

The North Yorkshire Council

25 March 2025

Report of the Assistant Director of Resources Community Development Directorate

This report contains a confidential Appendix which contains information of the type defined in paragraph 3 of Part 1 of Schedule 12A Local Government Act 1972 (as amended) as it contains information relating to the financial and business affairs of the Council and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

1.0 PURPOSE OF REPORT

- 1.1 To seek approval to accept grant funding of £150,000 from Homes England to fund the development of 6 shared ownership homes at Cavendish House, Harrogate.

2.0 SUMMARY

- 2.1 To accept grant funding from Homes England for grant funding under the Affordable Housing Programme (AHP) 2021-26 for the sum of £150,000. The funding is to be used to support the development of a disused Council hostel, Cavendish House Harrogate, which will provide 6 shared ownership flats and contribute to the Council's delivery plan of the provision of 500 new affordable homes across the district over the next 5 years.

3.0 BACKGROUND

- 3.1 Homes England is an executive non-departmental public body, sponsored by the Department for Levelling Up, Housing and Communities. Their Affordable Homes Programme provides grant funding to support the capital costs of developing affordable housing for rent or sale. It is a process of Continuous Market Engagement (CME), i.e Registered Provider partners are invited to bid for grant at the point opportunities arise. As the Government's housing accelerator, Homes England has made available £7.39 billion from April 2021 to deliver up to 130,000 affordable homes by March 2026 – outside of London. A further £300m was announced in February 2025 to top up the current programme. £240m of this will be available outside of London. This is in addition to the £500m announced in the autumn budget.
- 3.2 The North Yorkshire Council has an ambition to build more Council homes through direct delivery. In January 2024, the Executive and Council approved the Housing Revenue Account (HRA) 30-year Business Plan, which includes the delivery of 500 new homes over the next 5 years to 2029. These homes will be a mix of both rented and shared ownership.

4.0 DETAILED PRESENTATION OF THE SUBSTANTIVE ISSUE

- 4.1 In order to access grant funding from Homes England the Council are required to first become an Investment Partner (IP) enabling The North Yorkshire Council to bid for and receive funding from Homes England under the Affordable Homes Programme (AHP) 2021 to 2026 and any future bid programmes. Applications for Investment Partner status must be linked to a bid for grant from the AHP 2021- 26. Homes England will not consider applications for IP status without a grant bid. The application to bid for funding to Homes England for Cavendish House will therefore also generate a contract so that further bids can be made.

- 4.2 Cavendish House is a former single persons' temporary accommodation facility, no longer fit for purpose, long term empty and with approval to progress to development as shared ownership apartments. A planning application was approved in September 2023 for a mix of 1 and 2 bed apartments. A tender process has been undertaken and a contractor appointed to undertake the works. A start on site is underway with the build process expected to take around 9 months.
- 4.3 Cavendish House benefits from Brownfield housing funding of £84k. The remainder of the works will be funded by loans and money within the HRA account. Additional funding of the £150k sought from Homes England will improve the financial feasibility of the scheme.
- 4.4 The conversion at Cavendish House will provide six shared ownership flats. There is a significant demand from first time buyers across North Yorkshire for home ownership affordable to those on local incomes, with approximately 750 households registered with the Council for this tenure. This need is evidenced within the Local Plan database. The site is centrally located, within minutes of the town centre and transport networks, ideally located to meet the needs of first time buyers working locally or in nearby, accessible conurbations. Development as shared ownership will help support the local economy and boost viability with sales receipts.

5.0 CONSULTATION UNDERTAKEN AND RESPONSES

- 5.1 The Executive Member for housing Councillor Simon Myers has been consulted.

6.0 CONTRIBUTION TO COUNCIL PRIORITIES

- 6.1 The scheme contributes principally to the following Council priority:

“Place and Environment: Good quality, affordable and sustainable housing that meets the needs of our communities

7.0 ALTERNATIVE OPTIONS CONSIDERED

- 7.1 Whilst not bidding and accepting the funding that is being offered in an option this is not considered beneficial to the Council. Funding with Homes England is in high demand. It is unlikely that further funds will become available within the AHP 2021-2026 programme which will ultimately delay the Council becoming an Investment Partner as well as increasing the financial risk on schemes such as Cavendish House where funding is available.

8.0 IMPACT ON OTHER SERVICES/ORGANISATIONS

- 8.1 The key services which will be impacted by this proposal will be other service areas within the wider Housing service.

9.0 FINANCIAL IMPLICATIONS

- 9.1 The total capital cost for the redevelopment of this scheme is £795k. The application for funding significantly improves the viability of the development, which in turn supports the long term sustainability of the HRA by ensuring each property acquired or developed creates growth, rather than a financial strain on resources.
- 9.2 Assuming 40% sales shares and retaining 60% council ownership, with the addition of Homes England grant funding of £150k it is expected that the scheme will pay back in year 19, and achieve a positive NPV by year 40 of £144k. This allows for some flexibility in the sales proportions required to meet the viability test.

Performance Criteria/Output - Cavendish House, Harrogate			
	Output	Benchmark	Pass/Fail
40 Year Net Present Value (£)	144,318.88	0	PASS
Payback Year	19	40	PASS
40 Year IRR%	8.08%	5.00%	PASS

10.0 LEGAL IMPLICATIONS

10.1 The Grant Agreement has been reviewed by Legal Services and comments have been made for consideration by the Service Area. .

11.0 EQUALITIES IMPLICATIONS

11.1 Refer to the Environmental impact Assessment at Appendix A.

12.0 CLIMATE CHANGE IMPLICATIONS

12.1 Refer to the Climate Change Impact Assessment at Appendix B.

13.0 RECOMMENDATION(S)

13.1 That the Assistant Director- Resources authorises the acceptance of the grant of £150,000 from Homes England to make the scheme viable.

APPENDICES:

Appendix A – EIA Assessment
Appendix B – Climate Change Assessment
Appendix C – Confidential Viability Assessment

Nic Harne
Corporate Director – Community Development
County Hall
Northallerton
25 March 2025

Report Author – Emily Shepherd Senior Housing Delivery Officer

Note: Members are invited to contact the author in advance of the meeting with any detailed queries or questions.

APPENDIX A

Initial equality impact assessment screening form			
This form records an equality screening process to determine the relevance of equality to a proposal, and a decision whether or not a full EIA would be appropriate or proportionate.			
Directorate	Community Development		
Service area	Housing		
Proposal being screened	Funding submission for Cavendish House, Harrogate		
Officer(s) carrying out screening	Emily Shepherd		
What are you proposing to do?	To submit and accept a bid to Homes England for grant funding under the Affordable Housing Programme (AHP) 2021-26 for the sum of £150,000		
Why are you proposing this? What are the desired outcomes?	To meet local housing need		
Does the proposal involve a significant commitment or removal of resources? Please give details.	No		
Impact on people with any of the following protected characteristics as defined by the Equality Act 2010, or NYC's additional agreed characteristics			
As part of this assessment, please consider the following questions:			
<ul style="list-style-type: none"> To what extent is this service used by particular groups of people with protected characteristics? Does the proposal relate to functions that previous consultation has identified as important? Do different groups have different needs or experiences in the area the proposal relates to? 			
If for any characteristic it is considered that there is likely to be an adverse impact or you have ticked 'Don't know/no info available', then a full EIA should be carried out where this is proportionate. You are advised to speak to your directorate representative for advice if you are in any doubt.			
Protected characteristic	Potential for adverse impact		Don't know/No info available
	Yes	No	
Age		✓	
Disability		✓	
Sex		✓	
Race		✓	
Sexual orientation		✓	
Gender reassignment		✓	
Religion or belief		✓	
Pregnancy or maternity		✓	
Marriage or civil partnership		✓	
People in rural areas		✓	
People on a low income		✓	
Carer (unpaid family or friend)		✓	
Are from the Armed Forces Community		✓	
Does the proposal relate to an area where there are known inequalities/probable impacts (for example, disabled people's access to public transport)? Please give details.	No		
Will the proposal have a significant effect on how other organisations operate? (for example, partners, funding criteria, etc.). Do any of these organisations support	No		

APPENDIX A

<p>people with protected characteristics? Please explain why you have reached this conclusion.</p>				
<p>Decision (Please tick one option)</p>	<p>EIA not relevant or proportionate:</p>	<input checked="" type="checkbox"/>	<p>Continue to full EIA:</p>	
<p>Reason for decision</p>	<p>Decision has no adverse impact</p>			
<p>Signed (Assistant Director or equivalent)</p>	<p>Andrew Rowe</p>			
<p>Date</p>	<p>25 March 2025</p>			

Initial Climate Change Impact Assessment (Form created August 2021)

The intention of this document is to help the council to gain an initial understanding of the impact of a project or decision on the environment. This document should be completed in consultation with the supporting guidance. Dependent on this initial assessment you may need to go on to complete a full Climate Change Impact Assessment. The final document will be published as part of the decision-making process.

If you have any additional queries, which are not covered by the guidance please email climatechange@northyorks.gov.uk

Title of proposal	Grant application for application of funding for Cavendish House, Harrogate
Brief description of proposal	To submit and accept a bid for grant funding for £150,000 from Home England to fund the development of 6 shared ownership homes at Cavendish House, Harrogate.
Directorate	Community Development
Service area	Housing
Lead officer	Andrew Rowe
Names and roles of other people involved in carrying out the impact assessment	Emily Shepherd Senior Housing Delivery Officer

APPENDIX B

The chart below contains the main environmental factors to consider in your initial assessment – choose the appropriate option from the drop-down list for each one.

Remember to think about the following;

- Travel
- Construction
- Data storage
- Use of buildings
- Change of land use
- Opportunities for recycling and reuse

Environmental factor to consider	For the council	For the county	Overall
Greenhouse gas emissions	Decreases emissions	Decreases emissions	Decreases emissions
Waste	No effect on waste	No effect on waste	No effect on waste
Water use	No effect on water usage	No effect on water usage	No effect on water usage
Pollution (air, land, water, noise, light)	No effect on pollution	No effect on pollution	No effect on pollution
Resilience to adverse weather/climate events (flooding, drought etc)	No effect on resilience	No effect on resilience	No effect on resilience
Ecological effects (biodiversity, loss of habitat etc)	No effect on ecology	No effect on ecology	No effect on ecology
Heritage and landscape	No effect on heritage and landscape	No effect on heritage and landscape	No effect on heritage and landscape

APPENDIX B

If any of these factors are likely to result in a negative or positive environmental impact then a full climate change impact assessment will be required. It is important that we capture information about both positive and negative impacts to aid the council in calculating its carbon footprint and environmental impact.

Decision (Please tick one option)	Full CCIA not relevant or proportionate:	x	Continue to full CCIA:	
Reason for decision				
Signed (Assistant Director or equivalent)	Andrew Rowe			
Date	25 March 2025			