

	<p>ASSETS, REGENERATION & GROWTH COMMITTEE</p> <p>30 November 2015</p>
<p style="text-align: right;">Title</p>	<p>Housing Development Pipeline – Barnet Homes</p>
<p style="text-align: right;">Report of</p>	<p>Commissioning Director, Growth and Development</p>
<p style="text-align: right;">Wards</p>	<p>All</p>
<p style="text-align: right;">Status</p>	<p>Public</p>
<p style="text-align: right;">Urgent</p>	<p>No</p>
<p style="text-align: right;">Key</p>	<p>Yes</p>
<p style="text-align: right;">Enclosures</p>	<p>None</p>
<p style="text-align: right;">Officer Contact Details</p>	<p>Tony Piggott, Head of Development, Barnet Homes tony.piggott@barnethomes.org; 020 8359 2264</p> <p>Paul Shipway, Strategic Housing Lead, paul.shipway@barnet.gov.uk; 020 8359 4924</p>

<p>Summary</p>
<p>This report seeks permission to proceed with preliminary works needed to progress plans to develop new affordable housing for rent on council housing land, as set out in the Council’s Housing Strategy 2015 -2025.</p>
<p>It is intended that the majority of the new homes will be owned and managed by a Registered Provider that Barnet Homes is in the process of establishing for this purpose, although some properties will be owned by the Council.</p>

Recommendations

- 1. That the Committee approves the proposals set out in this report to develop new affordable homes on existing housing land owned by the Council through Barnet Homes.**
- 2. That the Committee notes expenditure of up to £2.1m from the Council's Housing Revenue Account (HRA), the costs to achieve planning consents for approximately 120 affordable homes.**
- 3. That the Committee notes that a further report will be put forward in March 2016 with details of proposed sites for development on Council owned housing land following consultation with ward councillors and local residents.**

1. WHY THIS REPORT IS NEEDED

- 1.1 The Assets, Regeneration and Growth Committee (ARG) approved at its meeting on 9 July 2014, the approach to, and the principles underpinning, the creation of a Development Pipeline. In addition, ARG agreed that an initial list of potential development opportunities to bring forward sites, which were declared surplus to requirements, would be prepared.
- 1.2 The Council's Housing Strategy 2015-2025 sets out how the Development Pipeline will include the building on new homes on existing council housing land to be delivered by the Council's Arm's Length Management Organisation (ALMO), Barnet Homes.
- 1.3 Barnet Homes is already in the process of building 40 new homes on behalf of the council, which will be completed in 2016. These are in addition to the 3 homes completed in 2014.
- 1.4 A high level review of existing housing land owned by the Council suggests that there is potential capacity to build up to 700 new homes on sites across the Borough.
- 1.5 This report seeks permission to proceed with preliminary feasibility work required to bring sites forward for planning permission.
- 1.6 The preliminary work will be funded from the Housing Revenue Account (HRA), which will be reimbursed in full in respect of any sites that are developed by the new Registered Provider (RP) that Barnet Homes is in the process of establishing.
- 1.7 Approval for a Council loan to the new RP will be sought from Policy and Resources Committee in January 2016. The loan will be used to fund the building of new homes by the RP
- 1.8 Should a Council loan for the RP not be agreed, there are sufficient funds within the HRA to build up to 120 new homes, as identified in the Council's HRA Business Plan.

- 1.9 If an RP is established by Barnet Homes, it will have the potential to deliver a larger development programme, initially expected to be in the region of 320 new affordable homes on HRA land, with a target of 500 new affordable homes by 2022.
- 1.10 A list of proposed sites will be reported to ARG in March 2016, following initial consultation with ward members and local residents.
- 1.11 The estimated cost of feasibility works required for bringing sites forward for planning permission is £17,000 per unit¹. On the basis that 120 new homes could be funded directly through the HRA, approval to spend up to £2.1m on this work will be sought from Policies and Resources Committee in December as part of a wider report on the Council's Capital Programme. The feasibility works include:
- Site surveys
 - Design fees
 - Legal fees
 - Pre application fees
 - Construction Design Management (CDM)
 - Employer's agent fees.

2. REASONS FOR RECOMMENDATIONS

- 2.1 The Council's Housing Strategy 2015-2025 identifies the need to increase housing supply and to deliver ~~f~~ homes that people can afford. The proposals contained in this report will facilitate the delivery of new homes for affordable rent in the borough.
- 2.2 The new 10 year Management Agreement with Barnet Homes includes a target of developing 500 homes for affordable rent to be owned and managed through Barnet Homes and their new Registered Provider subsidiary. For every new home for affordable rent developed via this route, the Council will receive £2000 per annum to support the General Fund costs of providing the Housing Options service.
- 2.3 The delivery of new affordable rented homes will help to meet the objective in the Council's Housing Strategy to prevent and tackle homelessness, by reducing the use of temporary accommodation.
- 2.4 All the new homes provided will meet the lifetime homes standard. At least 10% will be fully wheelchair adapted, meeting the objective in the Council's Housing Strategy of providing housing to support vulnerable people.
- 2.5 The Council's HRA Business Plan supports the building of homes for affordable rent on HRA land and sets out the financial benefits in the form of savings on the costs of temporary accommodation and residential care for wheelchair users.

¹ This estimate reflects the actual costs for achieving planning permission for the 40 homes which are now on site (Tranche 0).

2.6 By funding the preliminary work to achieve planning consents on these sites, Barnet Homes RP will be able to take up an allocation of funding secured from the GLA for 101 homes².

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

3.1 The sites could be left undeveloped, but this would not deliver the requirement for new affordable homes identified in the Council's Housing Strategy.

3.2 The Council could consider selling the sites on the open market. However, this would not give the Council control over the speed of delivery, affordability or quality of homes provided. In addition, there are potential financial benefits to the Council from developing the land itself or through Barnet Homes, including a reduction in the cost of temporary accommodation, and an income stream from the properties, which will be let at affordable rents of 65% market rents in line with the Council's Housing Strategy.

4. POST DECISION IMPLEMENTATION

4.1 Barnet Homes will proceed with preliminary works necessary to bring forward planning applications for each site.

4.2 Barnet Homes' first priority will be to consult with ward councillors and local residents prior to reporting a list of proposed sites to ARG and in advance of submitting any planning applications.

4.3 A report will be taken to the Policy and Resources Committee in January 2016 seeking approval for a loan from the Council to the RP being established by Barnet Homes and the business case for this. This loan will be used to fund the building of new homes.

4.4 In respect of Council owned sites, Barnet Homes will prepare full business cases for each site or combination of sites and seek approval from ARG.

4.5 The intention is for the majority of sites to be transferred to and developed by the Registered Provider, including 101 homes with Greater London Authority (GLA) Capital Grant. This is, however, subject to Council and Housing and Communities Agency (HCA) approval and contingent on the Barnet Homes RP being granted Registered Provider status by HCA.

4.6 In terms of key programme milestones, Barnet Homes are targeting the following :-

- Consultation and community engagement commencing December 2015
- Barnet Homes RP established March 2016

² These 101 homes will be delivered as part of the total of 170 to be delivered by March 2018.

- Planning applications submitted from April 2016
- First new homes to start on site from August 2016
- First 170³ new homes delivered by March 2018

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

5.1.1 The Council's Corporate Plan (2015-2020) sets out how residents will see a responsible approach to regeneration, with new homes built and job opportunities created. This includes identifying a pipeline of sites to build new homes that residents need and that will increase local revenue streams.

5.1.2 Barnet's Health and Wellbeing Strategy recognises the importance of access to good quality housing in maintaining Well-Being in the Community.

5.1.3 Lack of affordable housing is highlighted in Barnet's Joint Strategic Needs Assessment (JSNA) as one of the top 3 concerns identified by local residents in the Residents' Perception Survey.

5.1.4 Delivery of the new homes will be monitored through the Development Pipeline Partnership Board which is chaired by the Commissioning Director, Growth and Development.

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

5.2.1 The preliminary work will be funded from the HRA, which will be reimbursed in full in respect of any sites that are built by the RP. This approach is in line with the Council's HRA Business Plan which was agreed by Housing Committee on 19 October 2015.

5.2.2 Approval for a council loan for the Barnet Homes RP to fund the building of new homes will be sought from the Council and a report is to be presented to the Policy and Resources Committee in January 2016 regarding this.

5.2.3 Should the loan for the Barnet Homes RP not be agreed, there are sufficient funds within the HRA to build up to 120 new homes. The remaining 60 homes can be funded in future years

5.3 Social Value

5.3.1 Barnet Homes will seek to provide employment opportunities for local people and opportunities for small and medium enterprises through the procurement of the construction contract for the delivery of affordable housing.

5.3.2 This will be achieved by incorporating an assessment of the social value contractors

³ This will be 120 if the Barnet Homes RP is not established

can deliver, and will form part of the selection criteria in the procurement process.

5.4 Legal and Constitutional References

- 5.4.1 Council Constitution, Responsibility for Functions, Annex A – The Assets, Regeneration and Growth Committee has responsibility for “Asset Management – all matters relating to land and buildings owned, rented or proposed to be acquired or disposed of by the Council”.
- 5.4.2 Council, Constitution, The Management of Assets, Property and Land Rules, Section 2.8 states that the “Strategic Asset Management Plan will govern decisions on the future direction of the development of the Council’s Built Environment”. Where there are land and property implications for the council, the authorisation thresholds and asset disposals must be authorised by the Assets Growth and Regeneration committee.
- 5.4.3 Site specific legal matters for the sites will be explored and resolved through joint working with LBB Customer & Support Group and HB Public Law. Tax implications and any requirement for HRA consents will need to be considered.

5.5 Risk Management

- 5.5.1 The commencement of feasibility work will maintain the timetable to meet the deadline of completion of at least 101 homes by December 2017, as required to receive grant funding from the GLA, thus mitigating the risk that this allocation will be lost.
- 5.5.2 There is the risk of abortive costs should the full business cases for individual sites not be agreed. The feasibility work will identify additional sites that will act as replacements should any sites become unfeasible.
- 5.5.3 Should the loan for the RP not be agreed or if the HCA do not agree the application for RP status, then there are sufficient funds within the HRA to build up to 120 new homes, as identified in the Council’s HRA Business Plan.
- 5.5.4 Planning approval will be achieved at each site. The planning process is a risk; however this is managed by the recent relevant experience of Barnet Homes of similar sites. Resident consultation and working with experienced architects that are fully conversant to this type of work and the communities in which we work. A full project risk assessment will be carried out at project inception to identify and manage key risks such as budget, programme, health and safety and statutory services.

5.6 Equalities and Diversity

- 5.6.1 The new affordable housing units will be let in accordance with the Allocation Policy. The Housing Allocations Scheme agreed in January 2011 was subject to a full equalities impact assessment which included extensive consultation with residents and housing applicants on the former housing register. A further

equalities assessment of the revised planned Housing Allocations Scheme has been undertaken to ensure it does not disadvantage any households on the basis of ethnicity, faith, gender, disability, sexual orientation or age.

- 5.6.2 The proposals in this report do not raise any issues under the Council's Equalities Policy and does not have a bearing on the Council's ability to demonstrate that it has paid due regard to equalities as required by the legislation.

5.7 Consultation and Engagement

- 5.7.1 Ward councillors, residents and communities local to each site will be consulted by Barnet Homes prior to the planning applications being submitted. Public resident consultation meetings will be held and individual consultations will be undertaken with other residents as requested.
- 5.7.2 The planning service will carry out a statutory consultation exercise as part of the planning process.

5.8 Insight

- 5.8.1 The Council's Housing Strategy, which identifies the need for new affordable homes, is supported by a comprehensive evidence base, including a Housing Needs Assessment and a study of affordability carried out by the Council's insight team.

6. BACKGROUND PAPERS

- 6.1 Cabinet Resources Committee, 24 June 2013, 'Local Authority New Housing Programme'<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=151&MId=7457&Ver=4>
- 6.2 Assets Regeneration and Growth Committee, 9 July 2014, Strategic Asset Management Plan
<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=696&MId=7960&Ver=4> .
- 6.3 Assets Regeneration and Growth Committee, 8th September 2014, Strategic Asset Management Plan
<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=696&MId=7885&Ver=4>
- 6.4 Assets Regeneration and Growth Committee, 15 December 2014, Strategic Asset Management Plan
<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=696&MId=7886&Ver=4>
- 6.5 Assets Regeneration and Growth Committee, 15 December 2014, Local Authority New Housing Programme (Barnet Homes)

<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=696&MId=7886&Ver=4>

- 6.6 Council, 20 October 2015, Report of Policy and Resources Committee – The Barnet Group – Creation of new legal entity and subsidiary
<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=162&MId=8340&Ver=4>
- 6.7 Council, 20 October 2015, Report of Housing Committee – Housing Strategy and Commissioning Plan
<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=162&MId=8340&Ver=4>
- 6.8 Housing Committee, 19 October 2015, Housing Revenue Account (HRA) Business Plan
<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=699&MId=8268&Ver=4>