



**COMMITTEE TITLE** Housing, Health & Community

**DATE** 11<sup>th</sup> March 2024

|                      |   |
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| <b>REPORT TITLE:</b> | Strategic Housing Delivery Programme (SHDP) |
| <b>REPORT OF:</b>    | Steve Summers (SHDP Programme Sponsor)      |

## **REPORT SUMMARY**

The Affordable Homes Strategy 2021-2028 was approved by EE&H committee in July 2021, it lays out the vision, principles, governance, delivery mechanisms, and viability assumptions that support the delivery of new homes both on sites already in the pipeline but also future phases.

The Delivery Programme (SHDP) which is borne out of the 'Strategy' is currently made up of two distinct elements, 1) the regeneration of Brookfield Close and Courage Court, Hutton to develop 62 zero carbon homes alongside Harewood Regeneration which consists of 40 new zero carbon homes, and 2) the development of a range of smaller HRA sites to deliver further affordable homes on further council owned sites.

The Council's Corporate Strategy 'Brentwood 2025' also commits to Introducing "innovative Carbon reduction and absorption schemes", "identify opportunities for low emission and green developments" and using 'brownfield sites efficiently, such as council owned garage sites, to provide affordable homes...".

## **RECOMMENDATIONS**

**R1** Update the adopted Affordable Homes Development Strategy 2021/28

### **1.0 REASONS FOR RECOMMENDATIONS**

The Affordable Homes Strategy 2021-2028 is in line with the HRA Business Plan., This annual review is carried out to ensure the strategy continues to stay aligned with the HRA Business Plan in order to continue the implementation of the adopted Strategy which pertains to "use the resources of the Housing Revenue Account (HRA) land and business plan to deliver new affordable housing, as well as using General Fund land to support the provision of market housing and affordable housing."

### **SUPPORTING INFORMATION**

The Affordable Homes Development Strategy 2021-28 was adopted by EE&H Committee in July 2021, and the delivery programme derived from that (the SHDP) has evolved to include Harewood Regeneration by of example.

The Strategy is reviewed each year, to reflect current market conditions and the impact of such upon delivery and grant level assumptions.

The Affordable Homes Delivery Strategy lays out the financial assumptions and criteria used to assess the delivery programme; at the time of adoption, it anticipated that within a multi-site programme some projects would make a positive financial contribution, and some be 'loss making' against the criteria set.

This would be especially the case where regeneration schemes which include the costs of things such as decanting and buy back costs make them less viable.

The strategy recognised this likelihood and allowed for the 'coupling' of schemes to present an aggregated programme viability position.

As a reminder, the adopted criteria for testing viability in the Phase 1 programme are.

| Output Performance Criteria       | Hurdle  | Explanation   |
|-----------------------------------|---|---|
| HRA Loan payback period maximum   | 30 Years  | This is the year at which any borrowing for the scheme has been repaid.   |
| Net Present Value (positive year) | Year 30   | Where an NPV is positive at or before the target year, this shows that the value of cash coming in is greater than that going out over chosen investment period.  |
| Internal Rate of Return           | Positive and greater than the appraisal interest rate | In general, any opportunity where an IRR exceeds the cost of capital is deemed to be a profitable investment opportunity. The indicative cost of capital for appraisal purposes in the HRA Business Plan is 2%. |

The revised Strategy presented to members of this committee (**Appendix A**) seeks to alter the development hurdle of Net Present Value to a 40-year period, this proposed period is comparable in practice to other Registered Providers.

In addition, Members are requested to note in Section 11 and the reporting and Governance of the Strategy, that in addition to the Programme Sponsor, the Corporate Director of Assets and Investments as an addition to the Programme Board, also an updated Programme Board Terms of Reference reflecting the 'HHC Committee' in place of the former 'EE&H Committee'.

### References to the Corporate Plan

The Council's Corporate Strategy 'Brentwood 2025' commits to Introducing "innovative Carbon reduction and absorption schemes", "identify opportunities for low emission and green developments" and using 'brownfield sites efficiently, such as council owned garage sites, to provide affordable homes...'. The SHDP and specific proposals in this report contribute to all of these strategic objectives.

## 4.0 FINANCIAL IMPLICATIONS

**Name & Title: Tim Willis, Director – Resources & Section 151 Officer**  
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The Strategic Housing Delivery Plan is expected to spend £60million over 5-7 years. This is currently reflected in the HRA 30-year business plan. The 30-year Business plan is updated to reflect the timeline of development to help ensure the business plan remains relevant and affordable going forward.

The SHDP requires revenue and capital resources from the HRA to deliver this programme. The finance structuring on each scheme is dependent on whether Homes England Grant Funding is applicable, whether any Section 106 is available and if Retained Right to Buy Capital Receipts can be utilised. Any difference requires borrowing which incurs financing costs that are to be borne by the HRA.

## **5.0 LEGAL IMPLICATIONS**

**Name & Title: Claire Mayhew - Corporate Manager (Democratic Services) & Monitoring Officer**

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The Council must follow the statutory process when looking to develop or regenerate areas. This includes serving the statutory notices and holding consultations. The Council in following the process is mitigating the risks of challenge as the programme moves forward.

## **6.0 ECONOMIC IMPLICAGIONS**

**Name & Title: Leigh Nicholson, Corporate Director (Interim) -Place**

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The Council's Housing Strategy provides further detail to the Corporate Plan and the recently adopted Local Plan. The Housing Delivery Strategy and the SHDP adds specific detail on a programme of sites that utilise council owned land to deliver new affordable homes with environmentally led innovations. Housing delivery plays a vital role in the local economy, both in terms of short-term related construction benefits (i.e., technical preparatory work, on-site jobs and supply chains), and longer-term accommodation provision for people who can contribute to the local economy in a range of ways. This helps to ensure the borough remains an attractive place to live, work and visit.

## **7.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS**

## **8.0 RELEVANT RISKS**

Programme Viability under current market conditions and Homes England Grant Level Awards.

## 9.0 ENGAGEMENT/CONSULTATION

In addition to its obligations to consult through the planning process the Council is required to consult in a manner that supports its Sec 149, Equality Act 2010, Public Sector Equality Duty, its obligations to consult as a landlord under Sec 105, The Housing Act 1985, and its wider general consultation obligations. The process will be different based upon circumstances and especially where resident decanting might be required, buy back or land assembly or where residents may be impacted temporarily or permanently.

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## APPENDICES

### Appendix A

The Affordable Homes Strategy 2021-2028 (2024 Edition)

## BACKGROUND PAPERS

None

## SUBJECT HISTORY (last 3 years)

| Council Meeting   | Date           |
|-------------------|----------------|
| HHC Committee     | December 2023  |
| HHC Committee     | September 2023 |
| HHC Committee     | June 2023      |
| Housing Committee | February 2023  |
| Housing Committee | December 2022  |
| Housing Committee | October 2022   |
| Housing Committee | June 2022      |
| EE&H Committee    | March 2022     |
| EE&H Committee    | September 2021 |
| EE&H Committee    | July 2021      |