



AGENDA ITEM: 10
HOUSING DEVELOPMENT
STRATEGY 2013-20

Report for:	Housing and Community Overview and Scrutiny Committee
Date of meeting:	13 November 2013
PART:	I

Title of report:	Housing Development Strategy 2013-20
Contact:	Margaret Griffiths, Portfolio Holder for Housing Jack Burnham, Housing Development Manager Isabel Connolly, Strategy, Policy and Private Sector Housing Team Leader
Purpose of report:	To approve “Building for the future – Dacorum Borough Council’s strategy for new council homes 2013-20” as the Council’s development strategy for new Housing Revenue Account (HRA) homes until 2020.
Recommendations	<ol style="list-style-type: none"> 1. To approve “Building for the future – Dacorum Borough Council’s strategy for new council homes 2013-20”. 2. To recognise the New Build Project Board as the working group to monitor the progress of the Council's development programme, reporting into Corporate Regeneration Group.
Corporate Objective:	Affordable Housing
Implications:	<u>Financial</u> The HRA Business Plan currently has the capacity to deliver the aims of this strategy.
Value For Money Implications:	<u>Value for Money</u> The Housing Development Strategy 2013-20 sets out the vision and strategic long-term plan for new council homes that will provide high quality housing at an affordable cost to the Housing Revenue Account. The resources required to deliver the homes in this strategy are available in the HRA business

	plan.
Risk Implications	Risk Assessment completed within the New Build PID.
Equalities Implications	Equality Impact Assessment completed within the New Build PID/Housing Strategy
Health And Safety Implications	All development sites have been registered with the Health and Safety Executive (HSE) in line with the CDM 2007 (Construction Design and Management Regulations) as required by statute, by the Council's appointed CDM Coordinator.
Consultees:	<p>New Build Project Group, including:</p> <ul style="list-style-type: none"> Corporate Director - Housing and Regeneration Assistant Director - Finance Assistant Director - Housing Group Manager - Strategic Housing Group Manager - Commissioning Procurement and Compliance Group Manager - Commercial Assets and Property Group Manager - Estates Team Leader - Commissioning Procurement and Compliance Lead Officer - Housing Development and Delivery HRA Accountant
Background papers:	<p>Cabinet Report – 23 October 2012 “Update on Council Home New Build Programme – Phase 1”</p> <p>Cabinet Report – 30 April 2013 “Housing Revenue Account Business Plan Update”</p> <p>Cabinet Report – 22 October 2013 “Housing Strategy 2013-18”</p>
Glossary of acronyms and any other abbreviations used in this report:	<p><i>HRA – Housing Revenue Account</i> <i>HCA – Homes and Communities Agency</i> <i>Social Rent – Homes rented using the HCA's Target Rent formula (traditional Council housing)</i> <i>Intermediate Rent – Homes rented at 80% of open market value to households who in employment</i> <i>Shared Ownership – Homes where part of the property is sold to a buyer, who pays a rent on the unsold equity</i> <i>Shared Equity – Homes where 80% of the property is sold to a buyer, who must buy the remaining share between 1 & 25 years. Also known as “Help-to-Buy”</i> <i>Private Sale – Homes that are sold on the open market</i></p>

1. BACKGROUND

- 1.1 In April 2012 the Council agreed its 30 year Housing Revenue Account (HRA) business plan. The Localism Act 2011 introduced new powers for councils to keep their rental income and thereby generate growth capital to fund investment in their housing stock (this was called 'self-financing', and replaced the HRA Housing Subsidy System). A business plan was a requirement of self-financing to plan the investment of the capital.
- 1.2 The resources available following the move to self-financing created the opportunity for the Council to be strategic in its approach to its housing stock for the first time. It was possible, and essential, to not only consider the existing housing stock, but also wider issues such as community development, improving the environment and the potential to build new council homes to address the increasing demand for affordable housing.
- 1.3 Following the first year of self-financing, the business plan was reviewed in consultation with tenants, as well as members of the Council's Cabinet, before being approved at the Council's Cabinet meeting in May 2013. The Council's first new-build programme in over 20 years is a core element of the business plan. The report also included approval for further development of new council homes from 2015 onwards.
- 1.4 This report recommends the adoption of "Building for the future – Dacorum Borough Council's strategy for new council homes 2013-20" as the development plan for the next two phases of council development. This plan provides the direction and detail required to successfully implement further phases of council housing delivery.
- 1.5 The "Building for the future" document will ensure that future council homes meet the objectives of the Core Strategy, Housing Strategy and other associated council policy. All development will be delivered within the current capacity of the HRA business plan.

2. BUILDING FOR THE FUTURE: DACORUM BOROUGH COUNCIL'S STRATEGY FOR NEW HOMES 2013-20

- 2.1 The "Building for the future" strategy covers the delivery of new council homes from 2013 to 2020. This strategy forms part of the Housing Service framework, containing the strategies and policies that take forward housing provision and services within the borough. It builds on our Corporate Plan and Housing Strategy 2013 - 2018, specifically in relation to the delivery of affordable housing.
- 2.2 In April 2013 the Council's Cabinet committed to, at least, a further two development phases of council homes. As part of this agreement a requirement for a strategy was identified, in order to set the vision for development and ensure that the Council builds homes of the right type, size, quantity and quality.

- 2.3 “Building for the Future” sets out four key objectives that will be fulfilled in the future planning, development and delivery of new council homes. These four key objectives are set out below:
- **Embark on an ambitious programme of development underpinned by strong risk management and financial viability principles**
 - **Take a planned approach to development opportunities that provides value for money while maximising supply**
 - **Develop a lasting and positive legacy of distinctive and well thought of homes**
 - **Build homes that contribute to successful communities and growth in the local economy**
- 2.4 The Council is committed to building homes for rent and these homes are the priority within the new strategy.
- 2.5 In order to deliver an ambitious programme of development, new forms of tenure may be used in order to cross-subsidise the cost of developing homes for social rent. These tenures may include shared equity, shared ownership and private sale. Tenures will be considered on a site-by-site basis, taking into account the financial impact, the size and location of the site, and the mix considered appropriate to create a sustainable community.
- 2.6 An innovative financial strategy is considered essential to a successful long-term development programme and cross-subsidy can play a key role in the delivery of larger sites, by making these sites more viable through the generation of surplus. This strategy will support the Council to be competitive with major developers when seeking to acquire the best sites for development in the borough.
- 2.7 The General Fund (GF) has a large land-holding in the borough. The majority of this land serves an important amenity use and is therefore not suitable for development. The sites that are suitable for development may be sold, or potentially leased, to the Housing Revenue Account (HRA) for the development of new homes. The strategy makes a commitment to explore additional innovative forms of funding as and when is appropriate.
- 2.8 Under the HCA’s framework of funding for 2011-15 the Council was awarded funding from the Homes and Communities Agency (HCA) for the homeless hostel due to be built by March 2015 as part of the Council’s first phase of new-build development. It is not yet known if, or how much, grant funding will be available from 2015 onwards, and therefore the HRA business plan has assumed that grant funding will not be available.
- 2.9 This strategy details the required standards for new-build Dacorum Borough Council homes, setting out the minimum standards required for the following elements of development:
- Energy and Sustainability
 - Space and Safety

- Design
- Quality
- New Business
- Procurement and Legal
- Governance
- Development
- Customer Service

2.10 By reaching the minimum standards prescribed in the “Building for the future” strategy, the Council can be confident that its developments will provide a legacy of high quality, well designed homes that will meet local housing needs.

2.11 The Council is particularly committed to the development of energy efficient homes. Rising energy prices are putting pressure on household budgets. The development of new energy efficient homes will reduce the impact of issues such as fuel poverty across the new stock.

3. GOVERNANCE

3.1 This report recommends that a project board is established to monitor the progress of the Council’s New-build programme. This group will meet quarterly and will include the Portfolio Holder for Housing, in addition to officers representing the key parts of the organisation related to the development of new homes (Legal, Finance, Procurement etc.). This group will be known as the New Build Project Board.

3.2 The New Build Project Board will report into the Corporate Regeneration Group (CRG), providing a regular update on the progress of the development of new council homes, as well as taking a steer from CRG when considering potential schemes.

3.3 The Council’s Cabinet will receive a regular update on the progress of the development of new council homes, as will the Housing and Communities Overview and Scrutiny Committee, and the Tenants and Leaseholders Committee.

3.4 New sites and acquisitions will be approved by Cabinet, with subsequent main contract awards being approved by the Portfolio Holder for Housing, as agreed at the September 2013 Cabinet meeting.

4. RECOMMENDATIONS

4.1 To approve “Building for the future – Dacorum Borough Council’s strategy for new council homes 2013-20”.

4.2 To recognise the New Build Project Board as the working group to monitor the progress of the Council's development programme, reporting into Corporate Regeneration Group.