

HOUSING CORPORATION BID

Report of the Director of Investment and Regeneration

1. SUMMARY OF REPORT

Following our accreditation as an investment partner of the Housing Corporation we have been evaluating a number of small sites for new build as our first bid. This report outlines the details of our initial bid.

2. RECOMMENDATION

That the Board agrees to make a cluster bid to the Housing Corporation, as set out in appendices 1 and 2, and delegates to the Chief Executive in consultation with the Chair and Vice Chair's the final bid.

3. MATTER FOR CONSIDERATION

- 3.1 Following our accreditation by the Housing Corporation as an investment partner we are now eligible to submit our first bid for affordable housing grant.
- 3.2 Since our accreditation the Housing Corporation has been actively encouraging us and other ALMO's to consider submitting bids for grant funding.
- 3.3 In September 2007 the Housing Corporation opened up their bidding for the 2008-11 affordable housing programme. The deadline for submissions is the 2 November 2007.
- 3.4 The Housing Corporation has stressed that they are keen to provide financial support for sites that have a good chance of being delivered, in other words if we are not sure about the deliverability of any particular site then do not submit an application for grant until any uncertainties have been resolved.
- 3.5 The Housing Corporation has stressed that it is very likely that there will be further opportunities to submit bids during 2008-11.
- 3.6 The Housing Corporation will assess the bids on four criteria:
 - i value for money
 - ii strategic fit
 - iii deliverability

- 3.7 We have been busy, during this period, evaluating a number of small sites within the City that have potential for new build. In total we identified 21 sites that we felt had some potential, we have held subsequent discussions with our development partner, representatives from the Council's Housing Strategy Unit, Planning, Highways and Estates departments.
- 3.8 We have examined the issues for each of these sites and set aside, for now, those sites that have issues affecting them that could put at risk them being utilised for housing use. These issues, which include existing trees, leaseholder rights, flood plain issues, and individual site size, have meant that these sites require more work and may be worked up at some point for a future bid. The nature of most of these sites has meant that many require more work to get around some form of complication, we have however identified that five sites have a good chance of deliverability and are suitable to be grouped into a cluster to form our bid.
- 3.9 The sites are:
- Ellesmere Avenue
 - Martin Drive
 - Grampian Way
 - Penalton Close
 - Greenfields Avenue.
- 3.10 Our development partner has produced indicative site layouts for these sites and we are able to build 43 homes in total of which 16 or 17 will be owned by Derby Homes. Appendix 1 provides detail on the number of units per site Appendix 2 gives the site layouts and Appendix 3 gives detail on the house types and designs.
- 3.11 We will apply for planning permission for these sites during the next two months in preparation for a start soon after the grant announcement is made; we expect the announcements on the bid by the Housing Corporation in march 2008.
- 3.12 It is important that we continue to work closely with the City Council. The grant funding is only available to the ALMO and we must own the land, this is an issue we are discussing with the City Council. The Housing Corporation will also expect us to utilise the income stream from any new homes to support the build costs, as we are owned by the Council we will need to ask the Council to take out this supported borrowing on our behalf. The Housing Corporation have also insisted that any ALMO bid for grant must be guaranteed by the parent Local Authority. The City Council have already agreed to this in principle, we are now able to provide the detail of the bid for this guarantee to be firmed up.

3.13 All homes will be built to the same high quality standards regardless of tenure, we plan to pepper pot the mix of rented/for sale units across the sites.

3.14 As the Board will recall, we have appointed POD, a development consortium of housing associations, to assist us in the bidding process.

4. EQUALITIES IMPACT ASSESSMENT

At least 80% of all homes will be built to the Joseph Rowntree lifetime homes standard.

5. CONSULTATION IMPLICATIONS

If the Board agrees the proposals for the bid we will commence a process of consultation with local communities regarding these proposals. We will of course continue our consultation processes with Councillors, City Council's Housing Strategy, Planning, Highways and the Estates departments.

6. FINANCIAL AND BUSINESS PLAN IMPLICATIONS

6.1 The homes for rent will be funded by a mix of free land from the Council, profit from sold units, supported borrowing and, if our bid is successful Housing Corporation grant. Our bid will enable us to retain around 40% of homes built. At the time of writing this report the total build costs for the sites is still being finalised.

6.2 The key area of risk are the build costs and the sales values of homes for sale, whilst we can make a conservative estimate of the sales value at this stage the housing market can, at times be volatile and we need to make reasonable allowances for this. We have structured our bid to generate a surplus that can be used as a contingency for risk.

6.3 Bids for funding to the Housing Corporation would include elements to recover the costs of development agents.

6.4 Negotiations with POD, our development agency, will take place to reduce costs where fee elements in their submission are not used by Derby Homes.

6.5 If the bid to the Housing Corporation is successful, detailed costings will be brought back to the Board for final approval. This is likely to be in April 2008.

7. LEGAL AND CONFIDENTIALITY IMPLICATIONS

7.1 The submission of this bid does not commit Derby Homes to a legal contract. The outcome of the bid will be reported back to the Board and

the Council for a final decision.

- 7.2 The Board approved at its last meeting that Strata Homes Limited will be the preferred developer partner for our bid. Derby Homes has the power to construct, alter, improve, maintain, equip, furnish and/or demolish any buildings, structures or property.

8. PERSONNEL IMPLICATIONS

This work is being led by the Regeneration and New Business Manager, under the supervision of the Director of Investment and Regeneration. Additional support will be provided by other staff as required. Our consultants POD will also provide up to 10 days support for this process.

9. EQUALITIES IMPACT IMPLICATIONS

We aim to ensure that the houses built are flexible and will allow for future adaptations if required. We will also review the current waiting list to see if we can build some houses that meets the need of families who are awaiting rehousing to a house adapted to meet the need of a family member. The houses will meet the needs of larger BME families, and will have gas supplies to meet the need for gas cooking by some BME communities.

10. ENVIRONMENTAL IMPLICATIONS

All homes will have enhanced levels of thermal insulation, rainwater recycling and depending on the aspect of the roof a solar panel designed to achieve the Housing Corporation Code for Sustainable Homes Level 4 across all tenures. This far exceeds the levels currently required under building regulations and contributes towards reducing carbon emissions and running costs for tenants and owners.

The areas listed below have no implications directly arising from this report

- Health & Safety

If Board members or others would like to discuss this report ahead of the meeting please contact the author, or the Chief Executive, phil.davies@derbyhomes.org - Tel 01332 711010

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Background Information: None.

Supporting Information: Appendices 1, 2 and 3.