

EXECUTIVE - 14 SEPTEMBER 2017

## HOUSING INFRASTRUCTURE FUND

### Executive Summary

In July 2017 the DCLG launched the Housing Infrastructure Fund. This is a government capital grant programme of up to £2.3 billion intended to allow the necessary physical infrastructure to be developed to deliver 100,000 new homes. The funding will be awarded to Local Authorities on a highly competitive basis.

It is proposed that Officers submit a bid for the funding as detailed in the report.

### Reasons for Decision

To secure external funding to increase the provision of housing within the Borough.

### Recommendations

The Executive is requested to:

#### RESOLVE That

- (i) the Finance Director be authorised to draft and submit a bid for Marginal Viability Funding under the Housing Infrastructure Fund for phase 1 of the Sheerwater Regeneration Project;
- (ii) the Finance Director be authorised to draft and submit a bid for Marginal Viability Funding under the Housing Infrastructure Fund for the Victoria Square Project; and
- (iii) the Chief Executive be authorised to work with Surrey County Council to draft and submit an expression of interest for Forward Funding under the Housing Infrastructure Fund for the highway network upgrade south of the railway.

**The Executive has the authority to determine the above recommendations.**

### Background Papers:

None.

Sustainability Impact Assessment  
Equalities Impact Assessment

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### 1.0 Introduction

1.1 In July 2017 the DCLG launched the Housing Infrastructure Fund (HIF). This is a government capital grant programme of up to £2.3 billion intended to allow the necessary physical infrastructure to be developed to deliver 100,000 new homes (this equates to £23,000 per dwelling). The funding will be awarded to Local Authorities on a highly competitive basis. A copy of the DCLG guidance is appended to the report at Appendix 1.

1.2 A prescriptive definition of physical infrastructure is not provided by the DCLG but they have indicated this could include;

Transport and travel, utilities, schools, community and healthcare facilities, land assembly and site remediation, heritage infrastructure, digital communications, green infrastructure (such as parks) and blue infrastructure (such as flood defences and sustainable drainage systems).

1.3 The fund provides two types of grant or intervention;

- Bids can be made of up to £10 million for Marginal Viability proposals.
- Bids can be made of up to £250 million for Forward Funding proposals.
- Higher levels of funding may be awarded to exceptional bids that can demonstrate a robust case for widespread and transformational delivery of new homes.

1.4 Officers have reviewed the Council's existing and proposed development sites across the borough to explore whether this funding source could be utilised. This report proposes that 3 bids are submitted as detailed below.

1.5 Bids need to be submitted by 11:59pm on 28th September 2017. Multiple bids can be made but need to be ranked.

#### Marginal Viability Proposals (Bids Of Up To £10 Million)

1.6 This element of the funding is intended for developments which are being held back because the cost of putting in infrastructure and building the homes are too great.

1.7 The DCLG places certain conditions on the grant including;

- It intends to provide the final infrastructure funding to enable the project to go ahead and the homes to follow at pace.
- The funding will typically be awarded when planning permission is in place and the DCLG will prioritise strong schemes which can start spending straight away.
- The DCLG intends to award funding to development projects which cannot take place without the assistance of the Fund.

1.8 The Council's projects which incur the most infrastructure costs, and would secure the highest level of this funding, are the Sheerwater Regeneration Project and the Victoria Square Development.

1.9 The Sheerwater Regeneration project has received planning permission and there are an estimated £17m infrastructure costs associated with the project. The Council approved the scheme on 6 April 2017 and will consider detailed financing arrangements in early 2018, construction works would commence quickly and new homes would follow at pace.

- 1.10 To reduce the marginal affordability of the project, and for the rents charged to new tenants to be at an affordable level, normal developer profit levels have been suppressed. Therefore the Sheerwater Regeneration Scheme would not take place as a normal development project.
- 1.11 The project therefore fits with the funding criteria set by the DCLG and it is the WBC officer's view that a submission should be made for phase 1 of the Sheerwater Regeneration.
- 1.12 There is an opportunity to increase the number of apartments within the New Victoria scheme but it will inevitably give rise for requests for more parking provision. There are already an estimated £50m+ of Infrastructure costs included in the Victoria Square project. Whilst the project has already commenced and would therefore not normally fit with the above criteria set by the DCLG the additional dwellings and related parking requirement may enable an argument to be put that the additional parking infrastructure would allow 49 more new dwellings to be built. This report therefore proposes that a bid be made for Marginal Viability funding for the additional parking infrastructure under the Victoria Square project.

### Forward Funding Proposals (Bids Of Up To £250 Million)

- 1.13 This funding is designed to help local authorities achieve large scale growth. The contribution could represent a significant portion of the upfront development cost and is intended to give the markets confidence to provide further investment making more land available for development.
- 1.14 Only upper tier authorities can bid for this funding so it would be necessary to make a joint bid with Surrey CC with county as the lead bidder.
- 1.15 Other conditions of the funding include;
- The scheme won't happen without the aid of the funding.
  - The Scheme has support locally.
  - Spend is expected between 2019/20 and 2020/21.
- 1.16 Officers have reviewed the sites within the borough where this large scale development may be possible and would recommend working with Surrey CC to submit a joint bid for the highway network upgrade south of the railway.

## **2.0 Conclusion**

- 2.1 The details of the Housing Infrastructure Fund were only announced in July 2017 but bids are due to be submitted by 28<sup>th</sup> September 2017. Due to these timescales it is not possible to present the detailed bid submissions to the Executive prior to the deadline.
- 2.2 It is requested that Officers be authorised to determine the bid amount and bid ranking for each funding application based on the details in the final submissions.

### **3.0 Implications**

#### Financial

3.1 The financial implications are implicit in the body of this report.

#### Human Resource/Training and Development

3.2 There are no human resource/training and development implications arising directly from this report.

#### Community Safety

3.3 There are no community safety implications arising directly from this report.

#### Risk Management

3.4 There are no risk management implications arising directly from this report.

#### Sustainability

3.5 There are no sustainability implications arising directly from this report.

#### Equalities

3.6 There are no equalities implications arising directly from this report.

### **4.0 Consultations**

4.1 No consultations have been undertaken in connection with this report.

REPORT ENDS

EXE17-062

**APPENDICES**

## Equality Impact Assessment

The purpose of this assessment is to improve the work of the Council by making sure that it does not discriminate against any individual or group and that, where possible, it promotes equality. The Council has a legal duty to comply with equalities legislation and this template enables you to consider the impact (positive or negative) a strategy, policy, project or service may have upon the protected groups.

		Positive impact?			Negative impact?	No specific impact	What will the impact be? If the impact is negative how can it be mitigated? (action) <b>THIS SECTION NEEDS TO BE COMPLETED AS EVIDENCE OF WHAT THE POSITIVE IMPACT IS OR WHAT ACTIONS ARE BEING TAKEN TO MITIGATE ANY NEGATIVE IMPACTS</b>
		Eliminate discrimination	Advance equality	Good relations			
<b>Gender</b>	Men					√	
	Women					√	
<b>Gender Reassignment</b>						√	
<b>Race</b>	White					√	
	Mixed/Multiple ethnic groups					√	
	Asian/Asian British					√	
	Black/African/Caribbean/Black British					√	
	Gypsies / travellers					√	
	Other ethnic group					√	

		Positive impact?			Negative impact?	No specific impact	What will the impact be? If the impact is negative how can it be mitigated? (action) <b>THIS SECTION NEEDS TO BE COMPLETED AS EVIDENCE OF WHAT THE POSITIVE IMPACT IS OR WHAT ACTIONS ARE BEING TAKEN TO MITIGATE ANY NEGATIVE IMPACTS</b>
		Eliminate discrimination	Advance equality	Good relations			
<b>Disability</b>	Physical					√	
	Sensory					√	
	Learning Difficulties					√	
	Mental Health					√	
<b>Sexual Orientation</b>	Lesbian, gay men, bisexual					√	
<b>Age</b>	Older people (50+)					√	
	Younger people (16 - 25)					√	
<b>Religion or Belief</b>	Faith Groups					√	
<b>Pregnancy &amp; maternity</b>						√	
<b>Marriage &amp; Civil Partnership</b>						√	
<b>Socio-economic Background</b>						√	

The purpose of the Equality Impact Assessment is to improve the work of the Council by making sure it does not discriminate against any individual or group and that, where possible, it promotes equality. The assessment is quick and straightforward to undertake but it is an important step to make sure that individuals and teams think carefully about the likely impact of their work on people in Woking and take action to improve strategies, policies, services and projects, where appropriate. Further details and guidance on completing the form are [available](#).



## Sustainability Impact Assessment

Officers preparing a committee report are required to complete a Sustainability Impact Assessment. Sustainability is one of the Council's 'cross-cutting themes' and the Council has made a corporate commitment to address the social, economic and environmental effects of activities across Business Units. The purpose of this Impact Assessment is to record any positive or negative impacts this decision, project or programme is likely to have on each of the Council's Sustainability Themes. For assistance with completing the Impact Assessment, please refer to the instructions below. Further details and guidance on completing the form are [available](#).

Theme (Potential impacts of the project)	Positive Impact	Negative Impact	No specific impact	What will the impact be? If the impact is negative, how can it be mitigated? (action)
Use of energy, water, minerals and materials			√	
Waste generation / sustainable waste management			√	
Pollution to air, land and water			√	
Factors that contribute to Climate Change			√	
Protection of and access to the natural environment			√	
Travel choices that do not rely on the car			√	
A strong, diverse and sustainable local economy			√	
Meet local needs locally			√	
Opportunities for education and information			√	
Provision of appropriate and sustainable housing			√	
Personal safety and reduced fear of crime			√	
Equality in health and good health			√	
Access to cultural and leisure facilities			√	
Social inclusion / engage and consult communities			√	
Equal opportunities for the whole community			√	
Contribute to Woking's pride of place			√	