

Sheffield City Region
Housing Fund (Brownfield)
2020-2025

DRAFT

Prospectus
Criteria and Assurance Process

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1. Background

To follow

2. Strategic Context

To follow

3. Housing Fund (Brownfield)

3.1 Introduction

On the 30th June 2020, the Government launched 'A New Deal for Britain' which is set as the first steps in the strategy to rebuild Britain following Covid 19 and fuel economic recovery across the UK.

As part of this strategy, £40.3m of capital was allocated to the Sheffield City Region Mayoral Combined Authority (MCA) for supporting development of housing schemes on brownfield land over the next 5 years.

This funding will expand the existing Housing Fund and ensure the MCA and LEP can support the delivery of a greater number of new homes to meet local needs which would otherwise not be brought forward by the market.

The Fund will be delivered within the MCA Assurance Framework guidelines to ensure proper due diligence and value for money.

3.2 Who can bid for funding?

3.2.1 Early Delivery – up to March 2021

For the first phase of the programme up to March 2021 – only projects brought forward by the South Yorkshire Local Authorities will be considered. This can include Partnerships / Joint Ventures that are led by the Local Authorities.

3.2.2 Remaining Programme – 2021-2025

Consideration is being given to opening the programme more widely and the timescales for implementation – *to be confirmed*.

3.3 What type of investments/ schemes can Housing Fund (Brownfield) support?

3.3.1 Capital Expenditure

The Fund would look to support a range of financial interventions to enable the development of brownfield land which would otherwise not happen.

Eligible capital expenditure could be;

- Off-site infrastructure
- Neighbourhood infrastructure (including public realm, place-making interventions) which enhance assets
- Site Remediation and demolition to prepare sites for housing
- On site infrastructure
- Direct delivery of new homes
- Site acquisition and land assembly
- 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

In order to achieve the aspirations in the SCR Strategic Economic Plan, the Fund would seek to encourage projects that include:

- Enhanced energy efficiency measures.
- Renewable energy measures.
- Modern methods of construction.
- Adaptable and accessible properties to support local needs.

There would be a flexible approach to the allocation of monies including non-recoverable funds (grant), part-recoverable funds, loan funds and other bespoke funding solutions to meet the requirements of individual schemes.

3.3.2 Revenue Expenditure

The primary purpose of the allocated revenue funding is to accelerate the delivery of the most strategic brownfield schemes in the region. The initial revenue element of the Housing Fund (Brownfield) is proposed to only be open to Local Authorities partners.

Eligible revenue expenditure could be;

- Site investigation/ geotechnical work
- Survey work
- Cost planning services
- Planning advice
- Options appraisal
- Legal costs
- Masterplanning
- Capacity support

In order to achieve the aspirations in the SCR Strategic Economic Plan, the Fund would also support:

- Carbon reduction reports
- Biodiversity net gain reports

The aspiration of the MCA is to work in close collaboration with Local Authority partners to identify projects that offer value for money, strategic fit and deliverability.

It is expected that this kind of early commitment and co-investment will bring forward more successful projects and will lower the risk of non-delivery.

3.4 Compatibility with Other Funding

The MCA encourages co-funding of schemes where the opportunity exists. Our interventions should add the maximum value and this case should clearly be proven by the funding application.

Early discussion with other funding bodies is needed to ascertain compatibility. If you have a query about a particular type/source of funding, please contact the MCA Executive Team to discuss.

4. Fund Assessment Criteria

4.1 What does a 'good' scheme look like?

Every scheme must:

- be used to bring forward sites on brownfield land that have an evidenced rationale for taxpayer intervention. Projects with the highest additionality will be prioritised;
- the homes supported via this fund should start on site during this Parliament (by a longstop date of 31 March 2025)
- represent good value for money. This must be quantified wherever possible and evidenced as part of the application.

Local Authorities must either have an up to date Local Plan in place, or an agreed plan with MHCLG for getting a Local Plan in place, to receive funding.

'Good' schemes would:

- **Contribute strongly towards each of the MCA's strategic policy objectives (growth, inclusion and sustainability – [link to Strategic Economic Plan](#)**. This must be evidenced, and applications will be assessed and prioritised on this basis. Location is key and priority will be given to schemes which support housing growth in the key Growth Areas. Housing within existing urban centres or with good sustainable travel links to them will also be given greater weight.
- **Align with the ambitions of other relevant investment funds**, for example the Towns Fund, High Street Fund and the Transforming Cities Fund.
- **Be supported locally**. Evidence of compliance/ alignment with planning policy, local growth strategies (economic and housing) and objectively assessed housing need will have to be clearly set out
- **Be sustainable/ be working towards net zero**. the MCA and all Local Authority areas have net zero carbon targets – housing plays a large role in this. Applications should evidence that everything possible has been done to achieve net zero on new developments.

- **Consider all risks**, and mitigating actions identified, including an early assessment of State Aid implications.
- **Be deliverable**, applicants to demonstrate they have the plan, capacity and expertise to deliver the proposed scheme on time.
- **Be inclusive**, schemes should result in reasonably priced homes and offer a range of options which are commensurate with the local earnings and the vision for the area.

4.2. How schemes will be prioritised

Drawing on national best practice (the Green Book, 'DCLG Appraisal Guide' and the 'HCA Additionality Guide'), the Housing Fund (Brownfield) will prioritise schemes/ projects based on the factors set out below;

- **Strategic fit** – How well does the schemes follow themes set out in the emerging SEP [click here](#), Energy Strategy [click here](#), Transport Strategy [click here](#) and SCR Housing Review [click here](#)
 - **Growth 'Grow an economy the works for everyone'**
Creation of vibrant, densified, liveable urban centres/ enhancing the built environment to create more attractive and affordable places/ money leveraged from public + private investment / jobs/ apprenticeships
 - **Inclusion 'Ensuring that everyone has an opportunity to contribute to and benefit from economic growth'**
Affordable living/ the right mix of type and tenure/ placemaking/ inclusive design
 - **Sustainability 'Driving low carbon opportunities within the economy and delivering net-zero emissions'**
Low carbon/ biodiversity net gain/ well served by existing or planned transport links

The MCA is particularly aiming to accelerate development and regeneration in the key Growth Areas identified in the Strategic Economic Plan, which have the greatest potential to contribute to economic growth and inclusion.

The MCA is committed to the net zero agenda and low carbon / no gas solutions will be heavily prioritised. Scheme promoters can be supported to explore low carbon alternatives, renewable technology and no gas solutions.

- **Innovation**
Modern methods of construction / new investment models and products such as Build to Rent to provide the range of homes and tenures that people now demand

The MCA recognises the importance of supporting modern methods of construction to ensure the future stability of housing supply and others benefits such as lower carbon [click here for SCR MMC Audit Presentation](#) . MMC is encouraged where appropriate and not cost prohibitive. The inclusion of an MMC target within the Housing Fund is under consideration.

- Location – Priority given to schemes in the key Growth Areas highlighted in the SEP:
 - Sheffield City Centre
 - Barnsley, Rotherham, Doncaster Town Centres
 - Advanced Manufacturing Innovation District
 - Doncaster Unity
 - Goldthorpe in the Dearne Valley
 - Doncaster Sheffield Airport
- Evidence of acceleration
- Value for money – range of measures will be applied including
 - Benefit cost ratio
 - Land value uplift – based on Valuation Office Agency figures
 - Social amenity benefit
 - Affordable homes
 - Carbon reduction
- Rational for public sector investment
- Evidence of market demand (or need) for different types and tenures
- Additionality – the extent to which the scheme outcomes are as result of an intervention – for more information see the *HCA Additionality Guide*
- Evidence of deliverability
- Commitment from delivery partners
- Local suppliers in procurement
- Local employment and training opportunities
- Local Authority Support (compliance with statutory plans and processes)
- Leverage – how much total private sector and additional public sector resource can be levered in per £1 of Housing Fund invested.
- Recoverability – if it's possible to pay back the whole or part of the BFF at a future date

5. MCA Assurance Process

The MCA Assurance Framework will govern this process. Please familiarise yourself with this before you begin the application process. ([click here](#))

Every scheme is different. We are however committed to working with you to ensure that potential schemes can be assessed in a robust, timely and proportionate way.

The information set out below demonstrates the stages a typical scheme will need to progress through. We are happy to provide you with all the documents you may need to complete at an early stage so you can better understand the information we require as your scheme progresses.

You will be supported throughout by a dedicated resource in the MCA Executive team.

5.1 Early Delivery

The timeframe for the MCA to approve schemes for the initial year's funding is short (prior to March 2021), but is necessary in order to accelerate delivery. Therefore, the process will need to shorten to reflect this time constraints – see steps below;

1. Scheme information submitted via Gateway Form

Scheme promoters submit an enhanced Gateway Form for each project that requires capital (and revenue) funding – this form captures sufficient initial project detail in order that the schemes can be assessed/ prioritised for suitability and deliverability.

2. MCA Executive team prepare a programme level SBC for MCA approval

The programme level SBC will set out the overall 5 year programme ambitions, outcomes and early deliverable schemes for inclusion on the Housing Fund (Brownfield) pipeline.

3. Completion of a Full Business Case (FBC) document

Scheme sponsors will then be invited to go straight to preparing FBCs for the early deliverable schemes supported by the MCA Executive’s Housing Team. This additional information will enable a more comprehensive Green Book appraisal assessment to be carried out, as well as for schemes to be tested in a way which is compliant with the MCA Assurance Framework. All approvals, design, procurement and funding should be in place when FBC is submitted.

4. Assessment, Appraisal and Due Diligence

Assessment and appraisal will be undertaken by a dedicated internal team. The need for external/ independent appraisal will be considered on a case-by-case basis.

5. Scheme approval recommendations

The Housing Board will consider the FBCs of schemes for funding approval under £2m and the MCA Board for schemes of £2m, along with any proposed funding conditions. Due to time constraints the schemes in excess of £2m may go straight to the MCA Board for approval.

5.2 Remaining Programme

For the remaining Fund programme running from March 2021 – March 2025 the following assurance process is proposed to be applied;

1. A call for schemes will be issued

A call for schemes will be issued setting out the principles and outcomes required of the Fund. This prospectus will be the key document. Scheme promoters will be asked to submit an enhanced Gateway Form for each project that requires capital funding – this form captures sufficient initial project detail in order that the schemes can be assessed/ prioritised for suitability and deliverability

2. MCA Housing Team update the programme level SBC with additional pipeline schemes

The programme level SBC will be a live document that will be updated to include additional projects as they are accepted onto the Fund pipeline. The programme level SBC will be reported to Housing Board every 8 weeks with any further proposed schemes (if applicable) to help bring forward schemes quickly. MCA approval will be required for schemes over £2m.

Schemes requesting under £500k - In line with new assurance framework, schemes requesting under £500k, and which are deemed by Appraisal Panel to have low risk and complexity, and are deliverability is proven can be recommended to produce a

Business Justification Case instead of an OBC and FBC. This is for the Appraisal Panel to decide and will be based on nature, scale, risk and complexity.

Revenue funding – if revenue funding forms part of the request for funding it may be provided at this stage to accelerate the process and improve the overall quality of the final FBC.

3. Completion of an Outline Business Case (OBC) document

Once schemes are given the 'green light' to proceed to this stage, the applicant (supported by a dedicated resource in the MCA Executive Housing Team) will be required to complete a standard OBC form. This additional information will enable a more comprehensive Green Book appraisal assessment to be carried out and for schemes to be assessed in a way which is compliant with the MCA Assurance Framework.

4. Assessment, Appraisal and Due Diligence

Assessment and appraisal will be undertaken by a dedicated internal team. The need for external/ independent appraisal will be considered on a case-by-case basis. This tends to be an iterative process and could involve further information or clarifications being provided in order to assist in reaching a funding recommendation with appropriate conditions.

5. Completion of a Full Business Case (FBC) document

FBCs will provide the remaining detailed level of information required. All approvals, design, procurement and funding should be in place when FBC is submitted.

6. Final Assessment, Appraisal and Due Diligence

As in Stage 4 above, assessment and appraisal will be undertaken by a dedicated internal team. The need for external/ independent appraisal will be considered on a case-by-case basis.

7. Consideration by the Housing Board and/or MCA Board

The Housing Board meet approximately every 8 weeks and will consider the FBCs and the any proposed funding conditions. Where schemes are seeking £2m or more, a funding decision will be required from the MCA (they also meet every 8 weeks). [Link to MCA Meetings](#)

6. Terms and Conditions

For approved schemes, the grant recipient will claim funding either monthly or quarterly in arrears. Payments will be based on progress reports from the Applicant Organisation. Progress will be monitored against the agreed contract and delivery arrangements.

All terms of the contract and arrangements for ongoing monitoring will be agreed with individual Applicant Organisations prior to providing funding.

A more flexible approach to payment terms may be considered where the Applicant can clearly demonstrate this is essential in order to deliver the scheme.

Standard forms of contracts are available on request. It is advisable to seek early advice to prevent delays in the later stages of the application process.

7. Definitions To follow