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**OPPORTUNITY TO BID TO NATIONAL AFFORDABLE HOUSING PROGRAMME**

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**Responsible Cabinet Members – Councillor Veronica Copeland,  
Adult Social Care and Housing Portfolio  
Councillor Steve Harker, Resources Portfolio  
Councillor Chris McEwan, Economy and Regeneration Portfolio**

**Responsible Directors – Richard Alty, Director of Economic Growth  
Paul Wildsmith, Director of Neighbourhood Services and Resources**

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**SUMMARY REPORT**

**Purpose of the Report**

1. To seek approval for an application to the Homes and Community Agency's Affordable Housing Programme 2015-18, which is being made available through a competitive bidding process.

**Summary**

2. In January, the Homes and Communities Agency (HCA) announced the opportunity for Registered Providers (RP) to bid to the Affordable Housing Programme (AHP) 2015-18 for funding to supplement their own resources to build affordable homes for rent, for sale or for shared ownership. As a Registered Provider with the HCA, they have confirmed that the Council is eligible to apply for funding under the AHP 2015–18. The intention is to submit a bid to the AHP for a grant of up to 20% to build council houses for rent to supplement funding from the Housing Revenue Account (HRA).
3. The HCA is responsible for delivering the principal contribution to the government's target of 165,000 affordable homes between 2015-18. The AHP is the government's principal funding mechanism for delivering those homes. The deadline for bids is 30 April 2014.
4. Bids can be made by individual Registered Providers or by a partnership. Bids will be assessed against several criteria. However, the two principal criteria are strong evidence of delivery, particularly within the first two years of the Programme, and value for money, particularly in relation to grant per unit and grant as a percentage of the total scheme cost.
5. Not all of the £1.7bn fund will be committed in this round; approximately 25% will be held back for future market engagement.

6. It is considered that a strong bid can be submitted to build council houses to the rear of Scargill shops on Fenby Avenue and on several small sites within the existing Red Hall Estate. Council Officers have been in discussions with the HCA and been encouraged to submit a bid. Therefore, the intention is to submit a proposal to deliver approximately 20 council houses at Fenby Avenue, Lascelles and approximately 40-50 council houses, on several small sites, at Red Hall.

### Recommendation

7. It is recommended that:
- (a) Cabinet agree to the submission of a bid to the Affordable Housing Programme 2015-18.
  - (b) Cabinet delegate authority to the Director of Neighbourhood Resources and Services in consultation with the Cabinet Portfolio holder for Adult Social Care and Housing, to agree the detailed elements of the funding bid prior to submission to the Homes and Communities Agency.

### Reasons

8. The recommendations are supported by the following reasons :-
- (a) Darlington has funds available through the Housing Revenue Account to build Council houses. A grant of up to 20% from the AHP will replace some of the Council's funding and make our limited funds stretch further.
  - (b) There is a short timescale in which to develop and agree an AHP bid.

**Richard Alty, Director of Economic Growth**

### Background Papers

HCA Prospectus on Affordable Homes Programme 2015-18.

Bryan Huntley Extension 2623

S17 Crime and Disorder	No impact
Health and Well Being	Increasing the number of decent homes has positive impacts on the health and wellbeing of citizens since housing conditions are linked to health and wellbeing.
Sustainability	Building decent homes, incorporating good standards of insulation and energy efficiency, has positive impacts on the environment by reducing carbon emissions and heat loss.
Diversity	Building new homes will create greater choice and opportunity for all members of the community.
Wards Affected	Lascelles and Red Hall Wards
Groups Affected	Unemployed and low income groups.
Budget and Policy Framework	This report does not recommend a change to the Council's budget or policy framework.
Key Decision	Not a key decision.
Urgent Decision	Yes, given the 30 April deadline to submit the bid a

	delay could miss the deadline.
One Darlington: Perfectly Placed	Building new council homes contributes to the One Darlington Perfectly Placed vision to make sure everyone has access to affordable decent housing that meets their individual and family needs.
Efficiency	A successful bid will supplement the Council's funds and enable the Council to build more homes.

## MAIN REPORT

### Information and Analysis

9. In January, the Homes and Communities Agency (HCA) announced the opportunity for Registered Providers (RP) to bid to the Affordable Housing Programme (AHP) 2015-18 for funding to supplement their own resources to build affordable homes for rent, for sale or for shared ownership. The intention is to submit a bid to the AHP for a grant of up to 20% to build council houses for rent to supplement funding from the Housing Revenue Account (HRA).
10. The HCA is responsible for delivering the principal contribution to the government's target of 165,000 affordable homes between 2015-18. The AHP is the government's principal funding mechanism for delivering those homes. The deadline for bids is 30 April 2014.
11. Bids can be made by individual Registered Providers or by a partnership. The intention is for the Council to make an independent bid on sites owned by the Council and, also, support bids made by RP on Council-owned land. Bids will be assessed against several criteria. However, the two principal criteria are strong evidence of delivery, particularly within the first two years of the Programme, and value for money, particularly in relation to grant per unit and grant as a percentage of the total scheme cost. With that in mind, the proposal is to bid for grant on 60-70 dwellings which we aim to deliver in the first year of the Programme i.e. 2015/16.
12. While the HCA has not indicated a threshold for grant funding on individual schemes, it is anticipated that bids for grants below 20% of the scheme cost will be advantaged in this element of the assessment, provided in all other respects they offer good value for money. However, it is a competitive bid, and the HCA aims to maximise the number of affordable homes delivered through the AHP, so the Council's bid for grant needs to be as low as possible.
13. Not all of the £1.7bn fund will be committed in this round; approximately 25% will be held back for future market engagement. This will be allocated later to schemes that are potentially good value for money but are not deliverable within the first two years of the Programme. This part of the fund could also be increased by the withdrawal of allocations due to significant slippage of schemes against forecast dates. However, the HCA wants to minimise this risk by making allocations to schemes that can demonstrate both starts and completions in the early part of the Programme.
14. It is considered that a strong bid can be submitted to build council houses to the rear of Scargill shops on Fenby Avenue and on several small sites within the

existing Red Hall Estate. Council Officers have been in discussions with the HCA and been encouraged to submit a bid. Therefore, the intention is to submit a proposal to deliver approximately 20 council houses at Fenby Avenue, Lascelles and approximately 40-50 council houses, on several small sites, at Red Hall. In addition, Council Officers have been in discussions with RP and invited schemes from them on Council owned sites. Initial indications suggest that approximately 240 dwellings could be developed by RP on five sites in Darlington. The successful Registered Providers have been informed so they can also submit a bid to the AHP 2015-18 with support from the Council.

### **Financial Implications**

15. The detail of the proposed bid is still to be determined. However, based on the average of the previous AHP, it is anticipated that the bid will be for 15%-18% of the scheme cost. So, if successful, a 60 dwelling scheme costing £6m in total would require approximately £5m from the Housing Revenue Account and approximately £1m grant from the AHP. Half of the grant would be paid at start on site and half upon practical completion of the scheme.
16. An updated version of the financial forecast return, which includes the financial information relevant to the bid, must be provided to the Regulator. The advice of the Regulator will be key to the HCA's decision on whether to proceed to contract.

### **Legal Implications**

17. Should a bid be successful, the Council would have to enter into a contract with the HCA to deliver the dwellings as prescribed in the bid. As a Registered Provider with the HCA they have confirmed we are eligible to apply for funding under the terms of the 15/18 AHP.

### **Risk Assessment**

18. The AHP bid is categorised as low to medium risk. Existing management systems and daily routine activities are sufficient to control and reduce risk.

### **Sustainable Community Strategy Implications**

19. Delivery of AHP grant funded council houses will have a positive impact on reducing carbon emissions per dwelling, by installing good levels of insulation and energy efficiency measures and by reducing heat loss. It will also offer opportunities for those on benefits and low income to escape from fuel poverty.
20. Research has demonstrated a link between housing conditions and health and wellbeing. Basically, those living in poor housing are more likely to suffer thermal discomfort, more trips and falls and, more prone to respiratory illnesses. Therefore, building more council houses will have a positive impact on the health and wellbeing of residents.