

# **AGENDA ITEM 16: APPENDIX L**

## **WAVERLEY BOROUGH COUNCIL**

**EXECUTIVE – 30 SEPTEMBER 2014**

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### **Title:**

**BECOMING AN HCA INVESTMENT PARTNER AND ACCEPTING A GRANT ALLOCATION TO CONTRIBUTE TO THE WEY COURT DEVELOPMENT**

**[Portfolio Holder: Cllr Keith Webster]**

**[Wards Affected: All]**

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### **Summary and purpose:**

The purpose of this report is to recommend that the Council becomes an investment partner with the Homes and Communities Agency (HCA) and accepts external grant funding of £600,000 for the redevelopment of Wey Court House site to supplement the resources identified in the HRA Business Plan to deliver a programme of new Council-owned homes.

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### **How this report relates to the Council's Corporate Priorities:**

This report relates to the Council's corporate priority of providing more affordable housing in the Borough for local people in housing need and delivering value for money by accessing external funding from the HCA to supplement the Council's own resources.

### **Financial Implications:**

The Council would benefit from additional capital resources, but would be subject to HCA grant requirements. Waverley has identified a budget provision of £2.4 million across 2014-16 for the Wey Court House site redevelopment.

### **Legal Implications:**

The Council would be required to enter into a Delivery Agreement with the HCA.

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### **Introduction**

1. As a local housing authority with retained stock, the Council can apply to the Homes and Communities Agency (HCA) to become an investment partner and access grant funding to contribute to part of the capital costs of its new affordable house-building programme, supplementing the Council's own resources, delivering better value for money and reducing the cost per unit to the Housing Revenue Account.

2. In March 2014, the Council applied to the HCA to become an investment partner and seek grant funding to contribute towards the cost of redeveloping Wey Court House as part of the Affordable Homes Programme 2015-18.
3. In July 2014, the Council was informed that it had been successful in securing £600,000 for the Wey Court development, subject to the completion of the pre-qualification questionnaire. The offer letter is attached at Annexe 1.
4. As an investment partner, the Council would be required to enter into a Framework Agreement, in respect of all new affordable housing delivered with HCA grant. The agreement sets out the grant conditions, the most important of which are to start on site by the end of March 2015 and to charge Affordable Rent of up to 80% of open market rent. This agreement does not impose restrictions on funding arrangements for new affordable housing that has not benefited from HCA grant.

### **Considerations**

5. The key considerations to take into account in deciding whether to accept the external grant funding from the HCA and become an investment partner are set out below:

<b>Positive</b>
Access to external grant funding of £600,000 for new development at Wey Court from the HCA's 2015-18 £3.3 billion investment programme
External funding supplements the resources identified in the HRA Business Plan to deliver a programme of new council-owned homes
WBC space standards are the same or higher than the HCA requirements for new build schemes for which grant is payable
Ability to charge Affordable Rents of up to 80% OMV on conversions within existing stock if desired
<b>Neutral</b>
Requirement to Affordable Rents of up to 80% OMV on new grant-funded developments
HCA would count any grant funded homes in their out-turn figures, but WBC can still report on the number of homes they fund as part of their own performance monitoring
<b>Negative</b>
Requirement for additional officer time to administer grant claim process
Requirement to start on site by the end of March 2015

### **Recommendation**

The Executive is asked to recommend to the Council that

1. the Council becomes an HCA investment partner; and

2. the grant from the HCA to contribute to the funding of the redevelopment of the Wey Court House site be accepted to supplement the resources identified in the HRA Business Plan to deliver a programme of new council-owned homes.

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### Background Papers

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

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