

OVERVIEW & SCRUTINY

| | |
|---------------------------|---|
| DATE OF MEETING: | 18 January 2022 |
| TITLE OF REPORT: | Housing capital funding for energy efficiency measures in new affordable housing |
| Report of: | Head of Community |
| Cabinet Portfolio: | Community |
| Key Decision | No |

Confidentiality Non Exempt

1 PURPOSE OF REPORT

- 1.1 This paper sets out a proposal to ringfence a proportion of the Council's housing capital funds to support Registered Provider's and housing associations (see useful terms in Appendix A), to provide energy efficiency measures in some of their new affordable homes.

2 OFFICER RECOMMENDATION

- 2.1 That Overview and Scrutiny Committee recommend to Cabinet the approval of the proposal to provide top-up funding to housing associations and Registered Providers to enable the provision of additional energy efficiency measures on new-build affordable homes which will
- ringfence up to March 2025, £550k of housing capital funds for this purpose, after which time the scheme will be reviewed
 - provide delegated authority to the Head of Community and Head of Finance, in consultation with the Portfolio Holder for Community, delegated authority to approve schemes on a case-by-case basis, to enable Officers to move swiftly to negotiate these additional measures
- 2.2 This proposal has been discussed at November Overview and Scrutiny 2021 and at the Overview and Scrutiny Task and Finish Group meeting on 8 December 2021. Feedback and comments from Councillors in these meetings have been considered and reflected in this paper.

3 BACKGROUND

- 3.1 Community Services has circa £12m capital funding to support the provision of affordable housing within the district. This includes money from the sale of former Council housing through the Right to Buy, money from

the sale of Green Lane carpark and 1 Green Lane and S106 financial contributions received in lieu of on-site affordable housing. Right to Buy receipts are not ring fenced for non-stock holding Council's and it is proposed that these can be used to fund this initiative.

3.2 The Council has funded a number of projects over the last five years ranging from top-up funding to reduce the rent levels for 4 bed affordable homes, funding to provide affordable homes at a Social Rent rather than an Affordable Rent level (Jean Orr Court) and most recently £325k to fund a joint project with VIVID to purchase a bungalow for a disabled resident. Amounts funded range from £57k to £360k.

3.3 The Strategy and Development Team have been exploring how to bring forward suitable projects to which these funds could be applied to deliver affordable housing projects in the district for the benefit of local residents. With the Council's declaration of a climate change emergency earlier in the year, and the opportunity to apply this funding to a 100% affordable housing site in Hart, it seemed timely to bring this proposal forward first, working closely with the Council's Sustainability Officer and the Planning Service. Other proposals will be discussed and prioritised with the Overview and Scrutiny Task and Finish Group and brought forward when appropriate to do so.

3.4 This paper outlines a proposal for the Council to provide top-up funding to new affordable housing schemes in order for additional energy efficiency standards and measures to be included in the new build homes. The primary driver is to be a positive contribution to addressing climate change issues and the Council's climate targets. However, the additional energy efficiency measures will also reduce energy bills helping with the affordability of energy bills for people on limited incomes.

4 MAIN ISSUES

4.1 At full Council on 29 April 2021 councillors declared a Climate Emergency and committed to becoming a carbon neutral authority by 2035 and a carbon neutral district by 2040. This was following the adoption of Hart's Climate Change Action Plan in 2020.

4.2 It is vitally important that affordable homes should not be precluded from providing additional energy efficiency measures due to cost and as such local authorities can consider how they can enable affordable, energy efficient homes in its area. This proposal will help the Council in working towards achieving this and its actions in the Climate Change Action Plan.

4.3 In terms of the national picture, in January 2021, the Government published the Future Homes Standard 2025 which gives targets for reducing carbon emissions in homes. At present Homes England funding supports the provision of a range of different affordable housing products, and whilst new lower carbon technologies and systems do exist, they continue to be harder to access and more expensive generally until they become more mainstream and more widely used. With limited funding available, this can make including these technologies in affordable housing difficult to achieve.

- 4.4 Housing Associations/Registered Providers (RP), who provide the majority of affordable housing in the district either directly, or on S106 sites with developers, are looking at how they can improve the energy efficiency of their properties. This can often be a balancing act between ensuring the homes meet the highest housing need, are of good quality and design and utilise modern technologies. They can apply for Homes England grants to help deliver the affordable housing but there are limits to the levels that will be paid and this means that not all the desired requirements can always be achieved.
- 4.5 It is important to note that not all affordable housing sites will be appropriate for this proposal, and where an RP or housing association own the site or are developing the site themselves generally speaking there is more scope to include additional features.
- 4.6 The Council has a ringfenced capital fund to enable the delivery of affordable housing projects. By providing top-up funding to some of the new affordable homes the Council can enable the housing associations to provide additional energy efficiency measures on their properties including solar panels and air source heat pumps, for example. In some cases, there may be opportunities to provide Passivhaus standard homes. These are highly insulated homes and use very little energy for heating. More information about this is provided with this paper. The energy efficiency features will vary from site to site depending on a number of factors and it is proposed that each proposal is assessed on a case-by-case basis against set criteria. Further details of this are included with this paper.
- 4.7 These homes will provide an excellent opportunity for the Council and the housing associations to monitor energy use, the impact on energy bills and overall affordability and use the lessons learned for future sites and opportunities. More information about what can be measured and how is provided with this paper.

5 OVERVIEW AND SCRUTINY DISCUSSION

5.1 There were a number of questions raised at Overview and Scrutiny in November 2021. Responses to these questions are detailed below.

5.2 How will the energy efficiency benefits be monitored and measured?

Energy efficiency benefits

- **Co-benefits** - Potential gains from improving energy efficiency are substantial not only in terms of saving energy and combating climate change, but also in terms of contributing to an array of other co-benefits, including improving human health and creating skilled jobs.
- **Energy efficiency** - Retrofitting of energy efficiency measures to existing buildings is costly and disruptive to the occupants during installation. Aspects such as construction type and design can also prohibit the ability to retrofit energy efficiency measures to existing

housing stock. Additionally, Passivhaus standard is virtually impossible to deliver after construction and much more costly than adding these measures during construction.

- **Reduction in carbon emission** - carbon emission from domestic properties is the second biggest source of carbon emission in Hart, and one of the hardest to decarbonise. Funding additional energy efficiency measures will ensure that the homes that benefit from the funding will help to meet Hart's 2040 net zero goal.
- **Fit for future** - by not needing to retrofit homes to bring current new build properties up to the much lower 2025 future home standard. This will mean money will not need to be spent in the future to improve the energy efficiency of the property or reduce its carbon emissions.¹
- **Skills** - Homes delivered with improved energy efficiency measures through the funding will offer benefits in building local skills and supply chains to enable building to higher energy efficiency standards. The current skills gap has been identified as a key action by the Committee on Climate Change report 'UK housing: Fit for the future?'² Without the near complete decarbonisation of the housing stock, we will not meet our decarbonisation targets.
- **Future policy** - Homes delivered with higher energy efficiency measures through the funding will be used to help provide evidence and develop future policy to raise energy efficiency measures of all new-builds across the district.
- **Enhanced building standards** - Some housing associations, including Hastoe have adopted their own energy efficiency and build standards that are above standard building requirements³. This funding will help evidence the merits of including improved energy efficiency measures within new affordable homes so that the Council can work with all partner housing associations to encourage higher standards across all new-build affordable stock.

5.3 **Monitoring and measuring the energy efficiency benefits and the type of data that will be collected and how?**

The energy efficiency benefits of homes receiving this funding to improve thermal comfort, heat pumps, solar PV, are already understood and extensively modelled.

The evidence of the energy saving would therefore be expected to come before the project was approved, as these technologies / building methods are already well established and proven.

¹ The article linked below highlights that people buying new homes in the next four years are likely to find that their homes will need to be retrofitted with energy efficiency measures and low carbon technology at an average cost of more than £20k. Whereas, building a new home with higher energy efficiency standards and a heat pump instead of a gas boiler now costs about £4,800 more than current building standards. <https://www.theguardian.com/environment/2021/jan/23/buyers-of-brand-new-homes-face-20000-bill-to-make-them-greener>

² [UK housing: Fit for the future? - Climate Change Committee \(theccc.org.uk\)](https://www.theguardian.com/environment/2021/jan/23/buyers-of-brand-new-homes-face-20000-bill-to-make-them-greener)

³ <https://www.hastoe.com/about-us/building-homes/our-new-build-standard>

However, if further real-world information is required these can be monitored via a smart meter which can measure half hourly energy consumption readings, or via a sub-meter in the case of Solar PV energy production.

Residents will also be able to compare their bills to the cost of energy bills in standard construction homes. This information is readily available.

If more extensive data is required, it would be possible to install energy monitoring system to provide us with real-world energy usage data. This that would not require manual data inputs from residents. However, this would require a further cost for software and hardware to be installed and maintained. This could potentially result in redirection of funding from energy savings measures and would provide limited learning outcomes as the energy savings benefits are already well established.

For example, Solar PV is a mature technology the expected annual savings and energy productions are well understood and modelled, and can be calculated via widely available tools⁴:

Hart also sends out new resident surveys to every person moving into a new affordable home in the district. Surveys to homes receiving funding for additional energy efficiency measures will include questions about bills and energy usage, thermal comfort as well as questions about the design features and practical aspects of living in the home to help us understand this better for future homes.

Further information about Passivhaus is provided with this paper, however, it is worth noting that it is only one of a number of energy efficiency designs and measures that this funding could support.

One of the design requirements to meet the Passivhaus standard is that these homes require space heating energy demand to not exceed 15 kWh per square meter of net living space.

This reduces the need to heat the building to such an extent that you don't need a conventional heating system. However, there will be some heating mechanism attached to the property - often it takes the form of a small heating element attached to the ventilation system.

If building to Passivhaus standard, there is already published energy data available showing the benefits that this type of housing can achieve. Passivhaus standards should reduce space heating costs to near zero. ⁵

⁴ <https://www.pvfitcalculator.energysavingtrust.org.uk>

⁵ Please see the link for research in the comparative costs of building Passivhaus in the UK. <https://passivhaustrust.org.uk/news/detail/?nId=462>

A housing association does not always monitor specific energy usage for every property on every scheme as standard practice. For example, if the new homes are built to the Passivhaus standards, then the energy usage will be as detailed in existing published data. The housing association must prove that the construction is to Passivhaus standards regarding air movement and thermal quality in order to achieve Passivhaus accreditation so these standards will provide the expected efficiencies.⁶

There are many tools available that will model energy production from a site and would be able to assess this at the design stage. This would form part of the assessment in whether to grant funding for the proposal or not for which there is a standard application form and assessment criteria (an example of which is included with this information).

5.4 What is the possibility of upgrading existing new affordable housing schemes under construction in Hart to be more energy efficient?

Where sites have already been granted permission and are under construction, the applicant would need to submit a new application to put in any new solar panels, heat pumps etc as the homes under construction would have no Permitted Development rights. Each application would be assessed individually.

Where there are sites with multiple phases of development which are brought forward under reserved matters applications there may be an opportunity to amend proposed designs to include additional energy efficiency features if they meet the funding criteria and guideline figures for funding per unit.

5.5 Criteria to award funding:

Applications to access funding for additional energy efficiency measures would be submitted using the Council's standard funding request application form (example attached), and a standard assessment process would be applied in each case against the standard criteria as well as analysis of the specific energy efficiency criteria.

<https://www.passivhaustrust.org.uk/UserFiles/File/Why%20choose%20Passivhaus%202013%20FINAL.pdf>

⁶ Source: <https://energysavingtrust.org.uk/passivhaus-what-you-need-know/>

Evidence:

https://www.passivhaustrust.org.uk/UserFiles/File/Technical%20Papers/2020%2006_Passivhaus%20and%20the%20Performance%20Gap_University%20of%20Bath_Rachel%20Mitchell%20and%20Sukumar%20Natarajan.pdf

Assessment process:

- Each application for funding would be assessed by an officer panel comprising of four officers - the Housing Strategy and Development Manager, Housing Strategy and Development Officer, Sustainability Officer, and Planning Development Management and Building Control Manager.
- Each application will be assessed using the criteria included in the application form (see attached example Appendix B), a supporting statement and any additional supporting documentation the RP (housing association) provides or is requested to provide.
- Any recommendation for approval will be made to the Portfolio Holder for Community, the Head of Community and Head of Corporate Services who will have delegated powers to approve or not approve applications made for this funding.

Applications are invited from an RP or housing association that is approved by the Council and which meet one or more of the following criteria (included on the application form):

- Suggested request makes the best use of the Council's resources to achieve maximum gain for the local community.
- Hart secures 100% nomination rights on new properties and giving priority to local people.
- Suggested request helps to deliver rural housing developments that often have higher associated costs.
- Suggested request contributes towards meeting the corporate priorities for affordable housing and climate change.
- Suggested request provides additional energy efficiency measures above Building Regulations requirements.

5.6 Application Form - Please see **Appendix B**

6 ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

6.1 Officers will be bringing forward a number of other proposals for spending the Housing Capital Fund. A Task and Finish Group has been set up with Overview and Scrutiny Councillors which will explore these proposals in more detail.

6.2 In relation to this proposal, the Council could decide not to ringfence any funding for energy efficiency methods and use it to prioritise other projects. This could mean that a number of new affordable homes are developed without any additional energy efficiency measures, or with some features but not making the most of the opportunity available. This will be a missed opportunity to deliver a project focussed on energy efficiency and to meet Hart's climate change aims.

7 CORPORATE GOVERNANCE CONSIDERATIONS

Relevance to the Corporate Plan and/or The Hart Vision 2040

7.1 This proposal supports several of the priorities set out in Hart's Corporate Plan 2017-22. These include "A Clean, Green and Safe Environment" - to improve energy efficiency, and "Healthy Communities and People" - ensure access to affordable housing.

7.2 Also, Hart Vision 2040 - "Technological advances may be making even greater differences to the way we work and live as communities", and "Reducing the impact of climate change by building in sustainability and using new technologies to mitigate the impact of climate change"

Service Plan

| | | |
|-----|--|-----|
| 7.3 | Is the proposal identified in the Service Plan? | No |
| | Is the proposal being funded from current budgets? | Yes |
| | Have staffing resources already been identified and set aside for this proposal? | Yes |

7.4 **Legal and Constitutional Issues**

There are no legal or constitutional issues arising from this report. If the proposal is agreed by Cabinet, the Council will engage Legal Services to ensure there is a legal agreement in place between them and the relevant Registered Provider, for the delivery of energy efficiency measures in exchange for funding.

7.5 **Financial and Resource Implications**

In order to support the provision of additional energy efficiency measures in new affordable homes it is requested that £550k of housing capital receipts is ringfenced up to March 2025 for this purpose. This has been included in the draft capital housing budget for 2022-23, subject to the outcome of the committee's decision.

7.6 Overview and Scrutiny Committee are asked to recommend approval of this proposal to Cabinet.

7.7 The funding can be drawn from the Right to Buy receipts. There are no specific restrictions on the use of these funds.

7.8 On average, a Passivhaus or affordable home with several additional energy efficiency measures is estimated to require in the region of £10k per unit more grant funding than a traditionally built property. This is expected to vary very slightly from site to site depending on site specific restrictions and requirements. Build costs will also vary depending on availability of materials and skills. We have seen recently that costs have increased due to a shortage of certain materials and skills for most sites currently being built.

7.9 Therefore, it is proposed that the requested amount should enable a small number of sites to be able to access the funding and this will provide the Council with the opportunity to review the effectiveness of the funding and the outcomes. If appropriate sites do not come forward the ringfenced funding will not be spent and can be used elsewhere after 2025.

7.10 Each request for funding from a housing association will be made using an approved funding application form. **Appendix B** The applications will be assessed by a panel of four Council officers - the Housing Strategy and Development Manager, Housing Strategy and Development Officer, the Sustainability Officer and the Development Management and Building Control Manager, against set criteria and supporting statements provided with the application.

7.11 The individual considerations, costs and aspects will vary from site to site as the property type, size, site etc will vary considerably from site to site. The cost of building materials may also change from time to time.

7.12 Recommendations will be made by the officer panel to officers and Councillors with delegated responsibilities to determine whether the funding request is approved.

7.13 There are no implications for additional resources or staffing to support this proposal.

8 Risk Management

8.1 The Council could decide not to agree to this proposal there are a number of possible risks including that:

- Affordable housing providers will not be able to provide any (or many) additional energy efficiency measures in new affordable homes as they are too expensive and Homes England grant will not cover the full costs of including them.
- The Council does not meet its carbon reduction targets.
- Future opportunities to support schemes may be few and far between and the Council misses the opportunity to support innovative and forward-thinking designs to help reduce carbon emissions in new affordable homes.
- Residents living in the new affordable homes are faced with rising energy bills but limited incomes and problems with affordability of new homes arise.

9 EQUALITIES

- 9.1 This funding will support the delivery of new, affordable housing which can be accessed by a wide range of people of different race, disability, gender, ages, sexual orientation, pregnancy, religion and belief, from the Council's housing register and the Help to Buy register.
- 9.2 It would also support the provision of affordable housing for people on low incomes who would benefit from more affordable energy bills in the long term.

10 CLIMATE CHANGE IMPLICATIONS

- 10.1 This proposal has direct implications for reducing carbon emissions in the construction and emissions from the occupation of new affordable homes arising from the recommendations. Homes built with improved energy efficiency measures now will need little or no changes in the future.
- 10.2 The funding requested would be to enable the delivery of affordable homes with additional energy efficiency measures including, but not limited to, heat pumps, photo voltaic panels, improved airtightness measures with Mechanical Ventilation and Heat Recovery. A small number of sites may provide an opportunity to provide affordable homes built to Passivhaus standards which significantly reduce the amount of carbon they use and generate. Furthermore, it contributes directly to the Council's Climate Change Action Plan, adopted in 2020.
- 10.3 By building properties that will meet the requirement for Hart to be a net carbon neutral authority by 2040, now will ensure these properties will not need to be retrofitted later to meet this target.

11 ACTION

- 11.1 That Overview and Scrutiny Committee recommend the approval of this proposal to Cabinet and that the Head of Community Services, the Portfolio Holder for Housing and the Head of Corporate Services are granted delegated responsibilities to approve applications for the funding on a case-by-case basis.

Contact Details:

| | |
|--|--|
| Nicola Harpham, Housing Strategy & Development Manager | Nicola.Harpham@Hart.gov.uk |
| Peter Summersell, Sustainability Officer | Peter.Summersell@Hart.gov.uk |
| Kirsty Jenkins, Head of Community | Kirsty.Jenkins@Hart.gov.uk |

Appendices A & B

**Add rows as required to box below*

| Ref. | Title of Appendix | Exemption Paragraph Number (if applicable) | | | | | | |
|------|--|--|---|---|---|---|---|---|
| | | If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule of the Local Government Act 1972 by ticking the relevant | | | | | | |
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| A | Additional background information | | | | | | | |
| B | Application for Housing Capital Reserves Funding – Part A and Part B | | | | | | | |

Background papers:

**Add rows as required to box below*

Please list all unpublished, background papers relevant to the decision in the table below. Background papers are **unpublished** works, relied on to a material extent in preparing the report, which disclose facts or matters on which the report or an important part of the work is based.

| Title of any background paper(s) | Exemption Paragraph Number (if applicable) | | | | | | |
|----------------------------------|---|---|---|---|---|---|---|
| | If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box. | | | | | | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| N/A | | | | | | | |
| N/A | | | | | | | |

Appendix A:

Background paper to the capital project proposal - “Supporting energy efficiency measures in new affordable housing”

This paper is to clarify and provide additional detail around some of the points covered in the main paper.

Local background within Hart:

Hart District Council recognises the negative effect of climate change and at full Council on 29 April 2021 councillors declared a Climate Emergency in Hart and committed to becoming a carbon neutral authority by 2035 and a carbon neutral district by 2040. This was following the adoption of Hart’s Climate Change Action Plan in 2020. The Action Plan has 5 key elements including, a pledge to make Hart District carbon neutral by 2040, whilst bringing forward the current 2040 target to 2035, for areas under direct control of Hart District Council.

Local measures:

Local Authorities can set higher energy efficiency standards for new homes in their local area. If it does, this needs to be with consideration of other factors, including the viability of providing homes and particularly affordable homes. It is vitally important that affordable homes should not be precluded from providing additional energy efficiency measures due to cost and as such local authorities can consider how it can enable affordable energy efficient homes in its area.

This paper is requesting that Hart ringfences a proportion of its capital funds to support RPs or housing associations to provide energy efficiency measures in some of their new homes. The most appropriate measures will vary on a site-by-site basis.

Planning:

- In January 2021 the Government published the Future Homes Standard 2025 consultation which proposes a Future Building Standard for more efficient homes. It states that all new homes built from 2025 will produce 75-80% less carbon emissions than homes built under current regulations. No new home built under the Future Homes Standard will be reliant on fossil fuels.
- There is a legal duty on local authorities to ensure climate mitigation across all local planning policy. The National Planning Policy Framework (NPPF) was updated to include climate change specifically.
- Buildings must help reduce climate change emissions.
- There are a range of different types of energy efficiency measures available and there can be tension between design and energy efficiency requirements, for example, some homes may propose large areas of glazing to make the most of the heat and light from the sun, but also need shutters over the windows and shading so the homes do not overheat.

Design:

- Buildings can achieve zero carbon (or zero carbon ready) performance by eliminating fossil fuel use for heating, using on-site and/or off-site renewable energy, reducing the use of high global warming potential refrigerants and using low carbon, reused or recycled materials in construction.
- Design features can include external shutters, overhangs, shading on balconies and ways to remove excess heat like mechanical heat ventilation. It is important to look at the design of homes and specification especially as people work from home more.
- 80% of energy used in homes is used to heat the house and water.
- Solar panels can generate energy for the homes, however, there is a need to be able to store the energy produced. For example, solar panels generate energy during the day and will generate more energy during the summer months which will need to be stored in order to be used as and when required.
- Modern Methods of Construction or MMC can also be utilised to deliver more energy efficient housing. MMC properties are estimated to use 20-30% less energy to heat.

Passivhaus:

One form of design to deliver more highly energy efficient housing is known as Passivhaus. This paper mentions an opportunity to fund an affordable housing scheme based on Passivhaus standards therefore more information about what this means has been provided here. Additional information is provided within the main paper following specific questions raised by the November Overview and Scrutiny Committee.

Passivhaus literally means “passive house”. It is a voluntary standard for energy efficiency in a building, which includes highly energy efficient design which reduces the building’s ecological footprint and provides very low-energy buildings that need very little fuel. Other stock-holding local authorities including Reading and Winchester are building their new affordable homes to Passivhaus standard as the many benefits are widely accepted and understood.

- A Passivhaus property has an airtight building envelope, and can include triple glazed windows, mechanical heat ventilation and overhangs for shading.
- The homes are highly insulated and use very little energy for heating.
- They are more expensive to build which can take them out of reach as affordable housing.
- Passivhaus principles and technology play a key role in achieving zero carbon for the future.
- This is a fabric first approach - the energy efficiency is built into the property itself not just features added on to the building - like photovoltaic panels (PV) on the roof.
- Homes can be Passivhaus or partial Passivhaus - depends on design and scheme.

- Larger, simple designs perform better than smaller or more complicated shapes.
- The buildings aim to use design to achieve the most energy efficient outcomes, for example, south facing windows, airtight building, can and should open windows, pre-heating in-coming fresh air, mechanical ventilation.
- There is a standard that is just below full Passivhaus known as AECB standard. This is also providing additional energy efficiency measures.
- As technology and systems are more widely available costs will reduce over time.

Costs:

- Providing additional energy efficiency measures can cost more than a standard build. However, the carbon emissions from that home are significantly less than standard built homes and there are reduced costs to retrofit the homes in the future.
- As an indication of likely costs, the mean value in Hampshire for a standard build is approximately £1,300m² (this varies according to the type and number of homes provided and someone building a large site will be able to build more cheaply because of economies of scale). By comparison, costs to build to Passivhaus standards are in the region of £1,465m².
- Costs will reduce going forward as methods of construction, materials and technology improve and become more mainstream.
- It is important to note that at the moment due to shortages in materials and labour, development costs are higher than previously for all developments, and each site is likely to be different in some way.

Potential First Site:

If this proposal is agreed, a potential first site to fund has been identified that will provide 14 affordable homes, all of which it is proposed could be constructed to Passivhaus or AECB standard (both of which are very energy efficient and low-carbon homes).

There has been a pre-app application for the proposal, (Ref: 20/02938/PREAPP), but the full planning application has not yet been submitted. It is not guaranteed that it will receive permission, however it is important not to miss a potential opportunity for this funding.

Hastoe Housing Association is proposing to develop the 14 affordable homes which will comprise of three shared ownership homes and 11 for rent. They are intending to apply for Homes England funding to enable them to provide the lower-level Social Rent to ensure that the properties will be as affordable as possible in the longer-term. As such, if they also applied to Homes England for funding for Passivhaus standard the grant rate will be very high, and Homes England is unlikely to fund the full costs.

Hastoe is a rural housing specialist, and they tailor each scheme to fit within its unique local setting and circumstances. They would like to apply to Hart Council for top-up funding to enable them to provide homes at a Social Rent level (funded by

Homes England) and Passivhaus standard (to be funded by Hart District Council) on a bespoke site in the district.

| No. units | Tenure | Estimated HDC funding required per unit (in addition to Homes England funding) | Estimated total required from HDC |
|--|------------------|--|-----------------------------------|
| 11 | Rented | £10k | £110k |
| 3 | Shared ownership | £7k | £21k |
| Overall funding required from HDC (estimated) | | | £131k |

This site provides an exciting opportunity for Hart to be involved in the development of a Passivhaus affordable housing development. Hastoe are aware that Hart would like to have the opportunity to learn from the features and development of these homes, and going forward, there could be the opportunity to understand how the residents find living with the Passivhaus design features, and this information can be used to help inform planning policy and other Council policies going forward. This would help the Council in working towards achieving its actions in the Climate Change Action Plan.

Not all sites will deliver Passivhaus homes. Others may propose several other energy efficiency measures. Also, the costs per unit are likely to vary from site to site and this will be assessed as part of the funding application by the officer panel.

By 2025 the funding and scheme can be reviewed, and a decision made about whether to continue funding along these lines or to revise the scheme according to identified needs at that time.

Useful Terms:

- **Carbon neutral** means that any CO₂ released into the atmosphere from a company’s activities is balanced by an equivalent amount being removed.
- **Climate positive** means that activity goes beyond achieving net-zero carbon emissions to create an environmental benefit by removing additional carbon dioxide from the atmosphere.
- **Carbon negative** means the same thing as ‘climate positive’.
- **Carbon positive** is how organisations describe climate positive and carbon negative.
- **Net-Zero carbon emissions** mean that an activity releases net-zero carbon emissions into the atmosphere.
- **Net-Zero emissions** - balance the whole amount of greenhouse gas (GHG) released and the amount removed from the atmosphere.

- **Embodied carbon** is the carbon dioxide emissions associated with making a building that comes from extraction, transportation and manufacturing of raw building materials is a significant part of a building's life cycle. Embodied carbon will be responsible for almost half of total new construction emissions between now and 2050.
- **Zero carbon building** - built-into the building's construction and use.
- **Passivhaus** - a building with an airtight envelope. It literally means 'passive house'. It is a voluntary standard for energy efficiency in a building, which includes highly energy efficient design which reduces the building's ecological footprint and provides very low-energy buildings that need very little fuel.
- **The Future Buildings Standard** - a Government consultation carried out from 18 Jan 2021 to 13 April 2021. The outcomes of the consultation are due to be published. It sets out proposals for a Future Buildings Standard, which provides a pathway to highly efficient non-domestic buildings which are zero carbon ready, better for the environment and fit for the future.
- **AECB standard** - this standard is aimed at those wishing to create high-performance, low-carbon buildings using widely available technology.
- **NPPF** - National Planning Policy Framework.
- **PV panels** - also known as solar panels, capture the sun's energy and convert it into electricity.
- **Mechanical ventilation** - is used to control indoor air quality, excess humidity and odours.
- **Registered Provider** – Sometimes used to refer to housing associations, but RP's can be "non-profit" or "for-profit". The operating rules and regulations vary depending on whether an RP is a "for profit" or "non-profit" organisation.
- **Housing association** - Most non-profit providers are also known as housing associations

Appendix B:

Application for Housing Capital Reserves Funding - Part A - Value for Money Assessment

| | | | | | | | |
|----------------------|---|----------------------|-------|-------|-------|-------|--|
| Scheme | Registered Provider/Housing Association Name | | | | | | |
| | Site Address | | | | | | |
| Financial Info | Planning status of site | | | | | | |
| | Planning application reference (if relevant) | | | | | | |
| | Total number of units on site | | | | | | |
| | Total number of affordable units on site | | | | | | |
| | Date funding is needed for | | | | | | |
| | Total Development Cost | £ | | | | | |
| | Homes England Grant | £ | | | | | |
| | Funding from sales on site | £ | | | | | |
| | Funding from borrowing against rental stream | £ | | | | | |
| | Other RP funding (e.g., RCGF) | £ | | | | | |
| | Other funding sources - <i>Internal Subsidy where rents fail to support borrowing</i> | £ | | | | | |
| | Shortfall (Funding requested) | £ | | | | | |
| Property Details | Requested funding per unit | £ | | | | | |
| | Total number of affordable units to be provided with HDC funding | | | | | | |
| | Bed size and Tenure mix | | 1 Bed | 2 Bed | 3 Bed | 4 Bed | |
| | | Social Rent | | | | | |
| | | Affordable Rent | | | | | |
| | | Shared Ownership | | | | | |
| | | Discount Market Sale | | | | | |
| | | 1 Bed | 2 Bed | 3 Bed | 4 Bed | | |
| Social Rent | | | | | | | |
| Affordable Rent Est. | | | | | | | |

AR% of market rent

| | | | | |
|--|--|--|--|--|
| | | | | |
|--|--|--|--|--|

Rent per week (If Affordable Rent please state percent of market rent)

Shared Ownership sales price estimate and percentage share to be sold

| 1 Bed | 2 Bed | 3 Bed | 4 Bed |
|-------|-------|-------|-------|
| | | | |
| | | | |

Comments

Brief description of proposal and how Hart District Council bridging the shortfall would provide added value to the development. Please include any site-specific information on why the requested additional funding is required.

Applications for funding additional energy efficiency measures should include the following information:

- Measures that will be added as a result of the funding over and above the standard features required through planning policy, specific planning permission requirements for the site and building control regulations.
- Benefits from these additional measures e.g., solar panels, Passivhaus standards - including details regarding financial benefits for the occupant over the life of the home, how the measures will make the home/s fit for the future, estimated reduction in carbon emissions as a result of the increased measures being provided.
- Confirmation that additional measures proposed are suitable in planning terms for the property and for the site.
- Payback information - details regarding how long it will take to generate the amount of energy equivalent to the amount that was used to produce the measures installed.

| | | |
|--|--|-----------------|
| Part B: For HDC use only | | |
| | | |
| Does this application meet the Additional Energy Efficiency Capital Spending Criteria? | | Yes / No |
| If yes, please tick at least one of the following in relation to this scheme: | | |
| Increases the supply of affordable housing in the district | | |
| Provides one-off solutions to meet a specifically identified local need | | |
| Provides additional energy efficiency measures | | |
| Secures 100% nomination rights on new properties to be delivered | | |
| Delivers a rural affordable housing that often have higher associated costs | | |
| Contributes towards meeting the corporate priority on affordable housing | | |
| Makes the best use of the Council's resources to achieve maximum gain for the local community | | |
| Comments | Housing Service comments on how Hart District Council bridging the shortfall would provide added value to the development | |
| | | |
| Does this application fall within the guideline figures for funding per unit? Costs may vary depending on case-by-case specific factors. | | Yes / No |
| Comments | Housing Service comments on site specific issues for why additional funding may be needed. | |
| | | |

| | |
|--|---------------|
| | |
| Date application assessed for approval by the officer assessment panel | |
| Recommended for approval by delegated staff and Councillors | Yes/No |
| Date decision made by delegated staff and Councillors | |
| Decision to approve. | Yes/No |
| Date RP/housing association notified of decision | |