordable housing the meetings local needs, and how the project contributes to the Council's sustainability principles, of Economy, Environment and Equity. Further information can be provided using the section at the end of the form.

### 1. How does the project contribute to the themes of:

#### (a) Housing – homes to meet local needs (essential)

#### (b) Economy - helping to increased productivity and improve educational outcomes, supporting sustainable and inclusive growth

#### (c) Environment - reducing the impact of climate change and biodiversity loss

#### (d) Equity addressing inequality, especially where a result of poverty and rural sparsity

#### (e) Health and Wellbeing - promote community involvement

**2. What evidence of local housing need exists to support the project?**

**If the project is targeted at a particular group, e.g. older people, please provide specific evidence**

### 3. What is the need for grant funding from the Council to enable the project to succeed?

Applicants should demonstrate that their projects are prepared and managed well and will be encouraged to explore other funding sources where appropriate by completing an assessment in the following table.

**1. Projected revenue and costs for the project?** Please provide a summarised breakdown below, e.g. land acquisition, build costs, etc. Please append a full breakdown of costs (including development cashflow and net present value cashflow over the term of an borrowing repayments) to the application. Please clarify the status of these costs (fully tendered, elemental, QS developed) and the rationale behind any assumptions.

**2. Proposed means of funding the project?** Please provide a breakdown which includes any amounts being contributed by the applicant. Evidence of match funding should be provided

**3. Estimated timetable?** Indicate all the key stages (month and year) Add other milestones as appropriate

Planning application submitted:

Site acquired:

Start on site:

Practical completion:

**4. Amount of Affordable Housing Grant being sought from Westmorland and Furness Council?**

**5. Have you obtained other funding for the project?** Also include details and evidence of any other bids awaiting a decision.

**6. Provide details on how the project will be delivered and by whom.** If the project is reliant upon a partnership with another organisation please provide details. What expertise/track record is there of delivery of this type? What external professional expertise will be used to deliver the project and how will this be procured?

**7. Potential obstacles to implementing the project.** Include details of whether planning permission has been obtained and if not state whether advice has been sought as to whether this is likely to be granted (this should be appended to the application). Also state any other significant barriers that need to be overcome. Evidence of landownership



**8. Is the project sustainable? How will you maintain and fund the project in the future?** Include details of proposed energy efficiency, reducing the carbon footprint and alleviating fuel poverty.

**9. Demonstrate compliance with UK Subsidy Control arrangements.**

APPLICATION SHOULD BE SIGNED (CAN BE ELECTRONIC)

**Please Note:** If the application is approved, we will wish to see supplementary evidence before any funding is provided

Return to:

Amanda Yellowley - Interim Senior Manager Housing Standards & Services:

Email: [Amanda.Yellowley@westmorlandandfurness.gov.uk](mailto:Amanda.Yellowley@westmorlandandfurness.gov.uk)