



CABINET REPORT

Report Title	Proposed bid to the Homes and Communities Agency for funding for Council house building
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AGENDA STATUS: PUBLIC

Cabinet Meeting Date:	15 July 2009
Key Decision:	YES
Listed on Forward Plan:	YES
Within Policy:	YES
Policy Document:	YES
Directorate:	HOUSING
Accountable Cabinet Member:	Councillor Sally Beardsworth
Ward(s)	Eastfields

1. Purpose

- 1.1 To consider a prospective bid to the Homes and Communities Agency (HCA) for funding to build new council housing on council owned land.

2. Recommendations

- 2.1 That the Director of Housing, in consultation with the Portfolio Holder, be authorised to confirm the terms of a bid to the Homes and Communities Agency for funding and the appointment of a partner RSL.

3. Issues and Choices

3.1 Report Background

- 3.1.1 On 28 April the Homes and Communities Agency (HCA) wrote to local authorities inviting them to bid for a challenge fund. A copy of that letter is attached at Appendix A.

- 3.1.2 The Council has a number of sites which might be suitable for a bid to build council housing, but has no in-house expertise to develop such a bid. Therefore any bid would need to involve the development section of an existing RSL, who would also undertake to supervise the construction process. In addition to an RSL, the Council recently procured the services of technical advisors to assist in development appraisals and to understand and advise on the affordable homes components of major private housing development schemes.
- 3.1.3 Informal advice has been to try and make the first deadline of 31 July 2009 and then to consider also bidding for the second deadline as indicated in the bidding guidance, of 31 October 2009. There is a lot of work to carry out to make a bid by the first deadline, but it is expected that an RSL can be identified sufficiently early to both assist and advise on the bidding process and to take forward any successful bid.

3.2 Choices (Options)

- 3.2.1 The Council could decide not to bid, but this is another opportunity to bring more funding into the borough and to enhance the Council's reputation with the HCA.

4. Implications (including financial implications)

4.1 Policy

None

4.2 Resources and Risk

- 4.2.1 The costs of working up this scheme, approximately £15,000, can be borne from existing budgets. Land which could otherwise be described as surplus to requirements and sold would now be held back and developed.
- 4.2.2 New Council house building in this way would be within the Housing Revenue account but outside the HRA subsidy system. This means that the rent can be used to finance prudential borrowing. It is currently unclear why the HCA is offering prudential borrowing facilities, but this may become clearer through dialogue with HCA officials.
- 4.2.3 The importance of development appraisal advice is to ensure that the grant request from HCA is sufficient to make the new house building proposed self-financing from rent revenue plus grant.

4.3 Legal

None at this stage

4.4 Equality

None

4.5 Consultees (Internal and External)

Residents around any proposed site will be briefed generally before the bid goes in and will be involved in working up detailed proposals.

4.6 How the Proposals deliver Priority Outcomes

If successful the new homes will contribute to the housing, health and wellbeing of the Borough.

4.7 Other Implications

N/a

5. Background Papers

5.1 HCA letter and bidding guidance

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