



**GL Hearn**

Part of Capita plc

# Social and Affordable Housing Need Study

**Broxtowe Borough Council**

Final Report

November 2018

**Prepared by**

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## Quality Standards Control

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This document must only be treated as a draft unless it has been signed by the Originators and approved by a Business or Associate Director.

### DATE

November 2018

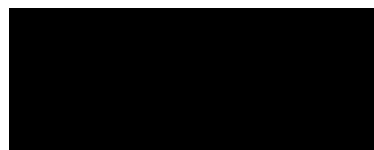
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### Limitations

This document has been prepared for the stated objective and should not be used for any other purpose without the prior written authority of GL Hearn; we accept no responsibility or liability for the consequences of this document being used for a purpose other than for which it was commissioned.

## 1 INTRODUCTION

- 1.1 Broxtowe Borough Council has commissioned GL Hearn to undertake an assessment of social and affordable housing need and a housing delivery plan for the Borough.
- 1.2 The Council required a well evidenced approach to meeting housing need. It required a detailed, up to date information about the requirements for social and affordable housing in the Borough both now and in the future.
- 1.3 The Core Outputs of the social and affordable housing need study will be a comprehensive assessment of the social and affordable housing need in Broxtowe. In particular:
- The current and projected need for social rented and affordable housing in Broxtowe and identified sub-areas;
  - The need for and planned provision of specialist accommodation for particular groups of people, including people with disabilities, older people and key workers;

### National Planning Policy Framework

- 1.4 The Ministry for Housing Communities and Local Government (MHCLG) published a revised National Planning Policy Framework<sup>1</sup> (NPPF) in July 2018. This updated the previous version published in 2012.
- 1.5 The NPPF at paragraph 20 sets out the need for local planning authorities to publish a strategic policy which sets out their strategy to make sufficient provision for “housing (including affordable housing)”.
- 1.6 Paragraph 60 states that strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance. Adding that “within this context, the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies (including, but not limited to, those who require affordable housing)”.
- 1.7 Affordable housing is defined in Annex 2 of the NPPF as

*“housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers); and which complies with one or more of the following definitions:*

*a) **Affordable housing for rent:** meets all of the following conditions: (a) the rent is set in accordance with the Government’s rent policy for Social Rent or Affordable Rent, or is at least 20% below local market rents (including service charges where applicable); (b) the landlord is a registered provider, except where it is included as part of a Build to Rent scheme (in which case the landlord need not be a registered provider); and (c) it includes provisions to remain at an affordable price for future eligible households, or for the subsidy to be recycled for alternative affordable housing provision. For Build to Rent schemes affordable*

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<sup>1</sup> <https://www.gov.uk/government/collections/revised-national-planning-policy-framework>

*housing for rent is expected to be the normal form of affordable housing provision (and, in this context, is known as Affordable Private Rent).*

*b) **Starter homes:** is as specified in Sections 2 and 3 of the Housing and Planning Act 2016 and any secondary legislation made under these sections. The definition of a starter home should reflect the meaning set out in statute and any such secondary legislation at the time of plan-preparation or decision-making. Where secondary legislation has the effect of limiting a household's eligibility to purchase a starter home to those with a particular maximum level of household income, those restrictions should be used.*

*c) **Discounted market sales housing:** is that sold at a discount of at least 20% below local market value. Eligibility is determined with regard to local incomes and local house prices. Provisions should be in place to ensure housing remains at a discount for future eligible households.*

*d) **Other affordable routes to home ownership:** is housing provided for sale that provides a route to ownership for those who could not achieve home ownership through the market. It includes shared ownership, relevant equity loans, other low cost homes for sale (at a price equivalent to at least 20% below local market value) and rent to buy (which includes a period of intermediate rent). Where public grant funding is provided, there should be provisions for the homes to remain at an affordable price for future eligible households, or for any receipts to be recycled for alternative affordable housing provision, or refunded."*

1.8 Where affordable housing need is identified the Local Planning authority should specify the type of affordable housing required (on sites of 10 or more (unless a rural exception site)) and expect it to be met on site unless a commuted sum is provided or the development contributes to the objections of creating a mixed and balanced community.

1.9 Paragraph 64 of the NPPF states that at least 10% of homes should be available for affordable home ownership properties. The exception to this is on site where this would significantly prejudice the ability to meet the identified affordable housing needs of specific groups, or the scheme

*"a) provides solely for Build to Rent homes;*

*b) provides specialist accommodation for a group of people with specific needs (such as purpose-built accommodation for the elderly or students);*

*c) is proposed to be developed by people who wish to build or commission their own homes;*

*d) is exclusively for affordable housing, an entry-level exception site or a rural exception site."*

## Planning Practice Guidance

1.10 At the same time as the new NPPF was published the MHCLG also published updated Planning Practice Guidance<sup>2</sup> (PPG) including how affordable housing need should be assessed. This comes under the wider guidance for "Housing Need Assessment" and is located at paragraph 21 to 27 of the PPG.

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<sup>2</sup> <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

- 1.11 The approach set out herein follows the PPG which includes a calculation of current and future need alongside affordable housing supply. The relevant parts of the PPG are set out at the appropriate location.

### Report Structure

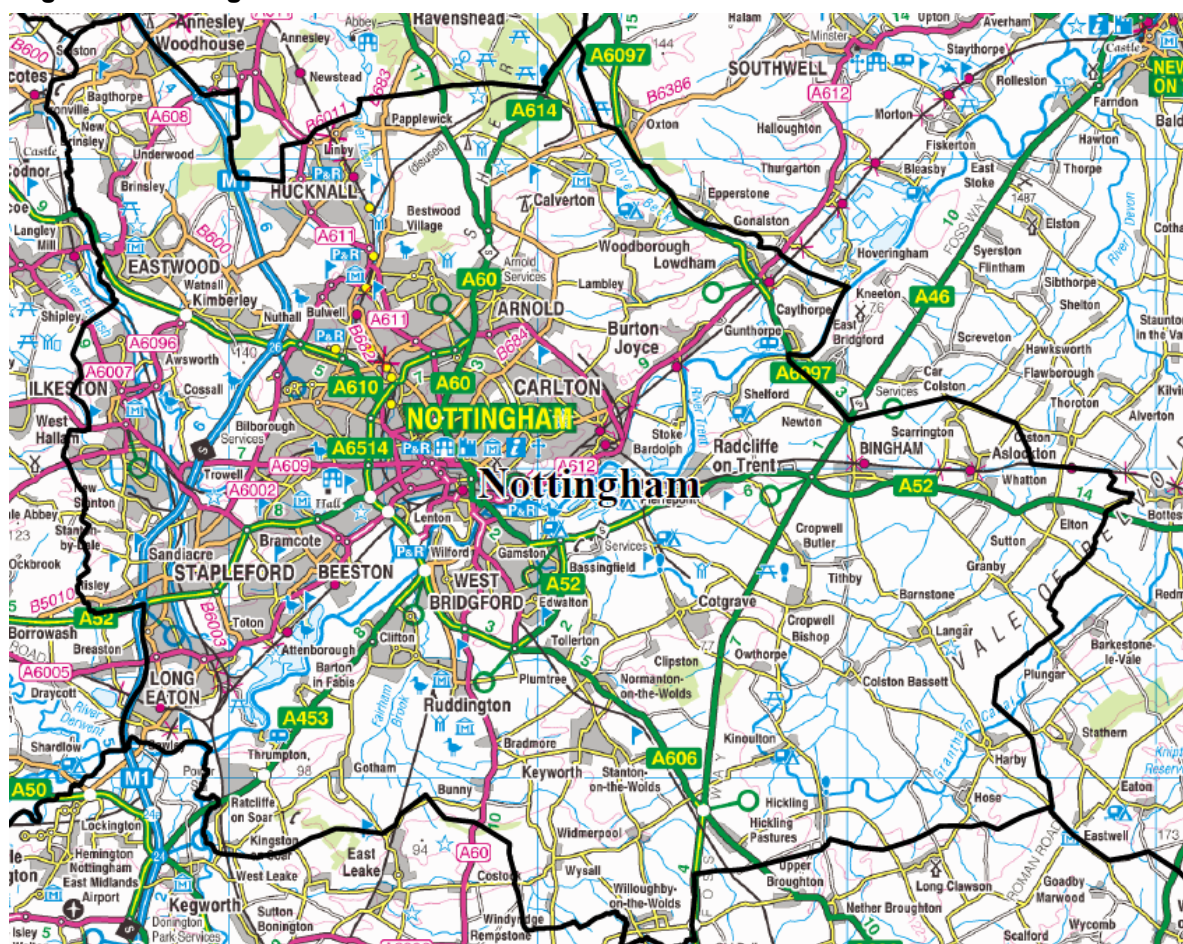
- 1.12 Following this introductory section the remainder of the report is structured as follows.
- Chapter 2 sets out the **Housing Baseline**
  - Chapter 3 examines **Market Signals**
  - Chapter 4 calculates **Affordable Housing Need**
  - Chapter 5 recommends a **housing mix by number of bedrooms**
  - Chapter 6 quantifies the **Needs of Specific Groups** in particular older persons' needs
  - Chapter 7 Identifies **Barriers To Delivery and Housing Delivery Options**
  - Chapter 8 provides a **detailed look at various funding options**
  - Chapter 9 provides a **comparison of funding options alongside recommendations**
  - Chapter 10 summarises our **Conclusions and Recommendations**

## 2 HOUSING BASELINE

### Housing Market Area

- 2.1 The Government Office for the East Midlands first defined the Nottingham Core Housing Market Area in the East Midlands Regional Spatial Strategy<sup>3</sup>. The area included the City of Nottingham and the adjacent local authority districts of Broxtowe, Gedling, Rushcliffe, and Erewash. By some definitions it also included the Hucknall part of Ashfield District.
- 2.2 This however was drawn from 2001 census data and no more up to date assessment of housing markets have been identified since. An alternative definition is provided by the Valuation Office Agency and their Broad Rental Market Area (BRMA) definitions. As shown in the Figure below all of Broxtowe falls within the Nottingham BRMA.

Figure 1: Nottingham Broad Rental Market Area



Source: VOA

<sup>3</sup>

[http://webarchive.nationalarchives.gov.uk/20100528152953/http://www.gos.gov.uk/497296/docs/229865/East\\_Midlands\\_Regional\\_Plan2.pdf](http://webarchive.nationalarchives.gov.uk/20100528152953/http://www.gos.gov.uk/497296/docs/229865/East_Midlands_Regional_Plan2.pdf)

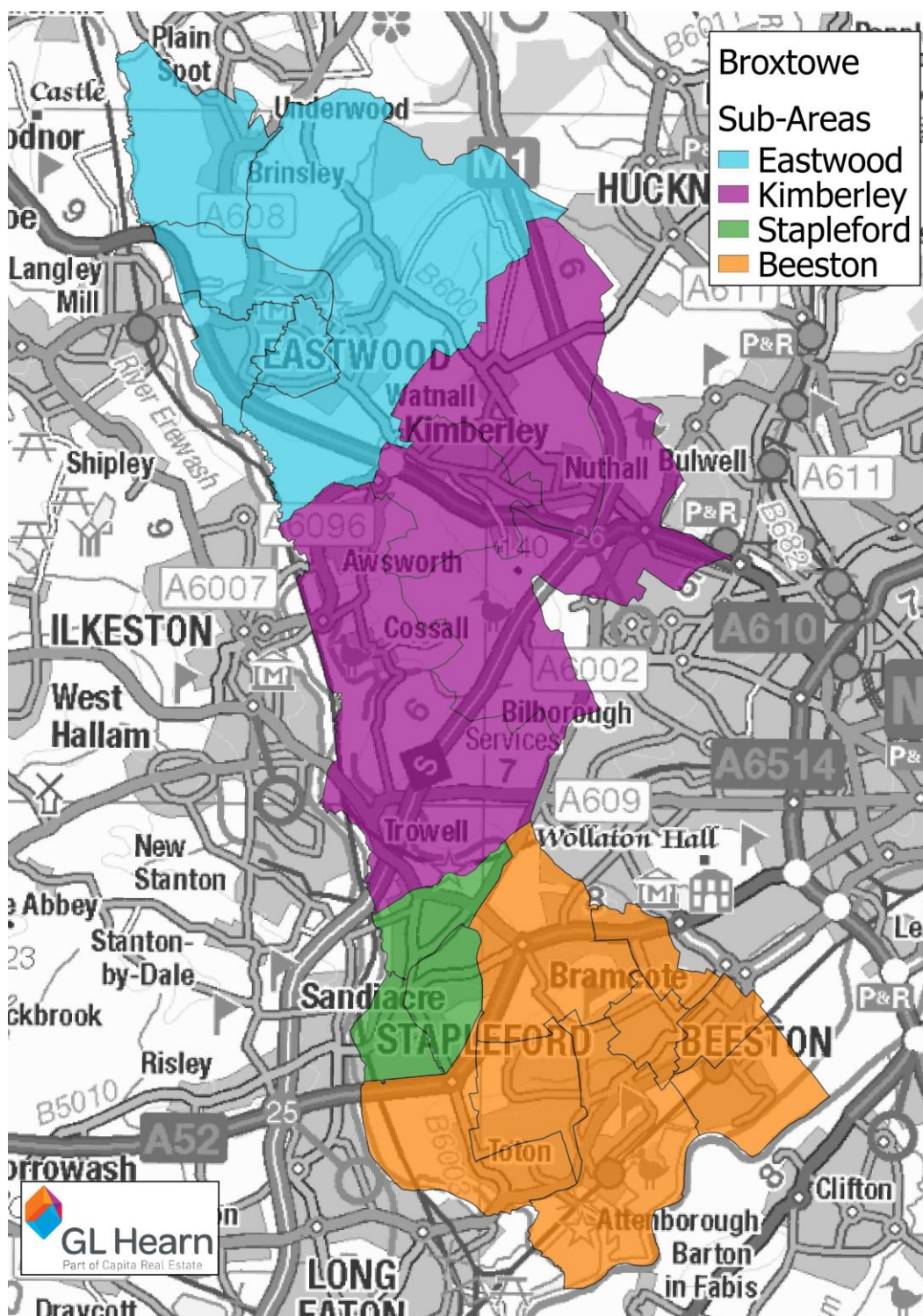


- 2.3 The BRMA covers most of the HMA although much of the rural parts of Erewash are excluded. It should be noted that Erewash falls within Derbyshire and is not included in such groups as the Greater Nottingham Partnership.
- 2.4 For the purposes of our statistical analysis at a borough wide level we have benchmarked Broxtowe to the Nottingham Core HMA and each of its constituent authorities (including Erewash and excluding Hucknall), as well as the East Midlands Region and England.

### Local Housing Market Areas

- 2.5 Emerging Policy 15 of the Broxtowe Local Plan Part 2 states the required affordable provision across the Borough. Justification paragraph 15.1 presents the four sub-markets across Broxtowe. These include:
- The **Beeston sub-market** comprises the wards of Attenborough and Chilwell East, Beeston Central, Beeston North, Beeston Rylands, Beeston West, Bramcote, Chilwell West, and Toton and Chilwell Meadows;
  - The **Eastwood sub-market** comprises the wards of Eastwood Hall, Eastwood Hilltop, Eastwood St Mary's, Brinsley and Greasley;
  - The **Kimberley submarket** comprises the wards of Kimberley, Nuthall East and Strelley, Watnall and Nuthall West, and Awsworth, Cossall and Trowell;
  - The **Stapleford sub-market** comprises the wards of Stapleford North, Stapleford South East and Stapleford South West.
- 2.6 The electoral wards included in each submarket relate to the urban areas of each ward and not the Green Belt which is considered under the 'Green Belt' part of the policy. These area illustrated in the figure overleaf.
- 2.7 In 2009 Viability Study there was an analysis undertaken of house prices and sub markets in the Nottingham Core area using HM Land Registry data. That study identified the above sub markets for Broxtowe by mainly reference to house price differentials. These submarkets were taken forward to the 2013 Viability Study Update as well.

**Figure 2: Broxtowe Submarkets**



Source: Nottingham Core Viability Update Study 2013 – edited by GL Hearn

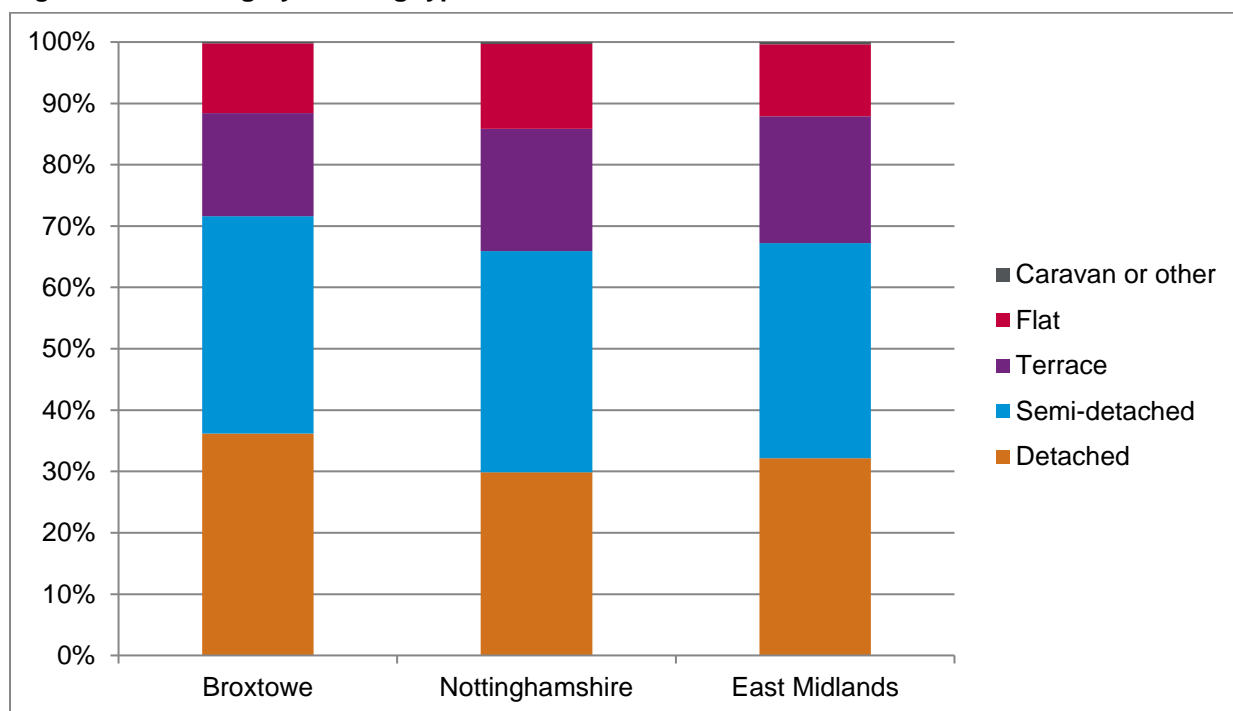
2.8 Herein we have sought to shortly test these submarkets together with updating their housing dynamics in terms of house prices and rents.

## Housing Stock

### Housing stock by dwelling type

- 2.9 There are around 48,700 dwellings in Broxtowe, this equates to 10% of the total for the County (Including Nottingham City). The figure below illustrates the split of total dwellings by type for Broxtowe Borough, Nottinghamshire County and the East Midlands region.

**Figure 3: Housing by dwelling type in Broxtowe Vs East Midlands**

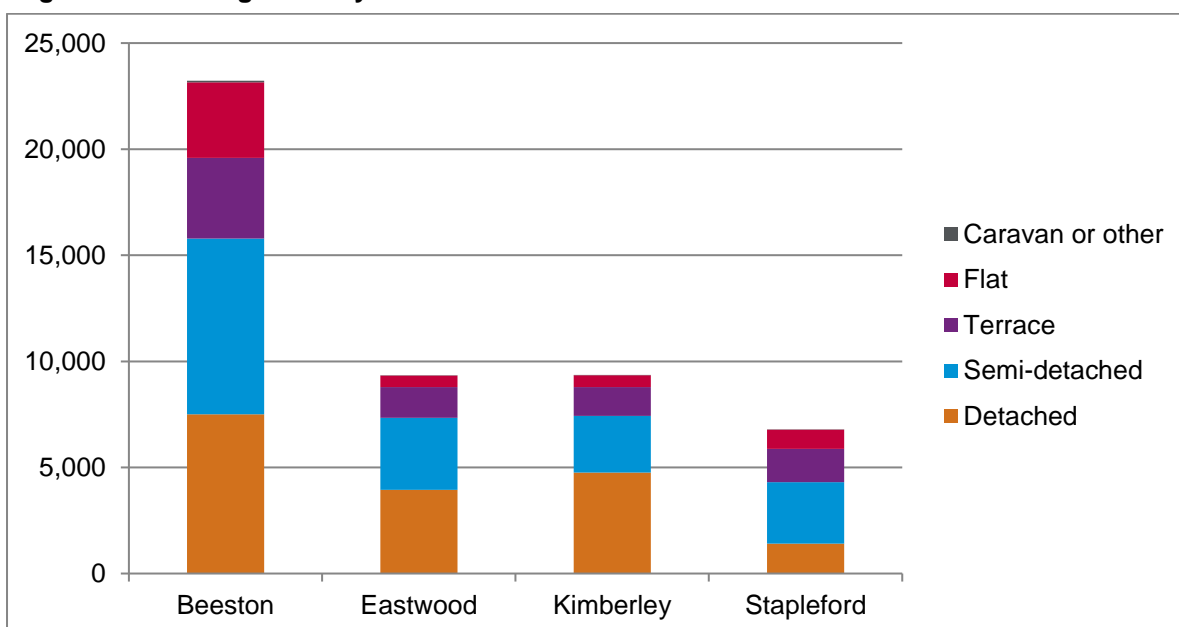


Source: ONS, Census Data 2011

- 2.10 In Broxtowe, there are currently 17,598 detached houses and 17,253 semi-detached houses, making up 36% and 35% of total dwelling supply in the Borough. This compares to Nottinghamshire which has a higher proportion of semi-detached dwellings (36%) than detached dwellings (30%). Across the East Midlands region, semi-detached housing stock is the dominant housing type, making up 35% of total housing supply in the region.
- 2.11 Compared to Nottinghamshire, Broxtowe has a smaller supply of terrace houses. Currently, there are 8,182 (17%) terrace dwellings in Broxtowe and 95,400 (20%) in Nottinghamshire. In East Midlands region, there are 406,998 terrace dwellings, making up 21% of total dwellings in the region.
- 2.12 Broxtowe has a significantly smaller supply of flat dwellings with only 5,559 (11%) compared to Nottinghamshire which has 66,200 (14%). The proportional split of flat dwellings is similar at the regional level, making up 12% of total supply in East Midlands.

- 2.13 The Beeston submarket has the greatest supply of dwellings, accounting for 48% of total housing supply in the Borough and the Stapleford submarket has the lowest supply, accounting for 14%.
- 2.14 In the Eastwood and Beeston submarkets there are similar levels of detached and semi-detached dwellings. In Eastwood, detached dwellings make up 42% of total dwellings and semi-detached make up 36% of total dwellings in the submarket. In Beeston, detached dwellings make up 32% of total dwellings and semi-detached dwellings make up 36% of total dwellings in the submarket.
- 2.15 In Kimberley, 51% of housing in the submarket are detached, 29% are semi-detached, 14% are terrace and 6% are flat dwellings. Compared to other submarkets, detached dwellings in the Kimberley submarket account for the largest proportion in terms of the split of housing by type.

**Figure 4: Housing stock by submarket in Broxtowe**

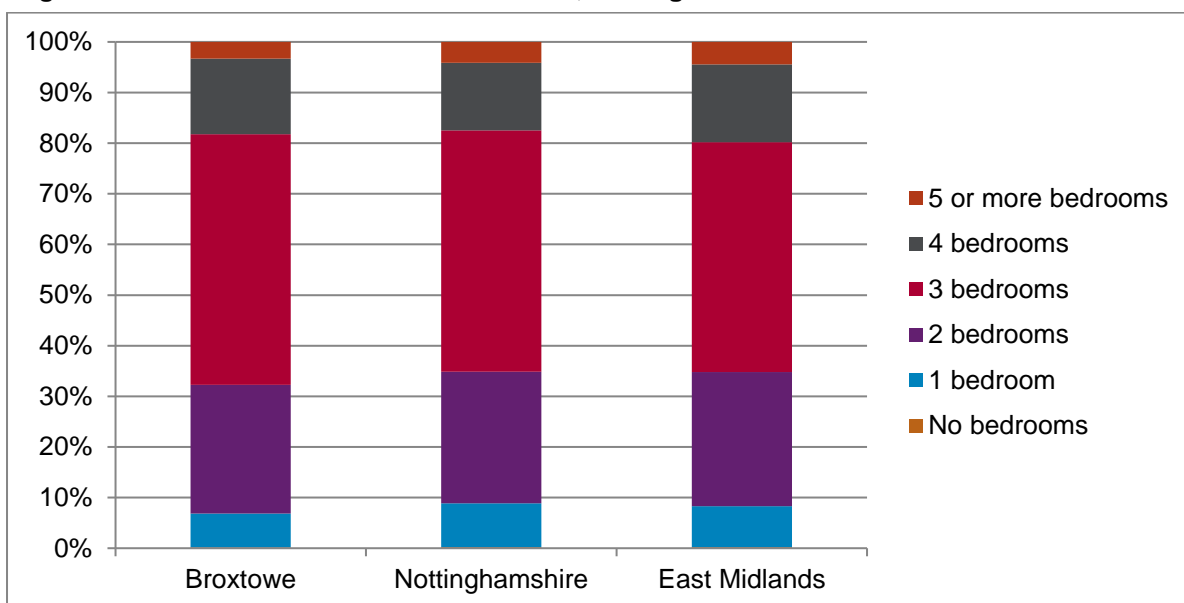


Source: ONS, Census Data 2011

### Housing by number of bedrooms

- 2.16 The figure below illustrates the number of bedrooms in Broxtowe Borough, Nottinghamshire County Council and the East Midlands region. Across the region, the number of three bedrooms is dominant, accounting for 45% of total bedrooms in the region. This trend is also evident in Broxtowe and Nottinghamshire where three bedrooms account for 50% and 48% of total bedrooms within each area.
- 2.17 This is followed by two bedrooms which make up 25% of bedrooms in Broxtowe, 26% in Nottinghamshire and 27% at a regional level. Notably, studios (no bedrooms) account for a very small percentage (<0.5%) in both Broxtowe (80) and Nottinghamshire (993).

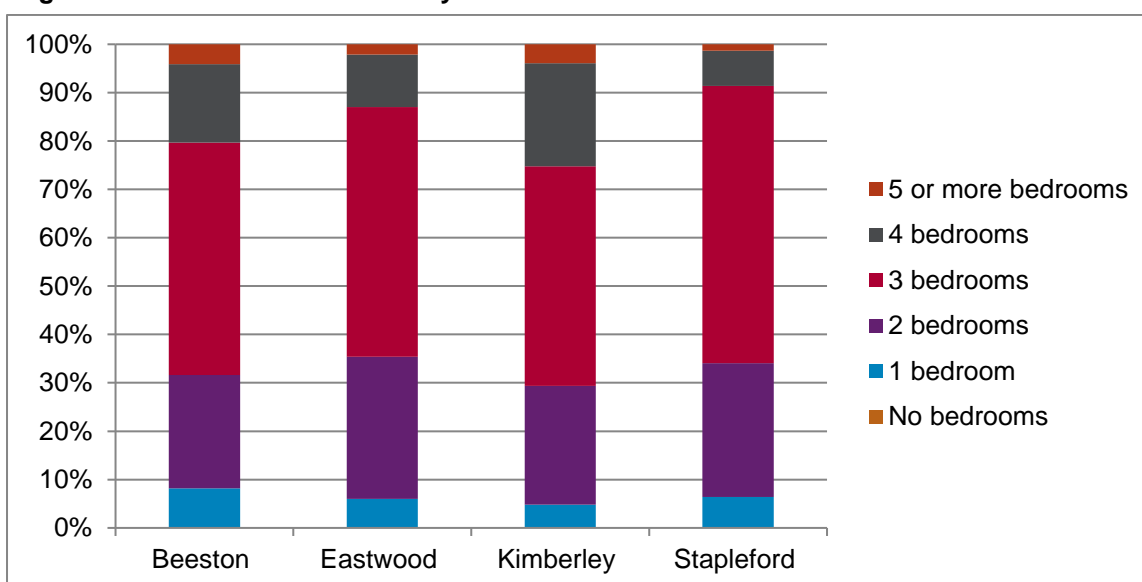
**Figure 5: Number of bedrooms in Broxtowe, Nottinghamshire and East Midlands**



Source: ONS, Census Data 2011

- 2.18 The dominance of three bedrooms continues at a finer grain with most submarkets having a greater number of 3 bedrooms across the borough. In the Eastwood submarket, 3 bedrooms account for 52% of bedrooms in the submarket and in the Beeston submarket, 3 bedrooms account for 48%.
- 2.19 Similarly to the regional trend, 2 bedrooms also account for a large proportion across the submarkets with Beeston (5,216) and Eastwood (2,635) accounting for the greatest number.

**Figure 6: Number of bedrooms by submarket in Broxtowe**



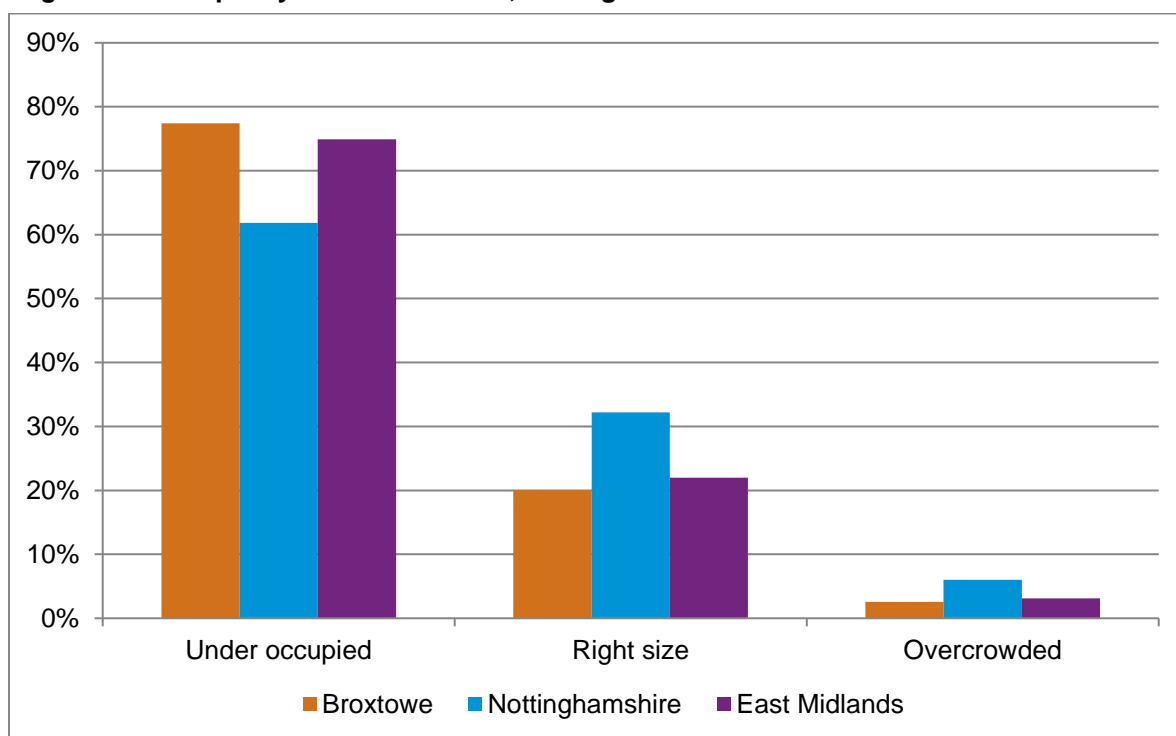
Source: ONS, Census Data 2011

- 2.20 The Beeston submarket has the greatest number of 1 bedrooms at 1,790. This is followed by the Eastwood market with 525 and the Kimberley market with 420. Across the borough, 4 and 5 bedrooms make up a small proportion of dwellings.

### Occupancy rate

- 2.21 The figure below identifies the under and over-occupancy rates of dwellings in Broxtowe compared to the Nottinghamshire and the East Midlands region.
- 2.22 The occupancy trend in Broxtowe is similar to what is happening at a regional level with high rates of under occupied dwellings. There are more over-crowded occupied dwellings at the Nottinghamshire level compared to Broxtowe. This is likely to be driven by the City.
- 2.23 The East Midlands Region and Broxtowe have a lower percentage of dwellings that are the right size (around 21%), where as in Nottinghamshire the figure is around 10% higher (32%).

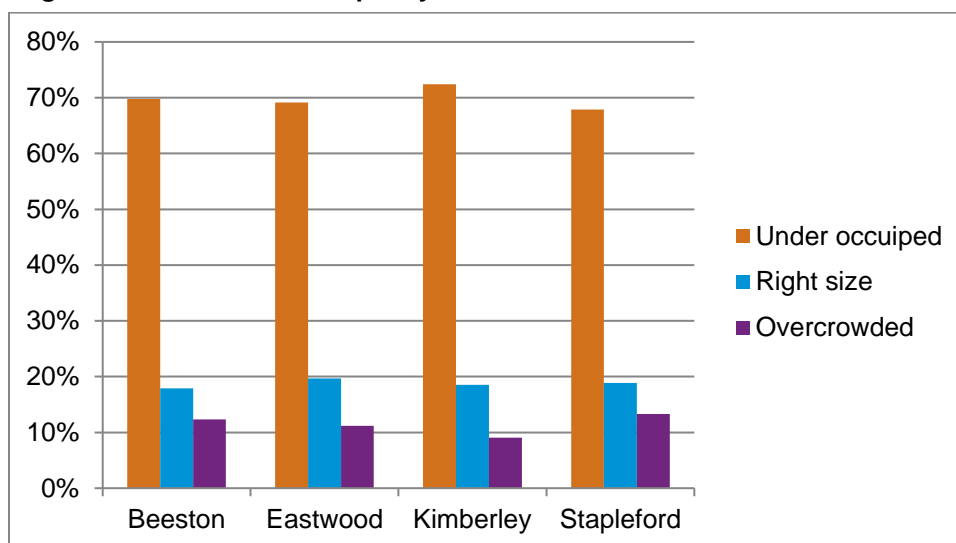
**Figure 7: Occupancy rate in Broxtowe, Nottinghamshire and East Midlands**



Source: ONS, Census Data 2011

- 2.24 At a submarket level, trends in under-occupancy and over-crowding are fairly consistent. The Kimberley submarket is experiencing high under-occupancy rates at 72%. The rate of right size is also fairly consistent across the submarket. Beeston and Stapleford are experiencing higher levels of over-occupancy compared to other submarkets.

**Figure 8: Submarket occupancy rate**



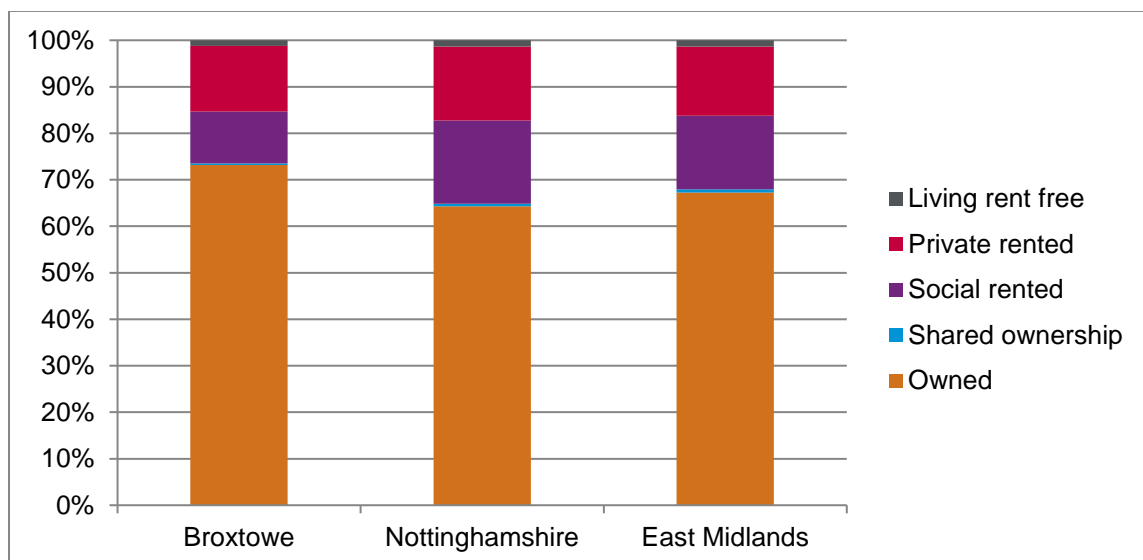
Source: ONS, Census Data 2011

## Housing Tenure

2.25 As illustrated in the figure below, Broxtowe has a higher proportion of owned houses at 73% compared to Nottinghamshire (64%) and the East Midlands region (67%).

2.26 In terms of rental dwellings, there are 5,218 dwellings that are socially rented in Broxtowe, accounting for 11% of housing tenure in the Borough. This is significantly lower than Nottinghamshire where 18% of housing tenure is social rented.

**Figure 9: Housing tenure Broxtowe, Nottinghamshire and East Midlands**



Source: NOMIS, 2011 Census Data

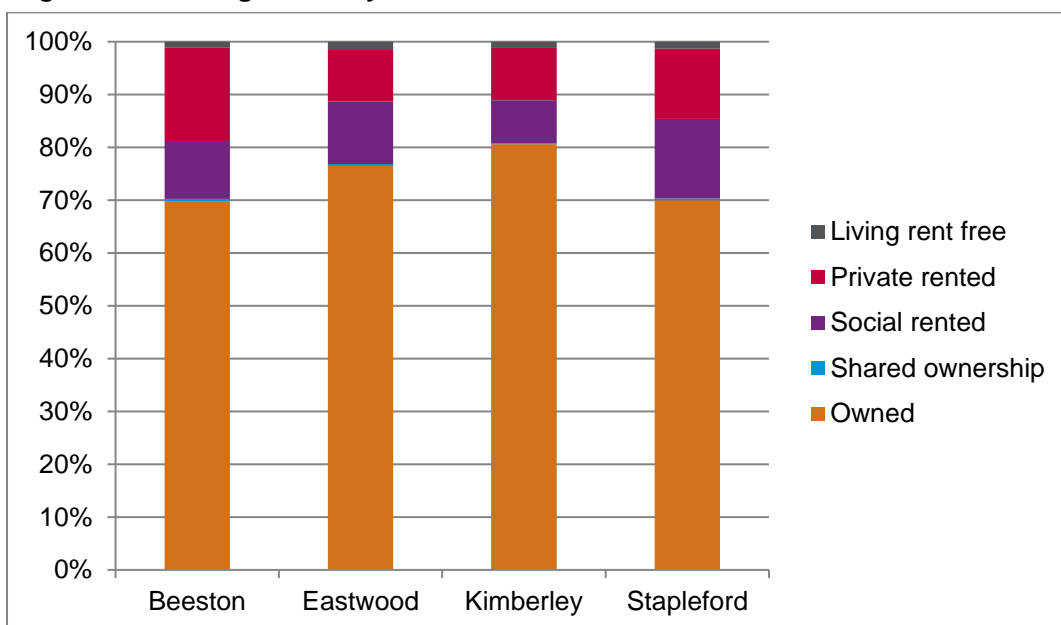
2.27 Both living rent free and shared ownership tenure account for a small proportion of total housing tenure across both Broxtowe and Nottinghamshire and at a regional level.



2.28 The figure below shows housing tenure by submarket compared to the rest of the borough. At a borough level, 73% of housing tenure is dwellings that are owned, 14% are private rented and 11% are social rented.

2.29 The Beeston submarket has the greatest number of owner occupied dwellings (15,563) which account for 70% of total housing tenure in the sub-market. Of the rental dwellings in Beeston, 18% are rented privately and 11% are socially rented. Eastwood (12%) and Stapleford (15%) also have a high percentage of social rental dwellings. Although both are below the levels seen in the county (18%) and regional levels (16%)

**Figure 10: Housing tenure by submarket**



Source: NOMIS, 2011 Census Data

## Summary

2.30 The split of housing by type in Broxtowe is similar to the regional trend whereby the majority of houses in Broxtowe are detached, followed by semi-detached dwellings. This differs to Nottinghamshire where there are more semi-detached dwellings and Flatted properties. Although that is driven by the City

2.31 Stapleford has the lowest total number of dwellings, a higher proportion of which are semi-detached dwellings (43%) and detached (21%) dwellings. This trend is also evident in Beeston where detached dwellings make up 32% and semi-detached dwellings make up 36% of dwellings in this submarket.

2.32 In the East Midlands region, three bedroom dwellings are the dominant dwelling type, accounting for 45% of total dwellings in the region. This trend is also evident in both Broxtowe (50%) and Nottinghamshire (44%).



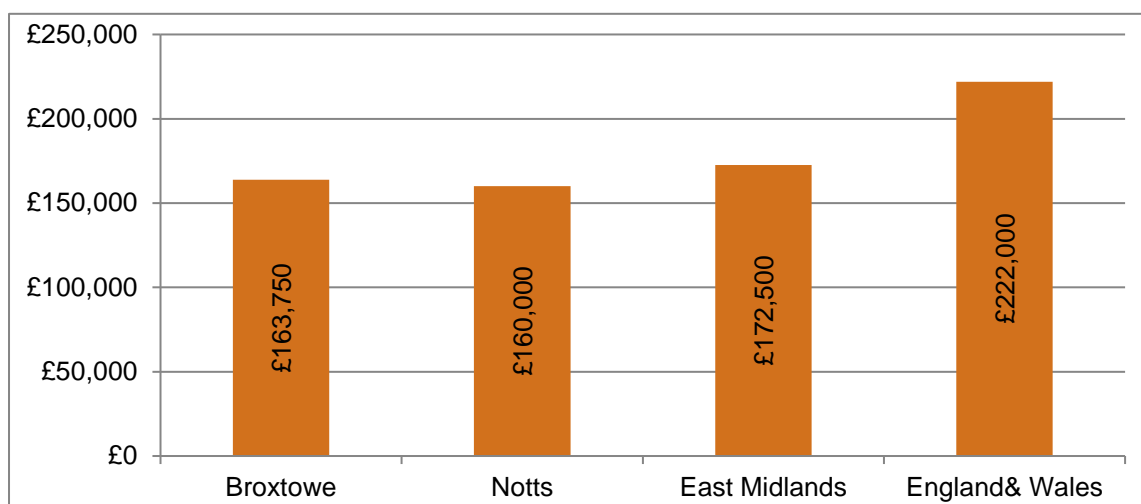
- 2.33 Following this, two bedroom dwellings also account for a large proportion (27%) of total dwellings in the East Midlands region which is a similar trend in Broxtowe (25%) and Nottinghamshire (29%).
- 2.34 Evidentially, most housing in Broxtowe, Nottinghamshire and the region is owned outright. Broxtowe has a lower proportion of privately (14%) and socially (11%) rented dwellings compared to Nottinghamshire and the rest of the region. The distribution of housing tenure is fairly similar across the submarkets in terms of the proportion of owned, socially rented and privately rented dwellings.

### 3 MARKET SIGNALS

#### House Price

- 3.1 The figure below shows the median house price at 2017 which is the most recent complete year available. As illustrated the median house price in Broxtowe in 2017 was £163,750<sup>4</sup>. This is 42% below the national average (£222,000) and 5% below East Midland's equivalent (£172,500). It is however slightly higher than the County median price at £160,000.

**Figure 11: Median house price, 2017**

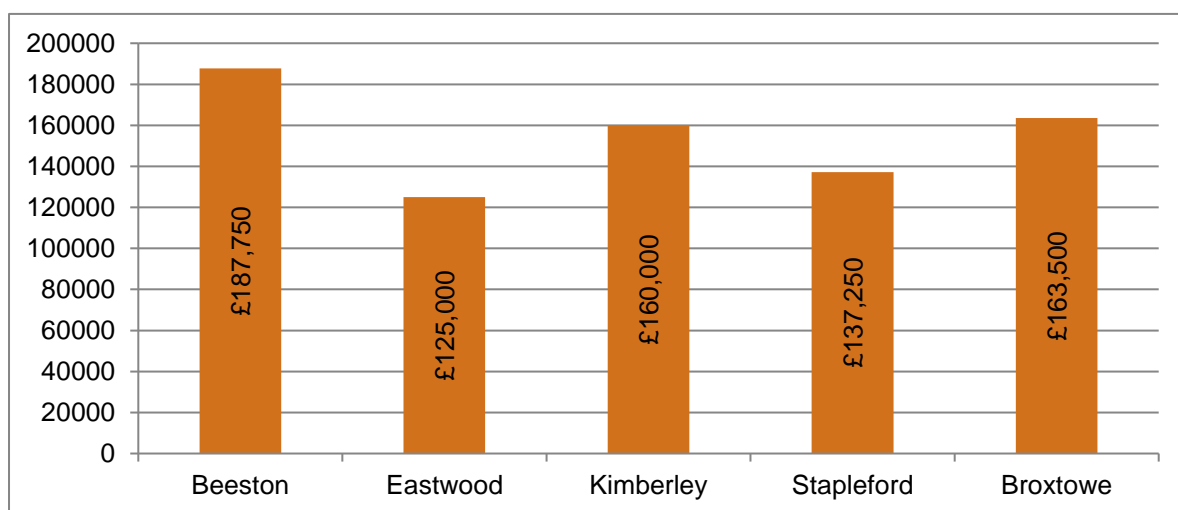


Source: ONS HPSSA Datasets 9 and 37 (open data from the HM Land Registry)

- 3.2 The Beeston sub-market has the highest Median house prices in the Borough. These are around £25,000 higher than the Borough. In contrast the lowest values are to be found in Eastwood which are around £40,000 below the borough median.

<sup>4</sup> 2017 Q4, ONS HPSSA Dataset 9

**Figure 12: Median house price By Sub-Area, 2017**



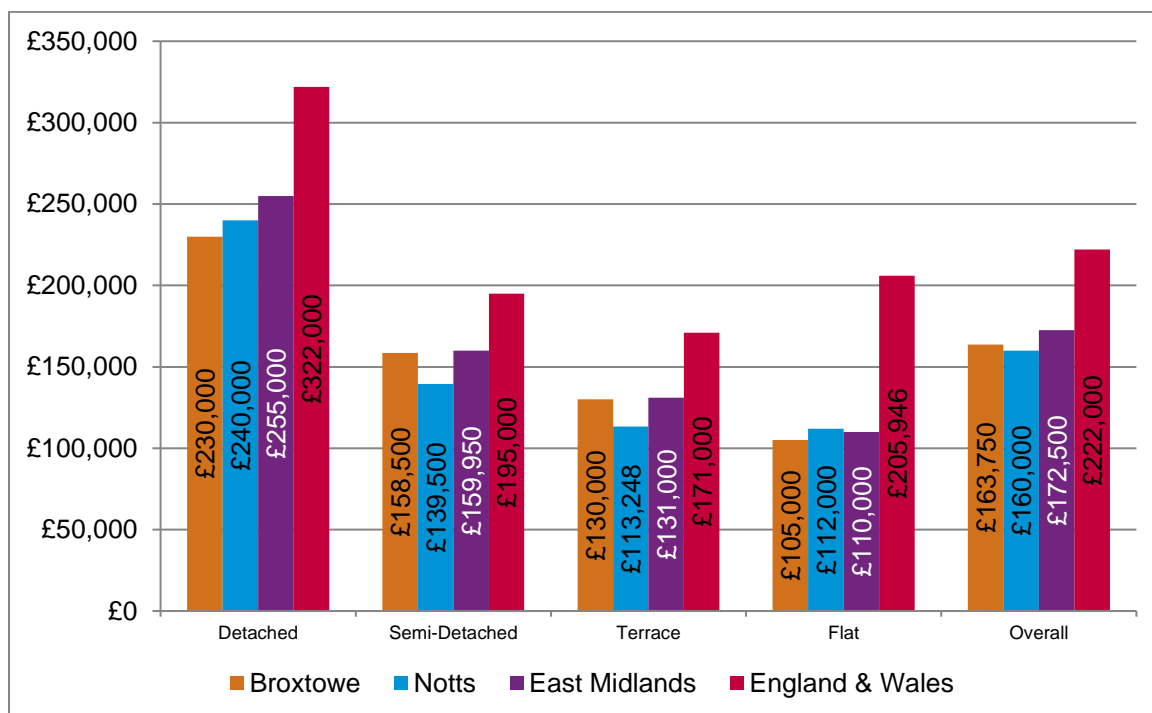
Source: Land Registry, 2018

### House Price by type

3.3 The current (2017) average house price by type is presented below. As expected, the national average house price is higher than the average price in Broxtowe across all house types. The average house price for detached properties in Broxtowe is £230,000; for semi-detached £159,000, for terraced properties £133,000 and for flats £117,000. These are relevant also to the size of properties.

3.4 For detached dwellings and flats Broxtowe is has lower values that the Nottinghamshire, East Midlands and National average price. However for a semi-detached and terraced dwellings the Broxtowe figure is slightly higher than the Nottinghamshire equivalent.

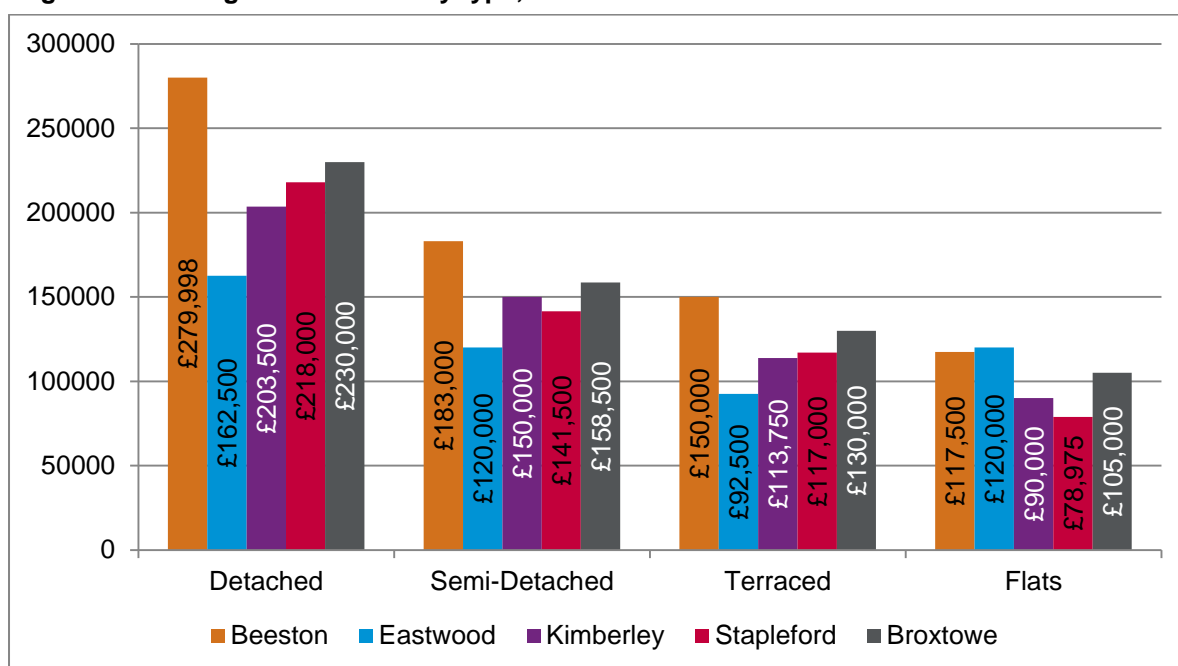
**Figure 13: Average house price by type 2017**



Source: ONS HPSSA Datasets 37 (open data from the HM Land Registry)

- 3.5 The figure below shows the same information from the Broxtowe sub-markets. The Beeston submarket has the highest average house prices across all dwelling types, except for flats the most expensive of which are in Eastwood.
- 3.6 This is particularly peculiar as the Eastwood has the lowest values for all other types of property. However this relates to only 8 sales of which half were in a new build development at Devonshire Drive.

**Figure 14: Average House Price by type, December 2017**



Source: ONS HPSSA Datasets 37 (open data from the HM Land Registry)

### House Price Change

- 3.7 The table below presents the average housing change for the last 1,5,10 and 15 years for Broxtowe, the East Midlands region and England. The compound growth rate of Broxtowe for all of the year 5, 10 and 15 year periods is lower than the regional level and national level.

**Table 1: Average House Price Growth for 2002-17**

Geography	Total Percentage Change				CAGR		
	1 year	5 year	10 year	15 year	5 year	10 year	15 year
<b>Broxtowe</b>	3%	24%	16%	90%	4%	1%	4%
<b>East Midlands</b>	7%	30%	25%	112%	5%	2%	5%
<b>England</b>	4%	28%	31%	105%	5%	3%	5%

Source: ONS HPSSA Datasets 9 and 37 (open data from the HM Land Registry)

- 3.8 Over the last year, the average house prices in Stapleford and Beeston (7%) and Stapleford (8%) have grown above and equalled even the East Midlands region equivalent of 7%. While over the last 5 years, average house prices in Broxtowe have grown by 24%. across the different sub markets, the growth has varied between 20% in Eastwood and 29% in Beeston.
- 3.9 Over the last 10 years, average house prices in Beeston have significantly exceeded the other submarkets at a rate of 24%. To put this into context, Broxtowe's equivalent was 16% for the same period. Even Beeston's growth however was below the national (25%) and regional (31%) equivalents.

- 3.10 Over the last 15 years, Eastwood has seen the highest growth (108%), followed by Stapleford (93%), Beeston (90%) and Kimberley (77%). For once again those levels were below those seen by East Midlands (112%) and closer to those seen nationally (105%).

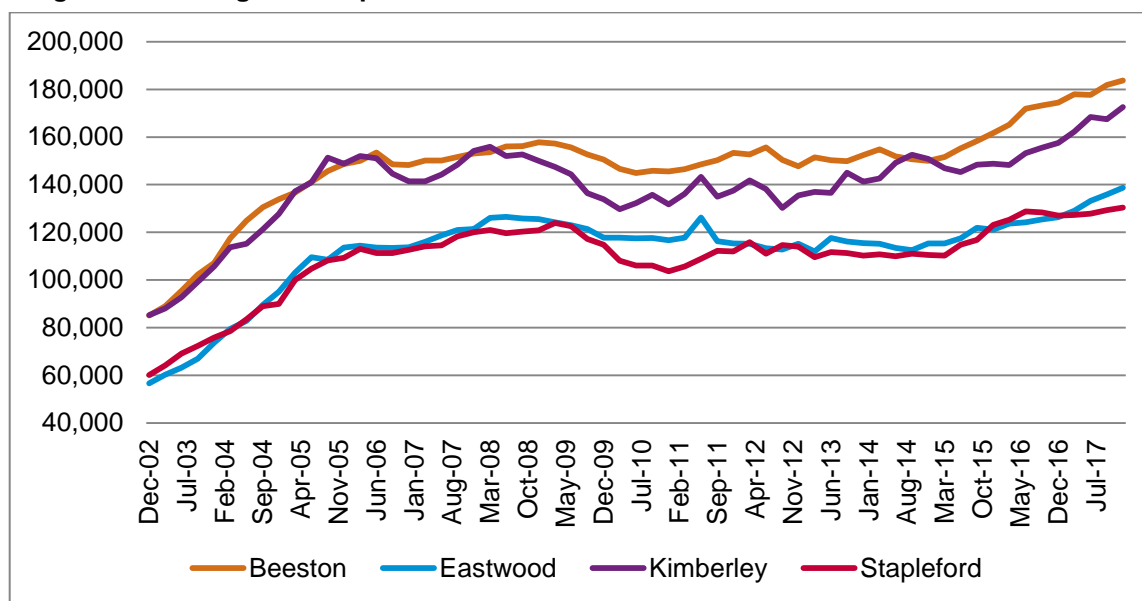
**Table 2: Average House Price Growth by Submarket 2002-17**

Sub markets	Total Percentage Change				CAGR		
	1 year	5 year	10 year	15 year	5 year	10 year	15 year
<b>Beeston</b>	7%	29%	24%	90%	5%	2%	4%
<b>Eastwood</b>	3%	20%	11%	108%	4%	1%	5%
<b>Kimberley</b>	5%	21%	15%	77%	4%	1%	4%
<b>Stapleford</b>	8%	25%	16%	93%	5%	1%	4%
<b>Broxtowe</b>	3%	24%	16%	90%	4%	1%	4%

Source: ONS HPSSA Datasets 9 and 37 (open data from the HM Land Registry)

- 3.11 The following graph illustrates trends in average house price since 2002 for each ward in the sub area. It is evident that Stapleford and Eastwood have very similar growth trends. On the same basis, Beeston and Kimberley are also similar, but with more distinct differences in terms of their house prices and their growth.

**Figure 15: Average house price trends 2002-17**



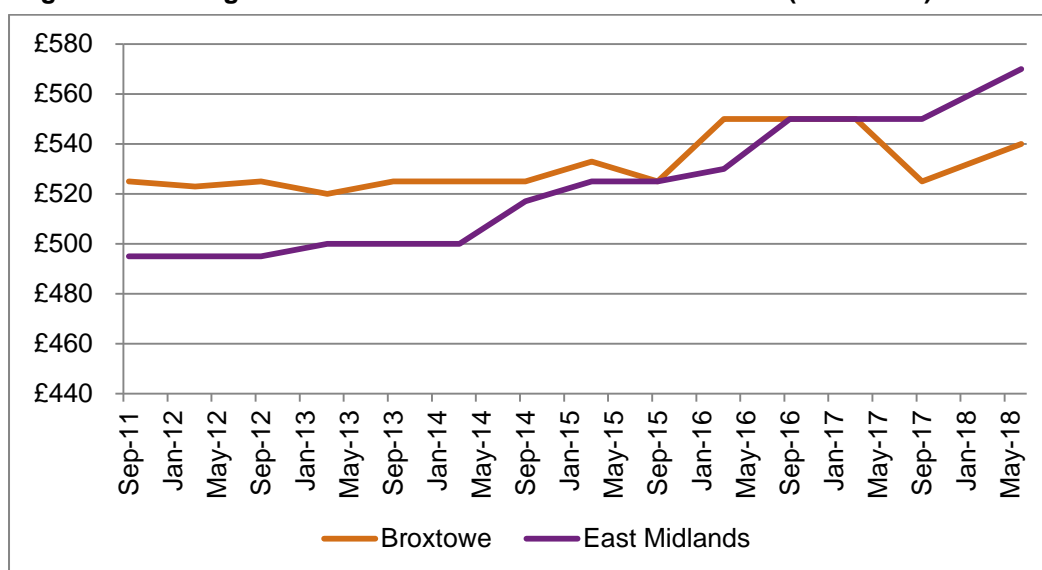
Source: ONS HPSSA Datasets 37 (open data from the HM Land Registry)

- 3.12 All submarkets experienced an increase in the average house price between 2002 and 2008 until and during the recession. Since 2015 all have shown a modest recovery although in Stapleford this appears to be slowing.

## Rental Values

- 3.13 In Broxtowe, average rental values have been recorded at £540<sup>5</sup> per calendar month (pcm) in the year to June 2018 through 430 transactions recorded in Valuation Office Agency. The lower quartile equivalent reaches £395 pcm. By comparison over the same period the East Midlands average rental value was slightly higher at £570 per calendar month.
- 3.14 Historically, average rental prices have been higher in Broxtowe than the East Midlands region. Only since November 2015 have the regional values exceeded those in Broxtowe. This is as a result of continued growth at the region level coupled with a decline in Broxtowe.

**Figure 16: Average rental value Broxtowe and East Midlands (2011-2018)**

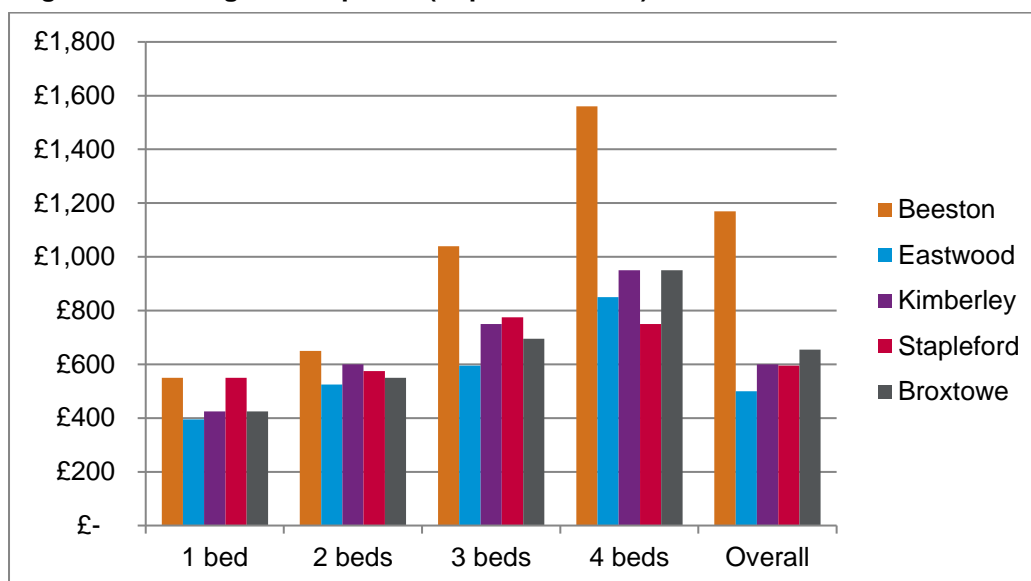


Source: Zoopla (09-2018) and VOA (06-2018)

- 3.15 As illustrated in the figure below the average rental price for two (£650) three (£1,040) and four bedroom (£1,560) houses in Beeston is above the borough wide averages at £550, £695 and £950 respectively. This is likely to have been in part driven by demand for student accommodation.
- 3.16 In contrast average rental prices in Eastwood are consistently lower than the borough average reaching £395 pcm for a one bedroom dwelling, £525 pcm for a two bedroom dwelling and £595 pcm for a three bedroom dwelling. Indeed it is the least expensive location to rent for all size of properties with the exception of 4 bedroom properties for which Stapleford is less expensive.

<sup>5</sup> VOA - average of all types as in June 2018

**Figure 17: Average rental prices (September 2018)**

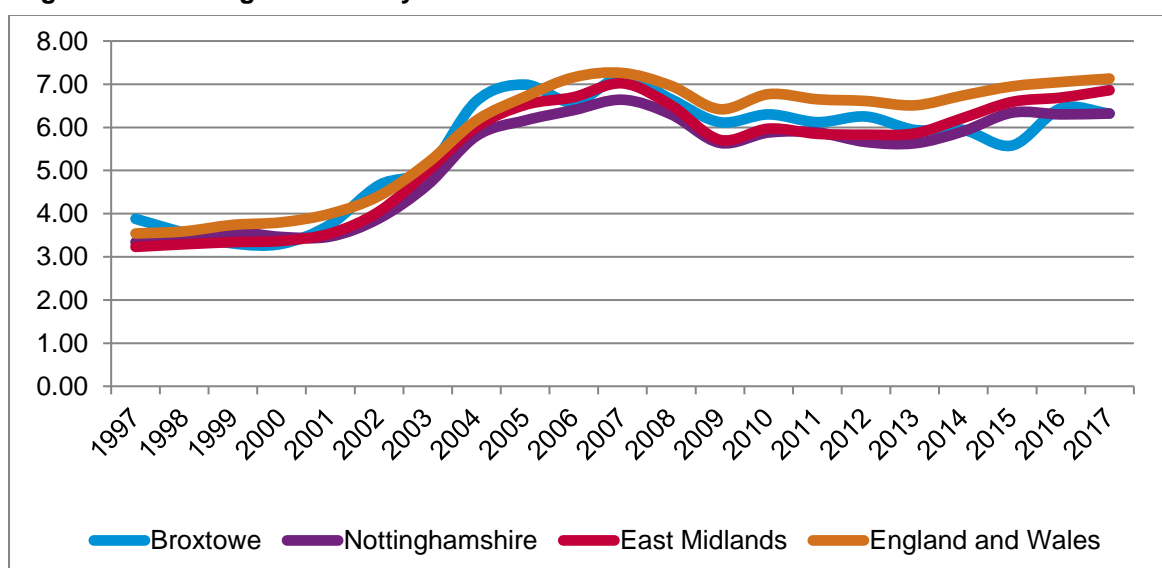


Source: Rightmove and VOA (06-2018)

### Affordability Ratio

- 3.17 Currently, housing affordability in Broxtowe is equal to the rate of affordability in Nottinghamshire County and slightly more affordable than the East Midlands region (6.86).
- 3.18 Over the last 20 years, the correlation in housing affordability has remained fairly consistent at the borough, county, regional and national level. From 2003, housing started to become less affordable, peaking to high levels of unaffordable housing in 2007. At this point, housing in Broxtowe was less affordable than Nottinghamshire County, the East Midlands region and the rest of the country.

**Figure 18: Housing affordability 1997 -2017**



Source: MHCLG, 2018



- 3.19 Following the 2007 peak, housing affordability improved slightly in the years to 2013. There was a slight deterioration over the last two published years.

### Summary

- 3.20 The median price of homes sold in Broxtowe was around £165,000 at 2017. This is 42% below the national average which was £222,000 at 2017 and 5% below the East Midland region's average (£172,500).
- 3.21 Over the last five years, house values in Broxtowe have increased by 24%. This rate of growth is below the regional (30%) and national (28%) growth rates. At a submarket level, Eastwood has seen the highest growth (108%), followed by Stapleford (93%), Beeston (90%) and Kimberley (77%).
- 3.22 The median rental value in Broxtowe has increased by 3% since 2011 to reach £540 per calendar month at June 2018. In comparison, the national median rental value was £570 at the same period which is a 15% increase since 2011. This clearly indicates that median rental values in the submarkets are below the national equivalent.
- 3.23 Rental values across the submarkets are similar for both 2 and 3 bedroom housing stock. This trend is similar at both a regional and national level. This is likely a result of insufficient supply of 2 bedroom houses to meet increasing demand, placing pressure on the rental value.

## 4 AFFORDABLE HOUSING NEED

### Introduction

- 4.1 Affordable housing is defined in Annex 2 of the National Planning Policy Framework (NPPF2). The NPPF2 definition is slightly wider than the previous NPPF definition; in particular a series of 'affordable home ownership' options are considered to be affordable housing.
- 4.2 A methodology is set out in Planning Practice Guidance (PPG) to look at affordable need (within the Housing need assessment guide), this is largely the same as the previous PPG method and does not really address the additional (affordable home ownership) definition. The analysis below splits between the current definition of affordable need and the additional definition, providing distinct analysis for each.

### Affordable Housing Need (established definition)

- 4.3 The method for studying the need for affordable housing has been enshrined in Strategic Housing Market Assessment (SHMA) guidance for many years, with an established approach to look at the number of households who are unable to afford market housing (to either rent or buy). The analysis below follows the methodology and key data sources in guidance and can be summarised as:
- Current need (an estimate of the number of households who have a need now and based on information from the Council's Housing Register);
  - Projected newly forming households in need (based on projections developed for this project along with an affordability test to estimate numbers unable to afford the market);
  - Existing households falling into need (based on studying the types of households who have needed to access social/affordable rented housing and based on study past lettings data);
  - These three bullet points added together provide an indication of the gross need (the current need is divided by 10 so as to meet the need over the 2018-28 period);
  - Supply of affordable housing (an estimate of the likely number of lettings that will become available from the existing social housing stock – drawing on data from CoRe<sup>6</sup> and the Council); and
  - Subtracting the supply from the gross need provides an estimate of the overall (annual) need for affordable housing
- 4.4 Each of these stages is described below. In addition, much of the analysis requires a view about affordability to be developed. This includes looking at house prices and private rents along with estimates of local household incomes. The following sections therefore look at different aspects of the analysis.

### Local Prices & Rents

- 4.5 An important part of the affordable needs model is to establish the entry-level costs of housing to buy and rent. The affordable housing needs assessment compares prices and rents with the

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<sup>6</sup> The continuous recording of lettings and sales in social housing in England (referred to as CoRe) is a national information source that records information on the characteristics of both private registered providers and local authority new social housing tenants and the homes they rent

incomes of households to establish what proportion of households can meet their needs in the market, and what proportion require support and are thus defined as having an 'affordable housing need'.

- 4.6 For the purposes of establishing affordable housing need, the analysis focuses on overall housing costs (for all dwelling types and sizes). The following section expands on this information in more detail to present a consideration of the types of affordable housing that might meet local needs. This section focuses on establishing, in numerical terms, the overall need for affordable housing.
- 4.7 Analysis below considers the entry-level costs of housing to both buy and rent across the Council area. The approach has been to analyse Land Registry and Valuation Office Agency (VOA) data to establish lower quartile prices and rents – using a lower quartile figure is consistent with the PPG and reflects the entry-level point into the market.
- 4.8 Data from the Land Registry for the year to March 2018 (i.e. Q2-Q4 of 2017 and Q1 of 2018) shows estimated lower quartile property prices in the Borough by dwelling type. The data shows that entry-level costs to buy are estimated to start from about £90,000 for a flat and rising to £185,000 for a detached home. Looking at the lower quartile price across all dwelling types the analysis shows a lower quartile 'average' price of £132,500.

**Table 1: Lower quartile cost of housing to buy – year to March 2018 – Broxtowe**

Lower quartile price	
Flat/maisonette	£90,000
Terraced	£106,000
Semi-detached	£135,000
Detached	£185,000
All dwellings	£132,500

Source: Land Registry

- 4.9 A similar analysis has been carried out for private rents using Valuation Office Agency (VOA) data – this covers a 12-month period to March 2018. For the rental data, information about dwelling sizes is provided (rather than types); the analysis shows an average lower quartile cost (across all dwelling sizes) of £395 per month.

**Table 2: Lower Quartile Market Rents, year to March 2018 – Broxtowe**

Lower Quartile rent, pcm	
Room only	£266
Studio	£0
1-bedroom	£375
2-bedrooms	£495
3-bedrooms	£600
4-bedrooms	£795
All properties	£395

Source: Valuation Office Agency

- 4.10 The rental figures above have been taken from VOA data, it is however of interest for this study to see how these vary by location. The table below shows an estimate of the overall lower quartile private rent in each of the four sub-areas; this is based on analysis of Rightmove data on available lettings which has then been adjusted to be consistent with the data from VOA. The overall lower quartile purchase price has also been shown (drawn directly from the Land Registry source). The analysis shows higher rent levels in Beeston, this area also has a higher lower quartile price than other locations.

**Table 3: Lower Quartile Market Rents, by sub-area**

Lower Quartile rent, pcm		
Beeston	£153,500	£425
Eastwood	£117,000	£365
Kimberley	£130,000	£380
Stapleford	£115,500	£380
All properties	£132,500	£395

Source: Internet private rental cost search

- 4.11 A household is considered able to afford market rented housing in cases where the rent payable would constitute no more than a particular percentage of gross income. The choice of an appropriate threshold is an important aspect of the analysis, CLG guidance (of 2007) suggested that 25% of income is a reasonable start point but also notes that a different figure could be used. Analysis of current letting practice suggests that letting agents typically work on a multiple of 40%. Government policy (through Housing Benefit payment thresholds) would also suggest a figure of 40%+ (depending on household characteristics).
- 4.12 The threshold of income to be spent on housing should be set by asking the question ‘what level of income is expected to be required for a household to be able to access market housing without the need for a subsidy (e.g. through Housing Benefit)?’ The choice of an appropriate threshold will to some degree be arbitrary and will be linked to the cost of housing rather than income. Income levels are only relevant in determining the number (or proportion) of households who fail to meet the threshold. It would be feasible to find an area with very low incomes and therefore conclude that no

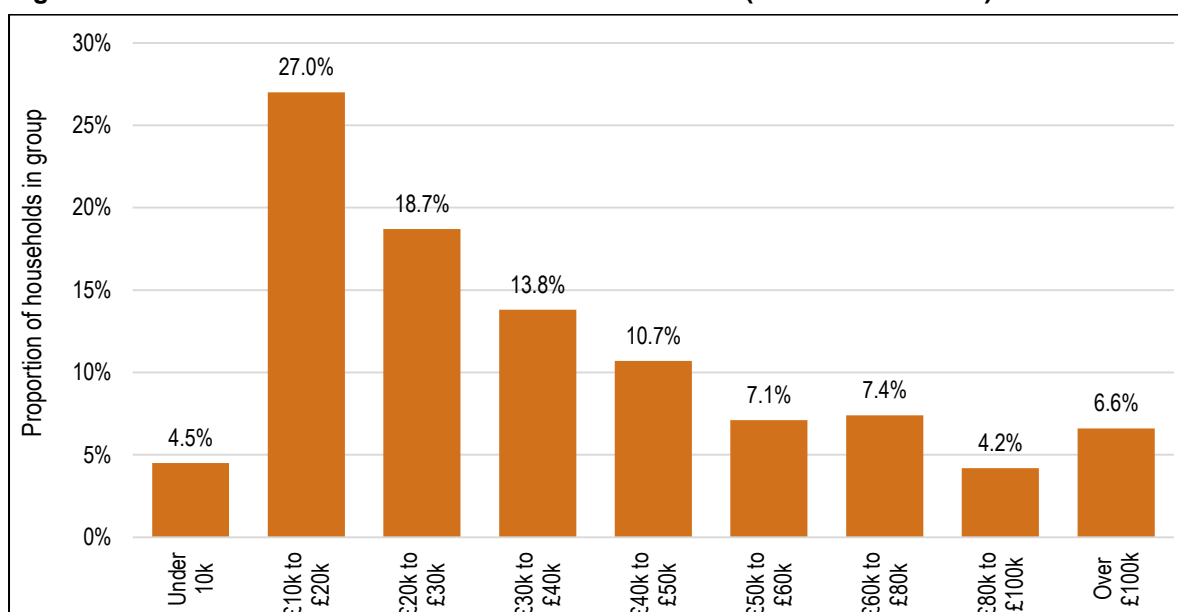
households can afford housing, alternatively an area with very high incomes might show the opposite output. The key here is that local income levels are not setting the threshold, but are simply being used to assess how many can or can't afford market housing.

- 4.13 Rent levels in Broxtowe are relatively low in comparison to those seen nationally (a lower quartile rent of £520 per month across England). This would suggest that a proportion of income to be spent on housing should be at the bottom end of the range and for this reason the standard 25% 'start point' has been used.
- 4.14 Generally, the income required to access owner-occupied housing is higher than that required to rent and so the analysis to follow is based solely on the ability to afford to access private rented housing. However, the local house prices are important when looking at the extended definition of affordable housing in NPPF2 and are returned to when looking at this new definition.

### Income Levels and Affordability

- 4.15 Following on from the assessment of local prices and rents it is important to understand local income levels as these (along with the price/rent data) will determine levels of affordability (i.e. the ability of a household to afford to buy or rent housing in the market without the need for some sort of subsidy). Data about total household income has been based on ONS modelled income estimates, with additional data from the English Housing Survey (EHS) being used to provide information about the distribution of incomes.
- 4.16 Drawing all of this data together we have therefore been able to construct an income distribution for the whole Council area for 2018. The figure below shows that around a third (32%) of households have incomes below £20,000 with a further third in the range of £20,000 to £40,000. Overall the average (mean) income is estimated to be around £39,400, with a median income of £29,900; the lower quartile income of all households is estimated to be £17,300.

**Figure 1: Distribution of Household Income in Broxtowe (mid-2018 estimate)**



Source: Derived from EHS and ONS data

- 4.17 Analysis has also been undertaken to estimate how incomes vary by sub-area, with the table below showing mean, median and lower quartile incomes in each area. The analysis shows the highest incomes to be in Beeston and Kimberley, with lower incomes in Eastwood and Stapleford.

**Table 4: Estimated average (mean) household income by sub-area (mid-2018 estimate)**

	Mean	Median	Lower quartile
Beeston	£40,900	£31,100	£18,000
Eastwood	£35,700	£27,200	£15,700
Kimberley	£41,200	£31,400	£18,100
Stapleford	£36,400	£27,700	£16,000
Total	£39,400	£29,900	£17,300

Source: Derived from EHS and ONS data

- 4.18 To assess affordability, the analysis has looked at households' ability to afford private rented housing. This is because the income threshold for such housing is lower than for buying a home. The distribution of household incomes is then used to estimate the likely proportion of households who are unable to afford to meet their needs in the private sector without support, on the basis of existing incomes. This analysis brings together the data on household incomes with the estimated incomes required to access private rented housing.
- 4.19 Different affordability tests are applied to different parts of the analysis depending on the group being studied, e.g. recognising that newly forming households are likely on average to have lower incomes than existing households (this has consistently been shown to be the case in the English Housing Survey and the Survey of English Housing). Assumptions about income levels for specific elements of the modelling are discussed where relevant in the analysis that follows.

## Current Affordable Housing Need

- 4.20 In line with the PPG the current need for affordable housing is assessed through analysis of Housing Register information. As part of this project an anonymised download of the register was provided (as of 2018) which has been interrogated to estimate the number of households with an affordable housing need.
- 4.21 As of 2018, there were 1,643 households on the Register. Not all of the households registered for housing will have significant housing needs and the analysis below shows the banding of need as assessed on the Register by the Council.
- 4.22 For the purposes of this report, it has been assumed that those households in bands 1 to 3 can be considered as in housing need. Across the Borough some 743 households fall into the bands from 1 to 3 and would be considered as having an assessed housing need (and not just an expressed need – this is 45% of all households on the register).

**Table 5: Number of households on Broxtowe Housing Register by housing need banding (2018)**

Band	Number of households	% of households
Band 1	34	2.1%
Band 2	224	13.6%
Band 3	485	29.5%
Band 4	900	54.8%
Total	1,643	100.0%

Source: Broxtowe Housing Register

- 4.23 As well as looking at the level of need of households on the register, it is important to understand the living circumstances of those households. In particular, this focusses on current tenure, recognising that households already living in affordable housing would release a home for use by another household if they were to move and hence there is no additional need for housing to be provided (although there may be a mismatch between the homes needed and those released, both in terms of size and location).
- 4.24 Analysis of the register identified that around 44% of households (in Bands 1-3) were already living in affordable housing and therefore excluded from the analysis. This leaves 419 within private sector housing or without accommodation (many of these households are living in private rented accommodation).
- 4.25 The table below shows the locations of the households treated as in need for the purposes of this assessment. The information is taken from the correspondence postcode entered on the Housing Register. In a number of cases (about a quarter) the postcode was outside of the area, and these cases have been included on a pro rata basis. The analysis shows that of the 419 households in need, the highest proportion are found in the Beeston area, followed by Eastwood and Stapleford.

**Table 6: Estimated number of households on Housing Register and in need – by sub-area**

	Total in need	% of need
Beeston	198	47.2%
Eastwood	84	20.1%
Kimberley	57	13.5%
Stapleford	80	19.2%
Total	419	100.0%

Source: Broxtowe Housing Register

### Newly-Forming Households

- 4.26 The number of newly-forming households has been estimated through demographic modelling with an affordability test also being applied. This has been undertaken by considering the changes in households in specific 5-year age bands relative to numbers in the age band below, 5 years previously, to provide an estimate of gross household formation.
- 4.27 The numbers of newly-forming households are limited to households forming who are aged under 45 – this is consistent with CLG guidance (from 2007) which notes after age 45 that headship (household formation) rates ‘plateau’. There may be a small number of household formations beyond age 45 (e.g. due to relationship breakdown) although the number is expected to be fairly small when compared with formation of younger households.
- 4.28 In looking at the likely affordability of newly-forming households, data has been drawn from previous surveys. This establishes that the average income of newly-forming households is around 84% of the figure for all households. This figure is remarkably consistent across areas (and is also consistent with analysis of English Housing Survey data at a national level).
- 4.29 The analysis has therefore adjusted the overall household income data to reflect the lower average income for newly-forming households. The adjustments have been made by changing the distribution of income by bands such that average income level is 84% of the all household average. In doing this it is possible to calculate the proportion of households unable to afford market housing without any form of subsidy (such as LHA/HB).
- 4.30 The assessment suggests that overall around two-fifths of newly-forming households will be unable to afford market housing (to rent) and that a total of 384 new households will have a need on average in each year to 2028.



**Table 7: Estimated Level of Affordable Housing Need from Newly Forming Households (per annum) – Broxtowe**

	No. of new households	% unable to afford	Total in need
Beeston	499	38.1%	190
Eastwood	176	37.8%	67
Kimberley	215	32.8%	71
Stapleford	147	38.6%	57
Total	1,037	37.0%	384

Source: Projection Modelling/affordability analysis

### Existing Households falling into Affordable Housing Need

- 4.31 The second element of newly arising need is existing households falling into need. To assess this, information from CoRe has been used. This looked at households who have been housed over the past three years – this group will represent the flow of households onto the Housing Register over this period.
- 4.32 From this newly forming households (e.g. those currently living with family) have been discounted as well as households who have transferred from another social/affordable rented property. An affordability test has also been applied.
- 4.33 The numbers over this period or indeed in future could be influenced by changes to government policy or if there is a substantial increase in unemployment resulting from the closure of a major employer.
- 4.34 This method for assessing existing households falling into need is consistent with the 2007 SHMA guide which says on page 46 that *‘Partnerships should estimate the number of existing households falling into need each year by looking at recent trends. This should include households who have entered the housing register and been housed within the year as well as households housed outside of the register (such as priority homeless household applicants)’*.
- 4.35 Following the analysis through suggests a need arising from 152 existing households each year from 2018 to 2028.

**Table 8: Estimated Level of Affordable Housing Need from Existing Households falling into need (per annum) – Broxtowe**

	Total additional need	% of total
Beeston	72	47.2%
Eastwood	31	20.6%
Kimberley	20	13.0%
Stapleford	29	19.2%
Total	152	100.0%

Source: CoRe/affordability analysis

### Supply of Affordable Housing

- 4.36 The future supply of affordable housing is the flow of affordable housing arising from the existing stock that is available to meet future need. This focusses on the annual supply of social/affordable rent relets.
- 4.37 The Practice Guidance suggests that the estimate of likely future relets from the social rented stock should be based on past trend data which can be taken as a prediction for the future. Information from the CoRe system has been used to establish past patterns of social housing turnover, along with data from the Council about lettings within Council owned stock. The figures include general needs and supported lettings, but exclude lettings of new properties and also exclude an estimate of the number of transfers from other social rented homes. These exclusions are made to ensure that the figures presented reflect relets from the existing stock.
- 4.38 On the basis of past trend data it has been estimated that 309 units of social/affordable rented housing are likely to become available each year moving forward.

**Table 9: Analysis of past social/affordable rented housing supply (per annum – based on data for 2014-17 period)**

	General needs	Supported housing	Total
Total lettings	343	202	546
% as non-new build	90.7%	94.6%	92.1%
Lettings in existing stock	311	191	503
% non-transfers	66.6%	53.2%	61.5%
Total lettings to new tenants	207	102	309

Source: CoRe/Broxtowe Council

- 4.39 The table below shows the estimated supply of affordable housing from relets in each sub-area. The sub-area figures have been based on the size of the stock in each sub-area as of 2011 (Census data) and information from the Council about past lettings.

**Table 10: Estimated supply of affordable housing from relets of existing stock by sub-area (per annum)**

	Annual supply	% of supply
Beeston	144	46.7%
Eastwood	63	20.4%
Kimberley	44	14.1%
Stapleford	58	18.9%
Total	309	100.0%

Source: CoRe/Broxtowe Council/Census (2011)

- 4.40 The PPG model also includes the bringing back of vacant homes into use and the pipeline of affordable housing as part of the supply calculation. These have however not been included within the modelling in this report. Firstly, there is no evidence of any substantial stock of vacant homes (over and above a level that might be expected to allow movement in the stock) – as of 2017, CLG data shows just 32 vacant general needs homes in the Borough. Secondly, with the pipeline supply, it is not considered appropriate to include this as to net off new housing would be to fail to show the full extent of the need, although in monitoring it will be important to net off these dwellings as they are completed.

### Net Affordable Housing Need

- 4.41 The table below shows the overall calculation of affordable housing need. This excludes supply arising from sites with planning consent (the 'development pipeline'). The analysis shows that there is a need for 268 dwellings per annum to be provided – a total of 2,700 over the 10-year period (2018-28). The net need is calculated as follows:

$$\text{Net Need} = \text{Current Need} + \text{Need from Newly-Forming Households} + \text{Existing Households falling into Need} - \text{Supply of Affordable Housing}$$

**Table 11: Estimated Need for Affordable Housing – Broxtowe**

	Per annum	2018-28
Current need	42	419
Newly forming households	384	3,840
Existing households falling into need	152	1,516
Total Gross Need	577	5,775
Re-let Supply	309	3,090
Net Need	268	2,685

Source: Census (2011)/CoRe/Projection Modelling and affordability analysis (figures may not sum due to rounding)

- 4.42 The table below shows the estimated need for affordable housing by sub-area. This shows a need in all parts of the Borough, with the highest figure being seen in Beeston.

**Table 12: Estimated Need for Affordable Housing by sub-area (per annum)**

	Current need	Newly forming households	Existing households falling into need	Total Gross Need	Relet Supply	Net Need
Beeston	20	190	72	281	144	137
Eastwood	8	67	31	106	63	43
Kimberley	6	71	20	96	44	53
Stapleford	8	57	29	94	58	36
Total	42	384	152	577	309	268

Source: CoRe/Census (2011) (figures may not sum due to rounding)

### How Much Should Affordable (rented) Housing Cost?

- 4.43 The analysis above has studied the overall need for affordable housing using a well-established model. This model focusses on households who cannot afford anything in the market (i.e. can't rent or buy). These households are most likely to have a need for rented housing and below is an analysis that sets out what might be an affordable rent for different sizes of accommodation (in different locations) based on local incomes and housing costs.
- 4.44 The analysis essentially considers what might be a 'Living Rent'. These calculations are based on research by JRF/Savills<sup>7</sup> and use the following methodology:
- Annual Survey of Hours and Earnings (ASHE) lower quartile earnings;
  - Adjustment for property size by recognised equivalence model; and
  - Starting rent set at 28% of net earnings
  - Rent set at Local Housing Allowance (LHA) limits where calculations show a higher figure
- 4.45 The analysis shows rents starting at about £360 for a 1-bedroom home (in Eastwood) and rising to £521 for homes with 3-bedrooms (the Living Rent method only goes up to 3-bedrooms). Figures shown in bold in the table have been capped at the maximum level of LHA, it is not considered sensible to be charging a rent in excess of LHA, as this would mean many households having to top up their rent from other income sources.

**Table 13: Living rents (per month) – 2018**

	1-bedroom	2-bedroom	3-bedrooms
Beeston	<b>£394</b>	<b>£469</b>	<b>£521</b>
Eastwood	£360	£468	<b>£521</b>
Kimberley	<b>£394</b>	<b>£469</b>	<b>£521</b>
Stapleford	£367	<b>£469</b>	<b>£521</b>
Total	<b>£394</b>	<b>£469</b>	<b>£521</b>

Source: ASHE and Living Rents methodology

<sup>7</sup> <http://pdf.savills.com/documents/Living%20Rents%20Final%20Report%20June%202015%20-%20with%20links%20-%2019%2006%202015.pdf>

## Affordable Housing – Expanded NPPF Definition

- 4.46 Using the previously established method to look at affordable need, it was estimated that there is a need for around 268 units per annum – this is for subsidised housing at a cost below that to access the private rented sector (i.e. for households unable to access any form of market housing without some form of subsidy). It would be expected that this housing would be delivered primarily as social/affordable rented housing.
- 4.47 The new NPPF introduces a new category of household in affordable housing need, and widens the definition of affordable housing (as found in the NPPF – Annex 2). It is considered that households falling into the definition would be suitable for Starter Homes or Discounted market sales housing, although other forms of affordable home ownership (such as shared ownership) might also be appropriate.
- 4.48 This section considers the level of need for these types of dwellings in Broxtowe. The NPPF states *“Where major development involving the provision of housing is proposed, planning policies and decisions should expect at least 10% of the homes to be available for affordable home ownership, unless this would exceed the level of affordable housing required in the area, or significantly prejudice the ability to meet the identified affordable housing needs of specific groups.”* (NPPF2, para 64).
- 4.49 The Planning Policy Guidance of September 2018 confirms a widening definition of those to be considered as in affordable need; now including *‘households which can afford to rent in the private rental market, but cannot afford to buy despite a preference for owning their own home’*. However, at the time of writing, there is no guidance about how the number of such households should be measured.
- 4.50 The methodology used in this report therefore draws on the current method, and includes an assessment of current needs, projected need (newly forming and existing households) and an estimate of the supply of housing. The key difference is that in looking at affordability an estimate of the number of households in the ‘gap’ between buying and renting is used. To study current need, an estimate of the number of household living in private rented accommodation has been established, along with the same (rent/buy gap) affordability test. For the supply of affordable home ownership, analysis of Land Registry has been undertaken with the supply figure taken to be an estimate of the number of homes sold at a price below the equivalent cost of private renting (see below).
- 4.51 Just by looking at the relative costs of housing to buy and to rent it is clear that there will be households in Broxtowe who can currently rent but who may be unable to buy. In the year to March 2018, the ‘average’ lower quartile private rent is shown by VOA to cost around £395 a month, assuming a household spends no more than 25% of income on housing, this would equate to an

income requirement of about £19,000. For the same period, Land Registry data records a lower quartile price in the study area of £132,500, which (assuming a 10% deposit and 4 times mortgage multiple) would equate to an income requirement of around £29,800.

4.52 If the rental figure is worked backwards into an equivalent purchase price then this gives an affordable price to buy of about £84,300 (calculated as  $(19,000 \times 4) \div 0.9$ ). Any home sold at a price at or below £84,300 is considered to be able to contribute towards meeting the need for affordable home ownership (it should be noted that this is shown as an example with local data being used for each area).

4.53 The table below shows that following the stages of analysis there is an estimated need for around 368 units of affordable home ownership per annum. This figure should be seen as indicating the potential demand for such accommodation, as it should be remembered that all of the households picked up in this analysis will be able to afford market housing in the private rented sector without subsidy.

**Table 14: Estimated Annual Level of Need for Affordable Home Ownership products (per annum)**

	Current need	Newly forming households	Existing households falling into need	Total Gross Need	Relet Supply	Net Need
Beeston	112	126	18	256	29	227
Eastwood	19	34	6	59	10	49
Kimberley	23	49	6	78	16	62
Stapleford	17	25	5	47	16	31
Total	170	234	36	439	71	368

Source: CoRe/Census (2011) (figures may not sum due to rounding)

4.54 On the basis of this analysis it seems reasonable to suggest that the Council could consider seeking 10% of all housing (on larger sites) to be affordable home ownership (as set out in the NPPF2). However, given that the main analysis of affordable need also showed a notable level of need, and one involving households who cannot afford anything in the market without subsidy, it is not considered that there is any basis to increase the provision of affordable home ownership above the 10% figure.

4.55 It should also be noted that the finding of a 'need' for affordable home ownership does not have any impact on the overall need for housing. As is clear from both the NPPF2 and draft PPG, the additional group of households in need is simply a case of seeking to move households from one tenure to another (in this case from private renting to owner-occupation); there is therefore no net change in the total number of households or the number of homes required.

- 4.56 Finally, it is worth discussing what sort of costs the affordable home ownership should be. The Annex 2 definitions suggest that such housing should be made available at a discount of at least 20% from Open Market Value (OMV). The problem with having a percentage discount is that it is possible in some locations or types of property that such a discount still means that housing is more expensive than that typically available in the open market.
- 4.57 The preferred approach in this report is to set out a series of affordable purchase costs for different sizes of accommodation. These are based on equivalising the private rent figures into a house price so that the sale price will meet the needs of all households in the gap between buying and renting. Setting higher prices would mean that such housing would not be available to many households for whom the Government is seeking to provide an 'affordable' option.
- 4.58 The table below therefore sets out a suggested purchase price for affordable home ownership in the Borough. As noted, the figures are based on trying to roughly equate a sale price with an equivalent access point to the private rental market. This shows a one-bedroom home 'affordable' price of about £80,000 rising to approaching £170,000 for homes with 4 or more bedrooms. These figures can be monitored and updated every six months by reference to VOA data.

**Table 15: Affordable home ownership prices (aligned with cost of accessing private rented sector) – data for year to March 2018**

	1-bedroom	2-bedroom	3-bedroom	4+-bedroom
Beeston	£85,600	£113,000	£137,000	£181,600
Eastwood	£74,400	£98,200	£119,100	£157,800
Kimberley	£76,500	£101,000	£122,400	£162,200
Stapleford	£77,000	£101,700	£123,200	£163,300
Borough-wide	£80,000	£105,600	£128,000	£169,600

Source: Derived from Valuation Office Agency data

### **Affordable Housing Need: Key Messages**

- Analysis has been undertaken to estimate the need for affordable housing in the 2018-28 period. The analysis is split between a 'traditional' need (which is mainly for social/affordable rented accommodation) and is based on households unable to buy or rent in the market and the 'additional' category of need introduced by the revised NPPF/PPG (which includes housing for those who can afford to rent privately but cannot afford to buy a home).
- The analysis has taken account of local housing costs (to both buy and rent) along with estimates of household income. Additionally, when looking at traditional needs consideration is given to the Council's Housing Register and estimates of the supply of social/affordable rented housing. For the additional definition, consideration is given to the size of the private rented sector and the potential supply (from Land Registry data) of cheaper accommodation to buy.
- Using the traditional method, the analysis suggests a need for 268 affordable homes per annum and therefore the Council is justified in seeking to secure additional affordable housing. There is also a need shown in all parts of the Borough.
- It is also suggested that the cost of housing to rent within this group is fixed by reference to local incomes (and the Living Rent methodology) although rents above Local Housing Allowance limits should be avoided (to ensure housing affordable to those needing to claim Housing Benefit).
- Using the additional definition, a slightly higher 'need' is shown (for 368 dwellings per annum). However, it should be noted that all of these households in need can actually afford market housing (to rent). On this basis the analysis suggests that a 10% target for affordable home ownership may be appropriate (the 10% figure coming from the NPPF) but a higher figure may not be (as this would lead to less provision for those with more acute needs).
- In terms of setting housing costs in the affordable home ownership sector, it is recommended that the Council considers setting prices at a level which (in income terms) are equivalent to the levels needed to access private rented housing. This would ensure that all households in need under the new definition could potentially afford housing – this might mean greater than 20% discounts from Open Market Value in some instances.
- Overall, the analysis identifies a notable need for affordable housing, and it is clear that provision of new affordable housing is an important and pressing issue in the Borough. It does however need to be stressed that this report does not provide an affordable housing target; the amount of affordable housing delivered will be limited to the amount that can viably be provided. The evidence does however suggest that affordable housing delivery should be maximised where opportunities arise.



## 5 HOUSING MIX - SIZE OF HOMES NEEDED

### Introduction

- 5.1 This section assesses the need for different sizes of homes in the future, modelling the implications of demographic drivers on need/demand for different sizes of homes in different tenures. The analysis in this section seeks to use the information available about the size and structure of the population and household composition; and consider what impact this may have on the sizes of housing units required in the future.
- 5.2 Essentially the model starts with the current profile of housing in terms of size (bedrooms) and tenure. Within the data, information is available about the age of households and the typical sizes of homes they occupy (in each tenure group). By using demographic projections, it is possible to see which age groups are expected to change in number, and by how much. On the assumption that occupancy patterns for each age group (within each tenure) remain the same, it is therefore possible to work out what the profile of housing should be at a point in time in the future. By subtracting the current profile of housing from the projected profile, it is possible to calculate the net change in housing needed (by size) in each tenure group.

### Current Stock of Housing by Size and Tenure

- 5.3 It should be noted that the current stock of housing (by size) can have a notable impact on the outputs of the modelling and the table below shows a comparison of the size profile of accommodation in a range of areas in three broad tenure groups. This shows that Broxtowe has a broadly similar profile of housing as is seen in other locations. Some small differences can be observed and this includes:
- A relatively high proportion of 3-bedroom homes in the owner-occupied sector when compared with England;
  - A relatively high proportion of 1-bedroom homes in the social rented sector (and fewer homes with 3-bedrooms) – this is in comparison with all other areas; and
  - A relatively low proportion of 1-bedroom homes in the private rented sector when compared with England
- 5.4 All of these factors are taken into account in drawing conclusions. Additionally, the role and function of different areas is considered; for example, the higher proportion of 1-bedroom private rented homes nationally is influenced by the housing market in London and so differences between the national and Broxtowe figures are given less weight.

**Table 16: Number of bedrooms by tenure and a range of areas**

		Broxtowe	Nottingham-shire	East Midlands	England
Owner-occupied	1-bedroom	1%	1%	2%	4%
	2-bedrooms	21%	20%	22%	23%
	3-bedrooms	55%	54%	51%	48%
	4+-bedrooms	22%	25%	26%	25%
	TOTAL	100%	100%	100%	100%
Social rented	1-bedroom	38%	29%	29%	31%
	2-bedrooms	33%	34%	34%	34%
	3-bedrooms	27%	34%	34%	31%
	4+-bedrooms	2%	3%	3%	4%
	TOTAL	100%	100%	100%	100%
Private rented	1-bedroom	12%	12%	15%	23%
	2-bedrooms	39%	39%	39%	39%
	3-bedrooms	38%	39%	35%	28%
	4+-bedrooms	12%	10%	11%	10%
	TOTAL	100%	100%	100%	100%

Source: Census 2011

## Understanding how Households Occupy Homes

- 5.5 Whilst the demographic projections provide a good indication of how the population and household structure will develop, it is not a simple task to convert the net increase in the number of households into a suggested profile for additional housing to be provided. The main reason for this is that in the market sector, households are able to buy or rent any size of property (subject to what they can afford) and therefore knowledge of the profile of households in an area does not directly transfer into the sizes of property to be provided.
- 5.6 The size of housing which households occupy relates more to their wealth and age than the number of people they contain. For example, there is no reason why a single person cannot buy (or choose to live in) a four-bedroom home as long as they can afford it, and hence projecting an increase in single person households does not automatically translate into a need for smaller units. That said, issues of supply can also impact occupancy patterns, for example it may be that a supply of additional smaller bungalows (say 2-bedrooms) would encourage older people to downsize but in the absence of such accommodation these households remain living in their larger accommodation. The issue of choice is less relevant in the affordable sector (particularly since the introduction of the social sector size criteria) although there will still be some level of under-occupation moving forward with regard to older person and working households.
- 5.7 The approach used is to interrogate information derived in the projections about the number of household reference persons (HRPs) in each age group and apply this to the profile of housing within these groups. The data for this analysis has been formed from a commissioned table by ONS

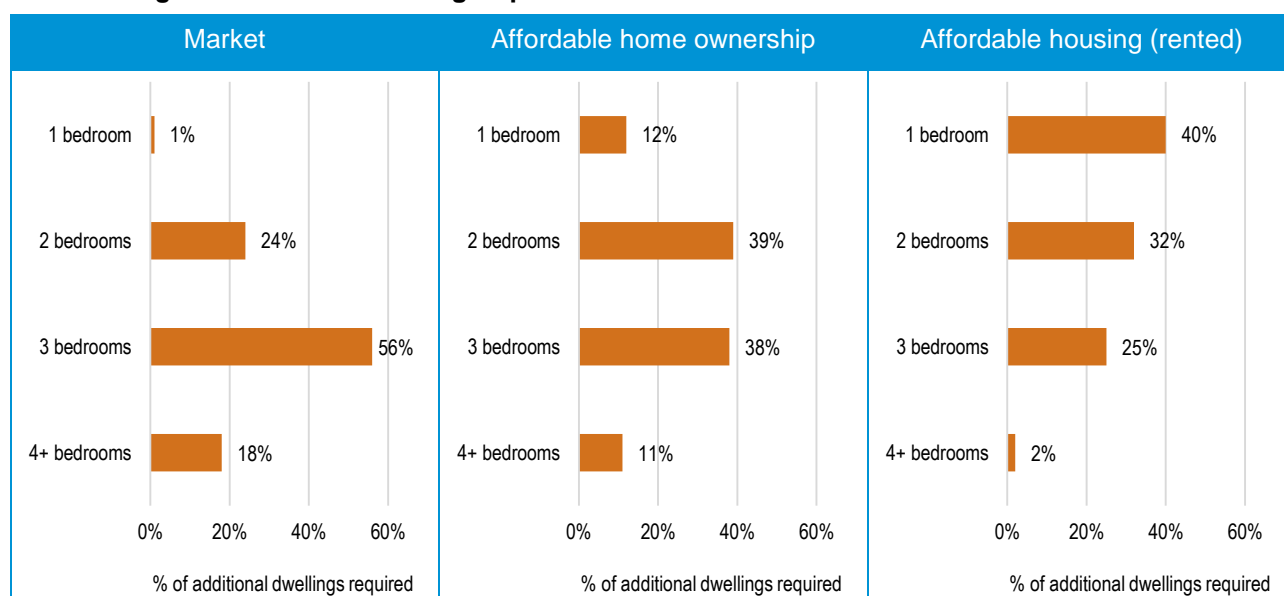
(Table CT0621 which provides relevant data for all local authorities in England and Wales from the 2011 Census).

- 5.8 In terms of the analysis to follow, the outputs have been segmented into three broad categories. These are market housing, which is taken to follow the occupancy profiles in the owner-occupied sector; affordable home ownership, which is taken to follow the occupancy profile in the private rented sector (this is seen as reasonable as the Government's desired growth in home ownership looks to be largely driven by a wish to see households move out of private renting) and affordable (rented) housing, which is taken to follow the occupancy profile in the social rented sector. The affordable sector in the analysis to follow would include affordable rented housing.

### Estimates of Housing Need by Size and Tenure

- 5.9 The figure below summarises the analysis as described for each of the sectors under the modelling exercise. The analysis clearly shows the different profiles in the three broad tenures with affordable housing being more heavily skewed towards smaller dwellings, and affordable home ownership sitting somewhere in between the market and affordable housing.

**Figure 2: Size of housing required 2018 to 2028 – Broxtowe**



Source: Housing Market Model

- 5.10 The same analysis has been carried out for each of the four sub-areas, with data presented in the tables below.
- 5.11 When looking at market housing there are some differences between areas, with Eastwood and Stapleford showing a lower need for 4+-bedroom homes than either Beeston or Kimberley. To some extent this looks to be driven by the modelling, which shows a lower proportion of larger homes in these locations to start with. Overall, it is not considered that the differences are such that a different approach should be taken in different locations.

**Table 17: Size of Housing Required by sub-area – Market Housing**

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Beeston	2%	23%	56%	20%
Eastwood	1%	27%	57%	15%
Kimberley	1%	24%	53%	22%
Stapleford	1%	25%	61%	13%
Borough-wide	1%	24%	56%	18%

Source: Housing Market Model

- 5.12 When looking at affordable home ownership (which is linked to profiles in the private rented sector) there are arguably only modest differences in areas with the key differences again being in relation to 4+-bedroom homes in Eastwood and Stapleford. Again, differences from the overall Borough-wide position do not strongly point towards a need for different mix to be suggested in different locations.

**Table 18: Size of Housing Required by sub-area – Affordable Home Ownership**

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Beeston	12%	38%	37%	13%
Eastwood	11%	40%	40%	9%
Kimberley	11%	41%	36%	12%
Stapleford	11%	40%	42%	7%
Borough-wide	12%	39%	38%	11%

Source: Housing Market Model

- 5.13 Finally, the table below shows sub-area information for social/affordable rented housing. This shows very little difference between areas, and as with the other tenures does not suggest that a different approach need be taken in different areas.

**Table 19: Size of Housing Required by sub-area – Affordable Housing (rented)**

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Beeston	43%	31%	23%	2%
Eastwood	38%	32%	28%	2%
Kimberley	40%	34%	23%	2%
Stapleford	36%	35%	28%	1%
Borough-wide	40%	32%	25%	2%

Source: Housing Market Model

### Indicative Targets by Tenure

- 5.14 Whilst the output of the modelling provides estimates of the proportion of homes of different sizes that are needed, there are a range of factors which should be taken into account in setting policies for provision. This is particularly the case in the affordable sector where there are typically issues around the demand for and turnover of one-bedroom homes (as well as allocations to older person

households) – e.g. 1-bedroom homes provide limited flexibility for households (e.g. a couple household expecting to start a family) and as a result can see relatively high levels of turnover – therefore, it may not be appropriate to provide as much one-bedroom stock as is suggested by the modelling exercise. At the other end of the scale, conclusions also need to consider that the stock of four-bedroom affordable housing is very limited and tends to have a very low turnover. As a result, whilst the number of households coming forward for 4+-bedroom homes is typically quite small, the ability for these needs to be met is even more limited. There are also localised issues about stock of different sizes of homes which need to be considered in conclusions (the relatively high proportions of 1-bedroom accommodation).

- 5.15 For these reasons, it is suggested in converting the long-term modelled outputs into a profile of housing to be provided (in the affordable sector) that the proportion of 1- bedroom homes required be reduced on account of their limited flexibility, and that the proportion of 4+-bedroom homes be increased to reflect the limited stock of this type of property. The outputs also reflect the relatively small stock of 3-bedroom homes currently available in the Borough.
- 5.16 There are thus a range of factors which are relevant in considering policies for the mix of affordable housing (rented) sought through development schemes. At a Borough-wide level, the analysis would support policies for the mix of affordable housing (rented) of:
- 1-bed properties: 30-35%
  - 2-bed properties: 30-35%
  - 3-bed properties: 25-30%
  - 4-bed properties: 5-10%
- 5.17 The strategic conclusions recognise the role which delivery of larger family homes can play in releasing supply of smaller properties for other households; together with the limited flexibility which one-bed properties offer to changing household circumstances which feed through into higher turnover and management issues.
- 5.18 The need for affordable housing of different sizes will vary by area (at a more localised level) and over time. In considering the mix of homes to be provided within specific development schemes, the information herein should be brought together with details of households currently on the Housing Register in the local area and the stock and turnover of existing properties.
- 5.19 If affordable housing delivery is likely to be limited (e.g. due to viability concerns) then the Council might look to move away from this mix to seek housing for the most vulnerable households (those in greatest needs). This might see the proportion of 1-bedroom homes to be delivered fall further from the suggested mix above.
- 5.20 In the affordable home ownership and market sectors a profile of housing that more closely matches the outputs of the modelling is suggested, although some consideration of the current

stock profile is also relevant (particularly the higher proportion of 3-bedroom homes in the owner-occupied sector).

5.21 On the basis of these factors it is considered that the provision of affordable home ownership should be more explicitly focused on delivering smaller family housing for younger households. On this basis the following mix of affordable home ownership is suggested:

- 1-bed properties: 10-15%
- 2-bed properties: 35-40%
- 3-bed properties: 35-40%
- 4-bed properties: 10-15%

5.22 Finally, in the market sector, a balance of dwellings is suggested that takes account of both the demand for homes and the changing demographic profile, this sees a slightly larger recommended profile compared with other tenure groups. The following mix of market housing is suggested:

- 1-bed properties: 0-5%
- 2-bed properties: 25-30%
- 3-bed properties: 45-50%
- 4-bed properties: 20-25%

5.23 Although the analysis has quantified this on the basis of the market modelling and an understanding of the current housing market, it does not necessarily follow that such prescriptive figures should be included in the plan making process. The 'market' is to some degree a better judge of what is the most appropriate profile of homes to deliver at any point in time, and demand can change over time linked to macro-economic factors and local supply. The figures can however be used as a monitoring tool to ensure that future delivery is not unbalanced when compared with the likely requirements as driven by demographic change in the area.

5.24 The analysis does not suggest any strong reason to seek a substantially different mix of housing in different locations. However, at any point in time, and for any specific scheme there may be good reasons for seeking a different mix. Factors might include issues around the management of homes (e.g. for 1-bedroom affordable (rented) units in rural areas) or where there is a clear predominance of a particular type/size of housing. However, any decisions would need to balance the consideration that a new-build home may well have different characteristics to a similar sized existing property.

### Need/demand for Bungalows

5.25 The sources used for analysis in this report make it difficult to quantify a need/demand for bungalows in the Borough as Census data (which is used to look at occupancy profiles) does not separately identify this type of accommodation. However, it is typical (where discussion are undertaken with local estate agents) to find that there is a demand for this type of accommodation.

- 5.26 Bungalows are often the first choice for older people seeking suitable accommodation in later life and there is generally a high demand for such accommodation when it becomes available. As a new build option, it is, however, the case that bungalow accommodation is often not supported by either house builders or planners (due to potential plot sizes and their generally low densities). There may, however, be instances where bungalows are the most suitable house type for a particular site; for example, to overcome objections about dwellings overlooking existing dwellings or preserving sight lines.
- 5.27 Retirement apartments can prove very popular if they are well located in terms of access to facilities and services, and environmentally attractive (e.g. have a good view). However, some potential purchasers may find high service charges unacceptable or unaffordable and new build units may not retain their value on re-sale.
- 5.28 Overall, the Council should consider the potential role of bungalows as part of the future mix of housing. Such housing may be particularly attractive to older owner-occupiers (many of whom are equity-rich) which may assist in encouraging households to downsize. However, the downside to providing bungalows is that they are relatively land intensive for the amount of floorspace created.

### Housing Mix (Size of Homes Needed): Key Messages

- There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability. The analysis linked to demographic change in the period to 2028 concludes that the following represents an appropriate mix of affordable and market homes:

	1-bed	2-bed	3-bed	4+ bed
Market	0-5%	25-30%	45-50%	20-25%
Affordable home ownership	10-15%	35-40%	35-40%	10-15%
Affordable housing (rented)	30-35%	30-35%	25-30%	5-10%

- The strategic conclusions in the affordable sector recognise the role which delivery of larger family homes can play in releasing supply of smaller properties for other households; together with the limited flexibility which one-bed properties offer to changing household circumstances which feed through into higher turnover and management issues.
- The mix identified above should inform strategic policies. In applying these to individual development sites regard should be had to the nature of the development site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level.
- Based on the evidence, it is expected that the focus of new market housing provision will be on two- and three-bed properties. Continued demand for family housing can be expected from newly forming households. There may also be some demand for medium-sized properties (2- and 3-beds) from older households downsizing and looking to release equity in existing homes, but still retain flexibility for friends and family to come and stay.
- The Council should also consider the potential role of bungalows as part of the future mix of housing. Such housing may be particularly attractive to older owner-occupiers which may assist in encouraging households to downsize. However, the downside to providing bungalows is that they are relatively land intensive for the amount of floorspace created.
- The analysis of an appropriate mix of dwellings could inform the 'portfolio' of sites which are considered by the local authority through its local plan process. Equally it will be of relevance to affordable housing negotiations.



## 6 NEEDS OF SPECIFIC GROUPS

### Introduction

- 6.1 Planning Practice Guidance section 56 (Housing: optional technical standards) sets out how local authorities can gather evidence to set requirements on a range of issues (including accessibility and wheelchair housing standards, water efficiency standards and internal space standards). This section looks at the first two of these (i.e. accessibility and wheelchair housing) as well as considering the specific needs of older people (paragraph 2a-020 of the PPG).
- 6.2 The PPG sets out that the reason for the approach to setting standards is designed to '*rationalise the many differing existing standards into a simpler, streamlined system which will reduce burdens and help bring forward much needed new homes*' (56-001) and that '*local planning authorities will need to gather evidence to determine whether there is a need for additional standards in their area*' (56-002).
- 6.3 The PPG sets out that local authorities should be using their assessment of housing need (and other sources) to consider the need for M4(2) (accessible and adaptable dwellings), and/or M4(3) (wheelchair user dwellings), of the Building Regulations. It sets out that there are a range of published statistics which can be considered, including:
- the likely future need for housing for older and disabled people (including wheelchair user dwellings);
  - size, location, type and quality of dwellings needed to meet specifically evidenced needs (for example retirement homes, sheltered homes or care homes);
  - the accessibility and adaptability of existing housing stock;
  - how needs vary across different housing tenures; and
  - the overall impact on viability.
- 6.4 This section of the report draws on a range of statistics, including those suggested in the PPG (for which the Government has provided a summary data sheet 'Guide to available disability data') – termed the Guide in analysis to follow. The discussion below begins by looking at older persons' needs.

### Current Population of Older People

- 6.5 The table below provides baseline population data about older persons and compares this with other areas. The data for has been taken from the published ONS mid-year population estimates and is provided for age groups from 65 and upwards; the data is for 2017 to reflect the latest published data for local authority areas and above. The data shows, when compared with data for other areas that the Borough has a very slightly higher proportion of older persons. In 2017, it was estimated that 21% of the population of the Borough was aged 65 or over.

**Table 20: Older Person Population (2017)**

	Broxtowe		Nottingham-shire	East Midlands	England
Age group	Popn	% of popn	% of popn	% of popn	% of popn
Under 65	89,295	79.2%	79.5%	80.9%	82.0%
65-74	12,987	11.5%	11.5%	10.7%	9.9%
75-84	7,377	6.5%	6.4%	5.9%	5.7%
85+	3,059	2.7%	2.6%	2.4%	2.4%
Total	112,718	100.0%	100.0%	100.0%	100.0%
Total 65+	23,423	20.8%	20.5%	19.1%	18.0%

Source: ONS 2017 mid-year population estimates

- 6.6 The table below shows how the proportion of older people varies across the four sub-areas of the Borough. This data is for mid-2016 (the latest date for which smaller-area data was available at the time of writing) and is based on Mid Year Population Estimates (MYE) MYE prior to some adjustments made by ONS. This analysis shows some difference between locations with the highest proportion of older people being seen in Eastwood and the lowest in Stapleford.

**Table 21: Older Person Population (2016) – Broxtowe sub-areas**

Age group	Beeston	Eastwood	Kimberley	Stapleford	Broxtowe
Under 65	42,810	16,362	17,349	12,984	89,505
65-74	5,530	2,972	2,724	1,647	12,873
75-84	3,498	1,505	1,383	937	7,323
85+	1,550	557	546	317	2,970
Total	53,388	21,396	22,002	15,885	112,671
Total 65+	10,578	5,034	4,653	2,901	23,166
% 65+	19.8%	23.5%	21.1%	18.3%	20.6%

Source: ONS 2016 mid-year population estimates

## Future Change in the Population of Older People

- 6.7 As well as providing a baseline position for the proportion of older persons in the Borough, population projections can be used to provide an indication of how the numbers might change in the future compared with other areas. The data presented below uses the 2016-based SNPP for consistency across areas and runs from 2018 to 2028 to be consistent with other analysis developed in this report.
- 6.8 The data shows that the Borough is expected to see a notable increase in the older person population with the total number of people aged 65 and over expected to increase by 16% over the 10-years from 2018; this compares with overall population growth of 5% and an increase in the Under 65 population of 2%. The proportionate increase in the number of older people in the Borough is however generally slightly lower than that projected for other areas.

**Table 22: Projected Change in Population of Older Persons (2018 to 2028) – 2016-based SNPP**

Age group	Broxtowe	Nottinghamshire	East Midlands	England
Under 65	1.8%	1.6%	1.8%	2.0%
65-74	0.2%	7.7%	8.5%	10.4%
75-84	38.3%	38.3%	41.2%	35.5%
85+	27.5%	32.8%	31.4%	29.0%
Total	4.8%	5.5%	5.7%	5.4%
Total 65+	15.9%	20.6%	21.7%	21.0%

Source: ONS subnational population projections (2016-based)

- 6.9 In total population terms, the projections show an increase in the population aged 65 and over of 3,800 people, this is against a backdrop of an overall increase of 5,400 – population growth of people aged 65 and over therefore accounts for over half of all population growth.

**Table 23: Projected Change in Population of Older Persons (2018 to 2028) – Broxtowe (2016-based SNPP)**

Age group	2018	2028	Change in population	% change
Under 65	89,562	91,198	1,636	1.8%
65-74	13,118	13,148	30	0.2%
75-84	7,561	10,457	2,896	38.3%
85+	3,086	3,936	850	27.5%
Total	113,327	118,739	5,412	4.8%
Total 65+	23,765	27,541	3,776	15.9%

Source: ONS subnational population projections (2016-based)

- 6.10 The figures above are all based on the latest (2016-based) SNPP. It is possible to also show how the outputs would be expected to change under different scenarios. The table below shows a similar analysis when linked to the delivery of 5,006 homes in the 2018-28 period. In this case there is still a significant ageing of the population but the increase in the population aged under 65 is more notable (with a slightly lower change to the population aged 65 and over). The change in the under 65 age group relative to older groups reflects the migration assumptions, migration being largely concentrated in typical working-age groups (and their associated children).

**Table 24: Projected Change in Population of Older Persons (2018 to 2028) – Broxtowe (linked to delivery of 5,006 homes)**

Age group	2018	2028	Change in population	% change
Under 65	90,001	96,823	6,822	7.6%
65-74	13,151	13,353	202	1.5%
75-84	7,584	10,594	3,011	39.7%
85+	3,089	4,001	912	29.5%
Total	113,825	124,771	10,946	9.6%
Total 65+	23,823	27,948	4,125	17.3%

Source: Demographic Projections

## People with Disabilities

- 6.11 The CLG Disability data guide provides data about households with a long-term illness or disability from the English Housing Survey. This is given at a national level, and does not provide more localised data. Hence the analysis below has drawn on the 2011 Census (which has a definition of long-term health problem or disability (LTHPD)).
- 6.12 The table below shows the proportion of people with LTHPD, and the proportion of households where at least one person has a LTHPD. The data suggests that across the Borough, some 34% of households contain someone with a LTHPD. This figure is broadly similar to that seen in other areas. The figures for the population with a LTHPD again show a similar pattern in comparison with other areas (an estimated 19% of the population of the Borough have a LTHPD). When looking at smaller sub-areas, the analysis shows a notably higher proportion of people/households in the Eastwood area as having a LTHPD.

**Table 25: Households and people with a Long-Term Health Problem or Disability (2011)**

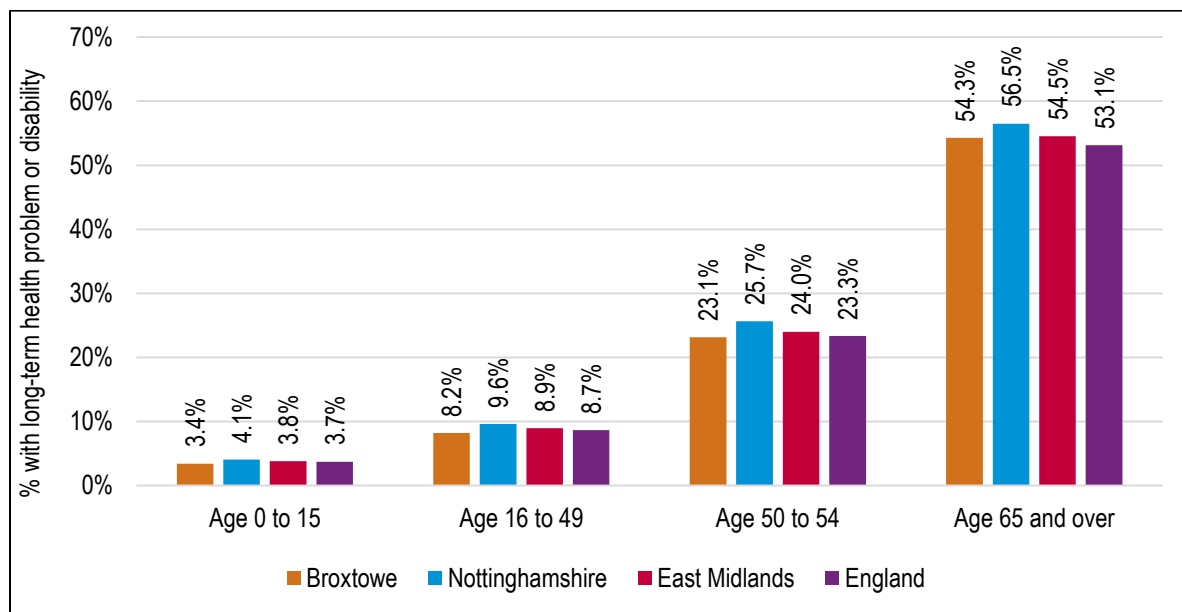
	Households containing someone with a health problem		Population with a health problem	
	Number	%	Number	%
Beeston	7,046	31.8%	9,158	17.7%
Eastwood	3,587	39.9%	4,751	22.9%
Kimberley	3,027	33.5%	3,864	18.0%
Stapleford	2,259	34.0%	2,818	18.1%
Broxtowe	15,919	34.0%	20,591	18.8%
Nottinghamshire	120,678	36.1%	159,672	20.3%
East Midlands	644,852	34.0%	844,297	18.6%
England	7,217,905	32.7%	9,352,586	17.6%

Source: 2011 Census

- 6.13 It is likely that the age profile will impact upon the numbers of people with a LTHPD, as older people tend to be more likely to have a LTHPD. Therefore, the figure below shows the age bands of people

with a LTHPD. It is clear from this analysis that those people in the oldest age bands are more likely to have a LTHPD.

**Figure 3: Population with Long-Term Health Problem or Disability in each Age Band**



Source: 2011 Census

## Older Persons' Housing Needs

- 6.14 Given the ageing population and higher levels of disability and health problems amongst older people there is likely to be an increased requirement for specialist housing options moving forward. The analysis in this section draws on data from the Housing Learning and Information Network (Housing LIN) along with demographic projections to provide an indication of the potential level of additional specialist housing that might be required for older people in the future.
- 6.15 The data for need is calculated by applying prevalence rates to the population aged 75+ and as projected forward. The prevalence rates have been taken from a toolkit developed by Housing LIN, in association with the Elderly Accommodation Council and endorsed by the Department of Health. This includes the following categories (discussed in more detail below): sheltered housing, enhanced sheltered housing, extra care, residential care and nursing care. Additionally, the analysis draws on current supply estimates from HOPSR (Housing for Older People Supply Recommendations) – a database developed by Sheffield Hallam University along with data from the Elderly Accommodations Counsel (EAC) which provides an indication of the current tenure mix of such accommodation.

### **Definitions of Different Types of Older Persons' Accommodation**

***Retirement/sheltered housing:***

A group of self-contained flats or bungalows typically reserved for people over the age of 55 or 60; some shared facilities lounge, garden, guest suite, laundry; plus on-site supportive management. A regularly visiting scheme manager as long as s/he is available to all residents when on site. An on-call-only service does not qualify a scheme to retirement/sheltered housing. Developments usually built for either owner occupation or renting on secure tenancies.

***Enhanced sheltered housing:***

Sheltered housing with additional services to enable older people to retain their independence in their own home possible. Typically there may be 24/7 (non-registered) staffing cover, at least one daily meal will be provided additional shared facilities. Also called assisted living and very sheltered housing.

***Extra care housing:***

Schemes where a service registered to provide personal or nursing care is available on site 24/7. Typically at will be provided and there will be additional shared facilities. Some schemes specialise in dementia care, or may dementia unit.

***Care beds:***

*Care homes:* Residential settings where a number of older people live, usually in single rooms, and have access personal care services (such as help with washing and eating).

*Care homes with nursing:* These homes are similar to those without nursing care but they also have registered provide care for more complex health needs.

- 6.16 As well as setting out overall prevalence rates for different types of housing, the Housing LIN provides some suggestions for the tenure split between rented and leasehold accommodation, this varies depending on an area's level of deprivation. In Broxtowe data from the 2015 Index of Multiple Deprivation has been used and it is suggested that around 40% of supply should be rented accommodation and 60% leasehold (there is no tenure split for care beds). Consideration has also been given to overall levels of disability in the older person population; given that these do not vary substantially from the national position no further adjustments have been made.
- 6.17 In the table below two categories of accommodation are used (in addition to care beds). These are a) Housing with Support (which covers retirement/sheltered housing) and b) Housing with Care (which includes the enhanced sheltered and extra-care housing). The analysis suggests that there may currently be an oversupply of rented sheltered/retirement housing but a notable shortfall in the leasehold sector. The analysis also suggests a potential need for all tenures of enhanced sheltered and extra-care housing. Finally, using these prevalence rates the analysis identifies a potential need for an additional 637 care beds over the 10-years to 2028.

**Table 26: Older Persons' Dwelling Requirements 2018 to 2028)**

		Housing demand per 1,000 75+	Current supply	2018 demand	2028 demand	Change to 2028 (demand-supply)
Housing with support	Rented	50	1,615	534	730	-885
	Leasehold	75	145	800	1,095	950
Housing with care	Rented	18	38	192	263	225
	Leasehold	27	0	288	394	394
Care beds	-	110	969	1,174	1,606	637

Source: Derived from demographic projections and Housing LIN/HOPSR/EAC

## Wheelchair User Housing

- 6.18 Information about the need for housing for wheelchair users is difficult to obtain (particularly at a local level) and so some brief analysis has been carried out based on national data within a research report by Habinteg Housing Association and London South Bank University (Supported by the Homes and Communities Agency) - *Mind the Step: An estimation of housing need among wheelchair users in England*. This report provides information at a national and regional level although there are some doubts about the validity even of the regional figures; hence the focus is on national data.
- 6.19 The report identifies that around 84% of homes in England do not allow someone using a wheelchair to get to and through the front door without difficulty and that once inside, it gets even more restrictive. Furthermore, it is estimated (based on English House Condition Survey data) that just 0.5% of homes meet criteria for 'accessible and adaptable', while 3.4% are 'visitable' by someone with mobility problems (data from the CLG Guide to available disability (taken from the English Housing Survey) puts the proportion of 'visitable' properties at a slightly higher 5.3%.
- 6.20 Overall, the report estimates that there is an unmet need for wheelchair user dwellings equivalent to 3.5 per 1,000 households (this is described in the Habinteg report as the *number of wheelchair user households with unmet housing need*). In Broxtowe, as of 2018, this would represent a current need for about 170 wheelchair user dwellings. Moving forward, the report estimates a wheelchair user need from around 3% of households. If 3% is applied to the household growth in the demographic projections (2018-28) then there would be an additional need for around 80-150 adapted homes. If these figures are brought together with the estimated current need then the total wheelchair user need would be for around 255-320 homes (over 10-years).

**Table 27: Estimated need for wheelchair user homes (2018-2038) – Broxtowe**

	Current need	Projected need (2018-28)	Total
2016-based SNPP	171	83	255
Linked to housing delivery	172	146	318

Source: Derived from demographic projections and Habinteg prevalence rates

- 6.21 Information in the CLG Guide to available disability data also provides some historical national data about wheelchair users by tenure (data from the 2007/8 English Housing Survey). This showed around 7.1% of social tenants to be wheelchair users, compared with 2.3% of owner-occupiers (there was insufficient data for private renting, suggesting that the number is low). This may impact on the proportion of different tenures that should be developed to be for wheelchair users (although it should be noted that the PPG (56-009) states that *'Local Plan policies for wheelchair accessible homes should be applied only to those dwellings where the local authority is responsible for allocating or nominating a person to live in that dwelling'*).



### **Housing Technical Standards and Older Persons' Needs: Key Messages**

- Planning Practice Guidance section 56 (Housing: optional technical standards) sets out how local authorities can gather evidence to set requirements on a range of issues (including accessibility and wheelchair housing standards, water efficiency standards and internal space standards). This study considered the first two of these (i.e. accessibility and wheelchair housing) as well as considering the specific needs of older people. A range of data sources are considered, as suggested by CLG and also some more traditionally used in assessments such as this (e.g. from Housing LIN and HOPSR). This is to consider the need for Building Regulations M4(2) (accessible and adaptable dwellings), and M4(3) (wheelchair user dwellings).
- The data shows that in general, Broxtowe has broadly similar levels of disability compared with other areas, and that an ageing population means that the number of people with disabilities is likely to increase substantially in the future. Key findings include:
  - 16-17% increase in the population aged 65+ over 2018-2028 (potentially accounting for around half of total population growth);
  - A need for enhanced sheltered and extra-care housing in both the rented and leasehold sectors (and leasehold sheltered/retirement housing);
  - A need for additional care bedspaces; and
  - a need for up to 320 dwellings to be for wheelchair users (meeting technical standard M4(3))
- This would suggest that there is a clear need to increase the supply of accessible and adaptable dwellings and wheelchair user dwellings as well as providing specific provision of older persons. The exact proportion of homes in categories M4(2) and M4(3) is for the Council to consider based on this evidence and also any other relevant information (e.g. about viability).
- In seeking M4(2) compliant homes the Council should also be mindful that such homes could be considered as 'homes for life' and would be suitable for any occupant, regardless of whether or not they have a disability at the time of initial occupation.
- The Council should also consider if a different approach is prudent for market housing and affordable homes, recognising that Registered Providers may already build to higher standards, and that households in the affordable sector are more likely to have some form of disability.

### **Key Workers**

- 6.22 Key workers have, to a certain degree, become less of a focus in recent years within similar studies. The first task will be to review what the current definition of key workers are. This will draw on sources such as the MHCLG and other providers such as Peabody who state "Keyworkers are public sector employees who provide a vital frontline service in areas of health, education and community safety"
- 6.23 From this we can seek to identify or model an earnings distribution for these professions. We can subsequently identify the percentage of wish who could afford private sector accommodation and those who can only afford to rent (either socially or privately). This has to be mindful that while

some areas of the borough will be out of reach of key workers, that won't be the case for some locations (e.g. Eastwood).

## Homeless and Hidden Households

6.24 To examine hidden household is difficult by its very nature. One way to do so is by examining the change in "other:other" households. These households are defined as one or more unrelated adults sharing a household space.

6.25 In 2001, the other:other household category accounted for 3% (1,310) of total households in Broxtowe. Over the ten year period to 2011 this increased by 31% to reach 1,715 households at 2011. Over the same period total household growth only increased by 3%.

**Table 28: Growth in Other:Other Households (2001-2011)**

Household Composition	2001	2001 %	2011	2011 %	Change	% Change
All households	45,445		46,820		1,375	3%
Other households - Other	1,310	3%	1,715	4%	405	31%

Source: ONS Census 2001 and 2011

6.26 This would indicate a significant growth in the number of households having to share with other adults to whom they are not related. For some this will be a choice but for others it would be the option of last resort.

6.27 The number of homelessness cases being dealt within in Broxtowe has increases significantly since 2009. The Council have increased the number of cases where homelessness has been prevented and as a result the number of cases which required relieving homelessness also reduced.

**Table 29: Homelessness Case in Broxtowe**

		2009/10	2015/16	2015/16
		Broxtowe	Broxtowe	England
Number of cases where positive action was successful in preventing homelessness	Cases	102	447	198,100
	Cases Per 1,000	2.13	9.23	8.64
Cases where positive action was successful in relieving homelessness	Cases	171	4	14,400
	Cases Per 1,000	3.56	0.08	0.63

Source: MHCLG, 2018

6.28 In comparison to England Broxtowe has successful prevented homelessness in greater numbers.

## **7 BARRIERS TO DELIVERY AND HOUSING DELIVERY OPPORTUNITIES**

7.1 A workshop with local developers was facilitated on the 22nd of October 2018 at the Town Hall in Beeston. The developers were asked to identify barriers to delivery and how these could be overcome.

7.2 A range of issues were identified as being particular for Broxtowe including:

- Lack of available sites particularly for smaller and medium developers
- Sites in the wrong location or have issues such as flooding
- Lack of smaller developers
- Sites that have viability challenges
- Burden of evidence required for development

7.3 The remainder of this report sets out policy, financial and direct interventions which could be used to overcome these barriers and accelerate delivery in Broxtowe. Stimulating the growth and acceleration of housing supply can involve a wide range of actions and interventions by the public sector. We have sought to highlight best practice from around the country in the following areas:

- Leadership and enabling
- Innovation in construction and products
- Public land and Pipeline
- Focus on place

### **Leadership and Enabling**

7.4 Strategic leadership can have a significant influence on growing the rate and pace of housing development. This involves the effective prioritisation of resources to support housing delivery, and creating organisational structures that are capable of interacting effectively with the private sector, infrastructure providers and other organisations involved in housing delivery.

#### **Local Delivery Teams**

7.5 Growth and Regeneration Boards could steer the delivery of its regeneration and housing activity in key parts of the area. These boards could promote investment in and development while delivery sustainable growth.

7.6 Such boards do not have to have a fixed remit but can be involved in planning, co-ordinating and delivering a programme of development whilst providing dynamic leadership for all aspects of economic regeneration and place-making across. They may also be tasked with producing a regeneration framework can focuses on maximising the area's development potential over the next 10 to 15 years.

7.7 The Growth Board can act as an “enabler” to influence the way that the Council invests and supports certain areas. The Board incorporates members from both the private and public sectors,

providing a range of leadership, profile, experience and connections to implement the council's vision.

- 7.8 This could involve early stage business case development on sites where there are viability challenges to better position the Council to access government funding and / or build a case for public sector co-investment. A key determinant of successfully accessing public funding can be their level of preparedness; LAs that have 'oven ready' propositions for infrastructure funding and other investment are often in a better position to react to new or extended initiatives.
- 7.9 The boards could also accelerate the delivery of Council-owned strategic land assets. Whilst it is not an entity that will carry out direct development, it is having a crucial role in taking forward key projects.

### **Attracting Overseas Investment**

- 7.10 Overseas investment has been the catalyst for a number of major schemes across the country and changing the scale of house building activity. For example sovereign wealth funds have increasingly been active in delivering or investing in purpose built private rental schemes.
- 7.11 The majority of this activity is focused in the major cities including Nottingham. However there is no reason why this couldn't be expanded to Beeston where the university may help to delivery overseas investment. Indeed the Council should be encouraged to work with the city and other outside agencies to help secure this.
- 7.12 A good example of how local authorities can have a pivotal role in broadening the range of investors in their area is in Manchester. Manchester Place was set up as a collaboration between Manchester City Council and the HCA (now Homes England) to drive forward the housing supply needed to support the wider growth agenda across Greater Manchester.
- 7.13 It aims to elevate the profile of Manchester within the UK and internationally in order to create the conditions for investment and development to deliver in excess of 25,000 new homes over the next decade. It presents a clear strategy to provide the right homes in the right locations and is a one-stop-shop to;
- identify priority areas for growth; and
  - Neighbourhood Development Frameworks and Strategic Regeneration Frameworks to control development and bring clarity for investors.
- 7.14 This is about positioning the area towards new investors; especially where there is scope to link public assets in an area to create a more significant opportunity. As highlighted it is conceivable that larger UK and overseas funds would respond to more strategic opportunities (such as large single sites / or land close to HS2 hubs) if they were presented to the market in the right way.

## Innovation in Construction and Products

- 7.15 Innovation in the way homes are built and delivered has a strong backing from central government. Innovation is considered to be essential if the Council and the country are to achieve their growth targets.

### Self and Custom-Build Development

- 7.16 The Housing White Paper makes it clear that custom and self-build is an important part of the Government's strategy to solve the housing crisis, along with support for small and medium sized (SME) builders, innovative offsite methods of construction and a simpler planning system. Specific commitments in the White Paper include:
- Promoting the Right to Build portal from the National Custom and Self Build Association (NaCSBA), so that anyone wanting to build their own home can easily find the Local Authority register in their area;
  - Ensuring that the exemption from the Community Infrastructure Levy for self-build remains in place for now, while the Government looks at longer-term reforms;
  - Working with lenders to ensure that they have plans in place to support customer demand for custom build finance products;
  - Proposals to give more support for SME house builders, including greater use of Local Development Orders and area-wide design codes, so that small sites can be brought forward for development more quickly;
  - Supporting custom build through the Government's Accelerated Construction programme, set up to diversify the housing market by working with SME builders.
- 7.17 There is the potential for larger development schemes to provide serviced plots for custom-build development, and for it, with support, to help to drive forward delivery rates.
- 7.18 An example of this can be seen at the Graven Hill development in Bicester, Oxfordshire, is the largest custom build scheme nationally with proposals for over 2,000 custom built homes. The site has been acquired by Cherwell District Council from the MOD and a development company set up. There is a dedicated web site<sup>8</sup> that provides all the information required from people that would like to build their own home in the area. Various formats of delivery are envisaged, from construction of the shell through to the ability of occupants to tailor the finish.
- 7.19 Whilst not strictly Custom or Self Build, Stoke-on-Trent City Council's '£1 houses' project also demonstrates innovation and good practice in tackling challenging situations. The project involved the Council renovating properties in the Portland Street area and then selecting suitable buyers to pay a nominal £1 subject to repaying the £30,000 renovation costs through a 10-year low-interest loan. This brought back into use a cluster of 33 empty properties and is a model that has attracted considerable interest and recognition.

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<sup>8</sup> <https://gravenhill.co.uk/>

## Construction Innovation

- 7.20 To drive forward housing delivery rates, there is a wide acceptance and strong support from government to promote innovation in construction, including off-site solutions or “Modern methods of construction” (MMC). This includes:
- Volumetric construction: three-dimensional units which are fully fitted out off-site. Modules can be delivered to site in a variety of forms from a basic empty shell awaiting on-site finishing to a completely fitted out unit with all the necessary internal/external finishes and services ready for on-site assembly.
  - Pods: which are used in conjunction with another construction method. Examples are bathroom or kitchen pods.
  - Panelised systems: Panels with timber or light steel framing, structural insulated panels (SIPS) or cross-laminated timber (CLT).
  - Sub-assemblies and components: Larger components incorporated into new homes. They include roof and floor cassettes, prefabricated chimneys, porches and dormers, and I-beams.
  - Site-based MMC: Innovative methods of construction used on-site. They include thin joint blockwork and insulated formwork.
- 7.21 The National House Building Council<sup>9</sup> suggests that masonry construction still dominates the industry and has been the most common approach to construction (80%) over the last 8 years according to their records. However the majority of house builders and housing associations are using, or have considered, at least one MMC approach within their recent build programmes.
- 7.22 The most widely-adopted form of MMC is sub-assemblies and components such as door sets, timber I-beams, prefabricated chimneys and prefabricated dormers. The second most popular form of MMC is panelised systems (e.g. timber and steel frame), which was used by 42% of respondents during 2015 for at least one home. In the lead was timber frame construction which, according to NHBC registration statistics for 2015, accounts for 15% of UK housing output.
- 7.23 Only limited use is being made of volumetric construction (large modules fully fitted out of the site) and pods (room-sized modules normally bathrooms or kitchens) with 6% and 7% of organisations having used these methods respectively one or more times in 2015.
- 7.24 Use tends to be concentrated in apartment buildings in London and the South East although it is becoming more frequent elsewhere. MMC provides the potential for faster delivery of new homes – speeding up construction – for improving build quality, taking skills shortages, and improving health and safety.
- 7.25 The majority of house builders and housing associations interviewed by NHBC felt that MMC has some role to play in the delivery of large volumes of new homes, but identified other factors which need to be addressed. However, 78% of house builders and 46% of housing associations expect to increase the number of new homes they build over the next 3 years and MMC is expected to make some contribution in achieving this by the majority.

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<sup>9</sup> Available at <http://www.buildoffsite.com/content/uploads/2016/07/NF70-MMC-WEB.pdf>

7.26 The majority of modern construction projects involve larger development schemes, including off-site build, and there are a number of non-residential schemes (including schools, shopping centres, hotels and student accommodation). Table 9 presents examples of a number of recent housing focused schemes.

7.27 As an average the above schemes provided 15 units per month or 180 units per annum. The rates of two schemes are worth highlighting: 424 homes per annum for the Paragon development and 374 homes per annum for Creekside, both in London. The case studies (together with the NHBC Survey, 2015) indicate that their speed of delivery would contribute to accelerating housing delivery.

**Table 30: Case Studies of Development Schemes involving Modern Methods of Construction**

Development	Size	Programme	Cost
Paragon, Brentford – Caledonian and Berkley First – Berkley Homes	1,060 flats	30 months	£25 million
Creekside Wharf, Greenwich, Essential Living	249 flats	12 months	n/a
Trevenson Park, Cornwall	144 houses		
Colbalt Place - By Lendlease	102 flats + 2 homes	18 months	n/a
Green Point Colindale, Edgware Rd, Caledonian	98 flats	8.5 months	£6.6 million
Surrey Street, Croydon, CR0 1R - Caledonian	75 flats	8.5 months	£6 million
Regents Wharf, Leamore, Walsall, West Midlands, WS2 7BT – Caledonian	52 houses	n/a	£3.1 million
Sixth Avenue Apartments, York - Yorkon	24 flats (luxury)	13 months	£2 million
Villa Place, Hull, Premier Modular Ltd - Goodwin Development Trust	5 houses	3 months	£390,000
Apex House, Wembley London – Student Accommodation	558 beds	12 months	n/a
Felda House, Albion Way, Wembley -	450 beds	< 18 months	n/a

7.28 Two of the biggest obstacles to increasing the supply of new homes are the lack of companies that operate (nationally and locally) and resistance to applying innovation in construction and delivery. Evidence of the challenge can be seen when Barratt Developments – the UK's largest housebuilder saw the number of homes that it built in the year to June 2017 rise by just 0.4% (76 dwellings) whilst pre-tax profits jumped by 12.1%<sup>10</sup>.

7.29 These are points that feature significantly in the recent Housing White Paper and so this Strategic Objective would demonstrate the Council's willingness to take action and work with Government at a local level.

7.30 This is in response to the issues raised by the stakeholders at the engagement event. Specific aims under this objective could include:

- Measures to encourage and support the growth of SME builders and contractors including niche specialists that want to deliver bespoke high quality schemes with the urban centres and

<sup>10</sup> Construction enquirer, 6-9-17



- those that can deliver aspirational schemes on infill sites across Broxtowe. This would also support local wealth and job creation and it would help supply distinctive products; and
  - Expanding activity that unlocks Custom Building on a larger scale. This could take the form of direct development (to open up plots), loans and ensuring that opportunities are accessible (large and small) when public land is released for development
- 7.31 If the Council do go down the housing company route then it could also become the vehicle to encourage developers to promote Accelerated Construction or MMC on land that it owns or controls.
- 7.32 Both outcomes are of interest to Government and so working with Government and Homes England to devise a locally based model could be innovative and in line with what is sought by the Housing White Paper.
- 7.33 The Council could, for example, explore a procurement approach (through the Housing Company) that shares risk and return with contractors / developers if they enter into a commitment to build at an agreed pace (or via the proposed method of construction).
- 7.34 In particular, the Council's Housing Company could first market test the land value and then treat it as a profit share. In such circumstances, the Company's equity would be translated into a proportion of the Margin and, being off the balance sheet of a developer, this would be their incentive to deliver at pace.
- 7.35 The specifics of the procurement process would need to be developed further but the Council would be demonstrating a willingness to be innovative and creative in support of the Government's objectives.

### Other Products

- 7.36 The Housing Company could also look at other products that are tailored around stimulating movement and activity within the housing market. For example, it could participate in specific schemes that encourage and make downsizing more attractive for older people.

### Public Land and Pipeline

- 7.37 At a broader scale, the West Midlands Combined Authority established a **West Midlands Land Commission** in 2016. It was set up to assess land supply, and to consider what measures could be initiated and undertaken to ensure an improved supply of developable land from both a strategic and a regional perspective. It is now charged working on an action plan to drive forward delivery, addressing a range of factors from estate regeneration; green belt review; and the greater use of CPO powers to support site assembly.
- 7.38 **Greater Manchester's Land Commission** was introduced as part of the 2014 devolution agreement with Government. The first task of the Commission has been to develop a



comprehensive Greater Manchester-wide and cross-public sector property register which will enable partners across the city region to identify opportunities for growth.

7.39 At a more local level, we would highlight Wokingham Borough Council's establishment of **Housing Delivery Teams** to coordinate delivery of major growth locations within the Borough. The Council's Core Strategy commits to deliver 13,500 homes by 2026, with delivery expected to be focused mainly on four major Strategic Development Locations - urban extensions to the north and south of Wokingham; at Arborfield Garrison, and South of the M4, near Reading.

7.40 These four locations are expected to deliver 10,000 homes. The Council established a delivery team in 2012 bringing together various resources internally to deliver the SDLs and associated infrastructure with officers acting as development managers.

7.41 Since then all four SDLs have applications or consents in hand, totalling over 8,000 dwellings. The Council leads on the construction of a new primary school and a secondary school, with funds recouped through CIL and has also secured £25 million funding to deliver the Shinfield Eastern Relief Road.

7.42 Finally, the council should consider encouragement for expanding the role of Registered Providers in the delivery of new homes for sale and rent. This could involve access to public land, joint ventures on sites owned by the public sector or loans / financial assistance.

### Focus on Place

7.43 There are many examples a Place Based approach to delivery that is ambitious and sustained. This includes action to assemble land, deliver infrastructure early, provide place-making assets and produce an overall framework coordinating investment in specific areas or neighbourhoods.

### Local Authority Partnerships

7.44 One example of a place based partnership is can again be seen in Bicester Garden Town which is seeking to deliver high quality growth at pace and scale. By 2032, 13,000 new homes are to be delivered in the town together with 18,500 jobs, significant transport improvements and a regenerated town centre.

7.45 The Council has put in place a clear vision and policy framework, and now has an adopted Local Plan. A comprehensive masterplan has been prepared underpinned by clear community engagement regarding how they would like to see Bicester improved and grow; and showing clearly how growth could support investment and regeneration in the town.

7.46 A number of major development schemes are now progressing, including the largest custom-build scheme in the country at Graven Hill. The Council has secured Garden Town status from Government, helping to attract additional funding.

### **Area Based Delivery Vehicles**

- 7.47 Area Based Initiatives have been used by UK governments for over forty years to tackle the problems associated with urban deprivation or promote accelerated physical change. These initiatives have typically been time-limited programmes designed to address a particular issue within a locality or a combination of problems. In areas where major change is envisaged, Urban Development Corporations can be effective in bringing together planning and delivery functions. They are controversial and have the strongest powers to effect change on the ground and intervene in the market.

### **Transforming the Housing Market Where Necessary**

- 7.48 Ensuring that underperforming areas derive physical, social and economic benefits are essential for the area as a whole and ensure political and community buy-in to the vision. However, some parts of Broxtowe exhibit significant market failure that will continue to deter investment.
- 7.49 Achieving delivery would therefore require a concerted effort – backed up by relevant tools and mechanisms – to ensure that investment does not bypass these areas where development is more challenging or risky, whether because of low values / weak demand or as a consequence of historic land uses that impact on viability.
- 7.50 Crucially, there could be opportunities to strengthen markets or create new demand where they are close to major investment in infrastructure (especially rail). These are places where there are also excellent opportunities for employment creation and growing their appeal to students and postgraduates. For example this could be linked to HS2 delivery.

### **Unlocking and Accelerating Development in High Demand Areas**

- 7.51 Support for the market where the conditions will not deliver the desired scale of growth would need to be counterbalanced by measures to unlock and accelerate new supply where demand is strong such as Beeston.
- 7.52 Viability here is not the main issue and many sites would be taken forward without any public support when planning is in place. However, public sector pump-priming on some larger sites – through initiatives such as the Housing Infrastructure Fund (HIF) – could be necessary where developer contributions cannot fully bridge the cost of essential off-site infrastructure. Public sector loans towards necessary infrastructure with payback over time could also assist.
- 7.53 There would also be a need to ensure that sufficient land in the right places is identified and released towards the end of current Local Plan period. Moreover, the Council should aspire to take ownership (where appropriate and possible) of key assets that deliver large scale housing on both public and privately owned land.

- 7.54 Such intervention could be an essential component in extracting the maximum output from higher demand areas and capturing Land Value Uplift to fund infrastructure and support weaker markets.

### Improving the Quality and Sustainability of the Existing Housing Stock

- 7.55 An effective strategy to improve the existing public, private and Registered Provider stock would be an essential component of a successful Housing Strategy for the area. This would support the measures to make local housing markets attractive and increase the overall supply of housing, whether this is in the form of redevelopment, bringing forward underutilised land and empty properties or providing housing that might encourage elderly people to release larger properties.
- 7.56 The council may develop a range of measures and incentives to assist in tackling empty homes, including: applying tax incentives; offering financial support / bonds to owners; tracking down owners and applying enforcement where possible and appropriate; and creating links to managing agents etc.
- 7.57 Joined-up approaches and sustained funding would therefore be essential to bring confidence to neighbourhoods where there are concentrations of rundown empty properties and ensuring that these assets make a contribution to achieving the growth target.
- 7.58 Working with RPs to review opportunities to regenerate their assets should also be a key priority for the Council and there would need to be continued help and support to accelerate regeneration and promote opportunities for redevelopment.

### Supporting New Deliverers

- 7.59 Two of the biggest obstacles to increasing the supply of new homes are the lack of companies that operate (nationally and locally) and resistance to applying innovation in construction and delivery. Evidence of the challenge can be seen when Barratt Developments – the UK's largest housebuilder saw the number of homes that it built in the year to June 2017 rise by just 0.4% (76 dwellings) whilst pre-tax profits jumped by 12.1%<sup>11</sup>. These are points that feature significantly in the recent Housing White Paper.
- 7.60 Specific aims under this objective could include:
- Measures to encourage and support the growth of SME builders and contractors including niche specialists that want to deliver bespoke high quality schemes with the urban centres and those that can deliver aspirational schemes on infill sites across the Borough. This would also support local wealth and job creation and it would help supply distinctive products; and
  - Expanding activity that unlocks Custom Building on a larger scale. This could take the form of direct development (to open up plots), loans and ensuring that opportunities are accessible (large and small) when public land is released for development

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<sup>11</sup> Construction enquirer, 6-9-17

- 7.61 The Council could also work closely with Homes England (HE) to promote public sector debt facilities that are available for house builders and better direct SME's to the relevant agencies. This would include the House Building Fund (HBF) and the Housing Growth Partnership (HGP).

### Better Access to Housing

- 7.62 While we have highlighted other issues around accelerating the growth and supply of housing numbers this should be done in a way that delivers a broad range of new homes that are affordable and accessible to people whatever stage of life they are at. This responds to the findings of the Letwin report. Some key priorities that could be reflected within the council housing delivery strategy:

- Additional student accommodation and the right type of housing for graduates that leave university but who want to stay in the location (i.e. Beeston);
- Expanding the supply of secure high quality Private Rented Sector (PRS) housing for young economically active people who can't get access to a mortgage (or who require employment mobility);
- Making sure there are products that can enable people to build-up sufficient equity to buy their own home;
- Ensuring that 'maturing families' in every part of the Borough have access to a place where they *want* to live as their families grow in size and age. The Council would need to convince middle earners to stay in areas where markets are weaker (i.e. delivering more three and four bed homes that are of a high quality and specification and with good local facilities) and in other places it would be about ensuring a sufficient supply of affordable and intermediate tenures;
- Meeting the needs of an ageing population. The size of the population over the age of 65 is set to grow markedly, including those over the age 75 who require higher levels of support; and
- Supporting vulnerable people that have particular needs and challenges in accessing the right type of housing

- 7.63 The Housing White Paper highlights the need to allocate sufficient land in the right places to achieve growth and accelerate delivery. Government has also expressed an interest in bespoke Housing Deals with local authorities and so this section proposes a range of delivery interventions that are driven by local innovation.

- 7.64 The Council should continue to demonstrate an appetite to work with Government through DCLG and the Homes England to develop and shape the proposals and to collaborate on a joined-up basis.

### Indirect Funding

- 7.65 As highlighted within the analysis of the barriers to achieving growth, there would be a need to ensure that projects in the weakest markets are viable. The Council could consider subsidies in these areas.

- 7.66 The Government's Housing Infrastructure Fund (HIF) could be a route into an existing programme and spending commitment. The Forward Fund element of this can provide up to £250m to Local Authority schemes and significantly, this could be on a non-recoverable basis but with the principle

that any recycled funding could be retained for re-investment in infrastructure that opens up accelerated housing growth. The current programme is already advanced and whilst there is no formal commitment to launch a new initiative, this type of funding is likely to be a feature of government support for accelerating housing delivery so preparing plans and concepts now could put the Council in a better position to respond to any new future announcements.

### **Housing Guarantees**

- 7.67 The principle of offering a developer certainty in return for investing in a marginal scheme has been around for some time and the best practice review has highlighted the potential role that this could play in supporting delivery.
- 7.68 Any Council owned Housing Company might therefore consider developing a Guarantee product; an offer to acquire new homes on some sites, subject to terms that would protect the Council (i.e. at an agreed discount to open market value with conditions around marketing for a period of time before the guarantee could be activated).
- 7.69 If it did acquire units, it could then either sell them on to individual purchasers (on a shared ownership basis) or sell to a Registered Provider (for open market rent).

### **Strategic Market Engagement**

- 7.70 There should be an aspiration to attract major investors to deliver housing within Nottinghamshire. As highlighted within the review of best practice, some Local Authorities have been successful in packaging multiple sites into a proposition that has scale and potential for capital growth.
- 7.71 These opportunities would be aimed at investment partners (rather than developers / contractors) that have an appetite and the means to create the place and, if necessary, purchase adjacent third party interests to maximise the outcomes.
- 7.72 Their role would be to act as the entity that creates the market and, potentially, unlocks 'downstream' opportunities for other house builders. This could be applicable to some of the large scale opportunities that might come forward such as around the HS2.
- 7.73 The Housing Association sector should also become an increasingly significant player in the delivery of all forms of housing. Government has released significant additional Shared Ownership and Affordable Homes Programme (SOAHP) funding through to 2021 and they are being given more financial stability on revenues to help leverage their investment.
- 7.74 The Council should therefore engage in more discussions with the RP sector to explore new ways in which they can encourage and incentivise delivery and ensure the maximum output from this sector.

## **8 FUNDING OPTIONS**

- 8.1 There are several options available for the Council to intervene to support the provision of new housing. Part B of this report explores financing options available to Broxtowe to fund a house building delivery programme.

### **Housing Strategy**

- 8.2 The starting point is a clear understanding of the strategic aims, underpinned by a housing needs assessment, such as the one set out above. For some the key driver may be to address a shortage of affordable housing but for others it may be to rebalance the local housing market, reinvigorate local communities or to encourage private sector developers to invest in a specific locality.

- 8.3 Broxtowe Council's priorities are identified within its Housing Business plan 2018-2021 as:

- Increase the rate of house building on brownfield sites (Ho1)
- Become an excellent housing provider (Ho2)
- Improve the quality and availability of the private rented stock to meet local housing need (Ho3)

- 8.4 To support these priorities a 'key task' identified within the Housing Business Plan is to investigate the potential of a Council owned housing company.

### **Review of delivery options**

- 8.5 A Council owned housing company is one route for delivering new housing. In order to appraise it as a method of achieving the Council's housing priorities, we have to set it alongside the other available route and indeed the alternative structure that are available for a housing company option.

- 8.6 This is best done by comparing the advantages and disadvantages associated with each of the available options and also illustrating the financial impact for the council based on indicative house building schemes reflecting typical build costs within the Broxtowe area and alternative rent options.

- 8.7 The options available and included in this review are:

- Direct provision through the Council's HRA
- Direct provision through the Council's General Fund
- Provision in partnership with a private registered provider
- Provision through a Council controlled/owned company
- Provision through a joint venture company with a developer or housing association

- 8.8 Based on the strategic objectives identified above and our understanding of the immediate priorities of the Council we have compared the options using four evaluation criteria:

- Delivery of affordable and social rented housing
- Meeting the needs of older people
- Improving availability and standards in the intermediate and market rented sector
- Neutral or positive impact on the Council's General Fund

## Direct provision through the HRA

- 8.9 Direct provision of housing by the Council is covered by Part II, Section 9 of the Housing Act 1985 which gives local authorities the express power to provide housing accommodation. Under Section 74 of the Local Government and Housing Act 1989 a local authority has a duty to maintain a housing revenue account (HRA). The HRA is a ring fenced account within the General Fund which contains specified income and costs in respect of:
- Houses and other buildings that have been provided under Part II of the Housing Act 1985;
  - Land which has been acquired or appropriated for the purposes of Part II;
  - Land, houses and other buildings as directed by the Secretary of State.
- 8.10 Therefore, any new housing provided directly by the Council would need to be accounted for in the HRA. The only exception to this would be where the provision of accommodation is covered by some other legal power. These circumstances are addressed later in the report.
- 8.11 It is also worth noting that Part II housing is not entirely restricted to social and affordable rented housing. The wording in the Act allows for the provision of housing where the council consider there is further need. Whilst the draft Rent Direction, issued by the government in September 2018, defines social rents and affordable rents it does also allow for exceptions, including:
- Shared ownership low cost rental accommodation
  - Temporary social housing
  - Specialised supported housing
  - Intermediate rent accommodation, including key worker accommodation
- 8.12 The HRA is not entirely confined to renting dwellings at social or affordable rents. Furthermore, there is provision for 5% (10% for supported housing) flexibility in social housing formula rents.
- 8.13 In addition to new build schemes, HRA housing could consist of acquisition and buyback of properties and increased density through remodelling existing properties.

## Acquisition and buy back of properties in the HRA

- 8.14 The Council can acquire properties on the open market and where necessary bring them up to a lettable standard. The value of properties sold in the last 12 months within the NG9 and NG16 post code areas has been extracted from Zoopla and summarised in the table below.



**Table 31: Property values in NG9 and NG16 post code areas**

Property type	Post code	No.	Average sale price	80% of average
Flats	NG9	84	£144,761	£115,809
Flats	NG16	19	£116,569	£93,255
Terraced Houses	NG9	196	£144,176	£115,341
Terraced Houses	NG16	201	£110,034	£88,027
Semi-detached	NG9	437	£190,235	£152,188
Semi-detached	NG16	329	£143,708	£114,966
Total/Average	NG9	717	£172,317	£137,853
Total/Average	NG16	549	£130,440	£104,352

Source: Zoopla, 2018

\*Flats in NG16 are based on estimated values

- 8.15 The 80% of average sales prices has been added to account for outliers where design and location might be beyond that which would provide value for money for Council. These values are compared with the average new build developments in the Midlands region and presented in the table below.

**Table 32: Property values in NG9 and NG16 post code areas**

	Postcode NG9	Postcode NG16	Midlands development/unit
Average (80%) price/cost	£137,853	£104,352	£132,000

Source: Homes England, 2018

- 8.16 On this basis, property acquisitions appear to be a cost effective route to provide additional social housing in the NG16 area whilst in the NG9 area, the difference between acquisition costs and development costs is likely to be less significant.
- 8.17 The advantage and disadvantages of acquisition are summarised in the following table.

**Table 33: Advantages and disadvantages of acquisition**

Advantages	Disadvantages
Certainty on costs	May need major works to meet lettable standards thereby adding to costs
New homes can be provided more quickly	Desired property types or specification may not be available
No specialist development skills needed	Doesn't increase overall housing supply
Removes development risk	
Potentially offers better value for money	

- 8.18 The Government are currently consulting on preventing the use of RTB 141 receipts to acquire properties on the open market which are above the Homes England average regional development cost i.e. £132k for the Midlands region.
- 8.19 However, another approach to acquire housing is to buy back dwellings that were previously sold under the Right to Buy. In this case the council has the option of part funding these costs either from RTB 141 receipts or from a separate component of RTB receipts called the "buy-back allowance". The point to note regarding the buy-back allowance is that its use isn't restricted by the proposed £132k cap applied to the use of RTB 141 receipts and so this may be an option for buy backs which are above this level but still considered to provide value for money.



## Remodelling existing properties within the HRA

- 8.20 Remodelling unpopular or low demand housing can provide opportunities to increase the density of homes on particular sites while providing good quality homes that people want to live in.
- 8.21 The cost effectiveness of remodelling compared to new build will depend on the scope of the renovations and size of the development. In some instances, it may be better to demolish existing dwelling and replace the demolished units with newly developed homes. The relative advantages and disadvantages of remodelling are shown in the following table.

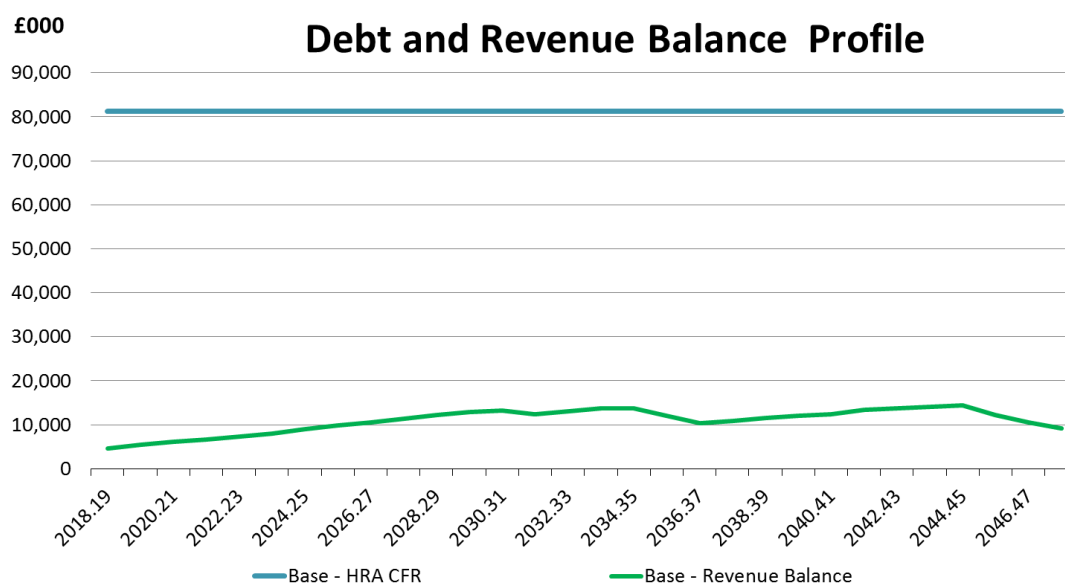
**Table 34: Relative advantages and disadvantages of remodelling**

Advantages	Disadvantages
Address problems with poor quality, low demand units	Cost per m <sup>2</sup> can be greater than new build due to added complexity of working with existing buildings and infrastructure.
Ability to increase density of existing sites	Greater need for contingencies as there is a greater risk of incurring unforeseen costs
Easier to obtain planning consent	Need for decanting and payment of home loss compensation
No site acquisition costs	VAT payable on renovations but not on new build – Important for RPs and LHCs
One for One RTB receipts can be used finance additional units	

## HRA capacity to support new build

- 8.22 Broxtowe's HRA currently supports expenditure and income associated with approximately 4,457 dwellings, comprising 3,047 general needs units and 1,410 supported housing units.
- 8.23 Housing debt attributable to the HRA totals £81.3m. The interest charges associated with this debt are currently charged at 2.78% and this is budgeted to increase to 3.78% from 2021/22.
- 8.24 An HRA business plan financial model has been prepared to project HRA balances going forward. Detailed assumptions for all income and expenditure are set out in Appendix A and the projections for the HRA Operating Account and the Major Repairs and Improvements Financing Account are shown in Appendix B.
- 8.25 The 30 year projections for the HRA revenue balance and HRA debt are illustrated in the table below.

**Figure 4: Debt and revenue balance profile**



- 8.26 For the purpose of this review, we have not assumed any debt repayments would be made. This would be an option for the Council but may constrain future investment in new housing.
- 8.27 This base business plan shows HRA balances increasing very gradually, from £4.6m at the end of 2018/19 to £9.2m by the end of 2047/48 (year 30). The temporary dip between 2034/35 and 2036/37 (which can be seen in the above graph) is caused by a spike in forecast capital expenditure in these years, requiring greater contributions from balances.
- 8.28 Broxtowe's base business plan is therefore in reasonable health and has some, but limited, capacity to support additional investment. However, the position is boosted by the recent announcement by the government that the HRA debt cap is to be lifted. A 'Limit on Indebtedness (Revocation) Determination' has been issued stating the effective date for the lifting of the cap was 29th October 2018. This means that the Council will be able to borrow to fund investment in new housing to the extent that the HRA can finance that additional borrowing i.e. it will no longer be constrained by the previous £85m debt cap.
- 8.29 Also, generally of benefit to the HRA, are the recent consultation proposals concerning RTB receipts. These include proposals to:
- Extend the period available for existing RTB 141 receipts to be used from 3 to 5 years
  - Allow RTB 141 receipts to fund 50% of the eligible costs for social rented units (the allowance for affordable rented units to remain at 30%)
  - Allow appropriations of General Fund land into the HRA for the purpose of housing development without increasing the HRA CFR (the measure from which HRA capital charges are calculated).

- 8.30 The first of these proposals will help the Council if it has any existing unused RTB 141 receipts that are at risk of having to be paid to the government with interest (under the current rules) because they have been held for three years.
- 8.31 Where the Council would like to develop social rented housing, rather than affordable rented housing (with higher weekly rents, up to 80% of market levels) then the second proposal will, by allowing 50% of costs to be funded from retained receipts, improve the viability of this option. This will inevitably mean that the finite resource of RTB 141 receipts will be used up on fewer dwellings, reducing their net development cost but meaning that any further development (after RTB 141 receipts have been fully used) will have to be fully funded from other resources.
- 8.32 The third proposal provides the opportunity for council owned land (albeit being accounted for in the General Fund) to be used for new build schemes without the scheme costs (and hence the HRA) being impacted by capital charges related to that land. If the land was not generating an income before its appropriation then the General Fund will be no worse off. However, it would be advisable to consider other options, such as selling the land on the open market, before making a decision to appropriate the land to the HRA for housing development.

### Development in the HRA

- 8.33 For this appraisal, we have sought to test the implications for the HRA of:
- Developing sufficient new housing to replace those being lost through RTB sales i.e. 25 per year
  - Maximising the development of housing within the resources available
  - For modelling purposes we have assumed an inclusive build cost of £145k per dwelling. This is slightly above the Homes England assessment of average build costs in the Midlands region at 2018/19 prices of £132k. This is to allow for additional costs, for example there may be a requirement to purchase sites along with using existing Council sites.
- 8.34 Management costs for the new builds have been included on the same marginal rate assumed on RTB sales i.e. that 40% of management costs are saved. This equates to £244 per new dwelling. Revenue repairs are provided at £881 per dwelling. For major repairs we assume no cost for 10 years (covered by a builders guarantee) and then £700 per dwelling. All these costs are at 2018/19 prices and we model them to increase by RPI each year.
- 8.35 We have modelled the schemes based on two alternative levels of rent:
- Social rents – we have used the Broxtowe Limit Rent + 5% as a proxy for the social rent (£77.94)
  - Affordable rents – based on 80% of average market rent for 2 bed and 3 bed dwellings in the Broxtowe area derived from a review of market rents on the Rightmove platform (£118.40 = 80% of average market rent)

8.36 Four indicative programmes have been tested. In each case we have assumed a 10 year programme.

- 25 new builds per year to be let at social rents
- 25 new builds per year to be let at affordable rents
- Maximum new builds per year based on social rents
- Maximum new builds per year based on affordable rents

## Modelling Results

8.37 The results are summarised below and illustrated in Appendix C. In particular, we can see the overall debt, the debt per unit for each scheme and the overall change in the year 30 HRA revenue balance, compared to that of the base business plan.

**Table 35: Model results**

Number per year	Rent Option	Total new dwellings over 10 years	Additional borrowing needed (average per unit)	Year 30 HRA Revenue Balance - change from base plan
25	Social Rent	250	£37m (£147k)	(£221k) - (£9.4m)
25	Affordable Rent	250	£24m (£94k)	£11m - £2.0m
Maximum - 23	Social Rent	230	£32m (£141k)	£1m - (£8m)
Maximum – 50+ *	Affordable Rent	500	£68m (£135k)	£12m - £3m

\* Net rent income from affordable rented housing > than costs, so limitation is only council's willingness to extend borrowing

8.38 We can see that a programme of 25 social rented dwellings per year would necessitate additional borrowing of £37m over the term of the business plan (equivalent to £147k per dwelling) and that the interest charges on the additional borrowing would eventually push HRA balances into a negative position. In fact the maximum number of social rented dwellings that can be funded from within the HRA based on our HRA and development assumptions is 23 per year over 10 years. In this case HRA balances are projected to drop to £1m by year 30.

8.39 The modelling which supports the figures above reflects the government's proposal (currently out for consultation) that social rented housing will in future be able to benefit from having 50% (rather than 30%) of development costs funded from retained RTB 141 receipts. However, based on the existing and projected levels of RTB sales there will only be sufficient retained RTB 141 receipts to fund approximately 9 new dwellings per year. This is based RTB 141 receipts funding 30% of development costs (affordable rented housing). The number drops to 6 if RTB 141 receipts were used to fund 50% of costs (social rented housing). The modelling draws on other available resources, including borrowing and HRA balances, to make up the shortfall.

8.40 This explains why the debt per unit is greater for the social rented housing than for affordable rented housing i.e. the higher affordable rents provide a resource to offset borrowing whilst the potential to access more RTB 141 receipts for social rented housing cannot be realised because the council isn't expected to generate sufficient RTB sales.

8.41 However, in June 2018 the government issued a funding prospectus stating that grant funding will be available to support new social and affordable rented housing. The council would be able to apply for grant on the grounds that it has insufficient RTB 141 receipts and a demonstrable need for the new housing. We cannot be certain to what extent grant will be provided although the government have said they would not expect grant and RTB 141 receipts to be used on the same properties.

8.42 The table below is based on the assumption that the council would be able to access sufficient grant so that 30% of the development costs of affordable rented and 50% of the development costs of social rented housing are met by a combination of RTB 141 receipts and grant.

**Table 36: Model results**

Number per year	Rent Option	Total new dwellings over 10 years	Additional borrowing needed (average per unit)	Year 30 Revenue Balance - change from base pan
25	Social Rent	250	£7m (£30k)	£7m (£2m)
25	Affordable Rent	250	£13m (£53k)	£19m - £10m
Maximum – 50+ *	Social Rent	500	£29m (£57k)	£7m - (£2m)
Maximum – 50+ *	Affordable Rent	500	£41m (£83k)	£31m - £22m

\* Net rent income from affordable & social rented housing > than costs, so limitation is only council's willingness to extend borrowing

8.43 In this case we can see that the debt per unit is lower with the social rented schemes but overall revenue outcomes remain better with the affordable rented schemes.

### Summary of HRA New Build

8.44 The financial environment for HRA new build has improved significantly recently. Following four successive years of rent reductions housing rents are set to rise by CPI + 1% from 2020/21 (we have assumed CPI + 0.5% from 2025/26). Also, with the proposals for RTB receipts, backed up by the potential availability of grant funding and, of most significance, the removal of the HRA debt cap the capacity for HRA new build has improved considerably.

8.45 The extent to which the council may be able to access grant is not clear at this stage. Taking a pessimistic view we can see that the council would still, without any grant, be able to embark on a programme delivering up to 230 new social rented homes over the next 10 years. Based on our indicative weekly affordable rent of £118.40 at 2018/19 price levels a significantly larger programme could be funded from the HRA. This is because the net rent income, after deducting operating

costs, including voids & bad debts, management costs and repairs & maintenance is greater than the cost of the debt charges on the required borrowing. We have shown that on this basis a programme of 50+ dwellings per year could be delivered. The main limiting factors will be the availability of land and expertise and the Council's willingness to take on ever increasing levels of debt.

- 8.46 The main advantages and disadvantages of development through the HRA are summarised in the table below.

**Table 37: Advantages and disadvantages of development**

Advantages	Disadvantages
Council retains control	Finite level of RTB 141 receipts (also applies to RP and LHC delivered schemes)
Council owns the housing	Homes subject to RTB
1-4-1 receipts available to finance 30% (50% for social rented) of eligible costs	HRA carries development risk
Overheads spread over a greater number of units	Constrained by government rent policy
Resources are not diminished through taxation	

### Direct provision through the general fund

- 8.47 Housing provided under Part II of the Housing Act 1985 needs to be within the HRA and so if the Council is relying on this power to develop housing it has to be accounted for in the HRA.

- 8.48 Any housing provided under other powers could be accounted for in the General Fund. However, Section 4 of Localism Act 2011 requires that a local authority doing things for a commercial purpose, under the general power contained within the Act, must do them through a company. Circumstances where powers, other than Part II of the Housing Act 1985, apply include:

- Homelessness functions - Part VII Housing Act 1996
- Care Homes – can be provided under the Care Act 2014

- 8.49 The main advantages and disadvantages of General Fund development are shown in the table below.

**Table 38: Advantages and disadvantages of General Fund**

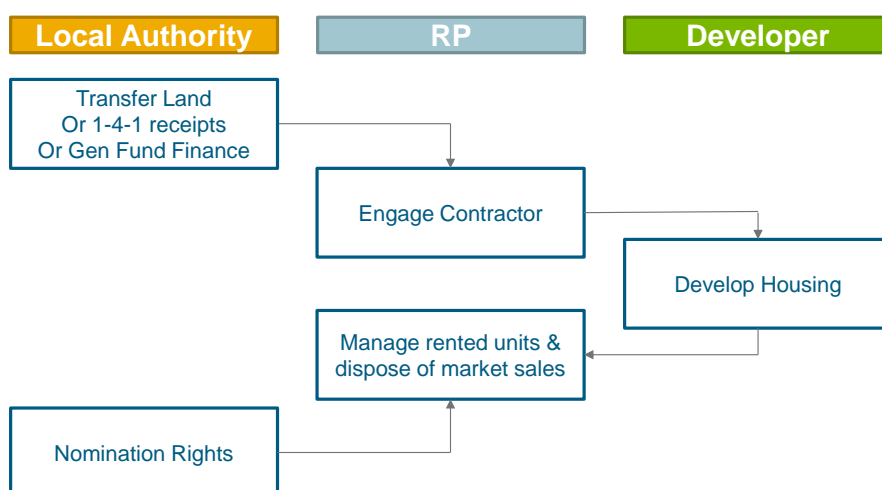
Advantages	Disadvantages
Council retains control	Limited scope as housing provided under Part II of Housing Act 1985 must be in the HRA
Council owns the housing	General Fund carries development risk
1-4-1 receipts available to finance 30% (50% for social rented) of eligible costs	
Provides an income stream for the General Fund	
Resources not diminished through taxation	

- 8.50 Although there are clear benefits of directly developing new housing through the General Fund, the main downside is that any development would be limited to the provision of non-Part II accommodation.

### Provision in partnership with a PRP

- 8.51 Developing new homes through a private registered provider (PRP) is a tried and tested model which allows a local authority to increase the supply of social and affordable housing. Typically, the local authority provides resources for the PRP to develop new homes in return for giving the Council nomination rights over the development. This is illustrated below.
- 8.52 Under this model, the Council provides land or finance to enable the PRP, or other organisations, to develop the new housing.

**Figure 5: PRP model**



### Advantages and disadvantages

- 8.53 The main advantages and disadvantages of this approach are as follows:

**Table 39: Advantages and disadvantages of PRP**

Advantages	Disadvantages
Help deliver LA strategic objectives	Loss of LA control
LA has nomination rights	Nomination rights may be limited
1-4-1 receipts available to finance 30% (50% for social rented) of eligible costs	Homes may be subject to RTB
Remaining cost financed by third party	Development must meet the definition of social housing to use 1-4-1 receipts.
Development risk carried by third party	Often involves the transfer of land at less than market value.

- 8.54 This is a well-established route to deliver new homes and is flexible in terms of finance to make schemes viable and it minimises any council exposure to development risk. This is weighed against

the lack of ownership and control on the council's part. Nomination rights will be subject to negotiation and may be limited.

- 8.55 This option also provides a route to use 1-4-1 receipts where they may otherwise have to be returned to government although in some cases it may prove difficult to find a local provider able to use the receipts within the Council's timescale.

### Provision through a controlled company

- 8.56 Until now the HRA debt cap has been a significant factor influencing the establishment of council owned local housing companies. However, even with the lifting of the debt cap, depending on a council's particular circumstances, there may still be a case for establishing a housing company. The reasons why a company solution might still be desirable are:

- Affordability within the HRA – Following four years of rent reductions many HRAs are struggling to break even and are relying on accrued balances. Additional interest charges associated with increased borrowing may not be affordable and scope to increase income is further limited by the current proposals for regulation of rent. For these councils lifting the debt cap may be of little help. In Broxtowe's case a programme of 250 social rented (over 10 years) or 500+ Affordable rented homes would be affordable.
- A company will be able to develop mixed tenure housing, including market rent and market sale housing both to address housing needs across the tenures and to cross subsidise the social rented housing. Market rented housing (but not market sale housing) could however be delivered, within the scope of Part II of The Housing Act 1985, within the HRA.
- A company solution offers the potential for revenue benefits for the Council's general fund. These may come from:
  - a margin on lending by the council to the company
  - spreading the costs of corporate services where SLAs are agreed by the company
  - distributable profits from the company

- 8.57 Against these positive factors there are particular disadvantages with using a housing company. These include exposure to VAT, corporation tax, stamp duty land tax and capital gains tax, although to varying degrees some of these factors can be mitigated through tax efficient corporate structures.

- 8.58 It's also appropriate to note that within the Housing Green Paper whilst there is recognition of the positive role that local housing companies can play "Generally, local authorities should deliver new affordable housing through their Housing Revenue Account". The paper also reaffirms that Government won't consent to proposals that don't offer a home ownership solution for tenants.

- 8.59 Before reviewing the different forms that a local housing company could take it is appropriate to consider some of the factors that influence the choice. These include:

- The Regulation of Social Housing (Influence of Local Authorities) (England) Regulations 2017;
- Taxation implications; and
- Distribution of profits



## Local Authority influence on PRPs

- 8.60 If a housing company were established as a private registered provider (PRP) then it may be able to access grant funding that might not be available to a non-PRP. However, in this context it is worth considering the implications of the local authority influence regulations.
- 8.61 Section 115 of the Housing and Regeneration Act 2008 includes a requirement for the register of social housing providers to show whether a PRP is a profit making or non-profit organisation. All PRPs are classed as profit making unless they satisfy the following conditions:
- The PRP is a charity; or
  - Condition 1 - It does not trade for profit or it is prohibited from issuing capital with interest or dividend; and
  - Condition 2 – its purpose is the provision or management of housing;
  - Condition 3 – any other purposes of the PRP are connected with or incidental to the provision of housing.
- 8.62 The Regulation of Social Housing (Influence of Local Authorities) (England) Regulations 2017 limit the influence that a local authority has over PRPs. The provisions override any constitutional arrangements and include:
- Local authority appointees can be no more than 24% of the PRP's board membership;
  - The quorum for meetings cannot rely on the attendance of local authority members; and
  - Limitations to the voting rights of local authority members of a PRP.
- 8.63 However, these regulations do not apply if the PRP is:
- A wholly owned subsidiary of a local authority; and
  - It is a not for profit organisation as defined by Section 115 of the Housing and Regeneration Act 2008.
- 8.64 Therefore, unless the PRP is exempt from the regulations (wholly owned and not for profit), the establishment of a company which is also a PRP may be unattractive to the Council.

## Taxation implications

### Corporation tax

- 8.65 Corporation tax is generally payable on profits generated from trading activities and the capital gains on the sale of assets. Capital allowances are generally not available for capital expenditure on dwelling houses. The exception is for communal facilities such as lifts in blocks of flats.
- 8.66 Tax efficient group structures can be established so that company profits can be offset by losses elsewhere in the group.
- 8.67 Organisations with charitable status do not pay corporation tax on their profits provided they are used to further their charitable objects. Charitable PRPs often have trading subsidiaries whereby

any profits are gifted to the charity to be used for charitable purposes and hence the subsidiary does not have to pay corporation tax on its gift. The position is summarised in the table below.

**Table 40: Entities and corporation tax**

Legal Entity	Liable to pay Corporation Tax
Wholly Controlled Company	Yes
PRP for Profit	Yes
PRP not for Profit	No, if PRP has charitable status
Non PRP with Charitable Status	No

### Stamp duty land tax

8.68 Registered providers are specifically exempt from SDLT under section 71 of the Finance Act provided that:

- The PRP is controlled by its tenants; or
- The vendor is a qualifying body (includes local authorities); or
- The transaction is funded with the assistance of public subsidy.

8.69 However, section 81 of the Finance Act 2009 introduced a new provision for profit making registered providers. Profit making PRPs are only exempt if the transaction is funded with the assistance of public subsidy.

8.70 Charities can also claim relief from SDLT provided the acquisition is used for charitable purposes.

8.71 Local authority controlled companies that are not registered providers can normally claim group relief from SDLT provided that the council has 75% of the beneficial ownership of the associated company. A company limited by guarantee would not be eligible for group relief and the SDLT charge would be based upon the market value of any land transferred even if transferred at no cost to the company. The incidence of SDLT is summarised in the following table.

**Table 41: Entities and SDLT**

Legal Entity	SDLT
Wholly Controlled Company	No with group relief Yes if Limited by Guarantee
PRP for Profit	Yes, unless acquired with public subsidy;
PRP not for Profit	No, either PRP or Charity relief
Non PRP with Charitable Status	No, with charity relief

### VAT

8.72 VAT will be payable on land transactions only if the vendor has opted to tax. If the council is considering its option to charge VAT on exempt land transactions it should seek specialist VAT advice to ensure that its partial exemption from VAT is unaffected.

8.73 The provision of rented housing accommodation is an exempt supply for VAT and so the company would not be able to reclaim VAT incurred on the management and maintenance costs. Neither PRPs nor charities are exempt from VAT.

8.74 Companies can claim relief for inter-group transactions however, local authorities are not able to form a VAT group.

### Distribution of profits

8.75 Companies limited by shares are able to distribute profits to shareholders. This applies whether or not the company is a PRP. It is much more difficult for a company limited by guarantee to distribute profits and so it wouldn't be appropriate if the aim was to provide the council with dividends.

8.76 The profits generated by a not for profit PRP or a charity would not be available for distribution as the profits would need to be retained and applied to charitable purposes.

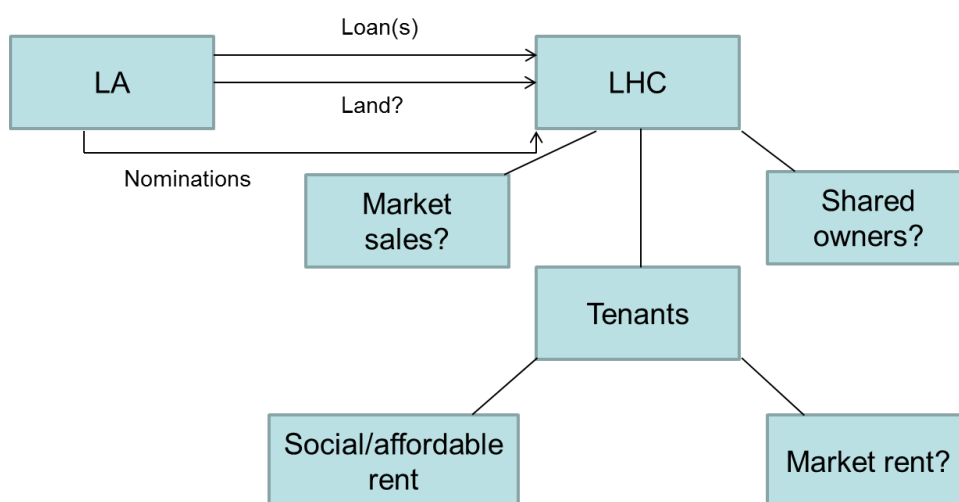
### Company structures

8.77 Whilst there are a variety of alternative corporate structures, for the purpose of this review we can focus on two main categories:

- A company which is wholly owned by the Council
- A corporate structure consisting of two or more companies, one or both of which may be owned by the Council

8.78 A structure based on a single wholly owned company is illustrated below.

**Figure 6: Company structure**



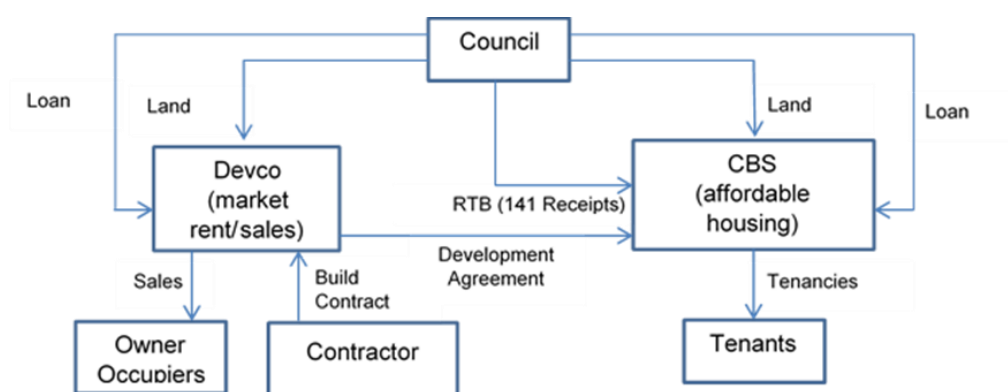
8.79 Under this model social and affordable rented housing could be developed along with other tenures, including market sale or market rent housing. If the LHC was established as a PRP it may also be able to access grant but unless it was a not-for-profit PRP (and therefore not able to distribute surpluses to the Council's general fund) it would be subject to the Social Housing (Influence of Local Authorities) (England) Regulations.

8.80 Under the current rules a local authority controlled company is not able to access retained RTB 141 receipts (although this is the subject of government consultation). If the housing company route would otherwise be the preferred model then this would represent a significant disadvantage.

8.81 A structure consisting of two (or more) companies, one of which is not controlled by the Council, is a way of circumventing this problem. In this case retained 141 receipts could be passed by the Council to the non-controlled company to support the development costs of social and affordable rented housing. If that company was also established as a community benefit society (CBS) with charitable objectives then it would also be able to avoid corporation tax in respect of any taxable profits arising from that housing. The wholly owned company in this two company structure could be established as a development company (Devco), being contracted by the CBS to build the social/affordable rented housing but potentially also building market rent or market sale housing. It could operate / sell that housing and pay any distributable profits (after taxation) to the Council's General Fund or alternatively gift aid surpluses to the charitable CBS.

8.82 A possible structure for the two company solution is illustrated below.

**Figure 7: Two company solution**



8.83 The establishment of companies provides three potential ways of generating income for the General Fund:

- Any margin levied on any monies on-lent from PWLB (or on any monies lent out of reserves) would be accounted for within the General Fund;
- To the extent that the company generates distributable surpluses, any distribution would be received within the General Fund; and
- Income from any support services provided to the company.

8.84 Alternatively, rather than generate surpluses for distribution, the company could apply such additional resource to carry out activities which would otherwise fall to be met as a cost to the Council's General Fund or HRA. The Council would, however, need to ensure that it had the power to outsource the particular activity – for example the Council would need consent under Section 27A Housing Act 1985 to outsource its housing management functions.

## Advantages and disadvantages

- 8.85 The use of companies provides flexible approach to the provision of new housing. The advantages and disadvantages are summarised in the following table.

**Table 42: Advantages and disadvantages for the provision of new housing**

Advantages	Disadvantages
Helps deliver LA strategic objectives	1-4-1 receipts cannot be used to finance new homes (subject to consultation so may change)
LA retains control	Potential for the General Fund to incur losses
General fund income potential	LA ultimately carries development risk
Greater flexibility in range of housing developed and ownership	Potential liability for corporation tax, VAT and SDLT
RTB may be avoided unless the company is a PRP	
Can undertake commercial and non-commercial activities	

- 8.86 The main advantage is the ability to undertake commercial activities, develop across multiple tenure types and generate income for the General Fund without drawing on limited HRA resources. However, there is potential for resources to leak out through taxation and the council ultimately carries the development risk and the risk of any future losses.
- 8.87 The properties held by the wholly owned entity would be let on assured tenancy arrangements; as such, the allocation provisions set out in Part VI of the Housing Act 1996 would not apply and RTB would not arise unless the entity was a private registered provider (PRP) in which case the voluntary RTB agreement negotiated by the National Housing federation would apply.
- 8.88 However, it would be appropriate to reflect on the emphasis in the housing green paper that the government would expect housing companies to “offer an opportunity for tenants to become homeowners where feasible”. Any government Consent required, for example for the provision of financial assistance to the company, may be dependent on the government being satisfied that there are satisfactory provisions for tenants to become homeowners.

## Financial Appraisal of Company Option

- 8.89 We have evaluated the financial implications of developing alternative rental tenures through a wholly owned company as follows:
- A scheme comprising 25 social rented units per year for 10 years
  - A scheme comprising 25 affordable rented units per year for 10 years
  - A scheme comprising 25 market rented units per year for 10 years.
  - A scheme comprising 25 market rented and 25 social rented units per year for 10 years

- 8.90 The build cost and rental assumptions are the same as those used in our appraisal of delivery through the HRA. For the social rented and affordable rented schemes we have assumed that 50% and 30% of development costs respectively would be met from a combination of RTB 141 receipts and/or grant. Therefore, this assumes the consultation proposal to allow these receipts to be passed to controlled companies is adopted.
- 8.91 It should be noted however that the consultation suggested this might be allowed where the HRA could not sustain the development and where tenants would be offered an opportunity to become homeowners.
- 8.92 Where a local authority is providing financial assistance, such as loan finance to a third party, consideration needs to be given to whether it is providing that assistance in compliance with state aid rules. Providing loan finance at below the European Commission's assessment of a commercially available rate would constitute a breach of the rules. As at 1st November 2018 the minimum rate required is 5%.
- 8.93 There is an exemption from the State Aid rules where the financial assistance is provided to facilitate the provision of assets which are of 'social or general economic interest'. Social (or affordable) housing, provided that the assistance is no more than that which is required to make the activity viable, is capable of benefitting from this exemption.
- 8.94 For market rented housing we have therefore used a loan rate, in respect of lending from the council to the company, of 5% (2.9% PWLB 30 year rate + 2.1% margin), whilst for social and affordable rented housing we have used 4% (based on a 1.1% margin). It would be open to the council not to charge any margin in respect of the social and affordable rented schemes.
- 8.95 However, we have allowed for a relatively small margin to give an indication of the potential return to the General Fund. For the scenario involving a mix of market rented and social rented housing we have used a blended 1.6% margin on top of the council's borrowing cost.
- 8.96 The assumption for the Council's borrowing cost i.e. to fund the loan to the company is 2.9%.
- 8.97 The housing company cashflows and General Fund implications arising from the four scenarios are set out at Appendix D. The table below summaries the results.

**Table 43: Financial appraisal of company option**

Number per year	Rent Option	Total over 10 years	Results for Company	General fund revenue impact cumulative by year 30
25	Social Rent	250	Not viable – insufficient revenue to make any loan repayments	N/A
25	Affordable Rent	250	Loan requirement = £25m. Able to start repaying loan in year 12 but £16m still outstanding at year 30.	£3.4m contribution to General Fund balances by year 30 Council borrowing fully repaid by year 30
25	Market Rent	250	Loan requirement = £40m. Able to start repaying loan in year 19 but £38m still outstanding at year 30.	£18m contribution to General Fund balances by year 30 Council borrowing fully repaid by year 30
25 25	Social Rent Market Rent	250 250	Loan requirement = £60m. Able to start repaying loan in year 23 but £58m still outstanding at year 30	£19m contribution to General Fund balances by year 30 £9m of Council borrowing outstanding at year 30

- 8.98 The anticipated rents for the social rented housing are not sufficient to cover projected operating costs and interest charges and so this tenure would not be a viable proposition for a housing company.
- 8.99 Affordable rented housing may be viable if the council would be prepared to accept an arrangement whereby it's lending to the company would not be repaid within 30 years. In this case the revenue benefit to the General Fund is likely to be fairly modest. We have estimated £3.4m over 30 years (£1.1m in the first 10 years).
- 8.100 We can see that the market rented housing is delivering a significant income stream for the General Fund (£18m by year 30 based on our indicative scheme). However, this is reliant on the 2.1% interest rate margin bringing the total rate charged to the company to 5%. The resulting interest charges, together with the fact that RTB 141 receipts would not be available to support market rented housing mean that the company is only able to repay approximately £2m of the required £40m loan by year 30. Nevertheless, there would be an option for some of these properties to be sold on the open market to accelerate the returns to the General Fund although any capital gains would be subject to tax.
- 8.101 Finally, we can see a mixed scheme of social rented and market rented housing would generate sufficient net rental income to begin repaying the company loan in year 23, although the bulk of the loan will remain outstanding after 30 years. Whilst, there would be significant revenue benefits for

the General Fund (£19m over 30 years) we are projecting that £9m of the council's £48m loan would remain outstanding by year 30.

### Provision through a joint venture company

8.102 This model involves a joint venture vehicle in which neither the Council nor the joint venture partner has a controlling interest. We ruled out the scenario where the joint venture partner has a controlling interest because this is likely to be less attractive to the Council.

8.103 The key characteristics can be summarised as follows:

- a separate legal entity would be created; either a Limited Liability Partnership (LLP) or a company limited by shares (or by guarantee) or a community benefit society – the decision as to which corporate form to adopt would depend on the preference of the joint venture partner and on whether the entity is to be established as a for profit or not-for profit entity;
- subject to the outcome of the current consultation on RTB receipts the Council's interest would need to fall short of a "controlling interest" if it is to be an entity to whom the Council can pass retained RTB receipts; this could be a minority interest or a deadlocked interest;
- If the Council wanted the joint venture entity to be able to seek grant (in the form of social housing assistance) it would need to be established as a private registered provider of social housing (PRP). In that case, The Regulation of Social Housing (Influence of Local Authorities) (England) Regulations 2017 (LA Influence Regulations) would need to be borne in mind (see above).

8.104 Accordingly, a joint venture model is unlikely to be favoured by the Council if PRP status for the vehicle is regarded as important. The relative advantages and disadvantages are shown below.

**Table 44: Advantages and disadvantages of joint venture**

Advantages	Disadvantages
Delivers affordable housing	Loss of direct Council control
Can be financed by the Council or investors	Revenues shared with partner
Can use Retained RTB receipts	Resources leak through taxation unless a charity
Can provide expertise that the Council lacks	PRPs subject to regulatory regime and limits on Council appointees
Development risk is shared	Charities activities are constrained by their charitable objects
For profit entities can distribute profits	
Ability to develop across a range of tenures to address local needs	
Influence through conditions attached to grant of retained RTB receipts	
Influence through lending agreement i.e. loan conditions and covenants	



## **9 COMPARISON OF ALTERNATIVE OPTIONS AND RECOMMENDATIONS**

### **Comparison against evaluation criteria**

9.1 The evaluation criteria set out for the review of delivery options are:

- Delivery of affordable and social rented housing
- Meeting the needs of older people
- Improving availability and standards in the intermediate and market rented sector
- Neutral or positive impact on the Council's General Fund

9.2 The table overleaf compares the performance of each of the delivery routes against the four criteria.

### **Delivery Strategy Recommendations**

9.3 Our review indicates that the council will be able to fund a significant programme of social rented and in particular affordable rented housing through its HRA. This approach is efficient because there will be no VAT or corporation tax costs, housing management and repairs will be spread over a larger stock base and there will be access to RTB 141 receipts and potentially grant funding. Supported housing for older people could also be funded through the HRA and would benefit from up to 10% flexibility on formula rents.

Delivery Options	Delivery of affordable and social rented housing	Meeting the needs of older people	Improving availability and standards in the intermediate and market rented sector	Neutral or positive impact on the Council's General Fund
Direct provision through the HRA	<p>Affordable                      Retain control                      Able to use RTB 141 receipts                      Helps spread fixed costs</p> <p>Rent Direction, RTB and allocation arrangements would apply.</p> <p>Acquisition of properties on the open market (or buy backs of former council properties), is an option.</p>	<p>Supported housing could be developed and benefit from 10% flexibility on social rents.</p> <p>Rent Direction, RTB and allocation arrangements would apply.</p>	<p>HRA schemes could include intermediate rental properties, including shared ownership and key worker accommodation (both exempt from the draft Rent Direction) and market rented housing (outside the scope of the Rent Direction)</p> <p>Would need to review allocations policy</p>	<p>New homes bonus would be a General Fund receipt (payment = equivalent band D council tax charge + social housing supplement of £350.</p> <p>No General Fund debt and therefore no requirement for a minimum revenue provision.</p>
Direct provision through the GF	Only available for homeless accommodation and care homes	Potential to rely on Care Act 2014 for General Fund provision of care home	No impact	Potential to apply RTB 141 receipts where sub-market rents being applied.
Partnership with a RP	<p>Affordable (costs largely met by RP)</p> <p>Often requires council land</p> <p>Able to use RTB 141 receipt</p> <p>Nomination rights may be limited</p> <p>Rent Direction and voluntary RTB arrangements would apply.</p>	An RP with substantial experience in the supported housing sector may offer improved services	Scope for mixed tenure development deals	New homes bonus
Provision through a controlled company (single company structure)	<p>Unlikely to be viable for social rented housing.</p> <p>RTB 141 receipts can't be used under current rules but subject of consultation</p> <p>Affordable rented, market rented and mixed tenure schemes likely to be viable.</p> <p>Less efficient than direct HRA</p>	Social rented supported housing schemes unlikely to be affordable through a company	<p>Scope for mixed tenure schemes</p> <p>Would deliver returns for the General Fund but dependent on long-term lending</p>	<p>Likely need for long term Council lending</p> <p>Positive impact from margin on loan finance</p> <p>Also receipt of new homes bonus</p>

	because of VAT and corporation tax.			
Provision through a controlled company (in partnership with a charitable CBS)	<p>Able to avoid corporation tax in relation to CBS schemes</p> <p>RTB 141 receipts can be transferred to non-controlled CBS</p> <p>Less efficient than direct HRA because of VAT on management and repairs costs</p>	<p>Able to mitigate corporation tax in relation to CBS schemes</p> <p>Less efficient than direct HRA because of VAT on management and repairs costs</p>	<p>Able to mitigate corporation tax in relation to CBS schemes.</p> <p>Potential for gift aid from the non-charitable company but this may delay repayment of loans</p>	<p>Likely need for long term Council lending</p> <p>Positive impact from margin on loan finance</p> <p>Also receipt of new homes bonus</p>
Provision through a joint venture company	<p>Finance from Council or investors</p> <p>Can use RTB 141 receipts</p> <p>For profit entities can distribute profits</p> <p>Loss of direct Council control</p> <p>Revenues shared with partner</p> <p>Resources leak through taxation unless a charity</p>	<p>Joint venture partner could be specialist provider of supported housing</p>	<p>Finance from Council or investors</p> <p>For profit entities can distribute profits</p> <p>Loss of direct Council control</p> <p>Revenues shared with partner</p> <p>Resources leak through taxation unless a charity</p>	<p>Positive impact from margin on loan finance although finance be come from partner</p> <p>Receipt of new homes bonus</p>

## Summary

- 9.4 The current rules also allow for intermediate rented housing to be delivered through the HRA, including shared ownership, student and key worker accommodation. These categories are exempt from the government's rent policy statement and the draft Rent Direction and there is therefore flexibility over how the rents could be set. Therefore, the council could choose to develop and operate schemes of intermediate rented housing within these categories at, for example, 90% of market rents within the HRA.
- 9.5 Developing housing, whether through the HRA or through a company or with a partner currently results in the Council's General Fund benefitting from a New Homes Bonus payment equivalent to band D council tax payment plus a supplement of £350 for social housing.
- 9.6 We therefore conclude that the council is able to deliver on all four of its priorities by developing housing within its HRA. General Fund development would be limited in the main to temporary accommodation for the homeless.
- 9.7 The traditional route of grant funding housing associations is certainly the simplest method of improving the supply of affordable housing. Skills and resources are injected by the housing association and the council is not exposed to the risk of development costs increasing. However, it can be difficult to identify a suitable partner with the ambition to develop locally and with the necessary resources. Often schemes developed through a housing association partner require land transfers from the council at well below market value. Also nomination rights granted to the Council are likely to be limited to the first and sometimes the successor tenant.
- 9.8 Delivery through a company structure is less efficient than through the HRA. The additional costs arising from VAT and corporation tax along with a margin on borrowing (just 1% in our modelling) make social rented housing unviable within the company model. If the company is set up as an RP it may attract grant funding (we assumed 50% funding for social rented and 30% funding for affordable rented housing, either from RTB 141 receipts or grant). General Fund revenue benefits arising from the interest rate margin on loans to a housing company are funded from rent income paid by tenants of the housing. In the case of HRA schemes all the rent income would stay within the HRA (without leakage through the tax system) and be available to support housing costs, including the development of more housing.
- 9.9 A joint venture company where the council does not have a controlling interest is able to benefit from funding from RTB 141 receipts and potentially funding, land and/or skills from the investment partner. However, the leakages in respect of VAT and corporation tax that we saw in respect of

controlled companies would also apply to a joint venture capital. Furthermore the joint venture partner would expect a return from their investment.

## Recommendations

- 9.10 Where the Council wishes to retain control over its new housing, provision through the HRA is the most cost effective route. Our recommendations are therefore:
- Social and affordable rented housing - Establish a pipeline of potential sites and schemes that address the profile of housing needs in Broxtowe. Plan for the delivery of these schemes through the HRA.
  - Intermediate rented housing - Where there is a need for intermediate rented housing consisting of shared ownership, key worker or student accommodation these can be delivered through the HRA outside the constraints of the Rent Direction.
  - Supported Housing for older people - Delivery of new supported housing can also be funded through the HRA
- 9.11 Provision through the traditional RP partner route will remain an option if the Council is not concerned about losing control and ownership of the new housing. It is the least resource and skills demanding route. However, HRA housing schemes can be structured to be self-financing, with rents expected to cover costs including interest charges. Compared to the RP Partner route the council retains ownership and control of the housing, including an option to dispose of it (as it becomes vacant) at some point in the future.
- 9.12 Market or sub-market rented housing (not covered by the description of intermediate rented housing in the Rent Direction) cannot be provided through the HRA. The Council could establish a housing company for the purpose of developing and managing these tenures. Whilst long term loan funding from the General Fund would be needed this would deliver significant revenue benefits for the Council.

## 10 SUMMARY AND RECOMMENDATIONS

- 10.1 There are around 48,700 dwellings in Broxtowe, this equates to 10% of the total for the County (Including Nottingham City). Housing by type in Broxtowe is similar to the regional trend whereby the majority of houses in Broxtowe are detached, followed by semi-detached dwellings. In the East Midlands region, three bedroom dwellings are the dominant dwelling type, accounting for 45% of total dwellings in the region. This trend is also evident in Broxtowe (50%).
- 10.2 Evidentially, most housing in Broxtowe, Nottinghamshire and the region is owned outright. Broxtowe has a lower proportion of privately (14%) and socially (11%) rented dwellings compared to Nottinghamshire and the rest of the region.
- 10.3 Median house price in Broxtowe in 2017 was £163,750. This is 42% below the national average (£222,000) and 5% below East Midlands equivalent (£172,500). It is however slightly higher than the County median price at £160,000. The average house price change for the last 1,5,10 and 15 years for Broxtowe has been slower than both the East Midlands region and England.
- 10.4 Currently, housing affordability in Broxtowe is equal to the rate of affordability in Nottinghamshire County and slightly more affordable than the East Midlands region (6.86).
- 10.5 In Broxtowe, average rental values have been recorded at £540 per calendar month (pcm) in the year to June 2018. By comparison over the same period the East Midlands average rental value was slightly higher at £570 per calendar month.

### **Affordable Housing Need**

- 10.6 Analysis has been undertaken to estimate the need for affordable housing in the 2018-28 period. The analysis is split between a 'traditional' need (which is mainly for social/affordable rented accommodation) and is based on households unable to buy or rent in the market and the 'additional' category of need introduced by the revised NPPF/PPG (which includes housing for those who can afford to rent privately but cannot afford to buy a home).
- 10.7 The analysis has taken account of local housing costs (to both buy and rent) along with estimates of household income. Additionally, when looking at traditional needs consideration is given to the Council's Housing Register and estimates of the supply of social/affordable rented housing. For the additional definition, consideration is given to the size of the private rented sector and the potential supply (from Land Registry data) of cheaper accommodation to buy.
- 10.8 Using the traditional method, the analysis suggests a need for 268 affordable homes per annum and therefore the Council is justified in seeking to secure additional affordable housing. There is also a need shown in all parts of the Borough.

- 10.9 It is also suggested that the cost of housing to rent within this group is fixed by reference to local incomes (and the Living Rent methodology) although rents above Local Housing Allowance limits should be avoided (to ensure housing affordable to those needing to claim Housing Benefit).
- 10.10 Using the widened definition of affordable housing i.e. to include those who cannot afford to buy, a slightly higher 'need' is shown (for 368 dwellings per annum). However, it should be noted that all of these households in need can actually afford market housing (to rent).
- 10.11 On this basis the analysis suggests that a 10% target for affordable home ownership may be appropriate (the 10% figure coming from the NPPF) but a higher figure may not be (as this would lead to less provision for those with more acute needs).
- 10.12 In terms of setting housing costs in the affordable home ownership sector, it is recommended that the Council considers setting prices at a level which (in income terms) are equivalent to the levels needed to access private rented housing. This would ensure that all households in need under the new definition could potentially afford housing – this might mean greater than 20% discounts from Open Market Value in some instances.
- 10.13 Overall, the analysis identifies a notable need for affordable housing, and it is clear that provision of new affordable housing is an important and pressing issue in the Borough. It does however need to be stressed that this report does not provide an affordable housing target; the amount of affordable housing delivered will be limited to the amount that can viably be provided. The evidence does however suggest that affordable housing delivery should be maximised where opportunities arise.

### Housing mix

- 10.14 We have assessed the need for different sizes of homes in the future, modelling the implications of demographic drivers on need/demand for different sizes of homes in different tenures. This uses the information available about the size and structure of the population and household composition; and consider what impact this may have on the sizes of housing units required in the future.
- 10.15 There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability.
- 10.16 Essentially the model starts with the current profile of housing in terms of size (bedrooms) and tenure. Within the data, information is available about the age of households and the typical sizes of homes they occupy (in each tenure group).
- 10.17 By using demographic projections, it is possible to see which age groups are expected to change in number, and by how much. On the assumption that occupancy patterns for each age group (within

each tenure) remain the same, it is therefore possible to work out what the profile of housing should be at a point in time in the future. By subtracting the current profile of housing from the projected profile, it is possible to calculate the net change in housing needed (by size) in each tenure group.

- 10.18 The analysis linked to demographic change in the period to 2028 concludes that the following represents an appropriate mix of affordable and market homes:

	1-bed	2-bed	3-bed	4+ bed
Market	0-5%	25-30%	45-50%	20-25%
Affordable home ownership	10-15%	35-40%	35-40%	10-15%
Affordable housing (rented)	30-35%	30-35%	25-30%	5-10%

- 10.19 The strategic conclusions in the affordable sector recognise the role which delivery of larger family homes can play in releasing supply of smaller properties for other households; together with the limited flexibility which one-bed properties offer to changing household circumstances which feed through into higher turnover and management issues.
- 10.20 The mix identified above should inform strategic policies. In applying these to individual development sites regard should be had to the nature of the development site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level.
- 10.21 Based on the evidence, it is expected that the focus of new market housing provision will be on two- and three-bed properties. Continued demand for family housing can be expected from newly forming households. There may also be some demand for medium-sized properties (2- and 3-beds) from older households downsizing and looking to release equity in existing homes, but still retain flexibility for friends and family to come and stay.
- 10.22 The Council should also consider the potential role of bungalows as part of the future mix of housing. Such housing may be particularly attractive to older owner-occupiers which may assist in encouraging households to downsize. However, the downside to providing bungalows is that they are relatively land intensive for the amount of floorspace created.

### Needs of Specific Groups

- 10.23 The population projection data shows that the Borough is expected to see a notable increase in the older person population with the total number of people aged 65 and over expected to increase by 16% over the 10-years from 2018; this compares with overall population growth of 5% and an increase in the Under 65 population of 2%. The proportionate increase in the number of older people in the Borough is however generally slightly lower than that projected for other areas.



- 10.24 Linking these projections with prevalence rates show that across the Borough, some 34% of households contain someone with a LTHPD. This figure is broadly similar to that seen in other areas.
- 10.25 The figures for the population with a LTHPD again show a similar pattern in comparison with other areas (an estimated 19% of the population of the Borough have a LTHPD). It is likely that the age profile will impact upon the numbers of people with a LTHPD, as older people tend to be more likely to have a LTHPD.
- 10.26 Given the ageing population and higher levels of disability and health problems amongst older people there is likely to be an increased requirement for specialist housing options moving forward.
- 10.27 In the table below two categories of accommodation are used (in addition to care beds). These are a) Housing with Support (which covers retirement/sheltered housing) and b) Housing with Care (which includes the enhanced sheltered and extra-care housing).
- 10.28 The analysis suggests that there may currently be an oversupply of rented sheltered/retirement housing but a notable shortfall in the leasehold sector. The analysis also suggests a potential need for all tenures of enhanced sheltered and extra-care housing. Finally, using these prevalence rates the analysis identifies a potential need for an additional 637 care beds over the 10-years to 2028.

**Table 45: Older Persons' Dwelling Requirements 2018 to 2028)**

		Housing demand per 1,000 75+	Current supply	2018 demand	2028 demand	Change to 2028 (demand- supply)
Housing with support	Rented	50	1,615	534	730	-885
	Leasehold	75	145	800	1,095	950
Housing with care	Rented	18	38	192	263	225
	Leasehold	27	0	288	394	394
Care beds	-	110	969	1,174	1,606	637

Source: Derived from demographic projections and Housing LIN/HOPSR/EAC

- 10.29 Moving forward, the report estimates a wheelchair user need from around 3% of households. If 3% is applied to the household growth in the demographic projections (2018-28) then there would be an additional need for around 80-150 adapted homes. If these figures are brought together with the estimated current need then the total wheelchair user need would be for around 255-320 homes (over 10-years).

## Unlocking Delivery

10.30 The report then moves on to consider a barriers to delivery and how these can be overcome. This reflects the findings of a workshop with local developers held on 22<sup>nd</sup> of October 2018 at the Town Hall in Beeston. A range of issues were identified as being particular for Broxtowe including:

- Lack of available sites particularly for smaller and medium developers
- Sites in the wrong location or have issues such as flooding
- Lack of smaller developers
- Sites that have viability challenges
- Burden of evidence required for development

10.31 The remainder of this report sets out policy, financial and direct interventions which could be used to overcome these barriers and accelerate delivery in Broxtowe. This included:

- Creating local delivery teams;
- Attracting overseas investment;
- Encouraging self and custom-Build development;
- Encouraging construction innovation such as MMC;
- Widening the range of products such as older persons accommodation to provide better access to housing;
- Utilising public land;
- Working as a Local Authority partnerships;
- Transforming the housing market where necessary to improve the attractiveness of the location for developers. This could mean improving the quality and sustainability of the existing housing stock;
- Unlocking and accelerating development in high demand areas such as round the HS2 site
- Supporting new entries into the housing delivery market
- Indirect Funding such as housing guarantees
- Strategic Market Engagement

## Funding and Delivery Options

10.32 The report also examines funding options and delivery options **including:**

- Direct provision through the Council's HRA
- Direct provision through the Council's General Fund
- Provision in partnership with a private registered provider
- Provision through a Council controlled/owned company
- Provision through a joint venture company with a developer or housing association

10.33 Based on the strategic objectives identified above and our understanding of the immediate priorities of the Council we have compared the options using four evaluation criteria:

- Delivery of affordable and social rented housing
- Meeting the needs of older people
- Improving availability and standards in the intermediate and market rented sector

- Neutral or positive impact on the Council's General Fund

- 10.34 Our review indicates that the council will be able to fund a significant programme of social rented and in particular affordable rented housing through its HRA. This approach is efficient because there will be no VAT or corporation tax costs, housing management and repairs will be spread over a larger stock base and there will be access to RTB 141 receipts and potentially grant funding. Supported housing for older people could also be funded through the HRA and would benefit from up to 10% flexibility on formula rents.
- 10.35 The current rules also allow for intermediate rented housing to be delivered through the HRA, including shared ownership, student and key worker accommodation. These categories are exempt from the government's rent policy statement and the draft Rent Direction and there is therefore flexibility over how the rents could be set. Therefore, the council could choose to develop and operate schemes of intermediate rented housing within these categories at, for example, 90% of market rents within the HRA. Market rented housing is also not excluded from Part II of the Housing Act and is also outside the scope of the Rent Direction. We believe therefore that the Council could operate this tenure within the HRA if it considered, that by doing so, it was addressing a housing need.
- 10.36 Developing housing, whether through the HRA or through a company or with a partner currently results in the Council's General Fund benefitting from a New Homes Bonus payment equivalent to band D council tax payment plus a supplement of £350 for social housing.
- 10.37 We therefore conclude that the council is able to deliver on all four of its priorities by developing housing within its HRA. General Fund development would be limited in the main to temporary accommodation for the homeless.
- 10.38 The traditional route of grant funding housing associations is certainly the simplest method of improving the supply of affordable housing. Skills and resources are injected by the housing association and the council is not exposed to the risk of development costs increasing. However, it can be difficult to identify a suitable partner with the ambition to develop locally and with the necessary resources. Often schemes developed through a housing association partner require land transfers from the council at well below market value. Also nomination rights granted to the Council are likely to be limited to the first and sometimes the successor tenant.
- 10.39 Delivery through a company structure is less efficient than through the HRA. The additional costs arising from VAT and corporation tax along with a margin on borrowing (just 1% in our modelling) make social rented housing unviable within the company model. If the company is set up as an RP it may attract grant funding (we assumed 50% funding for social rented and 30% funding for affordable rented housing, either from RTB 141 receipts or grant). General Fund revenue benefits

arising from the interest rate margin on loans to a housing company are funded from rent income paid by tenants of the housing. In the case of HRA schemes all the rent income would stay within the HRA (without leakage through the tax system) and be available to support housing costs, including the development of more housing.

- 10.40 A joint venture company where the council does not have a controlling interest is able to benefit from funding from RTB 141 receipts and potentially funding, land and/or skills from the investment partner. However, the leakages in respect of VAT and corporation tax that we saw in respect of controlled companies would also apply to a joint venture capital. Furthermore the joint venture partner would expect a return from their investment.

### Recommendations

- 10.41 Where the Council wishes to retain control over its new housing, provision through the HRA is the most cost effective route. Our recommendations are therefore:
- Social and affordable rented housing - Establish a pipeline of potential sites and schemes that address the profile of housing needs in Broxtowe. Plan for the delivery of these schemes through the HRA.
  - Intermediate rented housing - Where there is a need for intermediate rented housing consisting of shared ownership, key worker or student accommodation these can be delivered through the HRA outside the constraints of the Rent Direction.
  - Supported Housing for older people - Delivery of new supported housing can also be funded through the HRA
- 10.42 Provision through the traditional RP partner route will remain an option if the Council is not concerned about losing control and ownership of the new housing. It is the least resource and skills demanding route. However, HRA housing schemes can be structured to be self-financing, with rents expected to cover costs including interest charges. Compared to the RP Partner route the council retains ownership and control of the housing, including an option to dispose of it (as it becomes vacant) at some point in the future.
- 10.43 The Council could establish a housing company for the purpose of developing and managing market rent housing. Whilst long term loan funding from the General Fund would be needed this would deliver significant revenue benefits for the Council. However, whilst we are not aware of any councils doing so, Part II of The Housing Act 1985 also provides scope for market rented housing to be delivered through the HRA (where this would address an identified housing need).

## APPENDIX A: HRA Business Plan Assumptions

Broxtowe Council HRA Business Plan Assumptions Summary		
Assumption		Notes
Base Year	2018.19	
RPI	From Year: 2 3	3.30% 3.00%
CPI	From Year: 2 3	2.40% 2.00%
Opening Dwellings	Tenanted Shared Ownership	4,457 -
Rents	Average Rent Number of Rent Weeks	£ 65.79 52
Voids & Bad debts	Void Allowance: From Year: 1 2 Allowance for Bad Debts: From Year: 1 2	1.50% 1.50% 0.66% 0.66%
Income:	Non Dwelling Rents Charges for Services & Facilities Contributions Towards Expenditure	£ 290,150 £ 804,000 £ -
Right to Buy Sales:	Year 1 Year 2 Year 3 Year 4 Year 5 Years 6 to 40  Average RTB Value Average Discount RTB Admin per Sale  HRA Use of Transaction Costs HRA Use of Allowable Debt HRA Use of LA Assumed Income HRA Use of Buyback allowance  HRA Use of Receipts for Replacement Homes	25 25 25 25 25 625  £ 86,154 £ 30,154 £ 1,300  100.00% 100.00% 100.00% 100.00%  100.00%
Management Costs:	Tenanted Supervision & Management	£ 2,717,900
Service Costs	Tenanted	1 £ 1,819,700
Other Expenditure	Other Revenue Spend	£ 61,050

<b>Broxtowe Council</b> <b>HRA Business Plan</b> <b>Assumptions Summary</b>		
<b>Depreciation</b>		
Depreciation per Unit	£	880.40
<b>Revenue Repairs &amp; Maintenance (Cat 1 Only)</b>		
Year 1	£	3,565,000
Year 2	£	3,565,000
Year 3	£	3,565,000
Year 4	£	3,565,000
Year 5	£	3,565,000
Years 6 to 40	£	89,125,000
Total	£	106,950,000
<b>Major Repairs &amp; Improvements (Cat 1 Only)</b>		
Year 1	£	1,943,350
Year 2	£	1,469,556
Year 3	£	1,601,569
Year 4	£	113,355
Year 5	-£	206,364
Years 6 to 40	£	43,747,308
Total	£	48,668,774
<b>New Build</b>		
Number of New Build Units		-
<b>Opening Balances</b>		
Revenue Reserves	£	3,862,000
Major Repairs Reserve	£	-
HRA Capital Financing Requirement	£	81,330,000
Capital Receipts Set Aside for Debt Repayment	£	-
HRA RTB Receipts for Replacement Homes	£	-
Loans Outstanding	£	81,330,000
<b>Borrowing &amp; Interest Rates</b>		
Average interest Rate on Borrowing		
Year 1		2.78%
Year 2		2.78%
Year 3		2.78%
Year 4		3.78%
Year 5		3.78%
Average interest Rate on Investments		
1		1.15%
2		1.15%
3		1.15%
4		1.15%
5		1.15%

**APPENDIX B: Base HRA Business Plan – Operating Account****Broxtowe Council****HRA Business Plan****Operating Account**

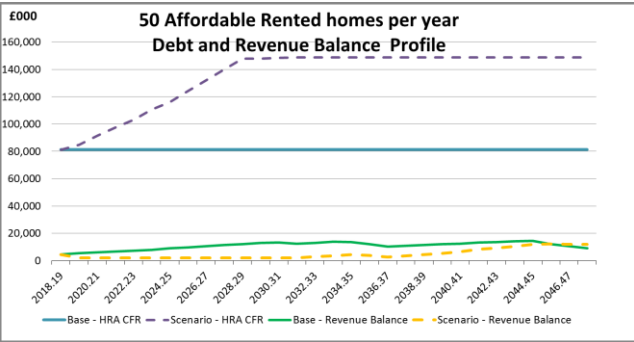
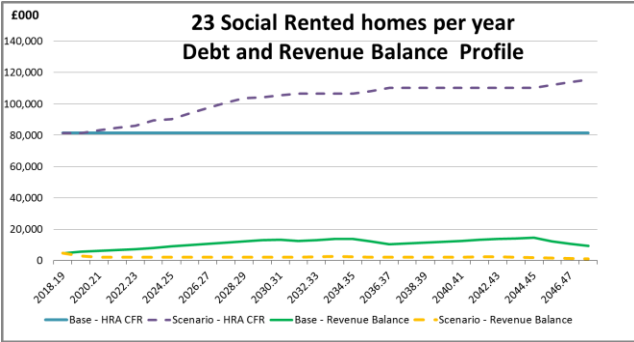
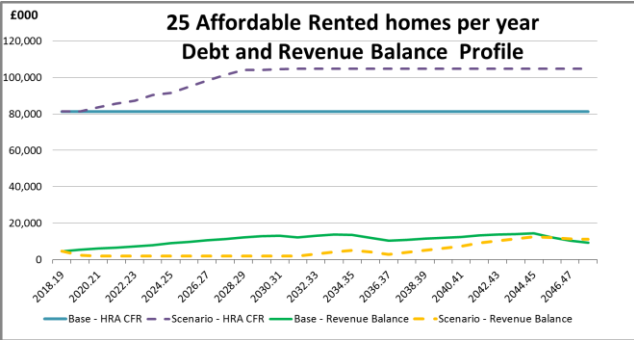
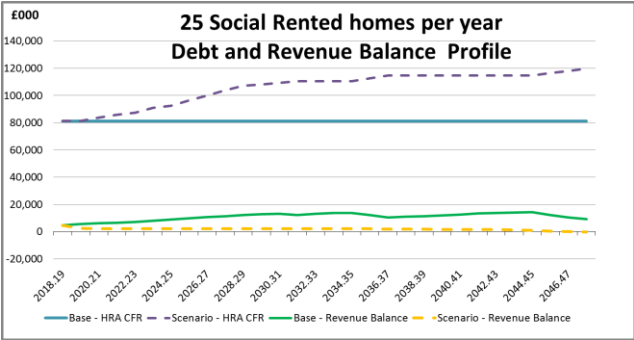
(expressed in money terms)

		Income			Expenditure														
Year	Year	Net rent Income £,000	Other income £,000	Total Income £,000	Managt. £,000	Depreciation £,000	Responsive & Cyclical £,000	Other Revenue spend £,000	Total expenses £,000	Capital Charges £,000	Net Operating (Expenditure) £,000	Repayment of loans £,000	RCCO £,000	Surplus (Deficit) for the Year £,000	Surplus (Deficit) b/fwd £,000	Interest £,000	Surplus (Deficit) c/fwd £,000		
1	2018.19	14,877	1,094	15,971	(4,538)	(3,924)	(3,565)	(61)	(12,088)	(2,262)	1,622	0	(972)	650	3,862	48	4,560		
2	2019.20	14,924	1,130	16,055	(4,674)	(4,031)	(3,660)	(63)	(12,428)	(2,261)	1,366	0	(476)	890	4,560	58	5,507		
3	2020.21	14,995	1,164	16,159	(4,801)	(4,128)	(3,746)	(65)	(12,740)	(2,261)	1,157	0	(611)	546	5,507	66	6,119		
4	2021.22	15,354	1,199	16,553	(4,931)	(4,228)	(3,834)	(67)	(13,060)	(3,074)	419	0	0	419	6,119	79	6,617		
5	2022.23	15,722	1,235	16,957	(5,065)	(4,330)	(3,925)	(69)	(13,388)	(3,074)	495	0	0	495	6,617	98	7,210		
6	2023.24	16,098	1,272	17,370	(5,202)	(4,434)	(4,017)	(71)	(13,724)	(3,074)	572	0	0	572	7,210	110	7,892		
7	2024.25	16,799	1,310	18,110	(5,343)	(4,541)	(4,111)	(73)	(14,068)	(3,074)	968	0	(0)	968	7,892	126	8,986		
8	2025.26	16,793	1,350	18,143	(5,487)	(4,650)	(4,207)	(75)	(14,420)	(3,074)	649	0	0	649	8,986	142	9,777		
9	2026.27	17,110	1,390	18,500	(5,636)	(4,762)	(4,305)	(78)	(14,780)	(3,074)	645	0	0	645	9,777	145	10,568		
10	2027.28	17,431	1,432	18,863	(5,788)	(4,876)	(4,406)	(80)	(15,149)	(3,074)	640	0	0	640	10,568	150	11,358		
11	2028.29	17,758	1,475	19,233	(5,945)	(4,992)	(4,508)	(82)	(15,527)	(3,074)	632	0	0	632	11,358	160	12,150		
12	2029.30	18,091	1,519	19,610	(6,105)	(5,111)	(4,613)	(85)	(15,914)	(3,074)	621	0	0	621	12,150	164	12,935		
13	2030.31	18,783	1,565	20,348	(6,270)	(5,233)	(4,720)	(87)	(16,311)	(3,074)	963	0	(915)	48	12,935	156	13,139		
14	2031.32	18,773	1,611	20,384	(6,440)	(5,358)	(4,829)	(90)	(16,716)	(3,074)	593	0	(1,582)	(988)	13,139	145	12,296		
15	2032.33	19,122	1,660	20,782	(6,614)	(5,485)	(4,940)	(93)	(17,132)	(3,074)	576	0	0	576	12,296	148	13,019		
16	2033.34	19,477	1,710	21,186	(6,792)	(5,615)	(5,054)	(95)	(17,557)	(3,074)	555	0	0	555	13,019	164	13,739		
17	2034.35	19,838	1,761	21,599	(6,976)	(5,748)	(5,170)	(98)	(17,992)	(3,074)	532	0	(812)	(280)	13,739	164	13,623		
18	2035.36	20,593	1,814	22,407	(7,164)	(5,884)	(5,289)	(101)	(18,438)	(3,074)	894	0	(2,594)	(1,699)	13,623	147	12,070		
19	2036.37	20,577	1,868	22,445	(7,357)	(6,023)	(5,410)	(104)	(18,894)	(3,074)	476	0	(2,370)	(1,893)	12,070	128	10,305		
20	2037.38	20,955	1,924	22,880	(7,555)	(6,165)	(5,533)	(107)	(19,361)	(3,074)	444	0	0	444	10,305	129	10,878		
21	2038.39	21,340	1,982	23,322	(7,759)	(6,310)	(5,660)	(111)	(19,839)	(3,074)	408	0	0	408	10,878	142	11,429		
22	2039.40	21,731	2,041	23,772	(7,968)	(6,459)	(5,788)	(114)	(20,329)	(3,074)	369	0	0	369	11,429	141	11,939		
23	2040.41	22,128	2,103	24,231	(8,183)	(6,610)	(5,920)	(117)	(20,830)	(3,074)	327	0	0	327	11,939	145	12,411		
24	2041.42	22,964	2,166	25,130	(8,403)	(6,765)	(6,054)	(121)	(21,342)	(3,074)	714	0	0	714	12,411	165	13,289		
25	2042.43	22,941	2,231	25,171	(8,629)	(6,923)	(6,190)	(124)	(21,867)	(3,074)	230	0	0	230	13,289	186	13,706		
26	2043.44	23,357	2,298	25,654	(8,861)	(7,084)	(6,330)	(128)	(22,404)	(3,074)	176	0	0	176	13,706	199	14,081		
27	2044.45	23,779	2,367	26,146	(9,100)	(7,249)	(6,472)	(132)	(22,953)	(3,074)	118	0	0	118	14,081	200	14,399		
28	2045.46	24,208	2,438	26,646	(9,345)	(7,418)	(6,617)	(136)	(23,515)	(3,074)	56	0	(2,423)	(2,366)	14,399	169	12,201		
29	2046.47	24,644	2,511	27,154	(9,596)	(7,590)	(6,765)	(140)	(24,090)	(3,074)	(10)	0	(1,843)	(1,853)	12,201	130	10,478		
30	2047.48	25,569	2,586	28,154	(9,854)	(7,765)	(6,916)	(144)	(24,679)	(3,074)	401	0	(1,830)	(1,429)	10,478	112	9,161		

**Broxtowe Council**  
**HRA Business Plan**  
**Major Repairs and Improvements Financing**  
 (expressed in money terms)

		Expenditure			Financing							Check Total ok £,000
Year	Year	Major Works & Imps	New Build Development Costs	Total Expenditure	Borrowing	RTB 141 Receipts	Other RTB Receipts	Other	MRR	RCCO	Total Financing	
		£,000	£,000	£,000		£,000	£,000					
1	2018.19	5,508	0	5,508	0	0	612	0	3,924	972	5,508	0
2	2019.20	5,158	0	5,158	0	0	651	0	4,031	476	5,158	0
3	2020.21	5,407	0	5,407	0	0	667	0	4,128	611	5,407	0
4	2021.22	3,932	0	3,932	0	0	691	0	3,241	0	3,932	0
5	2022.23	3,666	0	3,666	0	0	712	0	2,955	0	3,666	0
6	2023.24	5,653	0	5,653	0	0	733	0	4,920	0	5,653	0
7	2024.25	3,806	0	3,806	0	0	755	0	3,051	0	3,806	0
8	2025.26	6,100	0	6,100	0	0	778	0	5,322	0	6,100	0
9	2026.27	5,937	0	5,937	0	0	802	0	5,136	0	5,937	0
10	2027.28	6,010	0	6,010	0	0	826	0	5,184	0	6,010	0
11	2028.29	5,353	0	5,353	0	0	851	0	4,502	0	5,353	0
12	2029.30	7,274	0	7,274	0	0	876	0	6,398	0	7,274	0
13	2030.31	8,267	0	8,267	0	0	903	0	6,449	915	8,267	0
14	2031.32	7,870	0	7,870	0	0	930	0	5,358	1,582	7,870	0
15	2032.33	5,922	0	5,922	0	0	958	0	4,964	0	5,922	0
16	2033.34	5,697	0	5,697	0	0	987	0	4,710	0	5,697	0
17	2034.35	9,004	0	9,004	0	0	1,017	0	7,175	812	9,004	0
18	2035.36	9,526	0	9,526	0	0	1,048	0	5,884	2,594	9,526	0
19	2036.37	9,472	0	9,472	0	0	1,080	0	6,023	2,370	9,472	0
20	2037.38	5,851	0	5,851	0	0	1,112	0	4,739	0	5,851	0
21	2038.39	7,636	0	7,636	0	0	1,146	0	6,490	0	7,636	0
22	2039.40	8,848	0	8,848	0	0	1,181	0	7,667	0	8,848	0
23	2040.41	6,797	0	6,797	0	0	1,216	0	5,580	0	6,797	0
24	2041.42	7,063	0	7,063	0	0	1,253	0	5,810	0	7,063	0
25	2042.43	6,681	0	6,681	0	0	1,291	0	5,390	0	6,681	0
26	2043.44	8,563	0	8,563	0	0	1,330	0	7,233	0	8,563	0
27	2044.45	9,049	0	9,049	0	0	1,370	0	7,679	0	9,049	0
28	2045.46	14,228	0	14,228	0	0	1,412	0	10,394	2,423	14,228	0
29	2046.47	10,887	0	10,887	0	0	1,455	0	7,590	1,843	10,887	0
30	2047.48	11,094	0	11,094	0	0	1,499	0	7,765	1,830	11,094	0





## APPENDIX D: Company Cashflow (25 Social Rented Units)

Annual Cashflow Statement - LHC													
Year		1	2	3	4	5	6	7	8	9	10	11 - 20	21 - 30
Period Start		Apr-19	Apr-20	Apr-21	Apr-22	Apr-23	Apr-24	Apr-25	Apr-26	Apr-27	Apr-28	Apr-29	Apr-39
Period End		Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Mar-27	Mar-28	Mar-29	Mar-39	Mar-49
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Operating Income</b>													
Rent Income (Net)	38,249	0	56	163	277	398	521	652	790	934	1,086	14,600	18,773
Service Charges (Net)	0	0	0	0	0	0	0	0	0	0	0	0	0
	<b>38,249</b>	<b>0</b>	<b>84</b>	<b>248</b>	<b>421</b>	<b>604</b>	<b>791</b>	<b>652</b>	<b>790</b>	<b>934</b>	<b>1,086</b>	<b>14,600</b>	<b>18,773</b>
<b>Operating Expenditure</b>													
Management Costs	-8,195	0	-11	-33	-56	-80	-104	-131	-160	-190	-222	-3,068	-4,141
Service Costs	0	0	0	0	0	0	0	0	0	0	0	0	0
Rent Loss from Bad Debts	-388	0	-1	-2	-3	-4	-5	-7	-8	-9	-11	-148	-191
Responsive & Cyclical Maintenance	-9,220	0	-13	-37	-62	-90	-117	-148	-180	-214	-250	-3,451	-4,659
Major Repairs & Component Replacement	-4,875	0	0	0	0	0	0	0	0	0	0	-1,459	-3,416
	<b>-22,679</b>	<b>0</b>	<b>-24</b>	<b>-71</b>	<b>-121</b>	<b>-173</b>	<b>-227</b>	<b>-286</b>	<b>-348</b>	<b>-413</b>	<b>-482</b>	<b>-8,126</b>	<b>-12,407</b>
<b>Net Operating Cashflow</b>	<b>15,571</b>	<b>0</b>	<b>60</b>	<b>177</b>	<b>300</b>	<b>431</b>	<b>564</b>	<b>367</b>	<b>442</b>	<b>521</b>	<b>603</b>	<b>6,474</b>	<b>6,366</b>
Interest payment on loans	-20,079	-33	-102	-171	-240	-309	-378	-447	-516	-586	-655	-7,790	-8,853
<b>Net Cashflow after Interest</b>	<b>-4,508</b>	<b>-33</b>	<b>-70</b>	<b>-79</b>	<b>-83</b>	<b>-85</b>	<b>-85</b>	<b>-81</b>	<b>-74</b>	<b>-64</b>	<b>-51</b>	<b>-1,316</b>	<b>-2,486</b>
<b>Corporation Tax Paid</b>	<b>-1,098</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-5</b>	<b>-16</b>	<b>-21</b>	<b>-428</b>	<b>-628</b>
Development Costs - Rental	-36,250	-3,302	-3,293	-3,293	-3,293	-3,302	-3,293	-3,293	-3,293	-3,302	-3,293	-3,293	0
1-4-1 RTB Receipts Received	18,125	1,651	1,646	1,646	1,646	1,651	1,646	1,646	1,646	1,651	1,646	1,646	0
SHG Received	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Cashflow</b>	<b>-23,731</b>	<b>-1,684</b>	<b>-1,717</b>	<b>-1,725</b>	<b>-1,730</b>	<b>-1,736</b>	<b>-1,731</b>	<b>-1,727</b>	<b>-1,726</b>	<b>-1,731</b>	<b>-1,719</b>	<b>-3,390</b>	<b>-3,114</b>
<b>Financing Activities</b>													
Equity Finance	0	0	0	0	0	0	0	0	0	0	0	0	0
Dividends	0	0	0	0	0	0	0	0	0	0	0	0	0
Loans Drawdown	23,731	1,684	1,717	1,725	1,730	1,736	1,731	1,727	1,726	1,731	1,719	3,390	3,114
Loans Repaid	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Financing</b>	<b>23,731</b>	<b>1,684</b>	<b>1,717</b>	<b>1,725</b>	<b>1,730</b>	<b>1,736</b>	<b>1,731</b>	<b>1,727</b>	<b>1,726</b>	<b>1,731</b>	<b>1,719</b>	<b>3,390</b>	<b>3,114</b>

## APPENDIX E: Company Cashflow (25 Affordable Rented Units)

Annual Cashflow Statement - LHC														
Year		1	2	3	4	5	6	7	8	9	10	11 - 20	21 - 30	
Period Start		Apr-19	Apr-20	Apr-21	Apr-22	Apr-23	Apr-24	Apr-25	Apr-26	Apr-27	Apr-28	Apr-29	Apr-39	
Period End		Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Mar-27	Mar-28	Mar-29	Mar-39	Mar-49	
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Operating Income</b>														
Rent Income (Net)	58,105	0	84	248	421	604	791	991	1,200	1,420	1,649	22,179	28,518	
Service Charges (Net)	0	0	0	0	0	0	0	0	0	0	0	0	0	
	<b>58,105</b>	<b>0</b>	<b>84</b>	<b>248</b>	<b>421</b>	<b>604</b>	<b>791</b>	<b>991</b>	<b>1,200</b>	<b>1,420</b>	<b>1,649</b>	<b>22,179</b>	<b>28,518</b>	
<b>Operating Expenditure</b>														
Management Costs	-8,195	0	-11	-33	-56	-80	-104	-131	-160	-190	-222	-3,068	-4,141	
Service Costs	0	0	0	0	0	0	0	0	0	0	0	0	0	
Rent Loss from Bad Debts	-590	0	-1	-3	-4	-6	-8	-10	-12	-14	-17	-225	-290	
Responsive & Cyclical Maintenance	-9,220	0	-13	-37	-62	-90	-117	-148	-180	-214	-250	-3,451	-4,659	
Major Repairs & Component Replacemen	-4,875	0	0	0	0	0	0	0	0	0	0	-1,459	-3,416	
	<b>-22,880</b>	<b>0</b>	<b>-25</b>	<b>-72</b>	<b>-122</b>	<b>-176</b>	<b>-230</b>	<b>-289</b>	<b>-352</b>	<b>-418</b>	<b>-488</b>	<b>-8,203</b>	<b>-12,506</b>	
<b>Net Operating Cashflow</b>	<b>35,225</b>	<b>0</b>	<b>60</b>	<b>176</b>	<b>299</b>	<b>429</b>	<b>561</b>	<b>702</b>	<b>848</b>	<b>1,001</b>	<b>1,161</b>	<b>13,976</b>	<b>16,013</b>	
Interest payment on loans	-21,752	-47	-142	-237	-331	-424	-516	-607	-696	-783	-868	-9,378	-7,723	
<b>Net Cashflow after Interest</b>	<b>13,473</b>	<b>-47</b>	<b>-82</b>	<b>-61</b>	<b>-33</b>	<b>5</b>	<b>45</b>	<b>95</b>	<b>153</b>	<b>219</b>	<b>293</b>	<b>4,597</b>	<b>8,290</b>	
<b>Corporation Tax Paid</b>	<b>-4,031</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-4</b>	<b>-24</b>	<b>-36</b>	<b>-50</b>	<b>-64</b>	<b>-80</b>	<b>-1,456</b>	<b>-2,317</b>	
Development Costs - Rental	-36,250	-3,302	-3,293	-3,293	-3,293	-3,302	-3,293	-3,293	-3,293	-3,302	-3,293	-3,293	0	
1-4-1 RTB Receipts Received	10,875	991	988	988	988	991	988	988	988	991	988	988	0	
SHG Received	0	0	0	0	0	0	0	0	0	0	0	0	0	
<b>Total Cashflow</b>	<b>-15,933</b>	<b>-2,358</b>	<b>-2,387</b>	<b>-2,367</b>	<b>-2,338</b>	<b>-2,311</b>	<b>-2,284</b>	<b>-2,246</b>	<b>-2,202</b>	<b>-2,157</b>	<b>-2,092</b>	<b>837</b>	<b>5,973</b>	
<b>Financing Activities</b>														
Equity Finance	0	0	0	0	0	0	0	0	0	0	0	0	0	
Dividends	0	0	0	0	0	0	0	0	0	0	0	0	0	
Loans Drawdown	24,790	2,358	2,387	2,367	2,338	2,311	2,284	2,246	2,202	2,157	2,092	2,047	0	
Loans Repaid	-8,857	0	0	0	0	0	0	0	0	0	0	-2,884	-5,973	
<b>Total Financing</b>	<b>15,933</b>	<b>2,358</b>	<b>2,387</b>	<b>2,367</b>	<b>2,338</b>	<b>2,311</b>	<b>2,284</b>	<b>2,246</b>	<b>2,202</b>	<b>2,157</b>	<b>2,092</b>	<b>-837</b>	<b>-5,973</b>	

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General Fund Impact Statement - Broxtowe BC													
Year	Total	1	2	3	4	5	6	7	8	9	10	11 - 20	21 - 30
Period Start		Apr-19	Apr-20	Apr-21	Apr-22	Apr-23	Apr-24	Apr-25	Apr-26	Apr-27	Apr-28	Apr-29	Apr-30
Period End		Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Mar-27	Mar-28	Mar-29	Mar-30	Mar-31
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Revenue Income</b>													
New Homes Bonus	2,286	0	0	50	101	154	209	215	221	228	235	874	0
Interest on LHC Borrowing	21,752	47	142	237	331	424	516	607	696	783	868	9,378	7,723
Total	24,038	47	142	287	432	578	725	821	917	1,011	1,102	10,252	7,723
<b>Revenue Expenditure</b>													
Interest on Broxtowe BC Borrowing	-8,044	-28	-84	-139	-191	-239	-285	-328	-369	-408	-443	-3,981	-1,549
Minimum Revenue Provision	-12,608	0	-58	-117	-172	-225	-274	-320	-364	-405	-444	-5,098	-5,131
Total	-20,652	-28	-143	-256	-363	-464	-559	-648	-733	-813	-887	-9,079	-6,680
<b>Net Income/(Expenditure)</b>	<b>3,386</b>	<b>19</b>	<b>-1</b>	<b>32</b>	<b>70</b>	<b>114</b>	<b>166</b>	<b>173</b>	<b>184</b>	<b>198</b>	<b>215</b>	<b>1,173</b>	<b>1,043</b>
<b>Borrowing</b>													
Loans Drawdown by Broxtowe BC	20,525	2,339	2,329	2,218	2,096	1,972	1,845	1,753	1,654	1,554	1,433	1,331	0
Loans Repaid by Broxtowe BC	-20,525	0	0	0	0	0	0	0	0	0	0	-8,439	-12,086
Advances to LHC	-24,790	-2,358	-2,387	-2,367	-2,338	-2,311	-2,284	-2,246	-2,202	-2,157	-2,092	-2,047	0
Repayments from LHC	8,857	0	0	0	0	0	0	0	0	0	0	2,884	5,973
	-15,933	-19	-58	-148	-242	-339	-440	-493	-548	-603	-659	-6,271	-6,114

## APPENDIX F: Company Cashflow (25 Market Rented Units)

Annual Cashflow Statement - LHC													
Year		1	2	3	4	5	6	7	8	9	10	11 - 20	21 - 30
Period Start		Apr-19	Apr-20	Apr-21	Apr-22	Apr-23	Apr-24	Apr-25	Apr-26	Apr-27	Apr-28	Apr-29	Apr-39
Period End		Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Mar-27	Mar-28	Mar-29	Mar-39	Mar-49
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Operating Income</b>													
Rent Income (Net)	78,521	0	114	335	569	817	1,069	1,339	1,622	1,918	2,228	29,972	38,538
Service Charges (Net)	0	0	0	0	0	0	0	0	0	0	0	0	0
	<b>78,521</b>	<b>0</b>	<b>84</b>	<b>248</b>	<b>421</b>	<b>604</b>	<b>791</b>	<b>1,339</b>	<b>1,622</b>	<b>1,918</b>	<b>2,228</b>	<b>29,972</b>	<b>38,538</b>
<b>Operating Expenditure</b>													
Management Costs	-8,195	0	-11	-33	-56	-80	-104	-131	-160	-190	-222	-3,068	-4,141
Service Costs	0	0	0	0	0	0	0	0	0	0	0	0	0
Rent Loss from Bad Debts	-797	0	-1	-3	-6	-8	-11	-14	-16	-19	-23	-304	-391
Responsive & Cyclical Maintenance	-9,220	0	-13	-37	-62	-90	-117	-148	-180	-214	-250	-3,451	-4,659
Major Repairs & Component Replacemen	-5,725	0	0	0	0	0	0	0	0	0	0	-1,713	-4,012
	<b>-23,937</b>	<b>0</b>	<b>-25</b>	<b>-73</b>	<b>-124</b>	<b>-178</b>	<b>-233</b>	<b>-293</b>	<b>-356</b>	<b>-423</b>	<b>-494</b>	<b>-8,537</b>	<b>-13,202</b>
<b>Net Operating Cashflow</b>	<b>54,584</b>	<b>0</b>	<b>60</b>	<b>175</b>	<b>297</b>	<b>427</b>	<b>558</b>	<b>1,046</b>	<b>1,266</b>	<b>1,495</b>	<b>1,734</b>	<b>21,435</b>	<b>25,336</b>
Interest payment on loans	-49,168	-90	-273	-459	-645	-831	-1,016	-1,201	-1,385	-1,568	-1,750	-20,169	-19,781
<b>Net Cashflow after Interest</b>	<b>5,416</b>	<b>-90</b>	<b>-184</b>	<b>-197</b>	<b>-200</b>	<b>-192</b>	<b>-180</b>	<b>-155</b>	<b>-119</b>	<b>-73</b>	<b>-15</b>	<b>1,266</b>	<b>5,555</b>
<b>Corporation Tax Paid</b>	<b>-4,275</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-6</b>	<b>-40</b>	<b>-56</b>	<b>-74</b>	<b>-1,510</b>	<b>-2,589</b>
Development Costs - Rental	-38,750	-3,530	-3,520	-3,520	-3,520	-3,530	-3,520	-3,520	-3,520	-3,530	-3,520	-3,520	0
1-4-1 RTB Receipts Received	0	0	0	0	0	0	0	0	0	0	0	0	0
SHG Received	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Cashflow</b>	<b>-37,609</b>	<b>-3,619</b>	<b>-3,704</b>	<b>-3,717</b>	<b>-3,720</b>	<b>-3,722</b>	<b>-3,700</b>	<b>-3,680</b>	<b>-3,679</b>	<b>-3,659</b>	<b>-3,610</b>	<b>-3,764</b>	<b>2,966</b>
<b>Financing Activities</b>													
Equity Finance	0	0	0	0	0	0	0	0	0	0	0		0
Dividends	0	0	0	0	0	0	0	0	0	0	0		0
Loans Drawdown	40,595	3,619	3,704	3,717	3,720	3,722	3,700	3,680	3,679	3,659	3,610	3,783	0
Loans Repaid	-2,986	0	0	0	0	0	0	0	0	0	0	-20	-2,966
<b>Total Financing</b>	<b>37,609</b>	<b>3,619</b>	<b>3,704</b>	<b>3,717</b>	<b>3,720</b>	<b>3,722</b>	<b>3,700</b>	<b>3,680</b>	<b>3,679</b>	<b>3,659</b>	<b>3,610</b>	<b>3,764</b>	<b>-2,966</b>

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General Fund Impact Statement - Broxtowe BC														
Year	Total	1	2	3	4	5	6	7	8	9	10	11 - 20	21 - 30	
Period Start		Apr-19	Apr-20	Apr-21	Apr-22	Apr-23	Apr-24	Apr-25	Apr-26	Apr-27	Apr-28	Apr-29	Apr-30	
Period End		Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Mar-27	Mar-28	Mar-29	Mar-30	Mar-31	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Revenue Income</b>														
New Homes Bonus	1,860	0	0	41	82	125	170	175	180	185	191	711	0	
Interest on LHC Borrowing	49,168	90	273	459	645	831	1,016	1,201	1,385	1,568	1,750	20,169	19,781	
Total	51,028	90	273	500	727	956	1,186	1,376	1,565	1,754	1,941	20,880	19,781	
<b>Revenue Expenditure</b>														
Interest on Broxtowe BC Borrowing	-12,826	-43	-129	-212	-293	-370	-443	-512	-578	-641	-700	-6,424	-2,479	
Minimum Revenue Provision	-19,941	0	-89	-178	-264	-346	-425	-499	-569	-636	-700	-8,090	-8,145	
Total	-32,766	-43	-218	-391	-557	-716	-868	-1,011	-1,147	-1,278	-1,400	-14,514	-10,624	
<b>Net Income/(Expenditure)</b>	<b>18,262</b>	<b>47</b>	<b>56</b>	<b>109</b>	<b>170</b>	<b>240</b>	<b>318</b>	<b>365</b>	<b>417</b>	<b>476</b>	<b>541</b>	<b>6,366</b>	<b>9,157</b>	
<b>Borrowing</b>														
Loans Drawdown by Broxtowe BC	32,580	3,572	3,559	3,430	3,286	3,136	2,957	2,817	2,693	2,547	2,369	2,213	0	
Loans Repaid by Broxtowe BC	-32,580	0	0	0	0	0	0	0	0	0	0	-12,905	-19,675	
Advances to LHC	-40,595	-3,619	-3,704	-3,717	-3,720	-3,722	-3,700	-3,680	-3,679	-3,659	-3,610	-3,783	0	
Repayments from LHC	2,986	0	0	0	0	0	0	0	0	0	0	20	2,966	
Total	-37,609	-47	-145	-287	-434	-586	-743	-863	-986	-1,112	-1,241	-14,455	-16,709	

**APPENDIX G: Company Cashflow (25 Market Rented Units + 25 Social Rented)**

<b>Annual Cashflow Statement - LHC</b>													
Year		1	2	3	4	5	6	7	8	9	10	11 - 20	21 - 30
Period Start		Apr-19	Apr-20	Apr-21	Apr-22	Apr-23	Apr-24	Apr-25	Apr-26	Apr-27	Apr-28	Apr-29	Apr-30
Period End		Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Mar-27	Mar-28	Mar-29	Mar-30	Mar-31
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Operating Income</b>													
Rent Income (Net)	116,770	0	170	498	846	1,214	1,589	1,991	2,412	2,853	3,314	44,572	57,311
Service Charges (Net)	0	0	0	0	0	0	0	0	0	0	0	0	0
	<b>116,770</b>	<b>0</b>	<b>84</b>	<b>248</b>	<b>421</b>	<b>604</b>	<b>791</b>	<b>1,991</b>	<b>2,412</b>	<b>2,853</b>	<b>3,314</b>	<b>44,572</b>	<b>57,311</b>
<b>Operating Expenditure</b>													
Management Costs	-16,391	0	-22	-65	-111	-159	-209	-263	-320	-380	-444	-6,136	-8,282
Service Costs	0	0	0	0	0	0	0	0	0	0	0	0	0
Rent Loss from Bad Debts	-1,185	0	-2	-5	-9	-12	-16	-20	-24	-29	-34	-453	-582
Responsive & Cyclical Maintenance	-18,439	0	-25	-74	-125	-179	-235	-296	-360	-428	-499	-6,903	-9,317
Major Repairs & Component Replacement	-10,600	0	0	0	0	0	0	0	0	0	0	-3,172	-7,428
	<b>-46,616</b>	<b>0</b>	<b>-49</b>	<b>-144</b>	<b>-245</b>	<b>-351</b>	<b>-460</b>	<b>-578</b>	<b>-704</b>	<b>-837</b>	<b>-976</b>	<b>-16,663</b>	<b>-25,609</b>
<b>Net Operating Cashflow</b>	<b>70,155</b>	<b>0</b>	<b>35</b>	<b>104</b>	<b>176</b>	<b>253</b>	<b>331</b>	<b>1,413</b>	<b>1,708</b>	<b>2,016</b>	<b>2,338</b>	<b>27,909</b>	<b>31,702</b>
Interest payment on loans	-64,962	-118	-360	-604	-847	-1,091	-1,333	-1,574	-1,814	-2,054	-2,290	-26,387	-26,490
<b>Net Cashflow after Interest</b>	5,193	-118	-239	-250	-246	-227	-203	-161	-106	-37	47	1,521	5,212
<b>Corporation Tax Paid</b>	-5,838	0	0	0	0	0	0	-22	-60	-82	-107	-2,110	-3,457
Development Costs - Rental	-75,000	-6,832	-6,813	-6,813	-6,813	-6,832	-6,813	-6,813	-6,813	-6,832	-6,813	-6,813	0
1-4-1 RTB Receipts Received	18,125	1,651	1,646	1,646	1,646	1,651	1,646	1,646	1,646	1,651	1,646	1,646	0
SHG Received	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Cashflow</b>	<b>-57,520</b>	<b>-5,299</b>	<b>-5,406</b>	<b>-5,416</b>	<b>-5,413</b>	<b>-5,408</b>	<b>-5,370</b>	<b>-5,350</b>	<b>-5,332</b>	<b>-5,300</b>	<b>-5,226</b>	<b>-5,755</b>	<b>1,756</b>
<b>Financing Activities</b>													
Equity Finance	0	0	0	0	0	0	0	0	0	0	0	0	0
Dividends	0	0	0	0	0	0	0	0	0	0	0	0	0
Loans Drawdown	59,366	5,299	5,406	5,416	5,413	5,408	5,370	5,350	5,332	5,300	5,226	5,755	91
Loans Repaid	-1,847	0	0	0	0	0	0	0	0	0	0	0	-1,847
<b>Total Financing</b>	<b>57,520</b>	<b>5,299</b>	<b>5,406</b>	<b>5,416</b>	<b>5,413</b>	<b>5,408</b>	<b>5,370</b>	<b>5,350</b>	<b>5,332</b>	<b>5,300</b>	<b>5,226</b>	<b>5,755</b>	<b>-1,756</b>

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General Fund Impact Statement - Broxtowe BC													
Year	Total	1	2	3	4	5	6	7	8	9	10	11 - 20	21 - 30
Period Start		Apr-19	Apr-20	Apr-21	Apr-22	Apr-23	Apr-24	Apr-25	Apr-26	Apr-27	Apr-28	Apr-29	Apr-30
Period End		Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Mar-27	Mar-28	Mar-29	Mar-30	Mar-31
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Revenue Income</b>													
New Homes Bonus	4,146	0	0	90	184	279	378	390	401	413	426	1,584	0
Interest on LHC Borrowing	64,962	118	360	604	847	1,091	1,333	1,574	1,814	2,054	2,290	26,387	26,490
Total	69,108	118	360	694	1,031	1,370	1,711	1,964	2,216	2,467	2,716	27,972	26,490
<b>Revenue Expenditure</b>													
Interest on Broxtowe BC Borrowing	-20,638	-63	-189	-312	-430	-543	-649	-751	-848	-941	-1,029	-9,731	-5,153
Minimum Revenue Provision	-29,340	0	-131	-262	-388	-508	-623	-730	-834	-933	-1,027	-11,910	-11,994
Total	-49,977	-63	-320	-574	-818	-1,051	-1,272	-1,481	-1,682	-1,874	-2,056	-21,641	-17,147
<b>Net Income/(Expenditure)</b>	<b>19,131</b>	<b>56</b>	<b>40</b>	<b>120</b>	<b>213</b>	<b>319</b>	<b>439</b>	<b>483</b>	<b>534</b>	<b>593</b>	<b>660</b>	<b>6,331</b>	<b>9,343</b>
<b>Borrowing</b>													
Loans Drawdown by Broxtowe BC	47,975	5,243	5,235	5,034	4,812	4,581	4,308	4,137	3,965	3,774	3,539	3,347	0
Loans Repaid by Broxtowe BC	-38,926	0	0	0	0	0	0	0	0	0	0	-15,833	-23,093
Advances to LHC	-59,366	-5,299	-5,406	-5,416	-5,413	-5,408	-5,370	-5,350	-5,332	-5,300	-5,226	-5,755	-91
Repayments from LHC	1,847	0	0	0	0	0	0	0	0	0	0	0	1,847
	-48,470	-56	-171	-382	-600	-827	-1,062	-1,213	-1,368	-1,526	-1,688	-18,241	-21,337



### **General Disclaimer**

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GL Hearn understands and acknowledges the Authority's legal obligations and responsibilities under the Freedom of Information Act 2000 (the "Act") and fully appreciates that the Authority may be required under the terms of the Act to disclose any information which it holds. GL Hearn maintains that the report contains commercially sensitive information that could be prejudicial to the commercial interests of the parties. On this basis GL Hearn believes that the report should attract exemption from disclosure, at least in the first instance, under Sections 41 and/or 43 of the Act. GL Hearn accepts that the damage which it would suffer in the event of disclosure of certain of the confidential information would, to some extent, reduce with the passage of time and therefore proposes that any disclosure (pursuant to the Act) of the confidential information contained in the report should be restricted until after the expiry of 24 months from the date of the report.