

To: City Executive Board

Date: 1st April 2009

Item No:

Report of: Head of Community Housing and Community Development

Title of Report: OCC Grant Funding for Affordable Housing:
TA Centre, Headington
Sunnymeade Court, Cutteslowe;
Salesian Gardens, Temple Cowley

Summary and Recommendations

Purpose of report: This report seeks Project Approval for grant funding from the Council to develop affordable housing at TA Centre, Headington; Sunnymeade Court, Cutteslowe; Salesian Gardens, Temple Cowley.

Key decision? Yes

Executive lead member: Councillor Turner

Report approved by:

City Executive Director: Mel Barrett, City Regeneration

Finance: Sarah Fogden

Legal:

Policy Framework: Corporate Plan 2008-11 'More housing, better housing for all'; Housing Strategy; Local Area Agreement 2008-11,

Recommendation(s): Executive Board is asked to:

- a) grant Project Approval under Finance Rule 19.14
- b) recommend to Council that funding of the grant is drawn from unallocated developer contributions for affordable housing and that the scheme is added to the Council's Capital Programme
- c) instruct Head of Community Housing & Community Development and Head of Legal Services to complete the necessary funding agreements with A2Dominion

1. Background

- 1.1 The delivery of more affordable housing is a corporate priority and the Council has been able to deliver against its targets through effective

planning policies and productive relations with the Homes and Communities Agency and partner RSLs.

- 1.2 Current market conditions however have made this task more difficult with the slowdown of private sector development and this is reflected in lower projections for the supply of new affordable dwellings. The target over the next three years has been reduced to 600 new affordable units and, as a reflection of difficult immediate circumstances, the target for 2009/10 is 150 new units.
- 1.3 To assist in meeting this target, the Council has sought to apply its resources to encourage housing providers to bring forward schemes which might otherwise be put on hold and to take advantage of market conditions to secure increased levels of affordable housing.
- 1.4 A2Dominion have submitted Social Housing Grant bids to the Housing and Communities Agency (HCA) for the following schemes:

Scheme	Units-Rent	Units - SO	Units-Total	Total grant bid
TA Centre	29	7	36	£2,947,422
Sunnymeade Court	13	3	16	£1,160,000
Salesian Gardens	7	2	9	£804,000

- 1.5 All three schemes include development of housing for sale and S106 agreements are in place. In the case of Sunnymeade and Salesian Gardens, the sites are owned by A2D and the affordable housing elements are slightly over 50% (53% and 56% respectively). The revenue from the sale units on these two sites is being used to cross subsidise the affordable housing and so reduce grant levels.
- 1.6 HCA has consulted the Council over the strategic relevance and value for money of these bids and, in terms of value for money, has taken the view that the grant requirement is too high for them to fund in total.
- 1.7 The level of grant funding reflects the fact scheme costs have risen because A2D have amended the TA Centre design to meet the Balance of Dwellings policy and changed the mix of family housing at Salesian to meet the Council's need for 4 bedroomed houses. Projected sales revenues have also been reduced as a result of current housing market conditions.

2. Grant funding proposal

- 2.1 The proposal is for the Council to use monies from developer contributions for affordable housing to jointly fund these schemes with HCA and so ensure that they are brought into development at a time when economic conditions are slowing down the supply of new homes and also to secure a proportion of affordable housing over planning policy.

2.2 The funding split agreed provisionally with HCA is:

	HCA	OCC	Total
TA Centre	£2,947,422	Nil	£2,947,422
Sunnymeade Court	£976,000	£184,000	£1,160,000
Salesian Gardens	£568,000	£216,000	£804,000
Total	£4,491,422	£400,000	£4,891,422

2.3 Although the Council is only grant funding Salesian and Sunnymeade, the effect is to enable delivery of the overall package of sites because A2D are able as a result to concentrate funding from their Recycled Capital Grant (£1,231,000) on the TA Centre scheme, as agreed with HCA.

2.4 The Council will receive 100% nominations rights to the completed units and the allocations will be done under the Oxford Register for Affordable Housing and Choice Based Lettings.

2.5 The Strategic Housing Delivery Group agreed on 9th December 2008 to support the funding proposal and HCA has approved its share of the grant on the basis that formal scheme approval would sought from Committee with the Group's support.

2.6 Consent to provide grant funding will be sought from the Secretary of State following approval by Committee.

3. Programme

3.1 The development programme for the sites is as follows:

	Start on site	Practical completion
TA Centre	July 2008	August 2010
Sunnymeade Court	August 2008	November 2009
Salesian Gardens	August 2008	January 2010

4. Environmental Impact

4.1 The Council aims to meet current HCA standards with new projects in the City. A2D will achieve Code for Sustainable Homes Level 4 with these new units and this is higher than the HCA requirement of Level 3 for grant funded projects.

5. Equalities Impact

5.1 The mix of units provided in these schemes in line with the requirements Council's Balance of Dwellings SPD which reflects the need for family housing. This is an area of priority need for homeless

households and at Salesian Gardens, A2D are providing 4 bed houses at the Council's request.

- 5.2 A2D will build the new units to Lifetime homes standard.
- 5.3 The Council will have nomination rights to these units and these will be allocated through the ORAH Partnership and Choice Based Lettings.

6. Level of risk

- 6.1 The Council is jointly funding these schemes with HCA and there is no financial risk to the Council because that is borne by A2D. The Council will pay the grant in two tranches, start on site and practical completion, and the funding agreement with A2D will require repayment of the first tranche should the scheme not be completed within a specified period.

7. Funding

- 7.1 The Council currently has £806,429 in uncommitted developer contributions for affordable housing. Allocating a total of £400,000 as grant funding for these schemes will leave £406,429 to be spent.

8. Legal Implications

- 8.1 Legal implications are set out in the body of the report

9. Financial Implications

- 9.1 Grant funding these developments will result in 49 units becoming available. This will mean approximately 20 households can come off the homelessness register and out of temporary accommodation. This saves approximately £2,500 per unit per annum. These new units will save the Council £50,000 per annum.

10. Recommendation

- 10.1 City Executive Board is asked to:
 - a) grant Major Project Approval under Finance Rule 19.14
 - b) recommend to Council that funding of the grant is drawn from unallocated developer contributions for affordable housing and that the scheme is added to the Council's Capital Programme
 - c) instruct Head of Community House & Community Development and Head of Legal Services to complete the necessary funding agreements

Name and contact details of author:

Steve Northey Tel: (01865 252717) Email: snorthey@oxford.gov.uk

List of background papers: None

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