

# Affordable Housing Delivery Strategy 2019-2021



Ashfield

DISTRICT COUNCIL

## **Affordable Housing Delivery Strategy 2019 – 2021**

### **Introduction**

It is Ashfield District Council's vision that the residents of Ashfield have affordable and warm housing in a safe community that promotes their health and wellbeing.

To achieve this, it is vital that we and others continue to build new affordable homes each year to keep up with the demand from our growing population. Whilst hundreds of new homes are built each year in Ashfield, only a small number of these are affordable for those residents on low incomes and who cannot afford to buy or rent properties on the open market.

Historically, local authorities played a key role in building new affordable homes, and although this role has been limited in recent decades, there is now an exciting opportunity with the removal of the Housing Revenue Account borrowing cap for local authorities to increase the number of affordable homes it builds for its residents.

This is Ashfield District Council's first Affordable Housing Delivery Strategy and it aims to:

- Identify the scale of demand and supply of affordable housing in Ashfield district
- Maximise delivery of affordable homes by the Council on Council land
- Maximise the delivery of affordable homes by housing associations and private developers in the district

In producing this strategy the evidence and aspiration set out in the document can be used to assist in planning policy, negotiation with developers, target the delivery of certain types or tenure of properties as well as be used in the compilation of funding bids where the lack of affordable housing and/or tenure type is tangible.

### **Scope**

The focus of this strategy is the actions that can be taken by the Council to increase the supply of affordable homes for rent or for sale in Ashfield district, developed either by the Council, housing association or by a private developer.

Affordable homes means homes to rent or buy at below market rates, such as:

- social rent - typically 60-80% of market rent
- Affordable Rent - up to 80% of market rent
- Starter Homes – homes to purchase for households with a maximum income of £80,000pa
- Shared Ownership – homes to part rent and part buy

### **Summary**

The Strategic Housing Market Assessment (SHMA) 2015<sup>1</sup> identified that every year, there is a need for 280 new affordable homes to be delivered in the district, of which 24 are required

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<sup>1</sup> <https://www.ashfield.gov.uk/media/2405/h3-final-shma-oct-2015.pdf> p. 170

for extra care housing and 40 for sheltered housing. Additionally, 54 units of supported housing are needed for individuals who are homeless or at risk of homeless.

On average, 57 new affordable homes are delivered in the district each year (2010-2017), largely by private developers under their s.106 affordable housing planning obligations. **This means there is a supply shortfall of 223 affordable homes each year.** Additionally, whilst the average completion rate of new homes across all tenures each year is 471, as s.106 requirements are a maximum of 25% of a site, relying on this mechanism alone to deliver the affordable homes required in the district is insufficient by a large margin.

The Council owns 14 hectares of land with capacity for 358-382 homes across all tenures, of which around 83-95 homes could be affordable homes. The Council is forecast to deliver around 185 homes on 4 of these sites in the next 5 years, of which around 55 could be affordable.

Viability of schemes can be a challenge, particularly in the low value areas of the district, meaning that significant subsidy may be required to ensure a scheme is financially viable.

There are a number of options to available to the Council to directly deliver new homes and/or to enable development by others. However, there is a limited amount of financial capacity, expertise and resources currently to facilitate this. Additionally, the Council is looking to maximise opportunities to generate capital and revenue receipts due to funding pressures and this could impact affordable housing delivery.

## **Context**

### ***Supply***

As at 1<sup>st</sup> April 2017, there were 8,972 social rent homes in the district, the table below how this has changed over time and the impact of Right to Buy and new build completions.

|  | <b>2017</b> | <b>2016</b> | <b>2015</b> | <b>2014</b> | <b>2013</b> |
|--|-------------|-------------|-------------|-------------|-------------|
| Council homes <sup>2</sup>               | 6790        | 6804        | 6866        | 6856        | 6876        |
| Registered provider homes <sup>3</sup>   | 2182        | 1944        | 1900        | 1875        | 1847        |
| Right to Buy sales <sup>4</sup>          | 44          | 62          | 42          | 36          | 26          |
| Social rent completions <sup>5</sup>     | 80          | 0           | 60          | 10          | 10          |
| Affordable Rent completions <sup>6</sup> | 90          | 0           | 0           | 20          | 0           |

<sup>2</sup> MHCLG Live Table 116

<sup>3</sup> MHCLG Live Table 115

<sup>4</sup> MHCLG Live Table 685

<sup>5</sup> MHCLG Live Table 1008

<sup>6</sup> MHCLG Live Table 1008

The Council's Housing Land Monitoring Report 2017 identifies that 339 affordable homes (either for social rent or intermediate housing) were delivered between 2010 – 2017, an average of 57 homes per year.

Supply of new affordable homes is mainly provided by private developers under s.106 obligations and by housing associations. The Council has developed 64 homes in approximately 30 years. The affordable housing requirements on private developments under s.106 in each area of the district are as follows:

| Area              | % required                 |
|-------------------|----------------------------|
| Hucknall          | 25% on sites of 15 or more |
| Rurals            | 25% on sites of 4 or more  |
| Sutton and Kirkby | 10% on sites of 15 or more |

2002 'Saved policies'

A Local Plan is currently in development and as such these requirements will be reconsidered. It is anticipated that the Local Plan will be in place by 2022.

Across all tenures, since 2015/16, delivery rates of new homes each year have exceeded the target of around 480 identified by the Strategic Housing Market Assessment 2015. In the short term, supply is expected to fall below this target, however in the medium term supply is expected to significantly increase and offset this short period of under supply. The Housing Delivery Test was introduced in November 2018 and this requires local planning authorities to monitor housing delivery and where this falls below 95% of the authority's housing requirement over the previous three years, an action plan will need to be prepared assessing the causes of under delivery and identifying action to increase delivery in future years.

### ***Demand***

The Strategic Housing Market Assessment (SHMA) 2015<sup>7</sup> identified that, based on a 25% affordability threshold, there is a need for 811 affordable homes each year and that each year supply falls short by 280 homes. Of these, approximately 80% are required for rent and 20% for purchase.

Taken together with the above information on supply, this demonstrates that whilst overall supply of homes is meeting the target across all tenures. **The supply of affordable housing falls short by around 223 homes each year.**

The SHMA 2015 (p.197) identifies that the following breakdown of property sizes is required between 2013 and 2033:

|            |             |
|------------|-------------|
| 1 bedroom  | 738 (39.4%) |
| 2 bedroom  | 667 (35.6%) |
| 3 bedroom  | 444 (23.7%) |
| 4+ bedroom | 25 (1.4%)   |

This is broadly supported by analysis of the Homefinder applications and the number of bedrooms each applicant requires:

<sup>7</sup> <https://www.ashfield.gov.uk/media/2405/h3-final-shma-oct-2015.pdf> p. 170

|      | <b>1 Bedroom</b> | <b>2 Bedroom</b> | <b>3 Bedroom</b> | <b>4+ Bedroom</b> |
|------|------------------|------------------|------------------|-------------------|
| 2015 | 1993 (44.3%)     | 1775 (26.1%)     | 677 (15%)        | 50 (1.1%)         |
| 2016 | 1889 (40.5%)     | 1975 (42.4%)     | 745 (16%)        | 52 (1.1%)         |
| 2017 | 1984 (44.1%)     | 1116 (27%)       | 976 (23.6%)      | 52 (1.3%)         |

It is also important to consider the demand for shared housing, driven by the Housing Benefit rules for single households under 35 years of age. Analysis of the Homefinder system shows that there are 576 single applicants aged 35 or under looking for affordable housing. This represents 14% of all Homefinder applicants. In addition, between April and August 2018, 288 single households under 35 approached the Council's Housing Options team for advice. This represents 62% of all advice cases during this period.

### *Specialist housing demand*

The SHMA 2015 calculated (p242) that 64 affordable homes per annum (out of the 280 required in total) are required for older people, including sheltered and extra care homes. Nottinghamshire County Council has identified in its Housing with Care Strategy 2018-2025, that in Ashfield it will require 170 (24 pa) affordable homes with onsite care. This suggests, of the 64 homes per annum required for older people identified by the SHMA, 24 should be extra care and 40 should be sheltered.

There is also a shortfall of adapted homes that are suitable for wheelchair users, those unable to climb stairs and those requiring level entry. Analysis of the Homefinder system shows that there are 785 applicants (19% of total applicants, as at 12/12/2018) requiring an adapted home, which breaks down as follows:

| <b>Wheelchair</b> | <b>Stairlift</b> | <b>Level entry</b> |
|-------------------|------------------|--------------------|
| 140               | 155              | 490                |

In the 12 months to November 2018, only 9 properties (2%) were let through Homefinder that were suitable for wheelchair users.

### *Supported housing demand*

The Homeless Review 2018 carried out by Homeless Link identified there is a need for 54 units of supported housing for individuals who are homeless or at risk of homeless.

There is currently one Supported Housing scheme in Ashfield commissioned by Nottinghamshire County Council, which provides 12 bed spaces for 16 – 21 year olds and 5 bed spaces for 22 – 25 year olds

### *Self build demand*

The SHMA 2015 identified that there were 16 people registered on the Custom Build register and 129 members on the Plotsearch register. It also identified 10 self-build plots in the district, most of which were for single unit development though there were also a number for up to four homes. Whilst there may be a number of people with an 'interest' in self build, it can often require significant financial outlay, risk and skills that not all those who are

interested may have. There is some potential through policy to encourage developers of larger schemes to designate parts of those schemes as plots available for custom build, though most new delivery is expected to be on small windfall sites. Another option is to offer design choices for purchasers to tailor the layout and finish of the home they are purchasing.

## **Viability**

### *Direct delivery*

Property values vary across the district as shown in the table below (Zoopla market activity report, average asking prices as at 27<sup>th</sup> July)

|                 | <b>Kirkby</b> | <b>Sutton</b> | <b>Hucknall</b> | <b>Selston</b> |
|-----------------|---------------|---------------|-----------------|----------------|
| <b>For sale</b> |               |               |                 |                |
| 1 bed           | £109,950      | £75,690       | £105,000        | £95,000        |
| 2 bed           | £112,162      | £96,111       | £119,264        | £152,218       |
| 3 bed           | £141,860      | £162,959      | £185,429        | £203,994       |
| 4 bed           | £294,112      | £220,405      | £283,039        | £290,812       |
| 5 bed           | £318,333      | £273,750      | £315,194        | £425,000       |
| Flat            | £63,877       | £87,730       | £105,614        | £44,805        |
| Terraced        | £96,039       | £93,051       | £117,837        | £95,926        |
| Semi-detached   | £112,456      | £117,294      | £141,784        | £128,387       |
| Detached        | £197,022      | £201,236      | £224,651        | £203,810       |
| <b>For rent</b> |               |               |                 |                |
| 1 bed           | No data       | £368pcm       | £407pcm         | No data        |
| 2 bed           | £511pcm       | £475pcm       | £540pcm         | £497pcm        |
| 3 bed           | £555pcm       | £566pcm       | £684pcm         | £557pcm        |
| 4 bed           | No data       | £736pcm       | £772pcm         | No data        |
| 5 bed           | No data       | No data       | No data         | No data        |

Research commissioned by the Council by Cornerstone identified that the average property values are in the region of £1991-2099/m<sup>2</sup>. It also identified the average construction costs (excluding externals, fees, development management, etc) is around £974/m<sup>2</sup> for a two storey house and £1,131/m<sup>2</sup> for low rise apartments. Other costs are estimated to be 25-30% of the build cost. Additionally, developers seek to achieve a 20% return on their investment.

As such, the cost to build a home may sometimes exceed its final value. It is also important to consider the financing of a development, which is modelled for social/affordable housing purposes over a 30 year term where Homes England funding is utilised and over a 40 year term where other funding is used. A scheme will be financially viable where the capital subsidy plus any capital receipts (for shared ownership, Rent to Buy or Starter Home sales) and/or rental income exceeds the expenditure required to build, maintain and manage the homes over the term. In areas of low value, significant capital subsidy may be required to achieve a viable scheme.

### *s.106 new build acquisition*

| <b>Area</b>       | <b>% required</b>          |
|-------------------|----------------------------|
| Hucknall          | 25% on sites of 15 or more |
| Rurals            | 25% on sites of 4 or more  |
| Sutton and Kirkby | 10% on sites of 15 or more |

2002 'Saved policies'

The table above details the s.106 affordable housing requirements across the district, which are typically purchased and managed by registered providers. There has been reduced appetite for these purchases by registered providers in recent years and as a result in July 2018, the Council purchased 9 units for social rent at a site in Hucknall. The Council may purchase s.106 properties using RTB receipts, its own HRA reserve monies or borrowing. S.106 properties are typically purchased at 48% - 57% of the open market value of the property and may be let at up to 80% of the market rent (Affordable Rent) and financed over a 30 year term

### *Existing property acquisition*

The average cost to purchase and rent a home on the open market is detailed above. The Council is able to acquire existing properties, including long-term empty commercial or residential properties, into the HRA for social or Affordable Rent, using HRA reserve monies, borrowing, RTB receipts and/or s.106 commuted sums, financed over a 40 year term. £1 million from the HRA reserves has been made available to purchase approximately 12 homes on the open market for social rent by September 2019. Typically, a purchase will be viable for properties with a ready to let<sup>8</sup> price of £70,000 - 80,000.

It is acknowledged that acquiring existing properties does not add to the total housing stock and reduces the availability of properties for owner occupiers, though it ensures these existing properties are available at an affordable rent. Where the properties acquired have stood empty for a period of time, this brings a property back into the housing market and as such does provide additionality, as well as supporting the Council's responsibility to minimise the number of empty properties in the district.

Consequently, the viability of delivering affordable housing will vary for each scheme, in some cases, the cost to build or buy a home may outweigh its final value or exceed the 30 or 40 years financial model.

### **Design**

The Council has developed a Residential Design Guide setting out the minimum standards it expects residential developments to achieve.

Any homes for social or Affordable Rent must meet the Decent Homes Standard.

The Council seeks to be an exemplar landlord and as such considers the Residential Design Guide to be a minimum standard and is developing additional design principles that will apply to any Council led development or acquisition.

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<sup>8</sup> Purchase price plus any costs required to bring the property to a decent homes/lettable standard

## **Land**

### *Council land*

The Council has identified approximately 14 hectares of surplus land in its ownership that could be built on. The Cornerstone report estimates that the Council can develop between 358 and 382 homes on these sites, of which at least 83 – 95 could be affordable. The build out rate of these homes is estimated to be a 9 month construction period once planning consent has been obtained and a developer identified, with a sales rate of 3 units per month. These factors, as well as the Council's capacity to develop more than one site at a time, will determine the delivery programme.

Four Council sites are included in the Housing Land Monitoring, the table below sets out the total number of units (market and affordable) that are expected to be delivered by 2023 on these sites.

|                  | <b>Total dwellings</b> | <b>19/20</b> | <b>20/21</b> | <b>21/22</b> | <b>22/23</b> |
|------------------|------------------------|--------------|--------------|--------------|--------------|
| Diamond Avenue   | 67                     |              |              | 35           | 32           |
| Clegg Hill Drive | 75                     |              | 35           | 35           | 5            |
| Warwick Close    | 24                     | 24           |              |              |              |
| Davies Avenue    | 19                     | 19           |              |              |              |

It is anticipated that around 55 affordable homes will be delivered on these sites.

The Council may choose to build on its land directly, to enter into a partnership agreement with a third party such as a registered provider, another local authority or developer to do so, or it may dispose of the land.

### *Garage sites*

A review of the Council's garage sites was carried out in 2015. This identified 130 garage sites and investigated the potential of 23 of these sites for development suitability, of these 17 were considered to be viable, with potential for around 40 homes, though many sites face development constraints and may be challenging to deliver.

### *Land acquisition*

The Council recently acquired a piece of private land at Clegg Hill Drive to unlock the Council site at this location. To date the Council has not exercised its Compulsory Purchase Order powers to acquire land.

The Council has prioritised developing on its own land initially, with the potential of delivering approximately 185 homes in total on 4 sites over a 5 year period. There are 27 land sites

and 23 garage sites in the Council's ownership to develop on following this. The Council will consider land acquisitions that support the development of these sites.

### *Other public sector estates*

The Council is not the only public sector body with land holdings in the district. For example Nottinghamshire County Council and Gedling Borough Council own land within Ashfield. As such, opportunities may arise to work in partnership with other public sector partners to deliver schemes on these sites.

## **Funding**

### *Public Works Loan Board*

The Council is able to borrow from the Public Works Loan Board through either the General Fund or the Housing Revenue Account. Any monies borrowed are done so at a low rate of interest and can be loaned to a third party such as the Council's proposed housing company or a registered provider at a commercial rate.

Until October 2018, government imposed a cap on the amount that could be borrowed through the Housing Revenue Account, which the Council had reached some years ago. However, it was announced at the Conservative Party Conference that this cap would be removed and that borrowing may take place in line with the Prudential Borrowing Code.

### *Housing Revenue Account reserves*

The Council has £26m in Housing Revenue Account reserves, much of which is allocated for investment in the Council's current housing stock. £1 million has been made available from these reserves to purchase approximately 12 homes on the open market for social rent by September 2019.

### *Commercial investment*

The Council has a budget for commercial investment activities to generate a return to the GF. To date this has mainly been invested in out of district commercial businesses, there has been no investment into residential schemes.

### *Homes England grant*

The Council is not currently in receipt of any Homes England grant monies. The Council has an option to join the Quantum partnership, led by emh group, in order to access grant monies. The Council may also apply directly to Homes England, outside of this partnership. There are a range of different funding opportunities available at any one time, with different parameters and conditions. Grant monies may not be combined with any other forms of subsidy such as RTB receipts or commuted sums. Grant monies are typically calculated on

a 30 year financial model and provide the subsidy required to make a scheme viable. Schemes would also require Council funding, which is likely to be PWLB borrowing.

### *Development income*

Each scheme developed by the Council for affordable or market rent or sale will generate an income surplus once the expenditure required to build, maintain and manage the homes has been allowed for. The Council may also generate an income by selling land or properties to others for development where this is considered more appropriate. It is an option to ringfence the income from these sources to finance further developments.

### *S106 commuted sums*

The Council may accept a commuted sum payment in place of a developer providing affordable housing on their site. The sums are time limited; the Council holds no sums that must be utilised before 2021.

### *Right to Buy receipts*

The Council receives a third of the purchase price for each property sold under the Right to Buy. The table below shows the number of RTB sales in recent years. These receipts may be combined with HRA monies, PWLB monies, commuted sums. A maximum of 30% of the purchase price can be funded with RTB receipts and they cannot be combined with any Homes England grant monies. The monies must also be spent within 3 years of being accrued. The Council currently forecasts it will have £120,000 in RTB receipts to spend by September 2021.

|                                 | <b>2017</b> | <b>2016</b> | <b>2015</b> | <b>2014</b> | <b>2013</b> |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|
| Right to Buy sales <sup>9</sup> | 44          | 62          | 42          | 36          | 26          |

### *Private finance/bonds*

The Council may borrow funds from the private market, though interest rates will be higher than the PWLB, for use in the GF, HRA or housing company. To date, the Council has not accessed this market.

### **Delivery tools**

#### *Direct delivery*

The report by Cornerstone identified 5 alternative routes of affordable housing delivery by the Council:

- Joint Ventures

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<sup>9</sup> MHCLG Live Table 685

- Local Housing Company
- Direct development
- Planning options
- Providing capital funding to Registered Providers

A summary of the advantages and disadvantages of these different models is provided in Appendix 1. The report concluded that as the Council has many sites in its ownership identified for development, the most advantageous options would be a Joint Venture or Local Housing Company.

Local Housing Company – LHCs are independent arms-length commercial organisations wholly or partly owned by councils. They can develop, buy and manage properties within and outside of a local authority area. The homes LHCs provide sit outside of the Housing Revenue Account and are not subject to the Housing Act and most of the social/affordable housing regulations. As such they enjoy flexibility over rents, borrowing and Right to Buy (though there is uncertainty about this), they can also generate an income to cross-subsidise affordable development.

In January 2019, the Council approved a decision to create a LHC to manage and sell properties that it develops for market rent or market sale. Whilst the LHC will not directly deliver affordable housing, it will enable the Council to generate funding through sales and rents that can be used to cross subsidise affordable housing schemes.

Joint venture – The term joint venture can describe a range of different commercial arrangements between two or more separate entities. Each party contributes resources to the venture and a new business is created in which the parties collaborate together and share the risks and benefits associated with the venture. A party may provide land, capital, intellectual property, experienced staff, equipment or any other form of asset. Each generally has an expertise or need which is central to the development and success of the new business which they decide to create together.

The Council is exploring partnership arrangements with a number of local Registered Providers to address gaps in expertise and access to funding.

### *Enabling others*

The Council is able to support others to deliver affordable housing in the following ways:

- S.106 affordable housing requirements – as detailed above, private developers are required to provide a percentage of affordable housing on their sites, these properties may then be acquired by the Council or a registered provider.
- Stalled/unviable sites – the Council may acquire these sites and undertake the works required to make the site viable, such as demolition, remediation, obtaining planning permission, installing infrastructure. This may involve significant cost however the value of the land would increase as a result.
- Community led development – the Council may support community-led and self-build development through requiring plots on large sites, identifying Council owned land for this purpose and supporting funding bids. Demand for self-build homes is detailed above.

- Registered providers – the Council may support registered providers to develop more affordable homes in the district through providing low cost loans, offering RTB receipts and commuted sums as grants and providing land at no or low cost. It may also form partnerships with providers to share the risks and rewards of a scheme. In 2016, the Council made a financial contribution of £56,000 of s.106 commuted sums to Waterloo Housing to buy 6 properties in Jacksdale on the open market.

### ***Expertise and capacity***

The Council currently has expertise in acquiring s.106 properties, existing properties from the open market and delivering 64 new homes for older people through a framework contractor.

The Council is developing a financial model to assess viability of schemes, but does not have access to any specialist modelling software.

There are no in-house experts such as construction project managers, employers agents, clerk of works, architects, marketing or sales. There is however expertise in letting and managing affordable properties for rent and also in surveying properties to ensure they meet the Decent Homes standard.

The Council has access to companies providing the above services through its procurement frameworks but has not tendered for any contractors outside of this.

### **Action plan**

There is a significant shortfall of new affordable housing in the district each year and the Council has limited resources to tackle this gap. The following actions will be taken to achieve the objectives of this strategy to maximise affordable housing delivery, either by the Council, housing associations or private developers.

| <b>Priority</b>   | <b>Measure</b>  |
|---|---|
| By June 2019, confirm the capacity for borrowing through the HRA for delivery of affordable housing   | Capacity confirmed  |
| By June 2019, confirm the capacity of the HRA reserves for delivery of affordable housing   | Capacity confirmed  |
| From April 2019, regularly engage with local registered providers on their affordable housing delivery pipelines and barriers to further development. Take any required action to increase pipeline and remove barriers | Information on pipelines and barriers provided<br>Action taken to increase supply and remove barriers |
| Each year, deliver/acquire around 12 affordable homes.  | 12 affordable homes delivered/acquired (part of the below)  |
| By 2022/23, complete delivery of around 55 affordable homes on sites identified in the Housing Land Monitoring Report   | 55 affordable homes delivered   |

|   |                                  |
|---|----------------------------------|
| Explore Homes England grant opportunities as they become available  | HE grant applied for and awarded |
| Strategic Housing to support the development of the s.106 requirements in the Local Plan that is in preparation | Support provided                 |
| Form partnerships with registered providers as required to develop on Council land                              | Partnerships formed              |
| By June 2019, put in place any additional staff resources required to deliver this strategy                     | Additional resources in place    |
| From April 2019, maintain a register of sites in need of regeneration that could deliver additional homes       | Register maintained              |
| From April 2019, maximise the delivery of adapted homes on Council led or enabled developments                  | New adapted homes delivered      |

The following actions, which support this strategy, have already been included in the **Housing Strategy Action Plan 2018-20**:

| <b>Priority</b>  | <b>Measure</b>                                  |
|--|---|
| Work with Nottinghamshire County Council to identify a financially viable Extra Care opportunity in the north of the district                        | No. of Extra Care opportunities identified      |
| By June 2019, establish a wholly-owned Council housing company to develop, acquire and manage homes to meet a range of housing needs in the district | company established                             |
| By September 2019, purchase 15 properties in need of regeneration to be managed by the housing company   | 15 properties identified                        |
| By April 2021, construction of approximately 40 new social rented homes to have started on Council owned sites                                       | no. of new social rent homes under construction |
| By September 2018, use HRA funds and RTB receipts acquire 9 new social rent homes at the former Rolls Royce factory site in Hucknall                 | no. of homes acquired                           |

|  |                               |
|--|-------------------------------|
| By June 2019, complete an options appraisal and produce a plan to develop housing on each Council owned site detailed in the Cornerstone Housing Delivery report   | Plan produced                 |
| By December 2019, publish a Housing Growth/Supply Strategy and supporting policy that detail how the Council will develop, acquire and enable the supply of affordable housing (including use of commuted sums, RTB receipts, Council owned land, partnerships, JVs, loans, unviable sites, buying at auction) | Strategy and policy published |
| By June 2019, complete an options appraisal and produce a plan to retain or develop housing on each Council owned garage site  | plan produced                 |

### **Appendix 1 – Alternative Delivery Routes**

| Vehicle        | Role  | Advantages   | Disadvantages   |
|----------------|---|--|---|
| Joint Ventures | This is a mid/long term venture equity partnership between a local authority (or a number of local authorities acting together and/or a local authority with other public-sector bodies) and a private sector investment partner. | These types of partnerships can correct market failure and help increase commercial viability. Partnerships can help to pump-prime private sector investments, de-risk developments sites and provide essential supporting infrastructure that makes development more commercially viable. | Concern about best value from the disposal of public assets and are cautious about 'selling off the family silver' at the wrong time of the property cycle or handing over control of public assets. Private sector may have concerns about entering into a process often characterised as bureaucratic, time consuming and costly. Take up of this model has been low based on |

|   |   |  |  |
|---|---|--|--|
|   |   |  | evidence of other Local Authorities looking to deliver Housing Programmes.   |
| Local Housing Company/Special Purpose Vehicle | Owned by the Council but a separate legal entity with no impact on Council borrowing or the HRA account.  | Complements development within the HRA. Avoids government-imposed HRA borrowing caps. Allows the council to have more influence over the type of development and not constrained by the appetite of the private sector. A number of local authorities are choosing to take this route. LHC will have delegated powers and not be subject to cabinet approvals. | Costs of set up and officer time.<br><br>Land supply potentially a challenge.  |
| Direct Development (In-House)                 | Local authorities have very wide powers to acquire, sell, appropriate and develop land, such that it is rare to need to use the powers in the Localism Act 2011.<br><br>The Council has the power to borrow and invest money for any purpose relevant to its functions<br><br>The Council has the power to do anything that an individual (generally) may do. | Low rate of borrowing PWLB (2.5%)<br><br>Negates the need to set up any form of commercial organisation or joint venture.  | Capacity and Resourcing, expertise, multiple procurements which could be streamlined through the use of frameworks. Lengthy approvals processes unless delegated authority could be applied. Time taken to deliver programme will be longer.<br><br>Risks will be solely owned by the LA rather than shared. |
| New Development/ Planning options             | Build now pay later: Housebuilders pay for  | BNPL aimed at managing builders  | Would not suit smaller sites.  |

|   |   |   |   |
|---|---|---|---|
|   | <p>the land once the building has started.</p> <p>Land Assembly: Council parcels upland for sale.</p> <p>Land Auctions: Council works with other public-sector land owners to secure planning and development of the land, splitting the returns.</p> | <p>cash-flow allowing new homes to be built more quickly than would otherwise be possible.</p> <p>Increases competition between firms and development models.</p> <p>Enables local communities to capture a greater share of the land value uplift.</p> | <p>Piecemeal approach, that would require significant resources both within the council and externally and unlikely to be cost effective as a long-term solution.</p> <p>Appetite from private sector may not be sufficient to sustain.</p>                                 |
| <p>Providing capital funding to Registered Providers.</p> | <p>Councils using their cheap borrowing from the Public Works Loan Board to lend to housing associations for development.</p>   | <p>Loans to associations count against a council's general fund rather than the HRA and so is not subject to the cap on borrowing. In the short term, RPs could be attractive places for Councils to invest.</p>  | <p>Councils borrowing to make the loans would be using up some of their debt capacity from the general fund. There are also the risks in lending to housing associations, particularly on longer term loans, including pressures on rental income from welfare reforms.</p> |

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