



Housing Delivery Plan

Why a Housing Delivery Plan is needed.....	2
Need for social and affordable rented properties per annum	2
Social and affordable rented need by sub-area.....	2
Need for affordable home ownership products (intermediate housing)	2
How housing need will be met	3
1) Acquisition of existing properties	3
2) Remodelling of existing under-used accommodation	4
3) Partnerships with registered providers.....	5
4) New Build Developments.....	6
How housing delivery will be financed	7
Phased housing delivery.....	7
Housing Delivery Plan – Phase 1 – Years 1 and 2 (2019 - 2021).....	8
Housing Delivery Plan – Phase 2 – Years 3 to 5 (2021 - 2024).....	9
Housing Delivery Plan – Phase 3 – Year 5 onwards (2024 onwards)	10

Why a Housing Delivery Plan is needed

The Social and Affordable Housing Need Study commissioned in 2018 and undertaken by GL Hearn, concluded that ‘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.’ The report stressed that ‘the amount of affordable housing delivered will be limited to the amount that can viably be provided’ and ‘suggest that affordable housing delivery should be maximised where opportunities arise.’

Need for social and affordable rented properties per annum:

	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)

Social and affordable rented need by sub-area:

	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)

Need for affordable home ownership products (intermediate housing):

	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)

How housing need will be met

It is recognised that the affordable housing needs of the residents of the borough can only be met through the use of a combination of the following delivery mechanisms:

- 1) Acquisition of existing properties
- 2) Remodelling of existing under-used accommodation
- 3) Partnership work with local registered providers
- 4) New build development

1) *Acquisition of existing properties*

Acquisition of existing properties will predominately focus on 'buying back' ex-Council properties located in areas of current social housing, particularly in the early years of the plan.

In June 2018, Housing Committee approved a Right of First Refusal and Discount Repayment Policy which outlined the approach which would be taken to determine if a property should be purchased when offered to the Council as a right of first refusal of a property previously sold under right to buy. Acquisition of properties for the purpose of meeting the need identified in the Social and Affordable Housing Need report would follow a similar appraisal process including:

- Undertaking a financial assessment including the purchase price and any repair costs to meet the lettable standard
- Establishing demand for the property
- Establishing the suitability of the property

A new Acquisitions Policy to confirm the approach and process will be brought to Housing Committee for approval.

In addition to the acquisition of existing properties, there will also be occasions where the Council wish to purchase land to supplement the Council's existing portfolio, particularly the purchase of land next to sites for development already owned by the Council. The new Acquisitions Policy to be brought to Committee will also confirm the approach and process for land acquisition.

Although any properties purchased would be subject to the right to buy the amount spent to acquire a property and to bring it up to a good standard would be included in the 'cost floor' calculation. This means that if a tenant made a right to buy application they would get very little, if any, discount. This would not guarantee that the acquired properties would not be sold, but it would be very unlikely as the incentive of a large discount would not be there.

There are many benefits to the vendor, including achieving full market value for their property and no estate agents fees. To increase the number of acquisitions the Council will also consider incentives that may be offered to vendors. A full appraisal of the options available and legal implications will be undertaken during phase 1 of the plan.

The Council will undertake a marketing campaign to encourage direct approaches to the Council to purchase ex-Council properties. Where appropriate the Council will also contact vendors advertising properties for sale to discuss the option of Council acquisition.

Average property values of properties sold November 2017 – November 2018:

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

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 the Council. 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.

2) *Remodelling of existing under-used accommodation*

Remodelling unpopular or low demand housing can provide opportunities to increase the density of homes on particular sites whilst providing good quality homes that people want to live in.

The cost effectiveness of remodelling compared to new build will depend on the scope of the renovations and size of the development. Remodelling existing accommodation can lead to an increase in the number of units provided or can change the use of the accommodation to one that meets an identified housing need.

In March 2018, Housing Committee approved the recommendations of the Independent Review of the Retirement Living Service this included the recommendation that: 'Given the issues of low demand compared to supply, and the unsuitability of some of the current retirement living stock for most older people, it is recommended that some of the retirement living stock be de-designated. De-designated stock should then be assessed for the most appropriate future role, including being let as general needs accommodation.'

Building upon the recommendations of the Independent Review of the Retirement Living Service schemes for remodelling will be identified during phase 1 of the plan. The process of exploring potential options for remodelling and consultation with tenants will also be completed during phase 1.

Remodelling existing independent living accommodation needs to be done sensitively in recognition of the vulnerability of existing tenants. Existing tenants will

be offered alternative accommodation and consideration will be given to the availability of any new build properties for this purpose.

3) *Partnerships with registered providers*

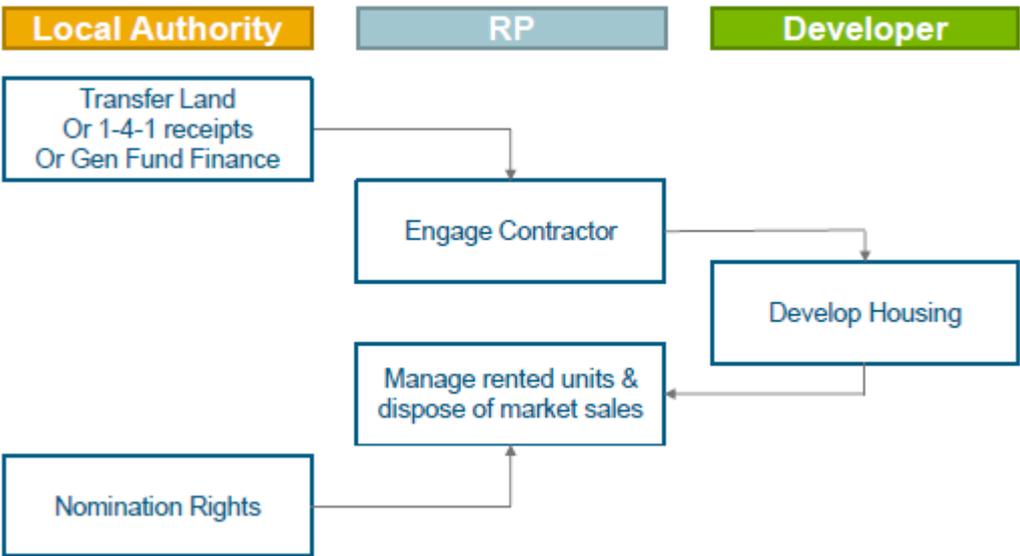
The plan is ambitious and to achieve it we will need to build strong strategic partnerships. The Council has already established good working relationships with a number of registered providers, who have built affordable housing within the Borough. Initial meetings have been held with a number of prospective partners to discuss future partnership working.

The Council already provides support to registered providers through providing support for applications for Homes England funding. In addition to this where there is a proven business case to use this route to deliver dwellings faster or where additionality can be achieved, the Council may also support registered providers financially through the provision of land or use of right to buy receipts.

If support was provided through the provision of land then the Land Disposals Policy will be followed to ensure that the requirements of the Local Government Act 1972 and Localism Act 2011 are met.

When properties are developed by a registered provider the asset is owned by the registered provider. Therefore they are responsible for the ongoing management and maintenance of the property. The Council will secure nomination rights for the properties, which means that properties will be let to applicants from the Council's waiting list. It is usual practice for Council's to obtain 100% nominations on the first let of the property and 50% nominations on any subsequent lets. Although many registered providers do not hold their own waiting list for the borough so the level of nominations provided is often much higher.

Registered provider model of housing delivery:



4) New Build Developments

Using the information provided in the recent Social and Affordable Housing Need report will ensure that we are building the right homes in the right places. We need to provide the right mix of properties to meet local need, both now and in the future.

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. Also, with the proposals to improve the use of right to buy 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.

The Social and Affordable Housing Need report stated: '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.'

This is based on an 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 and bad debts, management costs and repairs and maintenance is greater than the cost of the debt charges on the required borrowing.

The Council will also consider building properties for shared ownership. The recent Social and Affordable Housing Need report identified a need for affordable home ownership products in all parts of the borough. Further work is required to gauge the interest for shared ownership properties, which will be completed during Phase 1 of the plan.

The Council will apply for Investment Partner qualification with Homes England which will allow the Council to bid for funding under the Shared Ownership and Affordable Homes Programme. Assessment of applications for Investment Partner status includes financial due diligence which considers an applicant's financial and technical capacity to undertake an agreed programme of new supply. The Council can submit an application for qualification in its own right or join with an existing, qualified Investment Partner. Both options will be considered.

The Council will explore all viable options to deliver new build housing, including building larger scheme and selling some of the properties on the open market to fund affordable housing on the same scheme. Alternative delivery methods, such as modular housing will be considered where appropriate, especially on sites which may be otherwise unsuitable for redevelopment.

Irrespective of the method of construction used, the Council will provide a sustainable home for future residents, which is built to provide good levels of energy efficiency and reduced utility cost for the occupants. The Council will aim to achieve the equivalent of level 4 in the Code for Sustainable Homes.

In February 2019, Policy and Performance Committee approved an Interim Housing Delivery Manager. The cost will be met from the HRA Revenue budget.

The Interim Housing Delivery Manager's appointment will kick-start the house delivery programme. Subsequently, the programme would be handed over to a permanent Broxtowe employee. Their employment and remuneration would be subject to job evaluation and committee approval. The specialist employee would form part of the Capital Works team in Property Services.

How housing delivery will be financed

Housing Capital receipts available at 31st March 2019 to support the housing delivery plan totalled £3,831,225. These will be supplemented by receipts from future right to buy sales.

Like most local authorities with their own housing stock, the Council entered into an agreement with the Government in 2012 to retain receipts from the sale of council houses, in excess of those that are required to be made to MHCLG, to fund the replacement of stock that is sold. Under the terms of the agreement, local authorities are required to spend receipts within three years and the receipts should fund no more than 30% of the cost of a replacement unit.

Borrowing remains a positive source of funding for housing delivery and the flexibility has been enhanced by the abolition of the debt cap. Any borrowing will be assessed to determine its affordability and potential impact on Housing Revenue Account (HRA) budgets.

Revenue contributions from the HRA are a potential source of funding. The balance at 31st March 2019 was £4,002,975 (subject to external audit). However a minimum working balance needs to be maintained for the HRA and this has been set at £1,000,000.

The Council will also seek to optimise potential grant funding that may be available from organisations such as Homes England. Any proposals that come forward in respect of the Housing Delivery Plan will be based upon a sound business case with recommendations to amend revenue and capital budgets as necessary.

Phased housing delivery

The delivery plan is divided into three phases which each use of combination of the above delivery mechanisms:

Phase 1 – Years 1 and 2 (2019 – 2021)

Phase 2 – Years 3 to 5 (2021 – 2024)

Phase 3 – Year 5 onwards (2024 onwards)

The tables on the following pages summarise the approach to be taken in each phase.

Housing Delivery Plan – Phase 1 – Years 1 and 2 (2019 - 2021)

<p>Strategy</p>	<p>Consider potential sites for all phases and categorise in terms of complexity to develop</p> <p>Plan for phase 1 sites:</p> <ul style="list-style-type: none"> • All within current social housing areas • Vacant/underutilised land • No obvious obstacles, for example Tree Preservation Orders • Select best sites to deliver 20-30 units <p>Agree unit type based on housing need survey and identified housing need</p> <p>Develop cost database to inform future delivery methods</p> <p>Develop high level plan for development sites in phase 2</p> <p>Option appraisal of alternative delivery vehicles for later phases</p> <p>Consider alternative interim vehicles for acquiring properties on a short term lease</p> <p>Identify potential interest in shared ownership properties</p> <p>Utilise current right to buy receipts</p> <p>Identify existing accommodation for remodelling</p>
<p>Delivery</p>	<p>Acquisitions of existing properties, particularly in the North of the borough</p> <p>Capital Works and United Living to refurbish acquired properties to achieve the Lettable Standard</p> <p>Use framework architects</p> <p>Use local tender, potentially in lots, below OJEU threshold</p> <p>Develop partnerships with Registered Providers, where appropriate</p> <p>Deliver housing to meet the needs of ex-service personnel as a priority</p> <p>Deliver dementia friendly bungalows, where funding has already been approved</p>
<p>Resources</p>	<p>Appoint Interim Housing Delivery Manager</p> <p>Establish a working group including Housing, Planning, Economic Development, Property Services and Finance.</p> <p>Supplement with external support when required</p>

Housing Delivery Plan – Phase 2 – Years 3 to 5 (2021 - 2024)

<p>Strategy</p>	<p>Review priority needs</p> <p>Bring forward phase 2 sites:</p> <ul style="list-style-type: none"> • May have planning complications • May need 3rd party access • May be politically sensitive <p>Review cost performance database to inform delivery vehicle decisions</p> <p>Consider selective disposal to cross-subsidise new development</p> <p>Consider exit plan for interim acquisitions</p> <p>Prepare a Development Strategy, based on insight from phase 1 and including a site acquisition strategy</p>
<p>Delivery</p>	<p>Formalise long-term delivery vehicle procurement exercise</p> <p>Consider leverage from s106 obligations on future large-scale developments</p> <p>Build market profile and publicise requirements among agents and developers</p> <p>Remodelling of existing accommodation</p>
<p>Resources</p>	<p>Interim Housing Delivery Manager to hand over to in-house resources to sustain and operate the programme</p> <p>Working group established in phase 1 to continue to progress delivery plan</p>

Housing Delivery Plan – Phase 3 – Year 5 onwards (2024 onwards)

<p>Strategy</p>	<p>Review priority needs</p> <p>Implement Development Strategy</p> <p>Bring forward phase 3 sites:</p> <ul style="list-style-type: none"> • No current planning allocation • Existing use requires displacement • Complex 3rd party involvement • High political sensitivity <p>Nurture long term strategic alliances (non-contractual)</p> <p>Consider disposal/future use plan for undevelopable sites</p>
<p>Delivery</p>	<p>Review delivery vehicles</p> <p>Re-tender as appropriate</p> <p>Exit interim solutions</p>
<p>Resources</p>	<p>Possible need for planning consultants on more complex sites</p> <p>Possible need for agent to identify opportunities</p>