



DRAFT PORTFOLIO HOLDER DECISION NOTICE

PROPOSED INDIVIDUAL DECISION BY THE PORTFOLIO HOLDER FOR HOUSING SERVICES

TOPIC – ALLOCATION OF GRANT TO SUPPORT THE PROVISION OF 13 AFFORDABLE HOMES AT LOWER CHASE ROAD, WALTHAM CHASE

PROCEDURAL INFORMATION

The Access to Information Procedure Rules – Part 4, Section 22 of the Council's Constitution provides for a decision to be made by an individual member of Cabinet.

In accordance with the Procedure Rules, the Head of Legal and Democratic Services, the Chief Executive and the Head of Finance are consulted together with Chairman and Vice Chairman of The Overview and Scrutiny Committee and any other relevant overview and scrutiny committee. In addition, all Members are notified.

If five or more Members from those informed so request, the Leader may require the matter to be referred to Cabinet for determination.

If you wish to make representation on this proposed Decision please contact the relevant Portfolio Holder and the following Democratic Services Officer by 5.00pm on Friday 29 April 2016.

Contact Officers:

Case Officer: Debbie Rhodes, 01962 848368, drhodes@winchester.gov.uk

Democratic Services Officer: Nancy Graham, 01962 848235, ngraham@winchester.gov.uk

SUMMARY

The site at Lower Chase Road, Waltham Chase currently has planning permission for 13 affordable homes, comprising 10 affordable rented units and 3 shared ownership units.

Hyde Housing Association is a Registered Provider (RP) and is currently Hampshire Alliance for Rural Affordable Housing's (HARAH's) development partner providing affordable housing on rural exception sites across Hampshire.

Hyde Housing Association who will provide the affordable homes at Lower Chase Road has reassessed the financial appraisal for the scheme, following receipt of tenders and appointment of the contractor for the building contract.

The impact of the Government's rent reduction announcement made in the July Budget which requires Registered Providers to reduce rents by 1% per annum and the increase in build costs to deliver the scheme since Hyde exchanged contracts to acquire the land has created a shortfall of funding for the project.

Hyde have amended the tenure mix of the scheme from 13 affordable rented units to 10 affordable rented and 3 shared ownership units which has helped to address the shortfall created by the rent reduction. In addition to the £400,000 Homes and Communities Agency (HCA) Social Housing Grant (SHG) Hyde has secured for the scheme, they are using additional £274,950 of their own resources comprising Conversion Monies and Recycled Capital Grant Fund (RCGF). However this still leaves a shortfall and Hyde has requested £150,000 Local Authority SHG to assist them to deliver the scheme.

The New Homes Team has analysed the financial appraisal provided by Hyde and agreed the shortfall exists.

The affordable homes which will be provided at Lower Chase Road, Waltham Chase will contribute towards the Community Strategy objective 'Provide housing to meet community needs'.

A Funding and Nomination agreement between the Council and Hyde to be drafted by the Head of Legal and Democratic Services will ensure that the new homes are occupied exclusively by those in housing need.

Providing grant aid of this nature to RPs requires consent from the Secretary of State under S.25 Local Government 1988. A general consent (C, The General Consent under Section 25 of the Local Government Act 1988 for financial assistance to any person 2010) exists for the giving of financial assistance for the purpose of or in connection with the matters mentioned in Section 24(1) of the Local Government Act 1988. Section 24(1) allows the City Council (as local housing authority) to provide any person with financial assistance for the purposes of, or in connection with, the acquisition or management of any property which is or is intended to be privately let as housing accommodation. There is no limit on the amount of assistance which can be given under this consent. "Privately let" means let other than by the local authority in this context. As Hyde will be building these units to let them as housing accommodation, the proposed grant falls within the terms of this consent.

The Head of Strategic Housing confirms that the proposal comes within the terms of the DCLG guidance on EU procedures for State Aid to RPs. These procedures ensure that RPs do not receive more state aid than is necessary.

PROPOSED DECISION

That the Assistant Director (Chief Housing Officer) be authorised to provide a grant of £150,000 to Hyde Housing Association to assist in the provision of 10 affordable rented and 3 shared ownership homes at Lower Chase Road, Waltham Chase, with

the funding being made available from the S106 Developer Contribution Fund and subject to the prior execution of a Funding and Nomination Agreement.

REASON FOR THE PROPOSED DECISION AND OTHER ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

Without the inclusion of £150,000 Local Authority Social Housing Grant (LASHG) from Winchester (£15k per affordable rented unit only), the scheme is not viable and Hyde cannot proceed to the build contract. The Council also considered the level of LASHG required for Hyde to provide all the homes as affordable rented units. This would require £325,000 or £25k per unit which was not considered to be good use of the S106 Developer Contribution Fund or to be value for money. In addition there is a need for a small number of shared ownership units by local people and therefore support by the Parish for the mix of tenure. The other alternative would be the introduction of further shared ownership units into the agreed mix to help mitigate the increased build costs, but this does not support the Council's aims to primarily develop affordable rented units to meet the identified housing need in the Parish.

RESOURCE IMPLICATIONS:

The grant of £150,000 will be made available from the S106 Developer Contribution Fund which currently has over £2.6m available to fund new affordable housing developments. The S106 Contribution Fund is fully allocated to support the Council's own new build programme and assist with the purchase of Milford House up to the financial year 2019/20. However, it has been calculated that an additional £1,000,000 will become available during this period (based on developer contributions that have already been negotiated on consented schemes and excluding contributions from North Whiteley). £3,214,000 has been committed to support the Council's new build programme leaving approximately £390,000 headroom to support other housing projects, and the £150,000 requested by Hyde will be supported from this headroom.

CONSULTATION UNDERTAKEN ON THE PROPOSED DECISION

The planning application for the construction of 13 affordable homes at Lower Chase Road, Waltham Chase was advertised in the normal manner and Hyde together with HARA partners held consultations within the village as part of the process. There were objections to the planning application but the Planning Committee voted to approve the application.

Ward Councillors have been consulted regarding this Portfolio Holder Decision Notice.

**FURTHER ALTERNATIVE OPTIONS CONSIDERED AND REJECTED
FOLLOWING PUBLICATION OF THE DRAFT PORTFOLIO HOLDER DECISION
NOTICE**

n/a

**DECLARATION OF INTERESTS BY THE DECISION MAKER OR A MEMBER OR
OFFICER CONSULTED**

None.

DISPENSATION GRANTED BY THE STANDARDS COMMITTEE

n/a

Approved by: (signature)

Date of Decision

Councillor Caroline Horrill – Portfolio Holder for Housing Services

APPENDICES:

None.