



HM Government



Ministry of Housing,
Communities &
Local Government

Oxfordshire Housing and Growth Deal

Affordable Housing Grant Parameters

www.oxford.gov.uk



Base Principles

Deal funded HRA and RP units are unaffected by the Deal. Existing restrictions on disposals and tenants' rights apply.

Private non-RPs will be allowed to receive Deal grant funding to inject additional capital funding into affordable housing supply in Oxfordshire, an area of acute affordability pressure.

Private companies in the Deal (including LHCs) will be acting as developers only, not as affordable housing providers. Affordable and social rented units will be leased to and managed by a registered provider or, if managed by a stock-holding local authority, in its Housing Revenue Account.¹ Local Housing Companies which develop affordable and social rented units will lease them to an RP or a local authority at terms that will protect the rights of the tenants in line with the protections on existing social/affordable tenancies managed by that provider, including the Right to Buy where applicable.

Grant Parameters

Tenure

1.1.1 Oxfordshire may ask for any tenure offered as part of the AHP to be added to the Deal in addition to Social Rent, Affordable Rent and Shared Ownership, as long as an acceptable average grant rate can be agreed with MHCLG.

Grant Flexibilities

2.1.1 There are no restrictions as to the vehicle used to build these units

2.1.1 Grant funded Shared Ownership units can be allocated according to criteria set by the Developer of the scheme where they are over-subscribed. These criteria will not apply to any subsequent re-sales.

Tenants' Rights & Ownership

3.1.1 All affordable and social rented units must be owned by a Registered Provider or leased to and managed by a Registered Provider in the regulated sector, or leased to and managed by local authority in its Housing Revenue Account. The end-user tenancy must be between a tenant and the Registered Provider.

3.1.2 A lease between a private partner and a Registered Provider or local authority must be a lease of length equivalent to that of a secure legal interest (according to the Homes England Capital Funding Guide Chapter 10, Section 3.1). This can be transferred to another Registered Provider by agreement

¹ See *The Housing Revenue Account (Exclusion of Leases) Direction 1997*.

between the owner and Registered Provider in line with existing rules on disposals between RPs.

3.1.3 A temporary waiver of the above leasing requirements, with review, can be granted by the discretion of MHCLG for a company that has passed the Preliminary Assessment stage of applying for Registered Provider status and is working with the regulator of social housing on their Detailed Application. From the date of the waiver, the company must comply with the regulator's requirements in respect of its affordable or social rented units, as if the company was a Registered Provider.

3.1.4 At the end of the secure tenancy the unit can be::

- Disposed of with grant recycled into to the Housing Deal fund (according to the terms of this agreement) or
- Leased again to another RP for its funded tenure.

The lease can only be terminated prematurely for a tenant to exercise their right to purchase the unit or with the permission of MHCLG.

3.1.5 All affordable and social rented units must be leased to tenants on terms equivalent to other affordable / social tenancies managed by the local authority or Registered Provider managing the tenancy. Tenants must have a Right to Buy offer at least commensurate to the terms and conditions of any other social / affordable tenancy offered by local authority or Registered Provider managing the tenancy.

3.1.6 With the consent of the owner and the Registered Provider, the Right to Acquire can be extended to units in rurally exempted areas with a waiver by the Growth Board.

3.1.7 For units where a Registered Provider is not the title holder, Oxfordshire must ensure a restriction on title has been properly registered at the Land Registry in the Proprietorship Register. This must ensure that no disposal of affordable units owned by a non-registered provider of affordable housing can occur (other than a charge) without a certificate signed on behalf of the Growth Board that the provisions of the Oxfordshire Housing and Growth Deal Agreement, Delivery Plan or future Deal agreements agreed between the Oxfordshire Growth Board and HMG have been complied with or that they do not apply to the disposition.

3.1.8 In circumstances where a restriction is registered against the Proprietorship Register and all grant paid in relation to that scheme is repaid or recycled by the recipient in accordance with the terms of this Agreement, HMG hereby agrees to provide its consent to any application by the Grant Recipient to remove the restriction.

3.1.9 The grant recipient shall remain liable and responsible for the performance of its obligations under this Agreement notwithstanding the grant by it of any

lease in relation to affordable housing rental products managed by a Registered Provider on behalf of the title holder.

Grant Protection

- 4.1.1 Grant from the Homes England Affordable Homes Programme, Recycled Capital Grant Fund or retained Right to Buy receipts cannot be used for a unit that receives investment from the Deal fund, unless an exception is agreed between HMG and Oxfordshire at a later date.
- 4.1.2 Starts on site are defined as the contractual signing of build contracts for the development of the units (this can include a demolition and build combined contract).
- 4.1.3 Grant Recovery: Capital gained from disposals, the Right to Buy/Acquire and staircasing of relevant Housing Deal grant funded units can be used for replacement affordable housing units.
- Tenure must abide by the Homes England 'priority uses' in the Capital Funding Guide, unless permission is received for alternative use from Homes England.
 - The calculation of recoverable grant is the same, per tenure, as in Capital Funding Guide, Chapter 7, Grant Recovery for a Registered Provider
 - This calculated amount must be reinvested by the Housing Deal fund into a replacement unit of Affordable Housing within 3 years of its receipt, after which date unspent receipts will need to be repaid to MHCLG.
 - Administrative allowances from events leading to capital receipt are at the same level as Chapter 7, Section 3.2.2 of the Capital Funding Guide (or the relevant section of the Guide at the time of the event).
 - The net amount proceeds after the calculated recovery sum can be retained by the owner of unit.
- 4.1.4 The use of assets already owned by Oxfordshire Councils or partners for development of additional affordable homes will not be considered grant when looking at average grant calculations per unit.
- 4.1.5 Unit changes by developing existing assets will be calculated as the net change in Affordable Housing, rather than completions. This rule can be waived where a previous unit is defined as statutorily defective, or in similar circumstances agreed by the Growth Board, with advice given by Homes England.
- 4.1.6 In order to be state aid compliant, transfers of Public Land to private companies must take place at best value for the proposed use.
- 4.1.7 On sites with market sale housing, grant must not be allocated for units until after a viability assessment has taken place and the Council is content that

this reflects an accurate representation of the ability of the developer to deliver S106 affordable housing contributions. Only after this is agreed can potential grant allocation be discussed and negotiated to deliver additionality to S106 levels of affordable housing.

Grant Payment and Monitoring

- 5.1.1 Oxfordshire will submit a report of start on sites on the 31st January 2019, 2020 and 2021. This end of year report will include a forecast up until the end of that financial year. Homes England will confirm its outputs and payment will be made before the end of the financial year for the agreed number of Starts, reflecting the Delivery Plan grant rates
- 5.1.2 Oxfordshire will provide monitoring information in an agreed form prior to quarterly update meetings with Homes England to monitor progress.
- 5.1.3 Should the Oxfordshire Housing and Growth Deal cease to function due to failure to abide by its terms outside of the Affordable Homes workstream; the workstream will continue to operate as a standalone Deal under the same terms in the Delivery Plan and these Grant Parameters.