



To: Executive Councillor for Housing: Councillor Kevin Price
Report by: Alan Carter
Relevant scrutiny committee: Housing 30/9/2014
Scrutiny Committee
Wards affected: Abbey Arbury Castle Cherry Hinton Coleridge East Chesterton King's Hedges Market Newnham Petersfield Queen Edith's Romsey Trumpington West Chesterton

Council Housing at Homerton College

Key Decision

1. Executive summary

The Homerton College scheme is the first to be brought forward in the next phase of the Council's own Social Housing Programme and is notable too to be the first opportunity to work on a site not owned by the Council.

The report describes the funding background to the next phase of the Social Housing Programme and explains that the factor that is driving our decision making on which schemes to prioritise is the need to spend Right to Buy receipts within a given time limit.

2. Recommendations

The Executive Councillor is recommended:

Approve in principle for the Council to deliver social housing on the Homerton College scheme - noting that a final scheme will be brought back to Committee for scrutiny and approval.

3. Background

A report to the Housing Scrutiny Committee in July 2014 reiterated that as the main provider of housing in Cambridge, the reasons why the Council has its own new build housing programme are as follows;

1. Provide additional social housing to meet the shortfall in Cambridge and to replace the loss of social housing through the Right to Buy.
2. Replace some of the Council's existing social housing that no longer meets current day standards and is becoming less popular with residents.
3. Build new house types that will better meet the overall mix of Affordable Housing needed in the future.
4. Improve the energy efficiency of the Council's housing.

The report described that twenty eight new Council homes have now been completed since 2010 and that we are well into the delivery of 125 more homes funded in part by Homes and Communities Grant. Approval has also been given to commit to the delivery of a further 104 new Council homes on the Quad scheme on the Southern Fringe and a planning permission has been submitted by our developer partner, Hill.

Officers have subsequently been turning attention to the next phase of new Council homes. Having established the Council back into the 'business' of building new homes over the last five years officers are beginning to develop a more systematic and comprehensive approach to identifying opportunities for new schemes and matching funding streams and timescales to these opportunities. Although this is still 'work in progress', officers are beginning to categorise new schemes opportunities in terms of land ownership as follows;

- a. Housing Revenue Account (HRA) land with existing housing
- b. HRA garage and small in-fill sites
- c. General Fund sites
- d. Sites owned by other public sector bodies
- e. Sites in private ownership

As an indication of scale, sites have been identified that could deliver around 300 new social housing units for the Council over the next four years.

The Homerton College scheme is the first to be brought forward in the next phase of the Council's own Social Housing Programme and is notable too to be the first opportunity to work on a site not owned by the Council.

The site is owned by Homerton College and is earmarked in the current Local Plan for residential development. Homerton College has selected Hill as their developer partner and Hill in turn has agreed with Homerton College for the Council to provide the social housing.

An outline planning approval is in place for the scheme and Hill are working up a detailed planning application. The whole scheme will mainly consist of flats and the likely schedule of accommodation of the social housing comprising 39 units will be as follows (this is still in development):

One block comprising Rented Apartments -

For Rent;

8 no 1 bedroom 2 person - 50 sq m
17 no 2 bedroom 3 person - 70 sq m
2 no 3 bedroom 5 person - 85 sq m

For shared ownership;

6 no 1 bed 2 person- 50 sq m
2 no 2 bed 3 person- 70 sq m
2 no 3 bed 5 person- 85 sq m

2 no rented 4 bed 6 person houses on Purbeck Road - sizes to be confirmed - approx. 118 sq m each.

Attached as Appendix 1 and for initial information is the presentation submission to the Design and Conservation Panel

The indicative planning and development target programme is as follows:

Submission in Mid-October 2014
Planning committee in January 2015
Start on site in May 2015
Completion of units in June 2017.

4. Implications

(a) Financial Implications

The Housing Revenue Account Mid-Term Financial Review captures the funding available for this scheme and the Council's ongoing social housing programme.

The funding environment for the social housing programme is complex and includes a number of fixed and variable funding streams. Each funding stream comes with its own constraints which in some cases conflict with each other.

The planning and delivery of new social housing schemes by the Council therefore is largely driven by what funding is available and when and under what condition.

The main funding streams are as follows;

Right to Buy (RTB) Capital Receipts – The Council can retain a proportion of receipts. RTB receipts can be used to fund 30% of the cost of a new home. The remaining 70% needs to be found from other sources. RTB receipts must be re-invested in new housing within a three year time-scale. RTB receipts can only be used to fund new social rented housing and not intermediate housing such as shared ownership. However, there is no restriction on the nature of the social rented housing ie it could be used to provide new housing at target rent or Affordable Rent. RTB receipts cannot be used on redevelopment schemes if there is no net gain of social housing.

Homes and Communities Agency (HCA) Grant – The Council can continue to bid for capital grant on schemes. The average grant allocation in this area is around £20,000 per unit. Grant is available for intermediate housing schemes. Unless there are exceptional circumstances, the new housing must be for Affordable Rent. Under the current grant programme a any new scheme will need to be completed by March 2018. However, HCA Grant can't be utilised to fund a dwelling which has any RTB receipt allocated to it.

Borrowing – The Council is subject to a cap on its borrowing and currently has approximately £16m available to invest in the new social housing programme or other capital projects. £14.5m of this has been identified as being needed to meet the anticipated top up of RTB receipt funding between 2015/16 and 2017/18, but has not yet been committed to specific schemes in the Housing Capital Investment Plan. There are no constraints on the type of social housing that can be invested in using borrowing or any time-limits. (The Government has introduced a 'bidding' opportunity for local

authorities to raise their debt caps. However, the conditions placed on this opportunity are severe and prohibitive for the Council. For example, as a guide, additional borrowing of only £30,000 per unit will be allowed and the Council will have to find the balance from other sources. RTB receipts cannot be used to match fund additional borrowing under this scheme. (Similar to HCA grant, the new homes will need to be let at Affordable Rent.)

Surpluses Generated on the HRA – The Mid-Year Financial Review includes assumptions about the scale of surpluses that may be generated over time. The Council has already approved to reinvest some of the funding ‘set-aside’ to allow repayment of the original loan debt on the HRA to instead fund new social housing. There are no constraints on the type of social housing that can be invested in using HRA revenue surpluses.

Other Capital Receipts – The disposal of any land or property accounted for in the HRA forms an additional funding source. Disposals are only accounted for as and when they happen. There are no constraints on the type of social housing that can be invested in using land receipts, or any time limits applied.

For working purposes officers are currently considering available funding in the order of £56m to fund social housing schemes over the next four years.

This is broken down approximately as follows;

RTB Receipts	£13m
Borrowing	£14m
Surpluses	£29m

The factor that is driving our decision making on which schemes to prioritise is the need to spend RTB receipts within a given time limit. The Mid-Year Financial Review shows that we will need to spend approximately £6.8m RTB receipts by the end of June 2017. To date we have committed approximately £4.4m on 13 additional social housing units on the Colville Road, Atkins Close and Wadloes Road schemes and the Clay Farm site, with £3.1m of this to be spent within this timeframe. A further £0.5m has been earmarked to deliver the next phase of garage and in-fill site developments. The Homerton College scheme could commit a further approximately £1.8m of RTB receipts.

The detailed viability of the scheme for the Council will be modelled once the final layout mix and tenure of the social housing has been determined.

(b) Staffing Implications

The project will be managed by the Housing Development Team in the Strategic Housing Service. Liaison will be made with City Homes; the Estates and Facilities Service and the Legal Services Team.

There are no other significant staff implications.

(c) Equal Opportunities Implications

A series of EQIAs have been undertaken for the Council House Programme, the Housing Development Service and for individual schemes. The EQIAs mainly highlight the benefits of the Council retaining direct control of new housing development itself to ensure a focus on the delivery of housing that meets a diverse range of housing needs. Part of the assessment underlines the need for Affordable Housing to help those most likely to suffer poverty as well as ways in which new Affordable Housing will directly save money for tenants, such as energy saving measures.

Each individual scheme will continue be subject to an EQIA at the feasibility stage and prior to scheme approval.

(d) Environmental Implications

The social housing will be built to Level 4 of the Code for sustainable homes.

(e) Procurement

There are no procurement implications.

(f) Consultation and communication

This scheme does not involve the redevelopment of existing residential accommodation. Consultation will therefore follow the process required by the planning process.

Internal communication will be structured around the established groups that meet every Committee cycle and oversee the Council's social housing programme, namely; an officer group; a residents consultative group; and the Members Steering Group.

(g) Community Safety

There are no particular Community Safety implications as a consequence of this scheme.

5. Background papers

None

6. Appendices

Appendix 1 - Presentation submission to Design and Conservation Panel

7. Inspection of papers

To inspect the background papers or if you have a query on the report please contact:

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