

**To:** City Executive Board

**Date:** 1<sup>st</sup> April 2009 **Item No:**

**Report of:** Head of Community Housing & Community Development

**Title of Report:** OCC Grant Funding for Affordable Housing:  
- Beenhams, Railway Lane, Littlemore

### **Summary and Recommendations**

**Purpose of report:** This report seeks Project Approval for grant funding from the Council to develop affordable housing at Beenhams, Railway Lane, Littlemore

**Key decision?** Yes

**Executive lead member:** Councillor Turner

**Report approved by:**

**City Executive Director:** Mel Barrett, City Regeneration

**Finance:**

**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 South Oxfordshire Housing Association

## **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 South Oxfordshire Housing Association (SOHA) have acquired the Beenhams workshop site at Railway Lane, Littlemore and propose to develop the following housing:

Rent	5 x 2b/4p house 11 x 3b/5p houses 2 x 4bed/7p houses	Shared ownership	1 x 1b/2p flat 2 x 2b/3p houses
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## 2. Grant funding proposal

- 2.1 SOHA propose to develop all the units for affordable housing because the mix of units will help meet priority housing need and this would require grant funding of £2.1m to deliver. This is too high a figure for the Homes and Communities Agency solely to fund and a bid has been submitted for £1,800,000 in Social Housing Grant with £290,000 in grant from the Council.
- 2.2 The level of grant required reflects that SOHA have purchased the site with the benefit of planning consent for 50% affordable housing but intend to develop affordable housing. The Council will then have access to 11 additional units at a time when housing supply is badly affected by economic conditions and these will be family homes which is a priority housing need.
- 2.3 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.
- 2.4 Works are due to start in March with completion in the autumn of this year.
- 2.5 The Strategic Housing Delivery Group agreed on 3<sup>rd</sup> February 2009 to support the funding proposal and HCA has approved its share of the grant on the basis that formal scheme approval would be sought from Executive Board with the Group's support.
- 2.6 Consent to provide grant funding will be sought from the Secretary of State following approval by Executive Board.

### **3. Environmental Impact**

- 3.1 SOHA will achieve Code for Sustainable Homes Level 3 with these new units which is the HCA requirement for grant funded projects.

### **4. Equalities Impact**

- 4.1 The mix of units provided in these schemes reflects the need for family housing which is an area of priority need for homeless households. The units will be built to meet the HCA Housing Quality Indicators for accessibility.
- 4.2 The Council will have nomination rights to these units and these will be allocated through the ORAH Partnership and Choice Based Lettings.

### **5. Level of risk**

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

### **6. Funding**

- 6.1 This proposal can be funded from the residual amount of affordable housing planning contributions of £406,429. This would then leave £116,429 to be allocated.

### **7. Legal Implications**

- 7.1 Legal implications are contained within the body of the report

### **8. Financial Implications**

- 8.1 Grant funding these developments will result in 18 units becoming available. This will mean approximately 7 families 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 £17,500 per annum.

### **9. Recommendation**

- 9.1 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

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**List of background papers: None**

**Version number: 1**