

To: Housing Group Shareholder Meeting
Date: 20 December 2017
Report of: OCHL Board
Title of Report: Lucy Faithfull House

Summary and recommendations	
Purpose of report:	To seek shareholder agreement to include the redevelopment of Lucy Faithfull House in the Housing Group Development Programme subject to financing being made available from Oxford City Council.
Recommendation(s): That the Company's Shareholder resolves to:	
<ol style="list-style-type: none"> 1. Agree to the acquisition of the Lucy Faithfull House site from Oxford City Council and its inclusion in the Company's Business Plan; and 2. Support the provision of a loan facility of up to £13 million to facilitate the development of the site. 	

Appendices	
Appendix 1- Confidential	Lucy Faithfull House Feasibility

Introduction and background

1. Lucy Faithfull House was a hostel in Oxford city centre providing services and accommodation to homeless people. The hostel closed last year after the services and accommodation were decommissioned by the County Council with the homelessness units being re-provided elsewhere. The City Council as freeholder then purchased the long lease back from Riverside in order to control the future of the site. The Council has subsequently taken the decision to demolish the buildings and arrange for the site to be redeveloped for housing.
2. At a meeting on 16 October 2017 the Council's City Executive Board resolved to:

Authorise officers to investigate the viability of undertaking the development of the site with Oxford City Housing Limited (OCHL) as part of its overall development programme.

Detail

3. The Council undertook feasibility work on the site in 2016 with both architectural and cost consultancy input which demonstrated that the site was capable of delivering a flatted scheme of between 40-55 homes consisting of 1 and 2 bed flats.
4. The cost analysis updated with advice from WSP, the Company's development management partners, indicates that a completed scheme could be delivered for around £2,500/m², giving a cost for the largest conceivable scheme of around £12.3m including fees.

Financial implications

5. The potential financial performance of the scheme is outlined in the OCHL Development Progress Report which appears elsewhere on the agenda which shows the scheme meets the development financial parameters of the Company. As the scheme is not currently contained within the Business Plan, funding would need to be secured from Oxford City Council to acquire the site and undertake the necessary development work.
6. It is therefore recommended that the Shareholder support provision of a £13m loan facility from Oxford City Council to cover the estimated build costs including contingency and associated professional fees. This will be the subject of an officer report to the Council's City Executive Board conditional to Shareholder consent being obtained.

Legal issues

7. Under the terms of the Shareholder Agreement, this is a matter which is reserved for the shareholder.

Level of risk

8. The scheme is a low risk development due to the high land values of the site mitigating against high build costs. There is a possibility of archaeological remains being present which could slow down progress and this will be proactively managed with the Council's archaeology team to minimise possible disruption and preserve and recover any remains that may be in situ.
9. The site will be added to OCHL's overall delivery programme which will continue to be managed closely to minimise any disruption.

Report author	Alan Wylde
Telephone	01865 252319
e-mail	awylde@oxford.gov.uk