

EXECUTIVE BOARD

17TH OCTOBER, 2016

Affordable Homes New Build Programme Phase 1 2016-2017

Purpose:

The purpose of this report is to outline the Phase 1 development programme for new build Council and Housing Association affordable homes.

Recommendations / key decisions required:

1. To confirm that the Council new build programme will begin by developing 61 affordable homes at the four highest priority sites as identified in the report (Dylan Llwynhendy, Garreglwyd Pembrey, Maespiode Llandybie and Pantycelyn Llandoverly).
2. To confirm that the timescale for the delivery of affordable homes on part of the Pantycelyn site is aligned with the school development proposals.
3. To confirm that sites with priority 5, 6 and 7 in the report (Y Waun Llwynhendy, Nantydderwen Drefach and Gwynfryn Ammanford) will be developed in order of priority when funding becomes available.
4. To confirm that the specification used for Council new build homes will be traditional construction, with all new homes built to meet the Code for Sustainable Homes Level 3 plus, Design Quality Requirements and the Life Time Homes Standard.
5. To confirm that Phase 1 of the Council new build programme is procured through the South West Wales Regional Contractors Framework.
6. To confirm that consideration will be given to setting up a specific new build framework contract to procure Phase 2 of the Council new build programme.
7. To confirm that Social Housing Grant can be used in 2016/17 to purchase seven private sector homes.
8. To confirm that our Housing Association partners can prioritise their new build schemes on the eight sites listed in the report and utilise Social Housing Grant to support the development, if required.
9. To continue with a flexible approach around rent levels with Social Housing Grant developments.
10. To confirm that the Council can apply to the Welsh Government to revise the current zoning arrangements for the county, if there is a significant risk of not taking up grant funding and other regeneration opportunities.

Reasons:

- To deliver our Affordable Housing Delivery Plan 2016-21. This commits to increasing the number of additional affordable homes by over 1000 over the five year period. The provision of new build homes will be part of the delivery solutions.
- To emphasise our commitment to providing as many additional homes as we can, making sure we fully utilise opportunities when they arise. The report proposes over 60 new build Council homes over the next two years- our original target in the Delivery Plan was 45 homes over the full five year period.
- To ensure that the new build homes are prioritised in relation to housing need, land availability, site feasibility and deliverability- a key principle of our affordable homes commitment.
- To ensure we link in with wider Council priorities as part of the new build development programme.
- To be clear what standards and specifications will be applied, and how the first phase will be procured, to ensure value for money and maximising the wider community benefits of our investment, creating jobs, training opportunities and supporting the local supply chain.
- To explain where the Social Housing Grant funding will be invested by Housing Associations over the next two years, ensuring it aligns with the Council new build programme and the principles of the Affordable Housing Delivery Plan.
- To adopt a flexible approach to Housing Association rent setting based on the need in the area and scheme viability.
- To be in a position where we can potentially partner with a wider range of Housing Associations, maximise external funding opportunities, share good practice and deliver the solutions that are needed to increase the supply of affordable homes in the county.

Relevant scrutiny committee to be consulted : Yes – Community – 29th September, 2016

Scrutiny Committee recommendations/comments: The report and its recommendations to Executive Board were accepted.

Exec Board Decision Required	Yes
Council Decision Required	Yes

EXECUTIVE BOARD MEMBER PORTFOLIO HOLDER:-

Cllr. Linda Evans (Housing Portfolio Holder)
 Cllr Hazel Evans (Environment Portfolio Holder)
 Cllr David Jenkins (Deputy Leader and Resources Portfolio Holder)

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EXECUTIVE SUMMARY
EXECUTIVE BOARD
17TH OCTOBER, 2016

Affordable Homes New Build Programme Phase 1 2016-2017

The Purpose

The purpose of this report is to outline the Phase 1 development programme for new build Council and Housing Association affordable homes. The report sets out how we will maximise the funding opportunities available over the next two years and deliver over 200 new build homes, with a total investment of over £15m.

The report also confirms the sites available to develop, the specification for new build Council homes and the procurement options available.

The context

The delivery plan aims to increase the supply of affordable homes using a range of innovative solutions including managing private sector homes (social lettings), bringing empty homes back into use, buying private sector homes as well as providing additional homes through Council and Housing Association new build schemes.

We outline how the Council and our Housing Association partners can make the best use of financial resources currently available to maximise the supply of new build homes in 2016 and 2017.

We propose to build over 60 new Council homes over the next two years, further emphasising our commitment to providing as many additional homes as we can, making sure we fully utilise opportunities when they arise. Our original target in the Delivery Plan was 45 homes over the full five year period.

New Funding Opportunities for the Council New Build

The delivery plan originally committed to investing £5.6m into building 45 new Council homes over the next 5 years. Since writing the plan in March of this year, additional funding opportunities have become available from Welsh Government (WG) called the Housing Finance Grant 2 (HFG). The aim of the grant is to enable Local Authorities and Housing Associations to build 2,000 additional affordable homes in Wales by 2020.

In total, the new HFG programme and the Council's own new build funding will generate a total new build programme for the Council of £8.5m in the first two years.

Council New Build Sites

New build feasibility studies have been carried out on land held within the HRA and Council Fund (CF) with the ability to accommodate more than 4 homes per site. The study has prioritised the sites based on housing need, build costs, land availability, new build options and deliverability.

The results of the study are shown in the table below. Based on the Council's assessment of need each development will be a mix of two and four bedroom homes. Our current funding availability would enable us to progress with the four sites in greatest priority delivering approximately 61 homes in 2016 and 2017. The timescale for the delivery of the Pantycelyn site will align with the school re-development proposals. We plan to include this within the contract for the re-development of the school in 2017.

Council New Build Sites prioritised by housing need, development costs, land availability and deliverability.

Priority	Site	Action Area	Number of Homes	Estimated Cost of Development
1	Dylan Llwynhendy	Llanelli & District	36	£5m
2	Garreglwyd, Pembrey	Llanelli & District	12	£1.6m
3	Maespiode, Llandybie	Ammanford & Amman Valley	8	£1.2m
4	Pantycelyn, Llandovery	Carmarthenshire Rural & Market Towns	5	£0.7m
5	Y Waun, Llwynhendy	Llanelli & District	26	£3.7m
6	Nantydderwen Drefach	Ammanford & Amman Valley	14	£2.2m
7	Gwynfryn, Ammanford	Ammanford & Amman Valley	28	£4m
			129	£18.4m

Recommendation 1

To confirm that the Council new build programme will begin by developing 61 homes in the four highest priority sites identified in Table 1.

Recommendation 2

To confirm that the timescale for the delivery of affordable homes on part of the Pantycelyn site is aligned with the school development proposals.

Recommendation 3

To confirm that sites with priority 5, 6 and 7 in Table 1 will be developed in order of priority when funding becomes available.

Council New Build Specification

The specification we use to design the new Council homes will be key to the success of our programme. In order to understand the various new build specification options available, a detailed study has been conducted assessing the different options. The results of the study are summarised in Appendix 1 of the main report.

Recommendation 4

To confirm that the specification used for Council new build homes will be traditional construction with all new homes built to meet the Code for Sustainable Homes Level 3 plus, DQR and the Life Time Homes Standard.

Procurement Options for Delivering New Council Homes

There are three main ways the Council could procure the new build scheme, these include:

- Using the Council's existing South West Wales Regional Contractor Partnering Framework.
- Using an open market approach
- Using a hybrid approach using the Council's existing contractor partnering framework for two of the schemes and using the open market approach for the other two new build schemes

Due to the long timescale required to meet procurement rules, it is recommended that for Phase 1 of the Council new build programme a contractor is appointed through the South West Wales Regional Framework. Before commencing Phase 2 of the Council new build programme, consideration should be given to setting up a new framework specifically for new build. To avoid unnecessary delays and to increase the level of certainty with costs, preliminary investigations to be carried out by Environment Department and provided to bidders.

Recommendation 5

To confirm that Phase 1 of the Council new build programme is procured through the South West Wales Regional Contractors Framework.

Recommendation 6

To confirm that consideration will be given to setting up a specific new build framework contract to procure Phase 2 of the Council new build programme.

The Social Housing Grant (SHG) Programme and Housing Association New Build Sites

The Council is currently working in partnership with two Housing Associations, Pobl Group and Bro Myrddin Housing Association. The SHG programme for 2016 and 2017 will enable both Housing Associations to build approximately 144 new affordable homes. It will also enable Bro Myrddin Housing Association to buy a total of 7 private sector homes. A summary of the current and proposed new build sites are provided in the table below.

The Housing Associating New Build Sites for 2016 and 2017

Site	Housing Association	Number of Homes	Action Area
Thomas Terrace, Llandeilo	Bro Myrddin	4	Carmarthenshire Rural and Market Towns
Llanfallteg, Whitland	Bro Myrddin	3	Carmarthenshire Rural and Market Towns
Cae Bryn Drain, Carmarthen *	Bro Myrddin	4	Carmarthen & the West
Pentrefelin Street, Carmarthen *	Bro Myrddin	28	Carmarthen & the West
Jobs Well Road, Carmarthen *	Pobl Group	27	Carmarthen & the West
Priory Street, Carmarthen	Bro Myrddin	38	Carmarthen & the West
Tir y Dail Lane, Ammanford	Pobl Group	18	Ammanford & Amman Valley
Buckleys Site, Llanelli	Pobl Group	22	Llanelli & District
		144	

** Schemes previously approved and on site.*

Housing Associations can set rents at the social housing rent level or an intermediate rent level.

Recommendation 7

To confirm that SHG can be used in 2016/17 to purchase 7 private sector homes.

Recommendation 8

To confirm that our Housing Association partners can prioritise their new build schemes on the sites listed in Table 4 and utilise SHG to support the development, if required.

Recommendation 9

To continue with a flexible approach around rent levels with SHG developments.

Revising the Current Housing Association Zoning Arrangements

There are currently four Housing Associations zoned with Carmarthenshire but only two, Pobl Group and Bro Myrddin are actively involved in developing new homes at the current time. This does increase the risk to the Council of not being in a position to maximise all grant funding (and accessing any other funding). It also restricts the Council from learning and developing the various skills and expertise offered by many other Housing Associations in Wales around building new homes, town centre redevelopments and other regeneration opportunities, including non-residential developments.

Recommendation 10

To confirm that the Council can apply to WG to revise the current zoning arrangements for the county, if there is a significant risk of not taking up grant funding and other regeneration opportunities.

DETAILED REPORT ATTACHED?	YES – Affordable Homes New Build Programme Phase 1- 2016 and 2017
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IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report :

Signed: Robin Staines

Head of Housing & Public Protection

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
YES	YES	YES	NONE	YES	NONE	YES

1. Policy, Crime and Disorder and Equalities

This report is in line with the recommendation made from the Affordable Homes Delivery Plan that was agreed by Council on 10th March 2016 i.e. increasing the supply of affordable homes using a range of innovative solutions including new build Council and Housing Association homes.

2. Legal

The legal implications of the Phase 1 new build programme are:

- Ensuring that all Council and Housing Association new build homes comply with the requirements set by Welsh Government in the Design Quality Standards. This will ensure that the new build schemes are eligible for SHG and HFG.
- Ensuring that procurement rules are followed which can be achieved by procuring Phase 1 of the new build programme through the South West Wales Regional Contractors Framework.

3. Finance

The funding for the delivery of the Phase 1 new build programme will come from the HRA, SHG and HFG (2).

The current HRA Business Plan has allowed sufficient resources (£5.6m) to deliver the programme of Council new build subject to a degree of re-profiling. This programme is set within context of the overall HRA investment of £31m over the next five years on affordable housing solutions.

4. Risk Management

Failing to maximise the funding opportunities and delivering Phase 1 of our new build programme will result in less affordable homes being delivered to meet housing need in the county. The gap between what is needed and what can be delivered will get larger and a greater number of households will be in a position where they are unable to afford a home that meets their needs.

5. Physical Assets

The Council new build programme will increase the physical assets held and managed through the HRA.

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: Robin Staines

Head of Housing & Public Protection

1. Scrutiny Committee

Relevant Scrutiny committees will be actively engaged as part of the development of the new build programme.

2. Local Member(s)

Relevant local members will be actively engaged as part of the development of the new build schemes in their area.

3. Community / Town Council

Relevant Community and Town Councils will be consulted as part of the development of the new build schemes in their area.

4. Relevant Partners

Housing Association partners have been consulted throughout the development of the Phase 1 new build programme

5. Staff Side Representatives and other Organisations

Staff have been involved in the development of the new build programme.

Section 100D Local Government Act, 1972 – Access to Information

List of Background Papers used in the preparation of this report:

THESE ARE DETAILED BELOW

Affordable Homes Delivery Plan 2016-20

3, Spilman Street, Carmarthen

Our commitment to Affordable Homes 2015-20

3, Spilman Street, Carmarthen