



**DRAFT PORTFOLIO HOLDER DECISION NOTICE**

**PROPOSED INDIVIDUAL DECISION BY THE PORTFOLIO HOLDER FOR HOUSING AND LANDLORD SERVICES**

**TOPIC – PROVISION OF A LOAN OF £50,000 TO WICKHAM COMMUNITY LAND TRUST TO PROVIDE AFFORDABLE RURAL HOUSING AT MILL LANE, WICKHAM**

**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 Corporate Director (Governance), 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 Committee Administrator by 5.00pm on Tuesday 3 April 2012.**

**Contact Officers:**

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

**Committee Administrator:** Nancy Graham 01962 848 235, ngraham@winchester.gov.uk

**SUMMARY**

- Winchester City Council (WCC) has been working with Wickham Parish Council, Hyde Housing Association and Wickham Community Land Trust (CLT) for about 4 years to provide affordable housing for local people in Wickham. The CLT have been involved from the start of the project and indeed helped to initiate the scheme.
- The CLT worked alongside Hyde Housing Association, to propose 20 homes, 12 of which are to be social rented homes and the remaining 8 for intermediate rent/shared ownership. The scheme received planning consent in March 2011 and is now nearing completion.

- Unfortunately the CLT withdrew from the project just before planning consent was granted as they felt their financial model, which includes Homes and Communities Agency (HCA) funding of £50k per unit, was too tight for them to be confident to proceed.
- Since that time the CLT has been working towards rejoining the Mill Lane project. A plan has been mutually agreed such that Hyde will sell to the CLT the 8 properties originally intended to be owned/managed by the CLT. The CLT will make them available as shared ownership or intermediate rented properties to local people as originally envisaged.
- Although the CLT have been successful in raising finance for the scheme, a funding gap remains. They have approached WCC for a loan of £50,000 to support the project. This will be match funded by a further grant from the HCA for £50,000.
- The proposal for the loan is that there is no repayment of capital for a period of 25 years; After 25 years WCLT repays the full £50,000 to WCC; after 25 years Wickham CLT pays a one-off interest payment of 25% (£12,500) to WCC, giving a total repayment of £62,500. The full proposal is appended to this Decision Notice as Appendix 1.
- This loan is covered by section 25 of the Local Government Act 1988 – general consent C: for financial provision to any person.  
General Consent C permits financial assistance for, amongst other things, the purposes of section 24(1) of Local Government Act 1988.  
Section 24(1) of section 24 Local Government Act 1988 permits Winchester City Council to provide financial assistance - the loan - in connection with the provision of privately let housing accommodation.  
“Privately let” means anyone save a local authority, and would include Wickham Community land Trust as a Registered Provider.  
Thus, Winchester City Council does not need to seek Special Consent.
- The CLT has set out a range of potential benefits to WCC and Wickham Parish which the CLT brings. These include:
  1. Wickham CLT experience can be transferred to other local groups wishing to pursue similar projects.
  2. Use of local church connections to develop projects in line with ‘Faith in the Community’.
  3. Use of asset values in community hands to provide security for community-led and run programmes, with none of the profits generated being taken out by shareholders.
  4. Potential expansion of CLT activity in Wickham and elsewhere to other community inspired and led projects.
  5. WCC at forefront of developments in new community solutions supported by the Governments Housing Strategy for England.
- Wickham CLT has offered the Council a seat on its Trust Board. The local District Councillors have expressed an interest in taking up the position.
- Wickham CLT has invested an enormous amount of time and energy into this project with the support of WCC officers and Hyde Housing Association. The

Trust Board comprises local members of the community with an impressive range of skills and experience.

- The Local Members have been consulted about the proposed loan by WCC and are in support provided the scheme meets local need and value for money tests.
- Wickham CLT maintain their own waiting list of applicants for the accommodation and have also liaised with Homes in Hants regarding potential applicants with a local connection to Wickham. They are confident that they have sufficient suitable applicants to fill 4 shared ownership homes sold at 50% equity and 4 intermediate rented homes. They have an allocation policy which has been agreed by WCC and will be appended to the loan agreement.
- In addition, The Head of Estates has assessed the financial model for value for money, on behalf of WCC. He proposes that The Councils investment should be secured by placing a charge over the property.

### **PROPOSED DECISION**

That the Council agrees to the loan of £50,000 to Wickham CLT on the terms set out in the Investment Proposal to WCC dated 19/1/12, attached as Appendix 1. WCC will prepare a Loan Agreement setting out the agreed terms.

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

WCC could choose to refuse to make a loan to the Wickham CLT or make a loan on different terms. However the CLT have demonstrated through financial modelling that they cannot progress with financial confidence without the loan on the terms set out in their proposal.

If WCC chooses not to support Wickham CLT, the 8 intermediate homes will still be provided for local people by Hyde Housing Association. However WCC will lose the opportunity to support a group at the forefront of community led solutions to affordable housing challenges and so to help deliver the Governments localism ambitions. In addition the benefits provided by a local CLT will be lost.

### **RESOURCE IMPLICATIONS**

The associated costs of the loan will be made from resources secured, via planning agreements, from developers in lieu of the provision of on-site affordable housing. This is a ring-fenced budget that may only be used to provide new affordable housing.

This transaction will be accounted for as a "soft loan advanced" in accordance with the accounting code of practice. This requires the loan to be included on the Balance Sheet at Fair Value which is estimated at the Present Value of all future cashflows, with the difference between the amount lent and the Fair Value being charged to Service Expenditure as grant expenditure.

This charge is currently estimated at c. £29k.

The legal costs for the loan agreement will be borne by the CLT.

The loan will be secured against the land.

**CONSULTATION UNDERTAKEN ON THE PROPOSED DECISION**

The proposal has been discussed with Local Members who support it subject to the proviso that the scheme meets local need and value for money tests.

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

n/a

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

n/a

**DISPENSATION GRANTED BY THE STANDARDS COMMITTEE**

n/a

**Approved by: (signature)**

**Date of Decision**

**Councillor Coates – Portfolio Holder for Housing and Landlord Services**