

Appendix 1

Barnet Council and Barnet Homes - Strategy for development of housing on council land and acquiring new homes

1. Introduction

- 1.1 The council embarked on a programme of building new housing on its own land in 2015 in partnership with Barnet Homes.
- 1.2. Initially this involved building 43 new council homes for rent which were completed in 2017 and subsequently, following the establishment of Opendoor Homes, a registered provider owned by Barnet Homes, a further programme of 341 homes for affordable rent to be owned and managed by Opendoor Homes. This programme is now well underway, with 56 new homes already finished and the rest due to complete by early 2022.
- 1.3. In addition, we have established a programme of providing new extra care housing, with the first 53-unit scheme at Ansell Court having completed in January 2019, providing high-quality homes for older people, including those suffering from dementia. Two further extra care schemes are being progressed in Hendon and Burnt Oak, which will provide a further 125 homes in total.
- 1.4. We are now ready to embark on the next phase of our local development strategy, to make full use of the resources available to us for the delivery of new homes on our own land, and through other opportunities such as planning gain.
- 1.5. The number of new homes that can be delivered through the Housing Revenue Account (HRA) is limited by the commitments that the council has made to invest in fire safety and maintaining the council's housing stock, as well as statutory rent controls that apply to council rents.
- 1.6. Opendoor Homes now have an established track record of providing high-quality new homes by providing an opportunity to complement the council's HRA programme and provide more homes than would otherwise be possible, with a focus on mixed tenure and non-HRA sites.
- 1.7. Barnet Homes has established an effective development team, that has delivered new homes for Opendoor Homes and the council, and will continue to do so, along with management services for both organisations.

2. Strategic Context

- 2.1 This strategy supports the council's Corporate Plan 2019-24 and other council strategies including the Housing Strategy, Homelessness and Rough Sleeping Strategy, and Growth Strategy, whilst also aligning with the council's work to

revise its Local Plan for the borough. It is also aligned with The Barnet Group's Strategic Plan 2019-24 and Growth Strategy.

2.2 In delivering this strategy, we together aim to support the delivery of Barnet Council's Corporate Plan, and specifically the outcome to 'achieve a pleasant, well-maintained borough that we protect and invest in'. This strategy contributes to the council's priorities of ***ensuring decent quality housing that buyers and renters can afford, prioritising Barnet residents***, and ***responsible delivery of our major regeneration schemes to create better places to live and work, whilst protecting and enhancing the borough*** by:

- increasing the supply of much-needed housing across a range of tenures;
- delivering new homes that people can afford;
- reducing homelessness and the use of temporary accommodation;
- ensuring high-quality housing and services;
- investing in homes and communities for the long term; and
- reinvesting in further delivery of housing and in services for existing residents.

3. The Housing Revenue Account

3.1 The council's Housing Revenue Account 30-year business plan contains more information about the capacity of the HRA to deliver more new council homes. A programme is already underway to deliver 18 homes by adding an additional floor to flats in Burnt Oak, and a further 87 new homes which benefit from grant under the Greater London Authority's Building Council Homes for Londoners programme.

3.2 The Housing Revenue Account is also funding the delivery of our extra care housing programme, which comprises 183 dwellings.

3.3 Capacity has been identified to provide 250 new affordable homes for rent as well as to extend our existing programme of acquiring properties on the open market in London for use as council housing. In all we expect to purchase about 160 homes, which with the new homes we are building will increase the council housing portfolio by about 700 new homes for affordable rent over the next five years.

3.4 In addition to building and acquiring homes, the Housing Revenue Account also provides funding for our fire safety programme and maintenance of our existing stock, including the regeneration estates. In all the council is investing £52 million in improving fire safety and a further £36 million to ensure that homes on our regeneration estates at Grahame Park and Dollis Valley are maintained to a reasonable standard, including compliance with the Decent Homes standard for homes that are due to remain in management beyond 2024.

- 3.5 The Housing Revenue Account is further constrained by rent controls, which means that rent increases will be restricted to CPI + 1% until 2025.
- 3.6 Our HRA Business Plan demonstrates that the HRA cannot afford to support the delivery of any more homes over the next five years beyond those set out above, and it therefore makes sense to work with Opendoor Homes to provide a housing delivery programme that compliments the HRA programme set out in Table 1 below.

Table 1: HRA Delivery Programme

HRA Delivery programme to 2025	Total Homes
First tranche of new council homes completed in 2017	43
Ansell Court Extra Care Scheme completed in 2019	53
New council homes with GLA CHFL funding being progressed	87
2 Extra Care Housing Schemes being progressed	125
New council homes at Burnt Oak rooftop programme being progressed	18
Additional Capacity identified in HRA Business Plan	250
HRA Acquisitions programme agreed	82
Total new council homes	658

4. Opendoor Homes

- 4.1 Opendoor Homes is a housing association owned by the council's arms-length management organisation (ALMO) Barnet Homes, and received Registered Provider status from the Homes and Communities Agency in 2017. This provided an opportunity for the delivery of new affordable homes for rent on council housing land at a time that capacity for investment in the Housing Revenue Account was limited by a borrowing cap.
- 4.2 Opendoor Homes is now delivering a programme of 341 new affordable homes supported by a loan from the council along with land transferred at nil cost, and these are expected to complete by 2021.

Opendoor Homes Delivery Programme – December 2019			
Homes Completed	Homes on Site	Homes due to start on site	Total
56	229	56	341

- 4.3 The council recognises the potential of Opendoor Homes to provide additional capacity to deliver more new homes than can be achieved through the Housing Revenue Account alone and wishes to build on the initial investment it has made in the organisation. In particular, Opendoor Homes is suited to the delivery of mixed tenure housing, such as Hermitage Lane, where there is scope for

working closely with development partners to attract additional investment, or where GLA funding is available exclusively to the Registered Provider sector.

- 4.4 In order to realise its full potential and ensure longer term sustainability, the council will further help Opendoor Homes to build up a larger asset base in the following ways:
- The council has acquired 156 properties for use as affordable temporary accommodation, and will transfer ownership of these to Opendoor Homes
 - The council will provide a loan facility to Opendoor Homes to enable the housing association to purchase a further 500 properties for use as affordable temporary accommodation
 - The council will transfer¹ 950 council homes to Opendoor Homes as they become vacant over the next 4 years through a programme of *trickle transfer*. This will provide capacity within Opendoor Homes to build at least 40 affordable homes initially.
- 4.5 As well as putting Opendoor Homes on a more sustainable footing, the above proposals also provide financial benefits to the council as set out in our Medium-Term Financial Strategy which is summarised at **appendix 1**.
- 4.6 In addition to the above, the council has already agreed to Opendoor Homes working up plans for c250 new mixed tenure homes on council general fund sites and are exploring other opportunities for working together to deliver the council's housing objectives, for example whether there is scope for Opendoor Homes assisting the council with estate regeneration.
- 4.7 The council will continue to review its land holdings and expects that other opportunities will arise for further housing development either via the Housing Revenue Account, Opendoor Homes or other providers, as set out in the report to Assets Growth and Regeneration Committee in March 2019 - *Development Pipeline – Establishing new sites for consideration*².
- 4.8 This approach will see Opendoor Homes increase in size to more than 2000 homes within the next five years as set out in Table 2 below.

Table 2: Opendoor Homes - Proposed Growth	Total
Current Programme	341
Mixed tenure sites	250
Transfer Acquisitions	156
New Acquisitions	500
Trickle Transfer	950
New Homes from Trickle Transfer	40
Total	2237

¹ Subject to Secretary of State Consent

² <https://barnet.moderngov.co.uk/documents/s51715/Future%20Sites%20Pipeline.pdf>

- 4.9 As a result of this strategy and the support of Barnet Council, Opendoor Homes will become a mature and fully functioning private registered provider within the wider Barnet Council family. It will be the only Housing Association that has Barnet as its base. It will have access to GLA grant and an increasing property portfolio that will enable it to access third party lending to support further development.

5 Development Capacity

- 5.1 Barnet Homes has established an effective development team that is responsible for delivery of both the council house-building programme funded through the Housing Revenue Account and the programme being delivered by Opendoor Homes.
- 5.2 The council recently commissioned an independent review of the development function by Municipal which looked at the quality of the homes being delivered, and the value for money these provided. The report concluded that so far the new homes were being delivered at a lower average build cost than other local authorities, with positive resident feedback about the experience of living in their new homes.
- 5.3 As a start-up housing association with a strong social purpose, Opendoor Homes' independent Board has attracted individuals with a diverse range of skills and expertise in social housing, development, and finance to oversee the work of the Housing Association. Details of the board are set out in **appendix 2**.

6 Conclusion

- 6.1 This strategy will enable the council to deliver 1,700 new homes over the next five years including 1,100 on council land. This will be achieved by taking full advantage of our resources in the Housing Revenue Account and the additionality that having Opendoor Homes as part of the Barnet family provides.

Annex 1

Medium Term Financial Strategy benefits to the council of increasing Opendoor Homes' asset base

£'000	2020/21	2021/22	2022/23	2023/24	2024/25	Total
500 additional acquisitions of properties for use as affordable temporary accommodation by Opendoor Homes supported by Loan from Council, as a cheaper alternative to existing temporary arrangements which utilise the private rented sector. Savings also achieved by a premium of 1.24% interest on loans made by the council to Opendoor Homes.	-44	-121	-116	-147	-102	-529
Transfer of 156 properties acquired by Council for use as affordable temporary accommodation to Opendoor Homes. Savings achieved by transfer of debt management and premium of 1.24% interest on loans made by the council to Opendoor Homes.	-172	-27	35	40	42	-83
Trickle transfer of 950 council homes to Opendoor Homes. Savings achieved as Opendoor Homes will pay an annual premium to the council for each property and make use of the asset base to fund the building of more affordable homes.	-300	-550	-500	-400	-150	-1900
Total	-516	-698	-581	-507	-210	-2,512

Annex 2

The Opendoor Homes Board

As a start-up housing association with a strong social purpose, Opendoor Homes' independent Board has attracted individuals with a diverse range of skills and experience in social housing, development, and finance.



Ursula
Bennion,
(Chair)



Jack Stephen



Marie Li Mow
Ching



Surjit Dhande



Jeremy Arnold

The Opendoor Homes Board is responsible for overseeing the strategic running of the company, ensuring that quality housing management and maintenance services are delivered, and that it remains viable and sustainable in the long term. The Board is central to the successful delivery of this strategy, as it holds Opendoor Homes to account, ensuring that it meets its legal and regulatory responsibilities, achieves its strategic aims, and fulfils its responsibilities to its residents.