

BABERGH DISTRICT COUNCIL and MIDSUFFOLK DISTRICT COUNCIL

From: Anne Bennett Corporate Manager Development (Housing & Regeneration)	Report Number: JHB/20/17
To: Joint Housing Board	Date of meeting: 24th April 2017

UPDATE ON HRA DEVELOPMENT AND INVESTMENT ACTIVITY

1. Purpose of Report

- 1.1 To provide the Board with a comprehensive update on the activity relating to development and investment relating to the HRA.

2. Recommendations

- 2.1 The Board is asked to note the contents of this Report.
- 2.2 The Board is able to resolve this matter.

3. Financial Implications

- 3.1 This is for Board information purposes only, there are no financial implications associated with this report.

4. Legal Implications

- 4.1 This is for Board information purposes only, there are no legal implications associated with this report.

5. Risk Management

- 5.1 The Report is for information purposes only there are therefore no risks to report.

6. Consultations

- 6.1 The Homes and Communities Agency (HCA) Programme to deliver 65 new affordable homes was approved by Members in October 2014. Consultations have been undertaken as part of the planning process. The Joint Housing Board has been receiving monthly updates on programme progress up until January 2017, update for this now form part of this quarterly report.
- 6.2 Re-investment of Right to Buy Receipts is undertaken following consultation with Lead Members and the Portfolio Holder for Housing.

7. Equality Analysis

- 7.1 The content of this report is such that there are no equality issues arising from this report.

8. Shared Service / Partnership Implications

- 8.1 The Councils affordable housing programme may be delivered with a range of potential partners. These may include: Suffolk County Council and other District Council partners; private landowners; Registered Social Landlords and the Homes and Communities Agency.

9. Links to Joint Strategic Plan

- 9.1 Babergh Shape, influence and provide the leadership to achieve the right mix and supply of housing and Mid Suffolk Ensure that there are enough good quality, environmentally efficient and cost effective homes with the appropriate tenures and in the right location.
- 9.2 The Joint Strategic Plan has identified Housing Delivery as one of its key strategic outcomes.

10. Key Information

Disposals

- 10.1 Both authorities dispose at open market value council housing deemed uneconomical to maintain and / or in low demand. The viability model is supplied by Ridge Surveyors as demonstrated at Joint Housing Board in July and uses a range of indicators to consider the viability of the future of council homes. Those properties that have higher than average costs over 30 years are indicated as unsustainable; demand and development opportunities are fed into a detailed appraisal model and these properties are reviewed by the Housing Asset Management Group for a disposal decision. Disposal decisions are made on the basis that the capital receipt can be re-invested in new homes that are cheaper to maintain and in a sustainable location or on the existing site with increased density.

Disposals Babergh DC 16/17

Location`	Value £	Comments
4 Bures Road, Nayland	212,000	Completed 08/04/16
3 Rowley Cottages, Stoke By Nayland	120,000	Completed 09/04/16
3 The Street, Brent Eleigh	147,500	Completed 28/08/16
6 Hall Road, Brent Eleigh	145,000	Completed 09/09/16
TOTAL	624,500	

Disposals Mid- Suffolk DC 17/18 (Pending) brought forward from 16/17

Location	Value £	Comments
5 Lower Crescent Barham	150,000	Guide price when put on the market should be £175,000. Offer accepted of £194,785, exchange of contracts imminent.
TOTAL	194,785	

Work is underway with the new shared legal services to ensure that disposals are dealt with more expeditiously than we have seen in the past.

10.2 RTB Receipt Investment in Acquisitions :

Since April 2012 Local authorities have been able to retain the receipts for replacement housing. Both Councils have been utilising these receipts by buying additional council homes. Receipts can be used for the purchase of land, market properties, new build and the purchase of planning gain 106 units from developers providing affordable homes.

Local authorities have to manage their business plans by ensuring that only 30% of the receipts retained are used for the replacement of homes, finding the additional 70% from other HRA resources. To date investment has been in market acquisitions but we are currently looking at some opportunities to acquire units directly from developers.

Spend 15/16:		
Babergh	£648,241.91	4 Properties
Mid Suffolk	£1,160,213.45	7 Properties
Spend 16/17:		
Babergh	£2,349,669	13 properties
Mid Suffolk	£3,200,397	19 properties

10.3 HCA New Council House Building Programme

Since April 2012, local authorities who still own housing stock have been free of the long-standing Housing Revenue Account subsidy system in exchange for taking on a proportion of the national housing debt. This has resulted in many authorities having the ability to develop new council housing for the first time in decades.

Both Councils are currently in receipt of grant funding from the HCA which will see the delivery of 65 new council homes. The HCA Affordable Homes Programme 2015-18 offered a grant funding pot totalling £1.7bn nationally of which Babergh and Mid Suffolk are to receive a total of £1.156m

Location & No. of Dwellings	Start on Site	Practical Completion	Tenure
Thurston - 1	September 2015	26/4/16	Affordable Rented
Barking - 3	October 2015	14/9/16	Affordable Rented
Bramford - 2	October 2015	14/9/16	Affordable Rented
Laxfield (2 schemes) – 9	February 2016	22/2/17 (Mill Road) TBC (Noyes Ave)	Affordable Rented
Great Blakenham - 23	May 2016 (delayed by archaeological finds)	24/2/17 Plots 9-16 May 17 – rest of plots	Affordable Rented 12 and 11 Shared Ownership Units
Lavenham -12	May 2016	9/3/17	Affordable Rented
Glemsford -15	5/12/16	14/12/17	Affordable Rented
Total Dwellings		65	

An application to vary the Unilateral Undertaking for the Great Blakenham site to enable shared ownership units was submitted to planners in October and this was heard at planning committee on 11th January 2017; planning committee agreed to this variation.

The Main headlines this period are:

- Mill Road, Laxfield has achieved practical completion and handover. Final grant monies have been received and actioned for payment to Mid Suffolk.
- Meadow Close, Lavenham achieved practical completion, with a handover to follow in early April. Final grant monies have been received and actioned for payment to Babergh.
- The shared ownership units are currently being marketed for Great Blakenham; three buyers with a local connection have been identified and the remaining units will be made widely available following on from the 90 day period (specified in section 106 for local connection only)

- There have been some complaints received regarding the contractors use of Shepherds Lane , Glemsford. This has created some issues regarding mud and concrete on the lane, due to heavy rain. Officers and employers agents acted swiftly to deal with the situation and sought advice from the Councils Health and Safety expert. The road has been prevented from being used and the contractors will have to repair the highway. The contractors were only using this lane as a temporary measure whilst the main access was being created.

10.4 **Pipeline/Estate Regeneration/Joint ventures**

This part of the report is confidential and can be found in annex a (BDC) and annex b (MSDC).

10.5 **Babergh and Mid-Suffolk Joint Affordable Homes 3-Year Rolling Development Strategy commencing 2017**

This strategy (appendix c) was approved by the March 2017 Executive and Strategy Committees and sets out what the Councils intends to build, for whom and how they will ensure delivery of high quality affordable homes in a cost effective way. It also sets wider aims for the next three years and what added value and initiatives the development programme can bring. The Strategy will form the framework within which both Councils will evaluate development opportunities and decide whether to proceed with a project.

The primary development role will be in the provision of new homes for letting at affordable rent or low cost home ownership. Where possible this will be subsidised through Government grant and where appropriate new homes will also be delivered through S106 Planning Agreements. In addition, other products that will be considered are:-

- (a) Homes for older people and those needing specialist housing
- (b) Low cost homes for sale on shared equity/ownership terms
- (c) Market rented homes to subsidise the affordable homes on the same site
- (d) Homes for market sale to subsidise affordable homes on the same site

In determining priorities for the provision of new housing due regard will be given to housing demand and need. Joint consultation and co-operation will take place with development partners, other public authority, registered providers organisations and individuals to ensure a co-ordinated approach to meeting that need.

Housing demand and supply is not static and can change periodically due to a number of factors. Therefore, development priorities will be reviewed and updated as required, or as Government Policy or market conditions change or as the emerging Strategic Housing Market Assessment (SHMA) demands.

Delivery will be through an appointed development partner. The process for the appointment of that partner will be finalised by summer 2017. This partner will deliver and manage development activity and will be expected to meet objectives, priorities and targets set out in this strategy.

The development partner will be encouraged and expected to engage with East Anglian based small and medium size enterprises (SME's) when developing new homes. Although the use of national volume house builders will be necessary if strategy targets are to be met, the use of local SME's can create a more bespoke product and the use of local companies and labour can result in finance being retained in the local economy.

11. Appendices

Title	Location
(a) Pipeline BDC - confidential	Attached
(b) Pipeline MSDC - confidential	Attached
(c) Joint Affordable Homes Development Strategy	Attached

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