

To: Cabinet Council
Date: 14 October 2020 30 November 2020
Report of: Head of Housing Services
Title of Report: Project Approval and Allocation of Housing and Growth Deal Funding for Affordable Housing Delivery

Summary and recommendations	
Purpose of report:	To seek project approval and delegations to enable capital grant allocations to be paid to Registered Providers and Community-Led Housing providers for schemes within the Oxfordshire Housing and Growth Deal programme, using grant received from Oxfordshire County Council for this purpose. To delegate officers to enter into funding and other necessary agreements for the purpose of delivery of affordable housing through this programme.
Key decision:	Yes
Cabinet Member:	Councillor Alex Hollingsworth, Cabinet Member for Planning and Housing Delivery
Corporate Priority:	Deliver more, affordable housing
Policy Framework:	Housing and Homelessness Strategy 2018 to 2021
Recommendations: That Cabinet resolves to:	
<ol style="list-style-type: none"> 1. Give project approval to the proposals, to accept and distribute grant; enter into funding agreements; and any other necessary agreements or contracts, as set out in this report for sites at William Morris Close; Gibbs Crescent; and Champion Way, for the purpose of delivering more affordable housing in Oxford, through the Oxfordshire Housing and Growth Deal programme; 2. Note that the Head of Financial Services proposes to use financial delegations for grant funded capital schemes, to make the initial payment for William Morris Close, by the required deadline; 3. Note that the budget for further Growth Deal grant payments will be requested in future budget reports; 4. Delegate authority to the Director of Housing, in consultation with the Cabinet Member for Affordable Housing; the Head of Financial Services/Section 151 Officer; and the Council's Monitoring Officer, to enter into funding and other necessary agreements for the purpose of delivery affordable housing through the Oxfordshire Housing and Growth Deal 	

- programme, within identified budgets, for the schemes listed in this report;
5. **Delegate authority** to the Chief Executive, in consultation with the Cabinet Members for Finance and Asset Management, and Affordable Housing, to approve any agreements over £500,000 for affordable housing, within this project approval and budget envelope; and
 6. **Recommend to Council** that it approves a revision to the general fund capital budget in 2020/21 of £3,123,000, for the initial grant payment in relation to the William Morris Close site, and a further capital budget for 2021/22 of £347,000 to fund the remaining grant balance payable for that scheme all of which will be funded by capital grant income from Oxfordshire Housing and Growth Deal (OGD).

Appendices

Appendix 1	Risk Register
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Introduction and Background

1. The Council continues to develop a programme of affordable housing supply through multiple work streams. Many schemes delivering affordable housing in Oxford are supported with grant funding from the Oxfordshire Housing and Growth Deal (OGD).
2. To date, all of these schemes have been Council-led, usually in partnership with Oxford City Homes Ltd, the Council's wholly owned housing development company. However, some schemes led by Registered Providers (RP) or Community-Led Housing (CLH) groups are also being brought into the later years of the programme.
3. Oxfordshire County Council is the lead funding authority for the OGD and receives grant from Homes England through the OGD agreement made between Government, the Oxfordshire local authorities and the Oxfordshire Local Enterprise Partnership. Oxford City Council draws down funding for schemes within Oxford annually from Oxfordshire County Council to cover the full OGD grant payable.
4. The RP or CLH providers are eligible to receive 90% of the scheme funding once they have signed the build contract for the development (site control/ ownership and planning consent having already been achieved), with the balance payable on completion of the development. Oxford City Council, in an enabling role, will enter into a funding agreement to facilitate this and to award the grant payment.

Scheme Details

5. There are currently three schemes in the indicative Oxford City OGD programme that are not Council-led. One of these is identified as a Year 3 (20/21) OGD scheme, and the other two follow in Year 4.

William Morris Close

6. This is a mixed scheme of 86 houses and flats, on a privately owned site, that has received planning consent in the last year. The original proposal was for a mixed tenure scheme to comprise 34 Social Rent; 9 shared ownership; and 43 open market units (that were envisaged as being used as private rented homes at market rates). Legal and General Affordable Homes (L&G) now intend to develop the scheme as 38 Social Rented homes; 12 at Affordable Rent; and 36 as low cost home ownership ('shared ownership'). This is considered to meet local housing need and demand well. The tenure change now makes the entire scheme 100% affordable under national and OGD definitions, and as a result becomes eligible for inclusion in the growth deal programme.
7. This change was only proposed in the past three months, but the necessary due diligence has been undertaken by Oxford City Council, and through agreed protocols with the OGD programme team. L&G are due to sign the development agreement on the site by the end of September 2020, and plan to start work on site in January 2021, completing the scheme in March 2022. The signing of the contract triggers that the first payment of OGD grant should be made.
8. The OGD funding for the scheme is £3,470,000. The initial payment is at 90% (£3,123,000) and the balance of £347,000 is due at completion.

Gibbs Crescent

9. Similar to the site above, this is an RP led scheme, on a site owned by A2 Dominion. Planning consent has been given to A2 Dominion to demolish and redevelop the Gibbs Crescent scheme, and an associated site at Paradise Street. Over all, the two schemes will provide 170 new homes. 85 of these (50%) will be affordable homes (Social Rented and shared ownership). A2 Dominion propose to switch the tenure of 12 of the market homes (that were envisaged as being used as private rented homes at market rates) into affordable homes (1 at Social Rent and 11 as low cost home ownership ('shared ownership'), which will better meet the need for more affordable housing in Oxford.
10. The final grant funding for this development (directly from OGD) has yet to be finalised, but is expected to be in the region of £330k to £570k. This sum, when determined, will be identified in a budget report.

Champion Way

11. This small (4 unit) community-led housing site, the disposal of which was agreed by Cabinet in November 2019, has also received planning consent. The scheme was not considered viable for OCHL to deliver. Work is underway to progress the scheme forward and into development. It will provide 4 new one bed flats at Social Rent for persons in housing need.
12. The final grant funding for this development (directly from OGD) has yet to be finalised, but is expected to be in the region of £220k to £300k. This sum, when determined, will be identified in a budget report for a Council decision.

Financial implications

13. This report seeks the required project approval to accept OGD grant from Oxfordshire County Council and to then redistribute the grant to affordable housing

providers - entering into funding and any other necessary agreements or contracts to facilitate this - for non-Council/ OCHL schemes in the Oxfordshire Housing and Growth Deal programme.

14. In order to meet new deadlines relating to the William Morris Close site and given that funding for the payment of this grant to Legal and General Affordable Homes (L&G) will be funded by grant income from the Oxfordshire Housing and Growth Deal (OGD). The Head of Financial Services proposes to use financial delegations, set out at section 18.13 of the Council Constitution, for grant funded capital schemes, to make the initial payment of £3,123,000 in October 2020. The balance, within the financial envelope of £3,470,000, for this scheme, will be payable at completion.
15. Further budgetary provision for capital grant will subsequently be made through budget reports when the grant rates are finalised. All of the OGD capital grant payments that are made by Oxford City Council are recompensed in full by income from Oxfordshire County Council, as the accountable body for receipt of Housing and Growth Deal funding from the Government.

Legal issues

16. The activity, as set out in this report, relates to activity for the purpose of developing homes as affordable housing.
17. Any procurement of goods and services for the purpose of developing homes will be in accordance with the Council's constitution and procurement procedures complying with The Public Contracts Regulations 2015 for such, including ensuring that best value is achieved.

Level of risk

18. A Risk Register is provided at Appendix 1.

Conclusion

19. That the Council agrees to spending as set out in this report to further support the delivery of more affordable housing to help persons on the housing register to secure much needed permanent homes.

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Background Papers:	None