

# Nottingham City Council Delegated Decision



**Nottingham**  
**City Council**

**Reference Number:**

**2849**

**Author:**

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**Department:**

**Development**

**Contact:**

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**Subject:**

**Shared Ownership and Affordable Homes Programme 2016-21**

**Total Value:**

**140,000 (Type: Capital)**

**Decision Being Taken:**

- 1. To accept the offer of a grant of £140,000 from the Homes and Communities Agency (HCA) subject to the terms set out in the HCA's contract grant agreement, to help fund the development of 10 shared ownership properties on a site yet to be confirmed.**
- 2. To enter into the HCA's contract grant agreement.**

**Reasons for the Decision(s)**

The Government announced the 'Shared Ownership and Affordable Homes Programme 2016-2021' on 13th April 2016 and officers submitted a bid in September 2016 to support the development of 10 shared ownership properties on an indicative site.

The development of shared ownership properties aligns with The Nottingham Plan 2020 Neighbourhood strategic priority by 'developing an appropriate mix of housing to meet the needs of young people, families and older people of all incomes'.

On the 5th January 2017 it was announced that the bid of £140,000 had been successful and a Portfolio Holder's decision is required to accept the bid and to enter into the grant agreement with the HCA.

The properties will be delivered via the 'Building a Better Nottingham' programme either jointly between Nottingham City Council (NCC) and Nottingham City Homes (NCH) or by NCH in their own right. The Building a Better Nottingham team is working on the business case which will identify the eventual developer either NCC or NCH and the appropriate site.

As the business case and financial viability exercise has not been concluded NCC will enter into the Contract with HCA for the approved bid. If NCH are the eventual developer, NCC will obtain approval from HCA for the grant funding to be transferred to NCH.

The HCA recently confirmed on the 25th April 2017 that if the financial viability exercise identifies a higher grant figure per property is required the Council can make a further request for grant funding from the HCA. The HCA will consider the request and if approved a further delegated decision will be required to accept the additional funding.

The number of units is modest as the shared ownership market is more limited than affordable rent, nevertheless now we are a successful bidding partner there will be opportunities for further bids through the HCA's Continuous Market Engagement process if appropriate.

If during the design of the project it is decided not to deliver the shared ownership properties for any reason, the HCA grant agreement allows us to remove the scheme from the bid, not draw down the grant funding with no financial penalties.

**Other Options Considered:**

The option of not approving the acceptance of this grant funding will have the following impact:-

1. It will not provide the option of shared ownership properties to citizens where market sale or market rent is unsuitable.
2. the cost of building of shared ownership properties without using the grant funding would increase
3. The grant funding would remain with the HCA who would need to find another scheme/provider to allocate it to.

Therefore this option was rejected

**Background Papers:**

None

**Published Works:**

None

**Affected Wards:**

Citywide

**Colleague / Councillor Interests:**

None

**Consultations:**

As the actual site has not been identified it is not possible to consult with the relevant councillors, as a result the portfolio holder who is responsible for Planning and Housing was consulted on 26th January 2017 and approval obtained to proceed.

**Crime and Disorder Implications:**

None

**Equality:**

EIA not required. Reasons: This approval is only to accept the HCA's grant funding and enter into an agreement. When the formal approval for the actual project is obtained an EIA will be completed

**Decision Type:**

Portfolio Holder

**Subject to Call In:**

Yes

**Call In Expiry date:**

30/05/2017

**Advice Sought:**

Legal, Finance

**Legal Advice:**

Any grant funding will be subject to the grant terms and conditions, the breach of which would allow HCA to clawback part or the whole of the grant funding.

Advice provided by Sarah O'Bradaigh (senior solicitor) on 21/02/2017.

**Finance Advice:**

The HCA grant must be used to support the development of 10 'Help to Buy: Shared Ownership' homes (£14k grant per unit) in accordance with the grant conditions and deadlines. The cost of the construction (net of the grant) would need to be financed by the Council's capital programme.

The scheme could be included within the Public Sector Housing Capital Programme with the net cost financed from prudential borrowing, with the capital repayments and interest repaid from a combination of sales receipts and rental income.

When a site is identified the business case will need to demonstrate its financial viability compared to other new build schemes under consideration. As the acceptance of the grant does not require the conditions to be met, there is no financial risk to the Council until the initial grant is drawn down.

Advice provided by Julie Dorrington (Senior Accountant (Housing Revenue Account)) on 24/02/2017.

**Signatures**

<b>Jane Urquhart (Portfolio Holder for Planning and Housing)</b>
<b>SIGNED and Dated: 22/05/2017</b>
<b>David Bishop (Deputy CE, CD for Development and Growth)</b>
<b>SIGNED and Dated: 22/05/2017</b>