

# North Yorkshire Council

## Report to Executive Member for Culture, Arts and Housing

27 March 2026

### Approval of funding from Brownfield Housing Fund Rounds 2 and 3

#### Report of the Corporate Director: Community Development

This report contains confidential Appendices 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 The purpose of this report is to recommend that the Executive Member for Culture, Arts and Housing in consultation with the Chief Financial Officer and Executive Member for Finance authorises the acceptance of grant funding for a sum of up to £799,000 from the York and North Yorkshire Combined Authority's Brownfield Housing Fund to develop 39 new affordable homes.

#### 2.0 BACKGROUND

- 2.1 In May 2024, the Council received approval to submit an application to the York and North Yorkshire Combined Authority for funding from Round 2 of the Brownfield Housing Fund. Further approval was also granted to submit an application for funding from Round 3 of the Brownfield Housing Fund.
- 2.2 The application to Round 2 of the Fund was submitted in May 2024 for 1 scheme, which would provide 16 new affordable homes. The application was approved by the Combined Authority in September 2024. Due to new processes being developed within the MCA and amendments required to the Business case, the grant funding agreement has only recently been provided. The proposed intervention rate for this round was £14,000 per property, which will amount to a total grant of £224,000.
- 2.3 Applications to Round 3 of the Fund were submitted in September for 4 separate schemes, which would provide 48 new affordable homes. The proposed intervention rate for the funding is based on an average of £25,000 per individual unit, and as a result, we applied for grant of £1,200,000 across the 4 schemes.
- 2.4 The applications were subject to appraisal by independent appraisers appointed by the Combined Authority and notification of the outcome of the applications was received in December 2025. 3 of the applications were approved by the Combined Authority. The 3 schemes will provide a total of 23 affordable homes, which will amount to a total grant of £575,000. The other scheme was not considered to be at a stage where approval could be granted. The 4<sup>th</sup> scheme is not developed enough at this stage to be taken forward.
- 2.5 The Combined Authority have now issued grant funding agreements in respect of the 4 approved schemes, which the Combined Authority requires to be in place by 30 March 2026.

### **3.0 PROPOSAL**

3.1 **Approved Projects:** The four schemes, which have been approved by the Combined Authority are as follows:

#### **3.2 Neville House, Gargrave, Skipton**

3.2.1 This project is to demolish a former Elderly Persons Home and attendant structures, which were closed in 2023 and have remained empty since then, and replace with 16 new affordable homes.

3.2.2 The properties will be a mix of flats, bungalows and houses for social rent and shared ownership. Grant funding of £224,000 has been approved by the Combined Authority. Further details regarding the costs and funding of the project are set out in the Confidential Appendix A.

#### **3.3 Temporary Accommodation, Scarborough Town:**

3.3.1 This project is to convert three properties, which are currently empty in Scarborough, two of which are former guest houses and one an empty retail unit with living accommodation above into eight self-contained flats, which will be used as temporary accommodation for homeless households.

3.3.2 The properties are located on the edge of Scarborough town centre, close to services and amenities and are now unsuitable for their previous usage, due to changing market requirements.

3.3.3 Grant funding of £200,000 has been approved by the Combined Authority for this project. Further details regarding the costs and funding of the project are set out in the Confidential Appendix A

#### **3.4 Former HMO conversion, Scarborough:**

3.4.1 The project is to convert a former HMO into nine self-contained flats to be used as temporary accommodation. The Council purchased the former HMO last year when it was available for sale. It had previously been used to place homeless households in by the Council, and if the Council had not bought the property, then there was the risk that it would have reduced the availability of temporary accommodation in Scarborough.

3.4.2 The Council has developed detailed plans to convert the property into eight x 1-bedroom self-contained flats and one flat with shared facilities, to a high standard, which will provide well managed accommodation.

3.4.3 Grant funding of £225,000 has been approved by the Combined Authority for this project. Further details regarding the costs and funding of the project are set out in the Confidential Appendix A

#### **3.5 Hemingbrough Property near Selby**

3.5.1 The Council has acquired a site which accommodates a block of eight flats. However, these are not fit for purpose in their current form and required demolition. As a result, the Council will demolish the current structure and rebuild as six general needs housing for rent, which will go into the Housing Revenue Account. Four of the flats will be 1-bedroom and two of the flats will be 2-bedroomed.

3.5.2 Grant funding of £150,000 has been approved by the Combined Authority for this project. Further details regarding the costs and funding of the project are set out in the Confidential Appendix A

- 3.6 The Place of Change was the other project that an application was submitted for. Due to the fact that the Council was not yet in a position to be able to confirm that it could secure possession of the preferred site, approval of this project has been put on hold by the Combined Authority until such time the Council have a secure site.

#### **4.0 CONSULTATION UNDERTAKEN AND RESPONSES**

- 4.1 Consultation has taken place with relevant internal service areas across the authority. These include Property services, the Housing Needs team in respect of the temporary accommodation requirements and Children and Young Persons Services.
- 4.2 The relevant local members have also been consulted with in respect of the proposals.
- 4.3 The former guest houses and retail unit in Scarborough will require planning permission as will involve a change of use of the properties. As a result, consultation will be undertaken with neighbouring properties and statutory consultees as part of the formal planning process.

#### **5.0 CONTRIBUTION TO COUNCIL PRIORITIES**

- 5.1 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”

#### **6.0 ALTERNATIVE OPTIONS CONSIDERED**

- 6.1 Do nothing: Not applying for Brownfield Housing funding would affect the viability of the 4 projects and as a result we would be unable to proceed with the projects.
- 6.2 Submit other projects for the funding: A long list of potential projects was considered for this funding round. The majority of these dismissed, mainly due to the requirement for them to be 100% affordable housing.

#### **7.0 IMPACT ON OTHER SERVICES/ORGANISATIONS**

- 7.1 In terms of the two projects for accommodation for homeless households in Scarborough, this will have a positive impact, as it will reduce the need to utilise emergency accommodation in the form of B&Bs and Hotels.

#### **8.0 FINANCIAL IMPLICATIONS**

- 8.1 Council funding for the projects above will be provided through the existing general fund affordable housing initiatives fund and the Housing Delivery Fund in the HRA for the Hemingbrough project. The inclusion of brownfield housing funding into these schemes supports the financial viability of these schemes. Financial appraisals have been undertaken for all the four schemes.

#### **9.0 LEGAL IMPLICATIONS**

- 9.1 The Council will be required to enter into separate grant funding agreements with the Combined Authority for each of the four projects. The grant agreements have been reviewed by Legal Services. The Combined Authority requires that the Council enter into the funding agreements by 30 March 2026.
- 9.2 Any expenditure of the Grants will be in accordance with the Council’s Procurement and Contract Procedure Rules and, to the extent applicable, the Procurement Act 2023, the Public Contracts Regulations 2015 and the Subsidy Control Act 2022.

## **10.0 EQUALITIES IMPLICATIONS**

10.1 There are no significant equalities implications arising from this report. The Equalities Impact Assessment submitted with original report requesting approval to apply in September 2025 remains applicable, and is set out in Appendix B.

## **11.0 CLIMATE CHANGE IMPLICATIONS**

11.1 There are no significant climate change implications arising from this report. The Climate Change Impact Assessment submitted with original report requesting approval to apply in September 2025 remains applicable, and is set out in Appendix C.

## **12.0 RISK MANAGEMENT IMPLICATIONS**

12.1 The following key risks have been identified with the submission of the application as follows:

12.1.1 Council is unable to deliver the projects: If the Council fails to deliver the projects, then any funding would need to be repaid to the Combined Authority. This is a low risk, as there is a strong strategic need for these projects.

12.1.2 Council fails to comply with the requirements of the Grant Funding Agreement: There would be potential financial implications if the Council fails to comply with the funding agreement. To mitigate against this risk, the Council will have regular dialogue with the Combined Authority and will communicate any potential changes to the projects should they arise.

## **13.0 REASONS FOR RECOMMENDATIONS**

13.1 To provide external funding from the Brownfield Housing Fund to enable the development of 39 new affordable homes within North Yorkshire

## **14.0 RECOMMENDATION**

That the Executive Member for Culture, Arts and Housing, in consultation with the Chief Financial Officer and the Executive Member for Finance authorises the acceptance of the grant of £799,000 for the four projects that have had funding approved by the York and North Yorkshire Combined Authority from the Brownfield Housing Fund.

### **APPENDICES:**

Appendix A – Confidential Appendix

Appendix B – Equality Impact Assessment

Appendix C – Climate Change Impact Assessment

### **BACKGROUND DOCUMENTS: None**

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15 March 2026

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