

Public Service Board 19.2.07 Annex B

4. Reward Element

Oxfordshire LAA Target 10 Affordable Housing – final version

Deliver 256 additional affordable homes within sustainable communities across Oxfordshire between 2006/7 and 2008/9, of which 70% will be social rented housing and 30% will be low cost home ownership units.

Indicator by which performance will be measured

The number of affordable housing units provided across Oxfordshire, through the Oxfordshire Housing Partnership (other than those provided with Housing Corporation funding or through S106 planning obligations), as measured by the number of dwellings started on site plus exchanges of contract on acquisitions of existing dwellings

Current Performance (year end 31 March 2006)

No affordable housing units were provided through the Oxfordshire Housing Partnership

Performance at the end of the period of the Local Area Agreement (three year cumulative for 2006/2007, 2007/2008 and 2008/2009 ending year ending 31 March 2009)

Performance expected without the reward element

No additional affordable housing units will be delivered through the Oxfordshire Housing Partnership (excluding units provided with Housing Corporation funding or through section 106 planning obligations)

Performance expected with the reward element

256 additional affordable housing units will be delivered through the Oxfordshire Housing Partnership (excluding units provided with Housing Corporation funding or through section 106 planning obligations)

Enhancement in performance with the reward element

An additional 256 affordable housing units will be delivered through the Oxfordshire Housing Partnership (excluding units provided with Housing Corporation funding or through section 106 planning obligations)

Allocation of Performance Reward Grant

£1,476,465

The total PRG allocated to this target is £1,476,465. Performance Reward Grant will be payable, on a pro-rata basis once 60% (154) has been met. If

the 60% threshold is met, £885,879 will therefore be payable. For full reward grant entitlement, at least 65% of the enhancement delivered for this target through the Oxfordshire Housing Partnership must relate to social housing. Where the proportion of the target that is social rented falls below 65% a reduction will be made to the reward payable; this will equate to £6,775 for each dwelling that social rented outputs falls below 65%.

For example, if 154 additional units are delivered, 60% of the reward grant (£885,879) will be paid in full if 100 or more dwellings are social rented; if only 92 (60%) are social rented the reward will be reduced by £54,200 (£6,775 x 8).

As a second example, if 256 additional units are delivered, 100% of the reward grant (£1,476,465) will be paid in full if 166 or more dwellings are social rented; if only 128 (50% are social rented, the reward will be reduced by £257,450 (£6,775 x 38).

Notes

Through the Housing Corporation programme and s106 agreements 1261 affordable homes, of which 766 were social rented, were completed/acquired across Oxfordshire over the three year period from 2003/2004 to 2005/2006.

Definitions

1. An **affordable home** is a dwelling unit that is let on an assured or secure tenancy, where the rent does not exceed:

- (a) any target rent for the property set by the Housing Corporation; or
- (b) 75% of market rent.

2. Open Market HomeBuy - an equity loan is provided by an RSL so that eligible applicants initially purchase up to 75% of the equity in a property of their own choice from the open market, raising their own mortgage, subject to criteria specified by the Housing Corporation. The remaining 25% is funded through an interest-free equity loan. The loan is repayable at market value when the property is eventually resold.

3. New Build HomeBuy - homes are sold on a leasehold basis to eligible applicants on a part buy/ part rent basis. The initial share purchased is flexible between 25% and 75% and occupants may staircase to full ownership. The rent payable in relation to the rented share of the property fulfils the rental conditions for affordable properties in relation to that share. In most cases the RSL places a charge on the property requiring it to be offered back for sale to another Homebuy applicant.

4. Do It Yourself Shared Ownership - The DIYSO scheme is funded by Councils. It enables eligible applicants to purchase a property of their choice from the open market, subject to criteria specified by the Council. The landlord purchases the property chosen by the applicant, and sells a leasehold share back to the applicant. The share purchased is initially normally 50% and the applicant may staircase to full ownership. The applicant pays rent on the share owned by the landlord, whilst paying a mortgage on the 50% share they own. The rent payable in relation to the rented share of the property fulfils the rental conditions for affordable properties in relation to that share. In most cases landlords place a charge on the property requiring it to be offered back for sale to another DIYSO applicant.

5. Measure of Start on Sites - This will be recorded as the start date recorded in the signed build contract. A build contract will be entered into by the LA's partnering RSL and its contractor or between a developer and the partnering RSL. The build contract stipulates the intentions and expectations of both parties, providing details of what housing is due to be constructed. Evidence of the affordable housing due to be delivered will be provided from the build contract. As an additional measure, the start on site date will be evidenced further by providing a copy of first valuation payment made on the contract. Generally this payment is generated by the main contractor one month into the build, covering the cost of works undertaken at this point. The provision of evidence demonstrating this first valuation payment will serve to demonstrate the start on site date as well as proving that work has commenced