

**Report of :** Housing Growth Team

**Report to :** Director of Resources and Housing

**Date:** 3<sup>rd</sup> July 2017

**Subject: Grant Funding Agreement – Shared Ownership and Affordable Housing Programme (SOAHP) 2016-21**

Are specific electoral Wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, name(s) of Ward(s):		
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, Access to Information Procedure Rule number:		
Appendix number:		

## Summary of main issues

1. The purpose of this report is to secure the approval of the Director of Resources and Housing for the Council to enter into a grant funding agreement with the Homes and Communities Agency (HCA).

### Recommendation

1. It is recommended that the Director of Resources and Housing provides approval to Legal Services to seal and complete the HCA's 2016-21 Shared Ownership and Affordable Housing Programme (SOAHP) grant agreement to facilitate draw down of the funding to allow the project to progress.

## 1 Purpose of this report

- 1.1 The purpose of this report is to secure the approval of the Director of Resources and Housing to enter into an agreement with the HCA in relation to HCA's 2016-21 Shared Ownership and Affordable Housing Programme funding. This will allow Legal Services to seal and complete the grant agreement to enable draw down of the funding.

## **2 Background information**

### **Council Housing Growth Programme**

- 2.1 In April 2016 bids were invited to the government launched 2016-21 Shared Ownership and Affordable Housing Programme (SOAHP) making available £4.7bn of capital grant to deliver starts on site for at least:
- 135,000 homes for Help to Buy: Shared Ownership;
  - 10,000 homes for Rent to Buy; and
  - 8,000 homes for supported and older people's rental accommodation.
- 2.3 The 2016-21 SOAHP represents a significant increase in capital investment from the government when compared with the £1.7bn which was made available for the previous 2015-18 Affordable Housing Programme.
- 2.4 Executive Board approvals on 9<sup>th</sup> January and 17<sup>th</sup> July 2013 saw the commencement of an investment programme to deliver additional Council homes across the city via a number of delivery routes. The detailed development of the investment programme was delegated by Executive Board to the Directors of City Development (in respect of land use) and Resources and Housing (formerly Environment and Housing in respect of programme and scheme details and cost).
- 2.5 Following notification that Leeds City Council's (LCC) bid for the SOAHP was successful the HCA have issued the grant agreement which sets out in detail the terms and conditions of the grant and the contract between the HCA and the Council. Legal Services have given consideration to the agreement and are in a position to seal and complete the agreement on receiving the approval sought herein.

## **3 Main issues**

- 3.1 The Council's 'indicative' bid to the HCA for £1.75m (£35k per unit) to develop 50 shared ownership homes was successful. It will support the delivery of both general needs housing and Extra Care provision across the city.
- 3.2 A site search will be undertaken to identify suitable land for general needs mixed tenure developments, which SOAHP funding could be applied to.
- 3.3 The Council have committed to delivering all 50 properties in 2020/21.
- 3.4 The HCA have confirmed that indicative bids completing after 1<sup>st</sup> April 2020 must be progressed into firm schemes by 31<sup>st</sup> May 2019.
- 3.5 The HCA grant agreement stipulates that the initial share sold to buyers should not be less than 25% and not more than 75%. Buyers are able to purchase additional shares of their home, in tranches of not less than 10% of its full market value, up to full (100%) ownership.

## **4 Corporate Considerations**

#### **4.1 Consultation and Engagement**

- 4.1.1 The Executive Members for Communities was consulted on the bid submission and is supportive of proposals for the Council to deliver more mixed tenure products such as shared ownership.

#### **4.2 Equality and Diversity / Cohesion and Integration**

- 4.2.1 An equality screening exercise has been undertaken for the Council Housing Growth Programme. The main outcomes of the screening were that the delivery of affordable housing through this programme could have positive implications for equality groups who are economically disadvantaged.
- 4.2.2 An Equality, Diversity, Cohesion and Integration Screening is attached at Appendix A.

#### **4.3 Council Policies and City Priorities**

- 4.3.1 The development of shared ownership accommodation will address priorities within the City Priority Plan to provide additional affordable housing and support housing growth. The development will contribute to the delivery of one of the Council's Breakthrough Projects, 'Housing Growth and High Standards in all sectors'.

#### **4.4 Resources and Value for Money**

- 4.4.1 Leeds City Council will receive £1.75m from the HCA SOAHP funding to help deliver and implement the bid proposals. The scheme will be delivered via the Council Housing Growth Programme. Total funding available is £108.3m, with the overall authority to spend to date at £80.1m,

#### **4.5 Legal Implications, Access to Information and Call In**

- 4.5.1 The proposal constitutes a significant operational decision and is therefore not subject to call in.
- 4.5.2 Public funding for the provision of social housing is a service of general economic interest (SGEI). Previous Commission decisions and court judgement suggest that provision of affordable housing would also be an SGEI provided that the development could not proceed without the public funding. The responsibility for ensuring that the use of the grant funding remains compliant with state aid regulations rests with the Council and the Council indemnifies the HCA of an in the grant agreement entitling them to recover any grant funding which constitutes unlawful state aid

#### **4.6 Risk Management**

- 4.7 The delivery of the New Build Council Housing Programme is managed by the Housing Growth Team. The team manages a risk log for the programme which is reviewed by the Council Housing Growth Programme Board on a regular basis. Escalation of the risks is via the Housing Growth Team.
- 4.8 The following key risks relating to the procurement and delivery of the works have been identified:
- Failure to identify firm sites in advance of the HCA's deadline of 31<sup>st</sup> May 2019.
  - Failure to deliver 50 properties before 31<sup>st</sup> March 2021.

- Failure to identify sites in suitable areas which will be attractive to potential buyers.
- Difficult sites/constraints which will affect the financial viability of shared ownership schemes.

## **5 Conclusions**

- 5.1 Following a successful bid to the HCAs Shared Ownership and Affordable Housing Programme (SOAHP) the Council have received a conditional offer of £1.75m grant. The grant agreement has been reviewed by Legal Services and final approval is requested in order to allow the document to be signed and completed so that the funding may be drawn down.

## **6 Recommendations**

- 6.1 It is recommended that the Director of Resources and Housing approves the sealing and completion by Legal Services of the HCAs Shared Ownership and Affordable Housing Programme (SOAHP) grant agreement to enable draw down of the Shared Ownership & Affordable Housing Programme funding so that the scheme can progress towards completion before 31<sup>st</sup> March 2021.

## **7 Background Documents<sup>1</sup>**

Appendix A – Equality, Diversity, Cohesion and Integration Screening

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<sup>1</sup> The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.