

**STOWFORD RISE, SIDMOUTH
STRATEGIC MANAGEMENT TEAM
27TH OCTOBER 2009**

Earlier today I was alerted by our partners Devon and Cornwall Housing Association (DCHA) that their bid for Homes and Communities (HCA) grant has not been successful and the feedback given by the HCA is that there needs to be certainty over the local authority land contribution figure, and a desire to see some of the local authority receipt ploughed back into the scheme as other public subsidy.

DCHA bid for an average grant of £66,451 per unit for rented homes and £35,000 per unit for shared ownership homes. They feel that if the grant for rented homes can be brought down to below £60k per unit for rented through both organisations providing subsidy this will ensure the success of the bid.

DCHA have offered four different options for land valuation (receipt to the Council):

Option A £1,470,000 private sale units constructed to Building Regulation standards and the affordable housing to Code level 3 of the Code for Sustainable homes.

Option B £865,000 private sale units to Building Regulation standards and the affordable homes to code level 3 plus additional technology to reach code 4 for energy consumption.

Option C £ 400,000 assumes all units constructed to code 3 plus code 4 for energy consumption.

Option D £1.3million where all homes will be provided to code level 3.

The offer for the freehold of the site is conditional upon:

- Vacant possession and confirmation of a clean title;
- The receipt of planning permission acceptable to DCHA, Westco and Persimmon Homes;
- An adjustment to the offer when the terms of the Section 106 Agreement have been confirmed;
- DCHA being in receipt of grant at a level to support their offer for the 89 units of affordable housing;
- All parties meeting their obligations under the Master Agreement.

DCHA have good reason to believe that the Continuous Market Engagement (CME), which allows bidding for grant at anytime is likely to come to a close imminently, and are therefore anxious to resubmit the bid for grant later this week.

I have discussed with our partner that if we agreed option D with a grant contribution of £5k per rented unit X 62 = £310,000 plus an element of DCHA subsidy, this would likely make the bid sufficiently attractive to the HCA. This would result in a receipt for the land circa. £1 million.

I am seeking SMT's support for this approach to allow for a quick resubmission of the grant bid.

John Golding
Head of Housing and Social Inclusion.