

<b>TITLE</b>	<b>Delivering the Housing 1-4-5 +100 Challenge</b>
<b>FOR CONSIDERATION BY</b>	The Executive on Thursday, 25 March 2021
<b>WARD</b>	None Specific;
<b>LEAD OFFICER</b>	Deputy Chief Executive - Graham Ebers
<b>LEAD MEMBER</b>	Executive Member for Finance and Housing - John Kaiser

## **PURPOSE OF REPORT**

To improve and streamline the approval processes for new housing projects that contribute towards the Council's **Housing 1-4-5 +100 Challenge**.

The Housing 1-4-5 Challenge aims to deliver 1,000 additional homes, led by the Council, over a 4 year period and providing an average 5% overall return to the Council on any investment. The Challenge is a key element of the Council's corporate delivery plan and draft Housing Strategy ensuring that new homes in Borough are of high quality, sustainable and are the **'Right Homes in the Right Places'**

The recent '+100' addition reflects an additional challenge identified as part of the current work around developing a robust new Local Plan. The Council is looking to lead on the development of an additional c100 new homes a year, predominantly on brownfield sites, to help bridge any shortfall in housing numbers against the figure prescribed by Government

The proposed changes will ensure a more flexible and agile approach, enabling the Council and its housing companies to progress schemes more efficiently and be in a better position to take advantage of new opportunities.

## **RECOMMENDATION**

That the Executive:

- 1) delegate authority to the Deputy Chief Executive, in consultation with the Lead Member for Finance and Housing, approval of the transfer of land or property to the Council's housing companies for the purposes of providing new homes to address agreed local housing need and where appropriate at less than market value in line with The General Housing Consents 2013 or subsequent amendments;
- 2) delegate authority to the Deputy Chief Executive, in consultation with the Lead Member for Finance and Housing, to approve the funding (grant and/or loans) of any new homes provided by the Council through its Housing Revenue Account or its housing companies provided the funding required has been approved as part of the Council's Medium Term Financial Plan and within existing borrowing approvals and the new homes contribute to the Housing 1-4-5 Challenge and address agreed local housing need;

- 3) delegate authority to the Deputy Chief Executive, in consultation with WBC (Holdings) Ltd, to approve the interest rate at which any long term loan is charged to the Council's housing companies for any new housing developments

## **EXECUTIVE SUMMARY**

The Council's Community Vision has as one of its key priorities the need to provide the right homes in the right places. It sets the aim to offer residents quality, affordable, sustainable homes fit for the future.

### Housing 1-4-5 +100 Challenge

To support the delivery of this priority the Lead Member for Finance & Housing set what is now known as the Housing 1-4-5 Challenge – to deliver 1,000 Council-led homes over a 4 year period providing an overall 5% return to the council on any required investment. To date 263 new homes have either been completed or are in development with plans for a further 753 under active consideration. By leading on these new homes the Council believes it can set the standard for quality, sustainability and affordability.

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Overall funding for these projects has been agreed as part of the Council's current MTFP (Medium Term Financial Plan) including the use of ring-fenced Right to Buy receipts and Section 106 affordable housing receipts, other investment in the form of grant funding and long term loan finance.

### Proposed changes to approval process

The increased focus on Council-led housing projects and the growing number of projects under active consideration has led to a review of the current approval process and a recognition that it needs to be streamlined. For the council and its housing companies to progress schemes efficiently and effectively and be able to take advantage of opportunities when they appear there needs to be a quicker and more flexible approval process whilst still ensuring schemes are in line with Council priorities and agreed funding streams.

As such it is proposed that the approval of new Council-led housing schemes, including the required funding and related land and property transfers to the Council's housing companies, be delegated to the Deputy Chief Executive and Section 151 Officer in consultation with the Lead Member for Finance & Housing.

Any schemes to be approved and progressed under this proposed delegated authority must meet the criteria set out below. Any schemes not meeting these criteria would require approval by Executive.

1. Scheme must meet an agreed housing need as identified by Housing Commissioning and agreed by the Lead Member for Finance & Housing
2. Any housing companies' scheme should be approved by both WBC (Holdings) Ltd and either Loddon Homes Board or Berry Brook Homes Board

3. Consultation on any HRA scheme should be carried out with TLIP (Tenant & Leaseholder Improvement Panel)
4. Scheme should provide an overall 5% return on investment for the Council and its housing companies
5. Grant and loan funding required is available within the current MTFP or HRA and within existing borrowing approvals
6. The scheme is viable within the Business Plans for the housing companies and/or HRA and within existing borrowing approvals
7. Any property or land transfer to the housing companies at less than market value must be in line with The General Housing Consents 2013 (or subsequent amendments)

#### Proposed changes to financing structure

The Council's two wholly owned housing companies, Loddon Homes and Berry Brook Homes, were set up to provide high quality homes and housing services for their residents and to generate a financial return to the Council that can be invested back into the local community and services.

On most new schemes there will be an element of long term financing with a loan agreed between the Council and its companies and paid back over an agreed period. The interest rate charged to the companies for these long term loans can be a key driver in securing that anticipated financial return from the companies.

It is therefore proposed that the level of interest rate charged by the Council to its housing companies will vary on a scheme by scheme basis. Whilst the intention is to secure a reasonable financial return to the Council over and above the cost of its own borrowing (PWLB rates), the level of interest rate agreed should not impact on the financial viability of the scheme or on their long term business plan of the company.

This report seeks delegated authority to the Deputy Chief Executive, in consultation with WBC (Holdings) Ltd, to agree that long term interest rate on a scheme by scheme basis subject to viability.

## FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

***The Council faces severe funding pressures, particularly in the face of the COVID-19 crisis. It is therefore imperative that Council resources are focused on the vulnerable and on its highest priorities.***

	How much will it Cost (Housing Delivery funding stream in MTFP)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Financial Year (21/22)	£29,553,000	N/A	Capital
Financial Year (22/23)	£31,463,000	N/A	Capital
Financial Year (23/24)	£16,522,000	N/A	Capital

<b>Other Financial Information</b>
None

<b>Stakeholder Considerations and Consultation</b>
Discussions have taken place with Boards of both Loddon Homes and Berry Brook Homes

<b>Public Sector Equality Duty</b>
Not applicable

<b>Climate Emergency – <i>This Council has declared a climate emergency and is committed to playing as full a role as possible – leading by example as well as by exhortation – in achieving a carbon neutral Wokingham Borough by 2030</i></b>
In line with Council’s vision and emerging Local Plan all new homes to be built as close to carbon neutral as possible

<b>List of Background Papers</b>
None

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