

COMBINED AUTHORITY MEETING

Friday, 23 February 2024

SECOND CALL FOR THE BROWNFIELD HOUSING FUND

Report of the Director of Economy

1.0 Purpose of the Report

- 1.1 This report provides background to the extension of the Brownfield Housing Fund (BHF) to the financial year ending 31st March 2026, which was agreed with the Department for Levelling-Up, Housing and Communities (DLUHC); and the implications of this extension.
- 1.2 The report also seeks agreement to reopen the call for further brownfield housing projects to enable the BHF to be fully utilised.

2.0 Recommendations

- 2.1 The Joint Committee is recommended to approve the reopening of a new call for projects, which will be subject to the funding deadline of 31st March 2026.

3.0 Background

- 3.1 Within the York and North Yorkshire Devolution Deal, published August 2022, it was agreed: “As a mayoral combined authority, the York and North Yorkshire Combined Authority will be awarded £12.7 million of devolved capital funding across 2023/24 and 2024/25 to support the building of new homes on brownfield land, subject to sufficient eligible projects for funding being identified.” The funding was subject to the creation of the York and North Yorkshire Combined Authority (CA).
- 3.2 Recognising these challenging timelines, which were constrained by the CA not being established until January 2024, DLUHC proposed an extension of the funding until 31st March 2026. This is explored further in section ‘3.0 Extension to the Fund’.
- 3.3 In December 2023, a report was taken to the Joint Committee meeting, where an initial £9,681,071 (noting that £504,071 is towards programme management costs) was approved. This left an underspend of £3,013,573.

4.0 Extension to the Fund

- 4.1 Throughout the BHF process, there have been ongoing discussions with DLUHC about flexibility on the fund’s deadline. Unlike other combined authorities, York and North Yorkshire CA was in a unique position of not being established when the fund launched. When the funding was initially agreed in the Devolution Deal, it was anticipated that the CA would be created sooner than December 2023.

- 4.2 Due to these challenges, DLUHC offered an extension, meaning the fund would now run up until the 31st March 2026. This detail was outlined in an updated Memorandum of Understanding, which was agreed after the submission of the December 2023 Joint Committee paper.
- 4.3 It should be noted that this extension does not change the requirements of projects approved by the Joint Committee in December 2023, and all currently approved projects will achieve new home starts on-site by December 2025. This is a consequence of the spend profile set by DLUHC, as follows:

Year	2023/24	2024/25	2025/26
Capital Spend	£4,231,548	£4,231,548	£4,231,548

- 4.4 In order to achieve the spend profile, all currently approved projects will achieve new home starts onsite by December 2025 and slippages should be minimised.

5.0 Round Two Call for Projects

- 5.1 The total budget for the BHF is £12,694,644. On the 18th December 2023, the Joint Committee approved 9 project totalling £9,177,000, with a further £504,071 committed to management and administration costs. This left an underspend of £3,013,573. Consequently, a further call for projects is required to maximise that underspend and ensure that York and North Yorkshire is benefitting fully from the total investment.
- 5.2 For Round Two, two changes to the fund have been proposed and were submitted at the Joint Committee meeting in December 2023:
- Eligible applicants would only include Registered Providers and City of York and North Yorkshire Councils. This limitation is due to the short timescales for Round 2 and it provides an opportunity to increase the level of affordable homes that are submitted.
 - The deadline for Round Two would reflect the extension agreed by DLUHC, all expenditure will need to be completed by the 31st March 2026 but housing starts on site will need to be enabled by 31st December 2025.
- 5.3 The focus will be on attracting a small number of projects with priority given to the following:
- Schemes that can deliver 100% affordable homes;
 - And planning consents and site ownership is in place and resolved.
- 5.4 The following provides an indicative timeline for proposed activity linked to Round Two:

Indicative Timeline	Activity
End of February 2024	Launch of Call for Projects
End of April 2024	Submission of Full Business Cases
May/June 2024	Independent appraisals of FBCs
July 2024	Funding Approval to projects from the York and North Yorkshire Combined Authority

August/September 2024	Funding Agreements issued
December 2025	New homes to start on site by December 2025

5.5 An updated prospectus reflecting these changes has been added as an appendix.

6.0 Financial Implications

6.1 As this report is only seeking approval to reopen the process, there is not yet a direct financial implication. However, this will change once approval is being sought on committing the £3m underspend to projects. When this approval is requested from the CA, the financial implications will be updated.

6.2 Applicants will be notified that all activity and expenditure is undertaken at the applicant’s own risk until the CA has approved their project and contracts have been signed off.

7.0 Legal Implications

7.1 No legal implications are anticipated at this stage. The impact of extending the fund have been considered, but the requirements of the spend profile mean that this should not impact the first tranche of approved projects. Legal implications will be explored further once projects have been approved.

8.0 Equalities Implications

8.1 No equalities implications are anticipated at this stage.

9.0 Environmental Implications

9.1 There are not any environmental implications at this stage, but there may be an impact once projects have been approved and begin delivery. It is anticipated that some carbon emissions may occur through the building of the homes, but the prospectus has outlined that low carbon and sustainable homes will be prioritised.

10.0 Combined Authority Areas Impacted (Council Areas/Wards/Divisions)

10.1 The Brownfield Housing Fund supports the whole of York and North Yorkshire. Although the houses must be built on brownfield land, the fund is still available to rural projects if they fit that definition.

10.2 As projects have not yet been approved for a Round Two Call, specific areas of impact can not yet be determined.

11.0 Recommendations

11.1 The Joint Committee is recommended to approve the reopening of a new call for projects, which will be subject to the funding deadline of 31st March 2026.

12.0 Reasons For Recommendations

12.1 To maximise the funding allocation, a new call for projects is required otherwise DLUHC may claim back the underspend of £3m.

13.0 Contact Details

For further information please contact the authors of this Report.

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Appendix 1 – York and North Yorkshire Brownfield Housing Fund Round Two Prospectus

YORK & NORTH YORKSHIRE

Brownfield Housing Fund

PROSPECTUS 2024

Background



As part of the York and North Yorkshire Devolution Deal, the York and North Yorkshire Combined Authority have received an allocation from the Government's Brownfield Housing Fund of £12.7m to support the building of new homes on brownfield land. The target with this investment is to unlock 900-1,000 homes.

In December 2023, the York and North Yorkshire Combined Authority agreed funding support of £9.1m to a range of projects under the Brownfield Housing Fund programme. This prospectus sets out an opportunity to bid for the balance of funding remaining in the programme.

We are looking for proposals that will unlock housing development on brownfield site to enable new homes to start on site by **December 2025**.

Indicative Timeline:

End February 2024: Launch of Call for Projects

End April 2024: Submission of Full Business Cases (FBC)

May/June 2024: Independent appraisals of FBCs

July: Funding Approval to projects from the York and North Yorkshire Combined Authority

August/September 2024: Grant Funding Agreements issued

December 2025: New homes to start on site by December 2025

What is the York and North Yorkshire Brownfield Housing Fund?

The Purpose

The purpose of the York and North Yorkshire Brownfield Housing Fund under this call is to unlock housing development on brownfield site to enable new homes to start on site by December 2025.

Schemes help to deliver affordable, accessible and low carbon housing, creating sustainable and high quality places. Priority will be given to schemes that can deliver 100% affordable homes, and where planning permissions/consents have been secured and the site/land being developed is owned by the applicant.

There is no set limit to the amount that can be applied for under this call, but it should be noted that the total available funding is around £3m, and this is intended to support a small number of deliverable projects.

The intervention rate necessary to achieve this target is around £14,000 per home unlocked. This intervention rate will be considered when assessing schemes but higher rates will be looked at under specific circumstances and if a strong case can be made. Other factors such as deliverability and value for money of the scheme will also be assessed.

Who can apply for funding?

Applications are encouraged from:

- City of York and North Yorkshire Councils
- Registered Providers

What is the York and North Yorkshire Brownfield Housing Fund?

What type of investments can be funded?

The funding is for **capital** expenditure only, and can fund a range of interventions that unlock the development of housing on brownfield land which would otherwise not happen.

Eligible capital expenditure could be:

- Off site infrastructure
- Site remediation and demolition to prepare sites
- On site infrastructure
- Direct delivery of new homes
- Site acquisition and land assembly
- Place infrastructure such as public realm, place-making interventions
- Capacity to support any of the capital delivery activity detailed above, where it is directly attributable to the creation or maintenance of a capital asset

Meeting local strategic priorities

The Fund will contribute to the overall aspirations and vision for the York and North Yorkshire economy. In particular, the ambition for more affordable, high quality and low carbon homes. This will include:

- Low carbon and modern methods of construction
- Enhanced energy efficiency standards
- Decarbonised heat measures
- Adaptable and accessible properties to support local needs
- Enhanced place making

Assessment Criteria

Gateway Criteria

Every scheme must:

- Be on **brownfield land** (note 1)
- Be unlocked with new home starts by **31 December 2025** (note 2)
- Achieve a minimum **Benefit Cost Ratio (BCR) of 1** (note 3)
- Must deliver a minimum of **5 new homes**
- Must be located in **York and North Yorkshire** (note 4)
- Demonstrate evidence that **planning permissions/consents** have been secured
- Demonstrate evidence of **site/land ownership** of any land required to deliver the project

Other Assessment Criteria

Schemes must also demonstrate:

- **Regional Strategic Fit** - Contribute towards the strategic priorities of York and North Yorkshire
- **Local Strategic Fit** - Alignment with planning policy (Local Plan), local economic growth and housing strategies. Show evidence of any local support (if available)
- **Housing Need** - Clearly address housing need, including affordability and rural housing needs
- **Low Carbon** - Be sustainable and contributing to the region's ambition to be carbon negative
- **Risk Analysis** - Consider all risks and mitigating actions
- **Deliverability** - Be deliverable with a clear plan, capacity and expertise in place to deliver the proposed scheme
- **Need for intervention** - Address a market failure showing a clear rationale why the scheme would not otherwise be delivered
- **Place Making** - Demonstrate place making and high quality homes

- **Unlock Brownfield Land**
- **Support provision of affordable housing**
- **Contribute to economic growth priorities for York and North Yorkshire**
- **Enable high quality homes with great place making**
- **Deliver sustainable and low carbon housing**

Compatibility with Other Funding

We encourage co-funding of schemes where the opportunity exists. Investments through this fund should always add maximum value and this should be clearly proven and evidenced by the applicant. Early discussion with other funding bodies is needed to ascertain compatibility.

Notes

Note 1: A brownfield site is an area that has been used before and tends to be disused or derelict land.

Note 2: This is the date when work begins on the laying of the foundation, including 'slabbing' for houses that require it, but not including site preparation

Note 3: BCR of 1 means Benefit Cost Ratio as defined in the HM Treasury Green Book.

Note 4: York and North Yorkshire means the Local Authority areas of the City of York and North Yorkshire County.

The Process



Due to the timeline constraints, only projects that are ready for immediate delivery should be submitted.

All schemes will be assessed and processed using HM Treasury Green Book Principles.

The application process for funding support from this call consists of a single stage:

Stage 1: Full Business Case

Applicants will be required to complete a Full Business Case and obtain and submit a UK subsidy control regime assessment provided by a solicitor.

Full Business Cases will be assessed and presented to the York and North Yorkshire Combined Authority for a funding decision.

Once approved, the grant recipient will claim funding in arrears. Progress will be monitored against the agreed contract and delivery milestones and outputs delivered.

Please note that submission of your Full Business Case does not imply funding support to your project/scheme, and any work undertaken on your project/scheme is done so at your own risk.

Complete and submit a Full Business Case by Noon on 30th April 2024

How much can you apply for?

There is no set limit to the amount that can be applied for, but it should be noted that the total funding (up to December 2025) is around £3m and this is intended to support a small number of deliverable projects.

The intervention rate necessary to achieve the overall target of new homes started is £14,000 per home. This intervention rate will be considered as part of the assessment but higher rates can be considered if a clear rationale is evidenced (for example, rural housing sites, projects which are delivering net zero carbon use homes or homes designed to meet higher accessibility standards where costs can sometimes be higher).

How to Apply?

Complete a **Full Business Case (FBC)** form and return no later than noon (12:00hrs) on **Tuesday 30 April 2024** to the following e-mail address: enquiries@yorknorthyorks-ca.gov.uk

Contact for more details:

If you have queries about the process, or want to have an informal chat about your proposed scheme, please contact:

enquiries@yorknorthyorks-ca.gov.uk