

BRISTOL CITY COUNCIL

OVERVIEW & SCRUTINY MANAGEMENT BOARD

12th September 2013

Report of: The Affordable Housing Scrutiny Panel

Title: Affordable Housing Delivery Framework 2013-18

Ward: City-wide

Presenter: Cllr Ron Stone, Chair of the Panel

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RECOMMENDATION

To note the contribution of the Affordable Housing Scrutiny Panel to the development of the Affordable Housing Delivery Framework and to exploring opportunities within the Housing Revenue Account to deliver new affordable homes.

To comment on the Affordable Housing Delivery Framework itself .

To request that Neighbourhoods & Communities Commission monitor the progress made against achieving the targets in the Plan and that Resources Commission reviews the effective use of resources in the framework after the first year of delivery.

Summary

This report summarises the main findings of the Affordable Housing Scrutiny Panel.

The significant issues in the report are:

The contribution of the Panel outlined in paragraphs 7- 14
The Draft Affordable Housing Delivery Framework 2013-18
(Appendix A)

Policy

1. There is a shortage of affordable housing in Bristol and on taking office the Mayor has stated that it is his ambition to build 1000 affordable homes per year by 2016.
2. The Council and its partners in the past decade have delivered an average of 400 affordable homes per year.
3. In order to achieve the step change necessary to meet the Mayor's ambition an adequate number of Council and other public sites will need to be identified this year and in subsequent years that are capable of being developed to provide significant numbers of affordable homes. To accompany this it will also be necessary to identify and attract sufficient funding.
4. An Affordable Housing Delivery Framework has been commissioned which will provide the Council and its partners with clear guidance on how to achieve this step change. As part of the Framework, Landlord Services has reviewed the role that the HRA can fulfil as a direct developer of new homes. The AHDF will be agreed by Cabinet on October 31st .

Consultation

Not applicable.

Approach

5. As requested by OSM the focus of the Panel was to explore ways to increase the supply of affordable housing. Its approach was to review and help shape the development of two major pieces of work at both the initial planning stage and the final draft stage:

- a. Affordable Housing Delivery Framework 2013-18 (AHDF) , a broad ranging plan (overseen by the Affordable Housing Delivery Board and Homes4Bristol) to determine whether and how the Mayor's ambition can be achieved, and
 - b. Landlord Services – exploring opportunities within the Housing Revenue Account (HRA) to support the delivery of new homes
6. The membership of the Panel was Cllrs Ron Stone (chair), Tess Green, Anthony Negus (replaced Simon Rayner) and Richard Eddy.

Contribution of the Panel

General

7. The Panel welcomed the overall aims of the ADHF. It demonstrated clearly that the Council was open to new ideas and was prepared to consider anything which would stimulate the market. We would not break the cycle of deprivation in housing by playing it safe, we needed to be more radical. The Panel recommended that the general tone of the plan be bolder to match our aspirations. It should include ideas and schemes which were fairly speculative to spark debate.
8. The ADHF was a significant document and it was important that it was written in a way that made it accessible to lay persons as well as professionals. The Panel suggested several improvements to the format and content aimed at achieving this. These included:
- a clearer statement of the costs and benefits
 - examples of potential schemes to illustrate plans
 - contextual information on the overall housing market in Bristol and where affordable housing fell within the broad spectrum
 - explanations of terms used
 - a greater emphasis on the potential of self-build schemes, conversion of disused buildings from

commercial uses (e.g. offices) to homes and the use of prefabricated buildings

- linking the planned actions included in the “The Objectives of the New Approach” more explicitly with the main body of the report.

All of the above suggestions have been incorporated into the latest draft.

Finance

9. Securing the necessary funding was a recurring theme throughout the Plan. The Panel felt that pension funds (eg the Avon Pension Fund) were a potential source that should be fully explored. It was accepted that there were obstacles, notably:

- Pension Funds generally demanded a return of 4-5% annually on any investment. This is way beyond the return on social housing developments.
- PFs don't invest directly themselves. They invest via a specialist intermediary and this means that we can't directly influence the Avon Pension Fund.
- PFs such as the APF takes a national view on their investments and would not have a “regional” loyalty. Their duty is to secure the best return for their members. Even if the APF chose to invest in social housing there would be no guarantee that it would do so in Bristol or the immediate sub-region.

However, this did not mean that we should dismiss this route as a potential source of finance. If the right Investment came along they may be interested. Members were reassured that officers would continue to press the case with the PF intermediaries . Nor should we confine our approach to local authority PFs as some of the larger Trades Unions PFs may be keen to invest in Bristol.

One possible approach identified by the Panel would be to offer a PF an opportunity to invest in a local authority bond which would give the guaranteed return which they required. The finance raised this way could then be invested in affordable housing schemes. Effectively, the PF would be investing in

BCC, a rock solid institution, rather than the actual development site which would involve a degree of risk.

10. The **New Homes Bonus** was an important source of funding. Members understood that there was proposal to transfer the responsibility for it to the Local Enterprise Partnership (LEP). If so, a guarantee should be sought that it would be used exclusively for homes and not diverted elsewhere.

The Housing Revenue Account

11. The HRA would be making a modest but significant contribution to increasing the supply of affordable housing. Its overall build capacity would currently enable it to deliver up to a 1000 new properties in the period between 2014-2029 i.e. 60-70 per annum. It was constrained by the fact that its ability to borrow was capped and therefore new build had to be financed from its rental income.
12. That said the main constraint was not finance but lack of suitable land. The point was made that land could be transferred into the HRA from the General Fund but only at its market value whereas it could, in theory, be given away to other registered providers of social housing such as Housing Associations. The historic approach to use of surplus GF land has been to maximise the financial receipt. It was noted that officers were exploring ways of working round this restriction. There needed to be some way of making more land available to the HRA.
13. The HRA was actively looking for opportunities to use its secure and surplus finance to unlock difficult to develop sites. However, because of the constraint on its finances, its approach had to be "little and often". This was an area where the General Fund could get involved.
14. The HRA (and the Framework in general) needed to be more positive about the strategic and financial advantages of effective working with private developers.

Recommendations

15. To note the contribution of the Affordable Housing Scrutiny Panel to the development of the Affordable Housing Delivery Framework and to exploring further opportunities within the Housing Revenue Account to deliver new affordable homes.

16. To comment on the Affordable Housing Delivery Framework itself .
17. To request that Neighbourhoods & Communities Commission monitor the progress made against achieving the targets in the Plan and that the Resources Commission reviews the effective use of resources in the Framework after the first year of delivery.

Other Options Considered

Not applicable.

Risk Assessment

Not applicable.

Equalities Impact Assessment

None carried out.

Legal and Resource Implications

Not applicable.

Appendices:

Appendix A: Draft of the Affordable Housing Delivery Framework
2013-18

Appendix B: Comments from Councillor Stone , Chair of the Panel

ACCESS TO INFORMATION

Background Papers:

None



Bristol City Council

Draft Affordable Housing Delivery Framework - 2013 - 2018



Affordable Housing Delivery Framework



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1. Executive Summary

1.1 Purpose:

The Affordable Housing Delivery Framework (Framework) prepared in partnership by Bristol City Council (BCC), Homes4Bristol (H4B) and consultants Ark¹ sets out how BCC and H4B will work together to achieve a substantial increase in production of affordable housing (AH) and identify how all partners will contribute to this step change. The Framework is published for the first time in Summer 2013 and it is expected that the document will evolve and be refined over time. We will track our performance on BCC land releases and AH delivery, checking which of our objectives as detailed in Section 10 are working well and which are not working so well so that we can keep directing our energies and resources to the things which achieve the best results. As well as setting out the actions and interventions to be undertaken to improve production, in effect our strategy, the Framework also addresses some policy issues and in particular what we understand by 'affordability' of housing as shown in 1.2 below.

1.2 Affordability Spectrum

1.2.1 This Framework proposes to redefine affordability at a local level. We consider that this key change will provide developers and registered providers with significantly more flexibility in how they bring forward housing schemes. It is proposed to change from the current practice of defining affordability by assessing 25% gross household income to a wider Affordability Spectrum (see 9.4) where the Government's Local Housing Allowance rates (see Appendix A) for specific property types are used to determine the limits of whether a property is affordable or unaffordable. (See Section 9)

1.3 Big Ideas to achieve step change:

1.3.1 1,000 new BCC Landlord Services (LLS) rented homes over the next fifteen years to be delivered principally on HRA land and BCC corporate land as required.

1.3.2 New affordable homes in mixed tenure schemes over next five years corporate sites secured through individual performance agreements with existing West of England (WoE) Housing Delivery Panel (HDP) partners

1.3.3 New market rent and affordable homes secured from new partnerships with housing developers and institutional investors wishing to invest in Bristol:, specifically targeting stalled sites

1.3.4 New major custom build home development that includes shared equity self-build and co-housing

1.3.5 New flexibility on BCC's approach to affordable housing delivery with adoption of new Affordable Housing Practice Note and new definition of affordability

1.3.6 New flexibility on BCC's approach to sales of BCC corporate land for affordable housing delivery with BCC acting as land investor adopting deferred purchase arrangements, equity stakes and joint ventures.

1.4 Framework Action Plan (Short Term – initial 18 months)

1.4.1 By end December 2013

* Custom Build major development site agreed

* Adoption and publication of Affordable Housing Practice Note (AHPN)

¹ Ark's lead consultants Geoff Fox and John Paterson

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- * Agree approach with LEP, WOE UAs and HCA on stalled sites with planning permission and other sites not being progressed
- * Agree first BCC Land investor site to be sold to developer/institutional investor where Council defers land purchase price or shares development risk to maximise affordable housing delivery
- * Establish revolving Finance facility of £0.5m and complete investigations whether this can be supplemented by New Homes Bonus (NHB)

1.4.2 By end March 2014

- * Establish BCC Housing Delivery Team arrangements
- * 6 new Council rented homes delivered
- * 20 social rented and 20 affordable rent family 3/4 bedroom homes delivered by WoE HDP partners through BCC and HCA funds
- * Agree Framework Action Plan (Medium Term- 1 to 5 years)
- * Agree individual performance agreements with major RP partners to deliver 100-150 AH pa and smaller community based RP partners to deliver 25-50 AH pa from 2014/15 onwards
- * Programme of annual corporate land releases agreed, specifically identify sites totalling 11ha for AH delivery in 2015/16

1.4.3 By end Sept 2014

- * Agree Heads of Terms (HOTs) on first site to Market Rent Provider for 200 homes (with at least 30/40% AH provision) where Council defer land disposal or share development risk to maximise market rent/affordable housing delivery

1.4.4 By end March 2015

- * Agree revisions to Framework and medium term Action Plan
- * 200 plus affordable homes through Homes & Communities Agency Affordable Housing Programme
- * 40 plus social/affordable rent family homes through BCC funds delivered by WoE HDP partners
- * 28 new Council rented homes delivered

2. Introduction

- 2.1 Bristol is a growing city, offering its citizens an opportunity to live and work in one of the UK's most dynamic and diverse centres.
- 2.2 Bristol has significantly the largest population and concentration of jobs and businesses in the South West of England. It is the engine for the economy of a large part of the region stretching north into Gloucestershire, east into Wiltshire and south into Somerset. The City's housing market 'pull' is extensive.
- 2.3 Despite our relative success in securing and sustaining economic growth in Bristol, the impact of the economic downturn has been felt in recent years and this is especially true for the development of new homes including affordable homes.
- 2.4 Over the last decade Bristol has added around 400 (of which 100-150 s106) new affordable homes each year to help meet a substantial demand and need for such homes. In recent years after reaching a peak of 550 (of which 150 s106) in 2009/10 the AH, production levels have tailed off with only 300 (of which 5 s106) new affordable homes delivered in 2012/13 and our forecast for 2013/14 lower still, at less than 100 (of which 30 s106) new affordable homes.
- 2.5 Against this housing backdrop, Bristol's Mayor, George Ferguson and his Cabinet, have placed strong emphasis on stepping up housing production generally to meet the needs of Bristol's citizens and in particular the production of new affordable homes. In so doing, BCC expects more impetus to housing development, leadership, encouragement of new ideas and approaches and working with focus and energy.
- 2.6 We have looked carefully at how we do things, the assets and resources we have, the potential of our partnerships and the factors influencing the housing market in and around our city. We are aiming to substantially increase the number of new affordable homes we generate over the coming years, by comparison with current levels of production. The Framework's intention is to set a very clear agenda for action and inspire our partners to do all they can to help in securing more affordable homes

3. Business Case (for Framework and associated investment)

3.1 Direct business and financial benefits

Affordable housing delivery in Bristol has declined significantly in recent years. Production has faced something of a ‘perfect storm’ with external grant funding reducing steeply and many market led schemes either stalled or with viabilities producing limited or no affordable housing as developers adjust to the recessionary environment and the impact of the new Community Infrastructure Levy (CIL).

We recognise the importance of new affordable housing production to improving the balance of housing choice and tenure locally and stimulating economic activity including the creation of jobs in the city. From the Framework Business Case, attached as Appendix B, it will be seen that the total direct and direct costs in the form of public subsidy and costs arising from BCC investing as a land investor accepting receipts for land disposal at less than market value or as deferred capital receipts at £68m over the five year period are significantly below the projected earnings accruing over the same period at £112m. See table below;

Table 1 : BCC Net Position

	2013/14	2014/15	2015/16	2016/17	2017/18
AH Delivery	100	333	600	700	850
Cost £	2250000	3900000	15050000	19385000	27450000
Earnings £	1795200	8370000	27245000	28425000	46208000
Net £	-454800	+4470000	+12195000	+9040000	+18758000

There are a number of direct specific business and financial benefits of improving production of affordable housing including:

- a reduction in reliance on more expensive market housing solutions for accommodating homeless households or other households in need of financial support with related reductions in Housing Benefit and homelessness costs,
- additional affordable homes attracting New Homes Bonus funding from central Government and at double the standard rate,
- more people resident in the city giving rise to increase in Council Tax revenues.

3.2 Indirect economic benefits

There are indirect economic benefits for Bristol deriving from improved production of affordable housing including:

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- an increase in inward investment in Bristol's physical environment, helping to regenerate parts of the city and enhance the city's attraction as a place to live and work,
- jobs and training opportunities associated with the design, construction and management of new homes,
- improved business opportunities for a number of companies based in and around Bristol helping to support their growth and prosperity and attracting further employment, training and general economic opportunities,
- adding new homes with higher energy and environmental performance and therefore improving the average environmental efficiency of our housing stock in the city.

3.3 Indirect business and financial benefits

- enhancement of the value of BCC and other organisations assets by utilising them to support development rather than cashing in by early disposal. The enhancement is, though, dependent on successful investment and means delaying the potential to realise the asset value,
- increasing the housing stock of BCC and therefore establishing additional assets with growing value and with scope for use as collateral to unlock further borrowing potential to support yet more investment activity,
- enabling the cost-efficiency of BCC Landlord Services team to improve by increasing the number of dwellings being managed from our existing establishment,
- creating an asset investing vehicle, in The Bristol Property Board (BPB), which will attract equivalent or matching investment from the Homes & Communities Agency and which will recycle funding and pump-prime schemes, all with the aim of stimulating development and growing the asset value of the BPB. The BCC's shareholding in BPB should grow in value substantially over time,
- by using our investment and stimulus to support market housing production alongside affordable, we will accelerate the growth in Council Tax revenues from market housing and CIL contributions,
- the positive development environment created should encourage investors and developers to choose opportunities in Bristol ahead of other areas, optimising inward investment in the city.

3.4 Options considered:

- (a) Do nothing
- (b) Rely on Registered Providers (RPs)² and private landowners and developers to improve supply to desirable levels without direct support and investment by BCC
- (c) Release BCC, HRA³ and other statutory sites to external partners, with the aim of optimising affordable housing delivery

² Also known as Housing Associations

- (d) Develop BCC et al sites within headroom/business plan capacity but otherwise do not directly stimulate production
- (e) Framework proposals to include Council et al sites, formalising the Bristol Property Board and streamlining structures/adding facilitation resources

4. The Condition of the Housing Market

- 4.1 At the time of publishing this Framework, the UK economy remains sluggish as we experience a fifth year since the banking crisis of 2007/08 of little or no economic growth.
- 4.2 Bristol is in a housing crisis. Notwithstanding the recent upturn in house prices and housing market activity other demographic, economic and policy changes mean that housing is less affordable for those on lower incomes and there is a substantial excess of demand over supply. At the same time as demand is rising, production of both affordable and market housing has fallen significantly. Availability of suitable housing at all market levels, but particularly affordable housing is critical 'infrastructure' if the economic potential of the city is to be realised.
- 4.3 Growing employment, low mortgage rates and the forbearance of lenders to borrowers in arrears has helped to mitigate the potential worst effects of recession in the housing market. Nonetheless, the availability of mortgage funds has been a significant constraint on transactions, especially for first time buyers. These buyers tend especially to fuel the new homes construction sector and overall completions last year were at a very low level of 140,000 when demand from newly establishing households is estimated to be around 230,000 per annum.
- 4.4 For the production of affordable housing, two factors have brought about a serious reduction in recent years:
 - a number of larger private residential schemes which were expected to contribute a significant proportion of new affordable homes have stalled for viability or financing reasons or have produced far fewer affordable homes than anticipated
 - there has been a major reduction in public funding invested through the Homes & Communities Agency in new affordable homes. Even with grant levels per dwelling cut in order to 'stretch' that investment, the number of new HCA grant funded homes produced in Bristol is down from 475 in 2009/10 to 300 in 2012/13 and less than 100 projected in 2013/14.
- 4.5 One facet of the tougher housing market conditions of recent years has been the growth in the private rented sector to respond to the housing needs of frustrated first time buyers but also reflecting a continuing trend towards the re-establishment of market renting as a tenure of choice/necessity for many households. This re-balancing of the tenure of homes is a trend likely to be sustained even though there is expected to be recovery in the market sales sector.

³ Housing Revenue Account – assets of BCC's own landlord wing

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- 4.6 For 2013 and beyond the Bank of England's Credit Conditions Survey suggests that more money for home loans is becoming available at competitive rates. The Government's initiatives to support the housing market, especially the new homes market (Funding for Lending, 'Help to Buy' and the loan guarantee schemes for market renting and affordable housing) are likely to make a material difference alongside generally (but gradually) improving confidence.
- 4.7 The national figures for housing production and for house price changes mask some very significant regional variations. Prices in London and parts of the South East have actually experienced increases since 2007 whereas falls have been fairly dramatic and persistent in the north of England, in parts of the Midlands and in Scotland and Wales. Also, it is the most economically prosperous parts of the country, particularly London, that have experienced the greatest increases in market renting and in rent levels. Bristol sits somewhere 'in the middle' in terms of housing market fluctuations over recent years but it does have a disproportionate number of expensive to develop regeneration sites where viability has been hit especially hard during the downturn. The relative economic buoyancy of Bristol has supported a burgeoning market renting sector and the special housing market conditions relevant to our city are summarised in the next section of the Plan.
- 4.8 One factor always to bear in mind with house prices (and therefore by inference conditions for new home production) is that the long term average price to average earnings ratio is 4:1. After the late 1980s/early 1990s housing market recession, it took a decade for the price to earnings ratio to return to the long term trend position. Despite coming down from a peak of 6.5, in the current downturn the level is still 5. There could be further downward adjustment to come.

5 Learning from the Views and Achievements of Others

- 5.1 In looking to find ways to boost affordable housing supply in Bristol, BCC has been keen to learn lessons from other local authorities which are working hard to maximise their achievement of new homes.
- 5.2 We spoke with representatives from a number of other councils, mainly those larger urban conurbations facing challenges similar to those in Bristol of substantial pent-up demand, major regeneration needs and significant constraints on private sector led schemes because of economic viability problems.
- 5.3 We also sought, during our dialogue with developers mentioned in the last section, to identify how they felt Bristol could improve the environment for production of more homes.
- 5.4 Some of the key feedback which has influenced our strategic planning appears in the boxes below.

Developers' views of working with Bristol City Council:

- We adopt a flexible and 'listening' attitude
 - We have positive ideas and try to improve the operating environment
- BUT
- There are too many layers of decision-making
 - We can be unrealistic in our 'ask' of developers once we add up all our (the Council's) expectations
 - There is a disconnect between strategic direction and the application of policy

Learning from other local authorities – some key lessons:

- Thorough preparatory work on sites offered for partnership schemes, especially on planning, pays dividends
- Bringing forward Council's General Fund sites for affordable housing development has maintained momentum on housing delivery
- Close collaboration between housing enabling and planning officers results in efficient and consistent decisions
- Housing continues to play a crucial role in leading large scale regeneration despite the downturn

Housing growth into neighbouring areas

- is an important component in meeting housing pressures in large conurbations and direct intervention (funding or land acquisition) has a role to play
- Having a senior local politician championing housing production and being 'hands on' is proving very successful in other cities
- Overcoming HRA borrowing constraints by temporary use of off-balance sheet subsidiaries/vehicles can be crucial to maximising development potential in the short term
- A number of large local authorities (LAs) are promoting major market rented housing schemes as part of a mixed approach to new housing supply and as a regeneration stimulus
- LAs are being more interventionist, bringing forward their own HRA and General Fund land and sharing development risks in partnership with others to make schemes happen.

- 5.5 We intend to stay alert to the experiences of others so that we can bring the best of these learning opportunities back to Bristol to keep refreshing our approach to providing new market and affordable homes.

6. The Bristol Context

- 6.1 Bristol is a fast-changing city with great prospects and a real vitality.
- 6.2 We are by some margin the largest conurbation in the South West and our economic and housing market pull spreads over a large surrounding area. Our economy has proven to be very resilient during the downturn, reflecting our diversity of economic activity and the major investment in regeneration and infrastructure which has been going on over recent years.

BRISTOL – A PROFILE:

Our population is around 428,000.

The population is expected to grow 26% between 2006 and 2026.

We have a relatively young and well educated population but we do have some pockets of high relative deprivation.

Bristol is the South West’s office capital and is a nationally important location for banking, insurance and professional services.

Unemployment in Bristol was XX% in 2012 compared to XX% nationally.

- 6.3 Our housing market has not been immune to the effects of the downturn and a number of major housing projects have been delayed and others will deliver a good deal less affordable housing than we had hoped because of impaired viability. That and the effect of reduced public subsidy for affordable housing have taken their toll on production levels.

HOUSING FACTS – BRISTOL

The Strategic Housing Market Assessment (SHMA)2009 estimates that Bristol needs about 1,500 new affordable homes (77% social rent and 23% intermediate) each year. Owner occupation in Bristol is lower than regional and national averages with private renting being considerably higher..

Bristol has a higher than average proportion of flats and terraced housing in its stock. A substantial majority of new residential schemes which have stalled are to provide flats.

There are 14,000 Households on the housing register seeking an affordable home in Bristol (including existing tenants requesting a transfer)

Total housing completions in Bristol in 2012/13 were 878. Of these, 300 were affordable homes.. Affordable housing completions could dip below 100 in 2013/14.

From 2000/1 up to 2010/11 Bristol has averaged 400 affordable home completions a year.

- 6.4 We have seen the balance of local housing supply change significantly in Bristol in recent years. The market rented sector represents a much larger share of local stock than a decade ago: 21% compared to 9 %. We believe this has improved housing choice in the city and we are planning to promote more market renting but want this not to be at the expense of affordable housing or market sale but to provide additional much needed new homes.
- 6.5 What is clearly evident about the housing market in Bristol is that currently, population and household growth are outstripping the supply of new homes. Whilst over the period to 2026 the Core Strategy identifies sites for sufficient homes, it should be recognised that much of the demand for new homes in the wider labour market and travel-to-work area may need to be met beyond city boundaries.
- 6.6 We have already acknowledged that our economic impact extends into many neighbouring districts. Similarly many strategic residential development sites are outside of but fringing the council's administrative boundaries. These are delivering homes for people working within the greater Bristol economic zone. For many years we have worked in close partnership (see section 7.1) with neighbouring housing authorities like Bath and North East Somerset, North Somerset and South Gloucestershire through our West of England structures because we all recognise the common factors affecting our shared housing market. In this Framework we re-state the importance of this joint working and we would like to develop our co-operation on affordable housing delivery to new levels.

BRISTOL CITY COUNCIL – A MAJOR AFFORDABLE
HOUSING LANDLORD

- ❖ We own and manage over 28,000 homes making the council the largest landlord in the South West
- ❖ We let about 1,000 homes a year from vacancies (lettings to new tenants 2012-13)
- ❖ We turnover around £110million in our Housing Revenue Account (HRA)
- ❖ With the cap established by Government for our borrowing in the HRA, we have only £11m 'headroom' for any new borrowing.

BCC as a Direct Developer of New Homes

- 6.7 BCC Landlord Services has been given new financial freedoms by the Government which has provided BCC with sufficient borrowing capacity to be able to prepare a new programme of Council House building.
- 6.8 Prior to the launch of this Framework, we completed an analysis of the extent to which the BCC Landlord Service can directly develop new Council homes even allowing for our capital borrowing for housing being capped at the level already agreed with Government. Over the coming 15 years we should be able to develop, subject to further investigations to confirm VFM, at least 1,000 new homes to add to production secured from partners. Our Framework objectives set out later not only commit the Council to delivering on this target but emphasise that we will take further steps to examine our potential for generating more.
- 6.9 BCC Landlord Services wish to work proactively with Private landowners and other Corporate Services to engineer land swaps that will enable the new Council Homes to be built in more sustainable locations in areas of high demand as identified by the analysis of bids received on Homes Choice Bristol.
(OBJECTIVE D1-D5)

HOUSING AFFORDABILITY IN BRISTOL

In a 2013 Centre for Cities survey report, Bristol was identified as the ninth least affordable 'city' in the UK. Many of the other conurbations were actually large towns like Bournemouth and Reading. Of the UK's larger cities Bristol is second only to London as having the least affordable housing relative to local incomes.

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7. The Importance of Partnership

- 7.1 We rely heavily on a range of important partnerships in delivering new affordable homes in Bristol.

Neighbouring Local Authorities

- 7.2 BCC has worked closely with its neighbouring local authorities for some time, understanding needs and producing joint strategies across our shared economic and housing market area. Collectively, we have tended to refer to our shared territory as the 'West of England'.
- 7.3 We have in place effective joint working structures for the West of England, especially for transport, economic development and housing delivery.
- 7.4 We are very aware of the importance of development in neighbouring areas to addressing the economic and housing needs of Bristol. We are keen to build on the quality of our existing partnership working with our neighbouring authorities and to make sure that the administrative boundaries in our area do not work against the interests of people living and working in Bristol and our partners' areas. Housing growth locally has been more achievable in some neighbouring areas fringing the city and we do want to support this more directly, especially affordable housing delivery. (OBJECTIVE F6)

Registered Providers

- 7.5 For many years our main source of new affordable homes has been our local Registered Provider (or housing association) partners. Registered Providers,(RPs) come in various shapes and sizes, some large and working over sizeable geographical areas and others smaller and more local. We have 17 significant RPs and other housing providers working under the 'umbrella' of the Bristol Housing Partnership and with representation on H4B working in Bristol as a whole but not all are actively looking to develop new affordable homes.
- 7.6 Together with our neighbouring local authorities, we have created an OJEU⁴ compliant framework agreement which aims to make the best of our RP partnerships. The framework is called the West of England Housing Delivery Panel and identifies our preferred RPs and some private developers, and divides them into various groups. One group which includes larger housing associations is expected to develop the majority of larger new schemes. We have supported the L-IND development consortia within the panel which has enabled smaller community based housing associations to be involved in developing and managing larger schemes. (OBJECTIVE F1-F4)
- 7.7 Our RP partners have struggled to maintain their delivery of new affordable homes in Bristol, in the current economic climate as explained earlier. We need to find new ways of increasing the number of new homes developed by RPs in Bristol and the Framework identifies new financial and deliver models explored in more detail in Section 8. (OBJECTIVE A1,A2 &A5)

⁴ Office Journal of the European Union – an EU compliant commissioning process already undertaken

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Developers and Home Builders

- 7.8 We will work on developing strong working relationships with developers and home builders, through forums and one-to-one discussions. In 2010 we established Homes4Bristol (our strategic housing partnership), which builds on our partnerships with RPs and private developers and has brought on board representatives of a wider range of private landlords and other interests. The purpose of H4B is to deliver our Housing Strategy who will play a key role in delivering the Framework.(OBJECTIVE B1)
- 7.9 In delivering the Framework all housing providers will be expected to deliver in accordance with the Bristol Local Plan, particularly when it comes to high quality design and sustainability. Where a scheme / proposal fails to do this there must be openness and clarity up front as to what compromises are being made and the impact on delivery.
- 7.10 We will encourage all larger scale developments to adopt the Planning Toolkit approach which is more of a 'deal' between stakeholders / players rather than a one-sided ask of BCC and this approach would also be relevant to the delivery of affordable homes. We will prepare planning briefs when disposing of BCC land that will ensure that the required number of affordable homes are provided on the development. (OBJECTIVE B8 & B9)
- 7.11 The Council works hard to maintain activity on current residential development sites and has continued to pursue dialogue with developers; shown a willingness to negotiate on existing planning consents in order to improve viability and get stalled schemes moving. New homes production in the private sector, especially for market sale, has been hit especially hard in the downturn. BCC is working with the HCA, the LEP and the three other WOE authorities to bring forward the stalled sites (of which there are about 5000 residential stalled units with live planning consents in Bristol) and bringing forward with the HCA schemes without planning permissions that are not progressing due to the current housing downturn..(OBJECTIVE B2 & B4) (OBJECTIVE F7)
- 7.12 As part of our preliminary research to support the formulation of this Framework we talked again to a number of private developers of varying types and with established interests in Bristol. What is clear is that we have little real influence over the business model for volume home builders. They control a lot of development land and look for substantial forward land supply and a very steady release to support business stability. The more specialist and local developers appear more opportunist and assertive in seeking to bring forward sites fairly swiftly.
- 7.13 We recognise the need for realism when considering the capacity of private developers and home builders to support affordable housing delivery. Many stalled sites are unlikely to be developed for some time. Those controlled by the larger home builders will be developed only gradually, over time frames we can barely influence. We recognise that we need to change our engagement with private developers and home builders if we want to improve affordable housing production. See sections 8 and 9

The Local Enterprise Partnership

- 7.14 *Text to be added*

Homes & Communities Agency (HCA)

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- 7.15 The HCA is the Government's agency which provides funding for new affordable homes and brings forward land, especially public sector land, for residential development.
- 7.16 We recognise we need to develop stronger cohesion between BCC and the HCA so that we get the best from their support for affordable housing and regeneration in Bristol. We will all take advantage of the OJEU compliant recently renewed HCA Delivery Partner Panel to procure development partners where appropriate.
- 7.17 With the advent of the Affordable Housing Programme in 2011/12 the HCA's funding arrangements changed significantly, and has led to a decline in the levels of new affordable homes being delivered. However, the HCA's role in other respects is broadening and has greater significance for Bristol. Short-term stimulus funding for market renting and for infrastructure costs on larger projects is welcome and we want to maximise Bristol's share of this. More important still is the HCA's growing role in acquiring and preparing sites for development and in facilitating the parcelling and disposal of other public sector land. That land assembly role alongside the BCCI's programme of land assembly and land release is a powerful tool for effecting big improvements in new homes delivery.

Bristol Property Board

- 7.18 In 2012 BCC established an informal partnership: the Bristol Property Board (BPB) with the HCA, Emergency Services Government Land agencies and private sector representatives. The BPB's purpose is to review the different agencies property portfolios to identify where the joint office estate can be rationalised and where appropriate assemble assets for joint disposal.
- 7.19 We see the BPB as a platform for further developing our joint working with the HCA possibly leading to a partnership with a more formal structure. (OBJECTIVE A1 & A2, C1, C2, C)

Custom build and Community led Housing Organisations

- 7.20 The Council has fostered the growth of the Bristol Community Land Trust which will be shortly starting on site with its first urban CLT scheme in the UK and other self build and community led housing initiatives throughout the city.
- 7.21 The Mayor has expressed his wish to see greater development opportunities for Custom Build and Self Build in the city to increase the overall supply and range of housing available in the city.
- 7.22 Proposals for a major custom build scheme of up to 1,000 homes in the city could lead to a significant proportion of homes being made available as affordable homes particularly through shared equity self build and rented opportunities through co- housing.

Extra Care Housing Providers

- 7.23 BCC launched a major new housing initiative: Bristol Retirement Living which is seeking private developers and institutional investors to deliver new housing opportunities for older people in three or four major schemes that will deliver alongside 400 private homes 200 affordable rent and shared ownership homes over the next ten years.

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8. Financial models and delivery vehicles

- 8.1 At the time of launching this Framework, the Council is actively evaluating the feasibility and financial effectiveness of a number new financial models and delivery vehicles for creating a new supply of affordable homes (OBJECTIVE E1)

- 8.2 Council led models
 - 8.2.1 BCC identifies its own land resources and secures finance through its prudential borrowing facilities (this approach could only be delivered if we could identify annual savings of £65,000 over 25 years for every £1m required as investment
 - 8.2.2 BCC identifies its own land resources and works with a private developer/institutional investor/ custom build facilitator who take full/shared responsibility for site preparation and infrastructure costs in return for a proportion of the overall site for own housing scheme.. This approach could be supported by BCC revolving finance fund. The proportion sought will vary significantly between developers with some prepared for BCC to retain ownership and may only be seeking contracting opportunities or sites suitable for subdivision for self builders.
 - 8.2.3 BCC establish new profit making Market Rent vehicle that would be able to reinvest into affordable housing (similar to Birmingham Mutual Housing Trust). In this way BCC would take both the risk and profits of development (OBJECTIVE A6 & A7)

- 8.3 HCA/Council led models
 - 8.3.1 BCC identifies its own land resources and secures HCA funds for site preparation, master planning and infrastructure secures finance from HCA provide land. HCA and BCC agree Design brief with other stakeholders and market through WOE HDP and HCA delivery partner panel where appropriate
 - 8.3.2 HCA identifies its own land resources and works with BCC to maximise shared funding to bring scheme forward. HCA and BCC agree Design brief with other stakeholders and market through HCA delivery partner panel.

- 8.3.3 Developer led models
 - 8.3.4 Developer/ Housebuilder acquires site from BCC/statutory/private land owner and uses own resources to meet cost of infrastructure and site preparation to bring forward housing scheme in phases over a significant period of time
 - 8.3.5 Custom Build Developer/Facilitator acquires site from BCC/statutory/private land owner and through institutional finance meets upfront costs of infrastructure and site preparation to release sites simultaneously for a range of different Custom build housing approaches, similar to the Almere approach, including Self Build plots, self finish/train and build, co-housing as well as releasing serviced sites to housebuilders and RPs

- 8.3.6 Joint Venture models
 - 8.3.7 BCC identifies RP/Developer/institutional investor to enter into a Joint Venture arrangement that through BCC making its land available on a deferred purchase basis enables housing provider to make available about 50% of the site for a wide range of affordable housing solutions. BCC has identified a site in South Bristol to pilot this approach
 - 8.3.8 BCC works with RP/Market Rent provider to enter into a joint venture arrangement that through BCC making its land available at nil is able to provide 100% of the homes as rented at below LHA levels. This is the proposal that one WOE HDP partner has been successful in securing support of the HCA for an innovatively funded scheme through Bristol Social Investment Bond (BOB) It is proposed that BOB will encourage local investors to invest and work with us in

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increasing the supply of market rent and affordable rent housing. BCC by investing its land holding and sharing the development risk of resulting schemes it will also be able to share a proportion of the future rental revenues.

8.3.9 Alternative models

8..5.1 We are working with RP partners and a research organisation to develop a new model of rented housing: Flexi rent. It is hoped that as the Council brings forward sites on deferred purchase basis that this new model and other innovative approaches brought forward by RPs will be able to secure the Council corporate land more easily than has been possible in the past

(OBJECTIVES A3 & A4, B7, B8, E2, E3 & E4) (OBJECTIVE F5)

9. What Do We Mean by Affordability?

- 9.1 We wish to move towards a new approach to the delivery of affordable housing which is consistent with BCCs Core Strategy and the NPPF⁵ definition of ‘affordable housing’ but is driven by a new local definition of ‘affordability’ of the home to the individual occupier rather than reference to income groups and specific tenures.
- 9.2 BCC has adopted an Affordable Housing planning policy BCS17 that is consistent with the national definition in NPPF and specifically seeks to address the needs identified in the West of England Strategic Housing Market Assessment (WoE SHMA) 2009. By reference to our SHMA, we know that citywide we should be aiming to achieve 77% of affordable housing as social rented homes and the remaining 23% as intermediate -principally as shared ownership (delivered at 40% equity sale and 1% rental on the retained equity).
- 9.3 BCC, in a similar manner to other local authorities has adopted Government guidance on using 25% of gross household income as a definition of ‘affordability’. This was the definition of ‘affordability’ used by the WoE SHMA. Over recent years the percentage of income adopted by the Homes & Communities Agency and RPs to determine affordability of rented or intermediate homes has varied significantly from 25-40% of gross income. This has led to an inconsistent approach when agreeing rental or purchase cost levels when delivering new AH.
- 9.4 Recent analysis undertaken by BCC has shown the required household incomes needed to afford different assisted market purchase, Affordable Rent, Social Rent and intermediate affordable housing options in Bristol. The table below shows Affordable Rent⁶ to be more expensive than other intermediate affordable housing models on a two bedroom property. It also shows that some forms of affordable housing such as Intermediate Rent that may not have been affordable under the previous test could now be seen as affordable if housing costs are below LHA rates

Table 2
Affordability Spectrum of Housing Tenures: 2 Bedroom Homes in Bristol

Social Rent	Shared ownership (with 40% equity sale and up to 1.5% rent on unpurchased equity)	Affordable Home Ownership (with no greater than 50% equity sale and up to 3% rent on unpurchased equity)	Affordable Rent at up to 80% market rent (inc service charge) but below LHA limit	Intermediate Rent (inc service charge) below LHA limit	Market Sale Help to Buy	Market Rent
Up to £20,000	£18-23,000	£23-30,000	£26-30,000	£30-35000	£30-40,000	£40,000 plus
affordable	affordable	affordable	affordable	affordable	unaffordable ⁷	unaffordable

⁵ National Planning Policy Framework

⁶ A new rent level for AH at up to 80% of local market rent

⁷ Help to Buy is not an affordable housing product as it is not compliant with the definitions in NPPF 2012 and is not available to future households on resale

- 9.5 We propose to incorporate in the proposed new Affordable Housing Practice Note a new local definition of 'affordability' that will be based on the Government's annually revised Local Housing Allowance (LHA) for Bristol that caps Housing Benefit entitlements for tenants of private rented housing and is derived from samples of lower level market rents applying across our area. After reviewing the different approaches to determine affordability it was considered that these LHA allowance figures will provide in future the most accessible, easily understood and consistent approach to determining affordability for both rental and intermediate homes delivered in the city. (OBJECTIVE B3)
- 9.6 The Council believe that this new approach will be consistent with NPPF and do not consider will necessitate a change to the Council's Core Strategy. It will however require the adoption of a new Affordable Housing Practice Note that changes the guidance to developers and RPs to encourage new pioneering models of market rent provision and give new flexibility on the form of rental and intermediate homes provided as affordable housing through the planning system. (OBJECTIVE B6) The new AHPN is attached as Appendix X
- 9.7 The new approach recognises that the affordability of different tenures can vary considerably between neighbourhoods and different dwelling types and recognises that social rents and Affordable Rents may be similar for one bedroom flats but significantly different for large family homes in different areas of the city. We recognise that the HCA's current funding arrangements and the planning system will not be able to address the acute shortage of four bedroom plus social rented homes in the city. To ensure that these larger homes are affordable to their occupiers the Framework acknowledges that we will need to separately fund these using the Enabling Budget and other resources. (OBJECTIVE B5)

• **How this Framework will Lead to an Increase in Affordable Housing**

Principles underlying our work together

- Investor friendly - offering housing investment opportunities
- Integrated – BCC and other agencies working effectively together
- Innovative – evaluating new financial and delivery models

Objectives of the New Approach:

- A. Bringing forward development opportunities in the Council's ownership
- B. Using the planning system to best effect
- C. Encouraging the release of other public sector development land
- D. The Council as a direct developer of new homes
- E. Encouraging new models of provision
- F. Working effectively with our partners
- G. Streamlining decision-making and working as a team



Bringing forward development opportunities in BCC's ownership

<p>A1</p>	<p>The Council owns a substantial number of development sites within our General Fund (in the region of 120 sites identified in our medium term programme). The market disposal of some of these sites, in order to secure capital receipts, is essential to deliver our council-wide capital programme. We recognise that the land held by the BCCs HRA will be largely focussed on delivering new Council rented homes so there is need for a new corporate priority for releasing corporate land assets specifically to meet affordable housing delivery requirements. However, where sites are not earmarked for priority sale we will urgently review these sites with a view to identifying an annual programme of land releases where affordable housing delivery is prioritised over the timing or maximising cash receipts.</p>
<p>A2</p>	<p>We intend to encourage a variety of delivery vehicles in order to secure affordable housing (AH) on sites in BCC's ownership. These will include joint ventures and partnerships with private developers and with RPs. As an early task for the roll-out of this Framework, we will investigate the potential for BCC to act as a land investor and defer land purchase and share development risk on a pilot site so that we can maximise AH delivery. This is likely to be particularly relevant where BCC Landlord Service seeks to take some or all of the resultant AH into its own ownership.</p>
<p>A3</p>	<p>We welcome the support of the Mayor and Assistant Mayor⁸ who have agreed to champion this initiative. For sites prioritised for AH delivery and especially where we intend to take an active role in their development it is planned to establish 'Housing Delivery' arrangements that will be responsible to the Affordable Housing Delivery Board. We will undertake on identified sites feasibility studies to establish development potential including preparation of planning and design briefs, site investigation, addressing title and other technical issues and preparatory planning work; the cost of which will be met from anticipated receipts.</p>
<p>A4</p>	<p>Where our sites can achieve wider AH or regeneration gains for the city by contributing to larger land assembly opportunities, we will play an active role alongside our partners in helping to secure these opportunities. Again we will be imaginative about delivery vehicles and about balancing housing and community gains with capital receipts and their timing.</p>

⁸ Assistant Mayor for Transport, Planning, Strategic Housing and Regeneration

<p>A5</p>	<p>We intend to utilise some capital receipts, including those gained from our more direct participation in some development schemes, in a Revolving Finance Fund and which can support our AH development activity. This will expand an initial fund of £0.5m. As a priority task, we will explore the potential to add further to this Revolving Finance Fund by the inclusion of some New Homes Bonus monies. This funding will be used to pump-prime some schemes and on occasion to make acquisitions to enable AH development to take place. The Revolving Finance Fund will make relatively short term investments so that we can re-invest in new schemes as monies are returned from others which are built out or have made a net financial contribution.</p>
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<p>A6</p>	<p>We will undertake a comprehensive review of our corporate assets and consider our approach to realising AH delivery and the value of a strategic asset approach to meeting corporate objectives. This review will help identify specific to deliver AH requirements in 2015/16 and an annual land release programme that will help BCC make the step change in affordable housing delivery.</p>
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B. Using the Planning System to Best Effect

B1	We intend to maintain an 'Open for Business' approach and to continue applying the themes of realism and flexibility in our approach to agreeing planning obligations where market conditions impair the viability of development schemes.
B2	Where schemes have existing planning consents but have not been implemented because the planning obligations attaching to those consents make the schemes uneconomic to develop in the current climate, we will encourage developers to remodel schemes, consider other uses and re-negotiate the obligations.
B3	Adopt a new AHPN with a new definition of 'affordability' to enable greater flexibility into AH negotiations. If a developer can demonstrate improved viability without the provision of public subsidy ,by changing the mix of affordable homes which results in an increased amount of AH provided, or if by providing homes off site it would be easier to achieve a policy compliant position we will be prepared to consider these alternative approaches.
B4	In a negotiation with a developer regarding AH planning obligations, especially a re-negotiation of obligations on a stalled scheme, a material consideration will be an enforceable commitment from the developer to progress the scheme swiftly within twelve months of signing the s106 agreement and actually deliver the affordable homes. We are more likely in current market conditions to agree to a concession on AH obligations for a time limited period. If the consent is not implemented and the scheme not progressed in a meaningful way within an agreed period then we would expect the AH obligations to revert to the policy or originally agreed position.
B5	Where a scheme is being developed in a neighbourhood with an existing significant proportion of AH, especially social rented homes, we will be interested in promoting an improved balance of tenure including Affordable Rent and intermediate home ownership.
B6	We will be flexible in our application of planning obligations policies where schemes are pioneering new models of housing provision, including market rent and where it adds materially to AH supply in Bristol.

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B7	We aim to use our increasing flexibility on planning obligations alongside other initiatives the BCC is setting out in this Framework, for example where BCC is acting as land investor or in a joint venture capacity with developers.
B8	We will ensure that development briefs or other guidance is produced to maximise affordable housing delivery whilst ensuring quality places are created on council (or other public sector) land being brought to the market.
B9	We will ensure that competing policy requirements which impact on viability will be pro actively managed and co-ordinated so clarity around priorities is clearly communicated and the implications on delivery are understood by decision makers.

C. Encouraging the Release of Other Public Sector Development Land

C1	We plan to develop the role of the Bristol Property Board in being a vehicle to speed up the release of public sector development land in Bristol, especially to deliver new affordable homes.
C2	We want to strengthen our working relationship with the Homes and Communities Agency (HCA) to better integrate its release of land with the preparation and release of BCC land.
C3	We recognise that the HRA land held by the BCC's Landlord Services will be used exclusively for Council house development and will be inadequate to deliver the full programme. There is need for a new approach for releasing corporate land assets specifically to meet the AH delivery requirements detailed in this report and the land requirements of Council Landlord Services. These land issues could potentially be addressed through BPB.
C4	We will jointly work with the HCA and other Government departments and agencies through the Bristol Property Board to cooperate in joint land release programmes and prioritise securing new affordable homes on public sector sites ahead of maximising capital receipts.

D. BCC Landlord Services As a Direct Developer of New Homes

D1	BCC is committed to developing directly 1,000 new rented homes and 500 market sale homes within the HRA over the coming 15 years. Approaching 600 of these will be developed on the 159 sites already in the BCC's ownership, within the HRA. We intend to develop the remaining 400+ homes on other Council, public sector or private sector sites.
D2	BCC Landlord Services will explore the potential of significantly increasing the supply of new homes if our HRA borrowing cap was raised. We intend to continue to lobby Government for more financial flexibility on borrowing for new homes development subject to this being prudent.
D3	<p>BCC Landlord Services is committed to reviewing its housing assets more comprehensively with a view to:</p> <ul style="list-style-type: none">• identifying existing housing assets which have a negative financial impact on the HRA business plan• improving understanding of development potential within our existing HRA stock and land holdings <p>Where a more comprehensive asset management strategy leads to an improvement in our reinvestment capacity within the HRA business plan we will prioritise that investment for developing additional new AH.</p>
D4	Although BCC Landlord Services is keen to develop new AH directly within our HRA and housing business, we are determined that this effort should not distract from our responsibility to deliver an excellent housing service to our 28,000+ existing tenants and leaseholders and to invest appropriately in the quality and sustainability of our existing housing assets.
D5	BCC Landlord Services will undertake further appraisal work to improve our capacity, to include: BCC owned funding vehicles, new financial mechanisms and also new models for provision (such as those promoted by partners and where the BCC's commitments are related to revenue rather than capital cost).

E. Encouraging New Models of Provision

<p>E1</p>	<p>Where BCC is proposing to support new models of AH provision by direct participation in schemes, as envisaged in Objective A3 & D5, we will review VFM offered and carefully weigh the potential housing gains against the cumulative risks of these schemes and against other options for developing the schemes.</p>
<p>E2</p>	<p>We will encourage developers, funders and RPs to bring forward innovative ideas which will add to the amount of new AH produced in Bristol and to the housing choices available for local people.</p>
<p>E3</p>	<p>We propose that BCC acts as a Land Investor taking an active role including land and joint venture participation, where we are convinced that a model for new provision can make an important additional contribution to AH production.</p>
<p>E4</p>	<p>We will maintain an awareness of new initiatives being promoted elsewhere and challenge ourselves to be innovative in our approach to ownership, funding and risk management activities.</p>

F. Working Effectively With Our Partners

F1	We continue to see Registered Providers as our most important source of new AH supply over the Plan period. We will work hard to maintain the vitality of our relationships with RPs and the structures we have in place to support these.
F2	In the interests of maximising production of AH, we will seek to encourage involvement in Bristol from a small number of additional, well-resourced and active developing RPs and agreeing annual performance agreements to delivered specified AH numbers.
F3	Our aim is to achieve a minimum of 500 new affordable homes per annum being produced by our range of larger developing RP partners through both existing and new forms of AH delivery. We want to hit this production target by 2015/16.
F4	We want to grow and sustain the number of new affordable homes produced by our smaller more local RPs which have a solid track record of delivery. From this source, our target is to secure 100 new homes per annum by 2015/16.
F5	From other new partners and from BCC's own direct development activity, our target is to secure at least 100 additional new affordable homes per annum by 2016/17.
F6	We aim to enhance our collaborative working with our neighbouring local authorities in the interests of maximising our collective achievement of new AH for people living and working in the greater Bristol economic and housing market area. We plan to explore ways in which we can improve access for Bristol people to AH developed across the wider city conurbation and ways in which we can more directly support AH on sites fringing our administrative area.
F7	We plan to work on achieving better and closer working relationships with private developers. We want to invest more in relationships which can genuinely unlock stalled schemes and improve on delivery of market and affordable homes and we are prepared to be flexible and pro-active to achieve this. We will concentrate our efforts where we can achieve results, by which we mean getting affordable homes on the ground within a sensible time-frame.

G. Streamlining Decision Making and Working as a Team

G1	The Mayor, the Assistant Mayor and BCC officers intend to build on the recent improvements we have made to our governance structure for supporting AH delivery.
G2	To reinforce the significance of their functions and to smooth the path between member and officer level decisions, the Assistant Mayor with responsibility for transport, planning, strategic housing and regeneration will take the lead in new AH delivery.
G3	We will streamline our delivery arrangements. Initially we will ensure that all projects that include AH will have a designated project manager drawn from the existing teams and ensure that there is an appropriately skilled project team. Longer term we will consider bringing together all relevant disciplines into an actual delivery team.
G4	BCC Landlord Services will develop and implement a plan for resourcing the schemes it intends to undertake directly. That resourcing will include appropriate processes and systems as well as personnel with suitable skills and experience to deliver our programme.

10. Time Frame for the Framework and its' Review

- 10.1 The Framework is scheduled to be adopted by the Mayor and Cabinet in October 2013 and launched later in the Autumn. It is expected to remain our key framework for promoting the delivery of AH, which will be reviewed and updated annually, up to March 2018.
- 10.2 The trajectory set by the Framework for improved delivery of AH is expected to have a life well beyond the five year period of the Framework itself. So, although we will expect to craft a new Framework in 2017/18, reflecting the changed market and policy circumstances applying at that time, we are looking to create an impetus for improved delivery and an environment of enterprise and flexibility which needs to endure if we are going to achieve the best we can for Bristol's citizens.
- 10.3 During the life of the Framework we will monitor our main Framework objectives, Action Plan targets and the direction of travel on a regular and rigorous six-monthly basis. We know that the Framework needs to stay relevant and we may need to respond to changes in market conditions or policy initiatives as they arise.

11. What the Framework Should Mean for Production Levels

11.1 As part of the preparation for the Framework, we have devised a system to help us track and forecast the amount of new AH to be produced in Bristol (or fringing Bristol in instances where we have helped directly to stimulate these new homes) from 2015/16 onwards.

11.2 Regrettably we know at the point of launching the Framework that AH production in 2013/14 will be at an all-time low of fewer than 100 homes. Ascending from this low point will take time as the completion of new homes typically takes at least two -three years from planning stage.

11.3 Based on the various initiatives we have outlined in section 9 and the likely volumes and production timescales for these, our target production levels for each year of the Plan period are as follows:

2013/14	less than 100
2014/15	Est. 333
2015/16	Est. 600
2016/17	Est. 700
2017/18	Est. 850

11.4 We can break down the production by some simple categories which include:

- (i) the source taking lead responsibility for developing the new homes, either:
 - BCC Landlord Services
 - Larger Registered Providers
 - Smaller Registered Providers
 - Private Developers/ institutional investors

- (ii) the principal funding sources
 - Developers subsidy through s106
 - BCC enabling grant/ resources (inc discounted land sales)
 - HCA/ Government subsidy/investment
 - RP resources
 - BCC HRA funding and resources (land)

- (iii) the general development type by site characteristic and location,
 - City Centre (typically higher density, complex and possibly involving some building conversion)
 - Brownfield (inner area or suburban but typically requiring fairly lengthy lead-in and being smaller than average city centre schemes with a greater likelihood of houses than flats)
 - Greenfield (suburban and typically achieving slightly higher dwelling numbers than brownfield sites and with a shorter lead-in).

12. 'Ask Not (Only) What City Hall Can Do For You, but Also What You Can Do for your City'

- 12.1 The tongue-in-cheek title to this final section is our way of stressing the importance of an energetic contribution to improving new affordable homes production and new homes production more generally from all parties who cares about or have a stake in Bristol's economic prosperity and social well-being.
- 12.2 Together we can do much to unlock the potential for new affordable homes production in and around the city. The Mayor and BCC are keen to take the lead in energising housing development and galvanising new innovative approaches. One of the themes of this Framework is the BCC being enterprising, innovative and taking a very direct role in bringing forward sites and in making the risk/reward balance of affordable housing development actually work for other partners.
- 12.3 We will require housing developers to deliver in accordance with the Council's Planning Policy Framework, particularly when it comes to high quality design and sustainability. Where a scheme / proposal fails to do this there must be openness and clarity upfront as to what compromises are being made and the impact on delivery
- 12.4 We will try hard to keep red-tape and bureaucracy to a minimum. We don't want to have potentially unproductive 'talking shops' and for these to be our main tools for communication with our partners. We want to focus on real opportunities, we want dialogue to concentrate on getting schemes on the ground. We promise to be consistent in the way we apply those policies we need to have but we will endeavour to be flexible in order to get the affordable homes the city needs.
- 12.5 We don't have a monopoly on good ideas and we welcome your ideas. tell us if you believe we can do something practical to produce more affordable housing. Be ready to respond positively to the opportunities we plan to create directly We urge you to check out the National Housing Federation's 'Yes to Homes' campaign for more info on the urgent need for homes and especially affordable homes.

Version 2.2 – fully revised and updated following consultation with H4B and internal (NH/TS) (11th July 2013).

Version 2.3 – further revisions incorporating HCA/ Select Committee and Assistant Mayors requirements 13- 21th August 2013

Version 3.0 – further revisions incorporating Consultees comments and revisions to take account of Business Case 21 August 2013

APPENDIX B

Report Of Cross Party Working Group On Affordable Housing To OSM.

The Cross Party Working Group have held two meetings to produce the Report and range of potential options for the Mayor and the City Council to consider, in finding ways to meet the Mayor's projected figure of 1000 new homes by 2016.

The Labour Group have a more ambitious figure of 4,000 homes, but in truth ANY increase over and above the projected figures for new build would be a welcome addition for the 14,000 plus Applicants still on our Bristol waiting lists?

I would ask members to look at the final report in two stages. The first being a detailed account of our current position, and the restrictions still on Borrowing For New Build, and the exact Head Room in the Housing Revenue Account.

This account collects the monies from rents and it's first priority is to retrofit, repair and update, to a decent home standard our current 28,000 properties, both flats, and houses. With some of the restrictions lifted and protocols relaxed slightly, this account is the obvious first port of call for funding any new build proposals?

Careful examination will show that currently an £11 Million head room does exist. But bearing in mind our statutory duty to provide a decent home standard for our tenants, this eats deeply into this figure, leaving a relatively small figure for potential re investment in new build Social/Affordable homes.

All Councils in the UK face this dilemma, and all see Housing as an increasing social crisis that lacks traditional resources and funding. Add to this the impact of the Bed Room Tax, and singular lack of sufficient one bed room accommodation, UK wide, we are all literally in the same boat?

A recent press release by the LGIU suggests 96% of tenants trapped by the impact of the Bed Room Tax have nowhere to move to, even if they wanted to? A shortage of 99,039 properties have been reported by 38 Councils UK wide

With this in mind clearly carrying on doing nothing new is NOT an option. Locally our hoped for new build programme based on replacing concrete cancer properties can only achieve 12 new homes a year for two years. Using land and what little funding in the Housing Revenue Account allows see our projected new build figure under achieving our own hoped for new build totals. In 2012/13 Total housing completions were 878 of which 330 were Affordable Homes Yet in 2013/14 this figure could dip below 100.

So using existing options for new build and funding streams like the HRA, we need to support the UK Campaign, for lifting the Borrowing Cap on Local Authority budgets as a first positive step by our Council and Mayor.

That said, it would take time, and in the current cuts agenda difficult to achieve at least in the short term? SO WE MUST work and think TOTALLY outside the box on challenging and inspirational thinking to make a real impact and difference to our waiting families, and to stop Bristol's crisis from worsening to the point of "NO HOPE IN MY LIFE TIME"!

Recently Bristol is one of 10 UK cities to receive extra funding from the government to kick start our "stalled Sites" These have Planning Permission granted, but developers have not started works because of economic reasons and awaiting a rise in property prices?

5,000 potential homes are stalled by these actions, and having had £12 Million granted for Bristol Docklands site to build 200 new homes pressure must be put on keeping developers on track and progressing these options! Use of other funding streams via Pension Funds investment, or a Bristol Bond the Council could buy into stalled sites. Increasing the percentage of Social and Affordable homes and help complete the developments, as we did with the Prefab Replacement programme some years ago?

The second half of the report attempts to highlight ways forward, that are outside normal funding streams, and partnerships. To rule NOTHING out and to keep open minds on new build options, particularly on finding solutions to the smaller sites within the City Boundary.

The Site Allocations Report adopted by the Council, outlines 85 of these sites, as capable of supporting at least 7,000 homes. So NOT in the green belt and most in our ownership or control. A survey by Bristol Estate Agents estimate a further 70,000 flats could be made available by re designing and taking over Bristol's empty office s and retail outlets?

These possible alternatives need funding, and suggestions by myself and other Council's is to look for "Ethical Investment By Pension Funds" in housing projects. Negotiation over a "premium rate of interest" return to funds needs careful calculation and negotiation. But Pension Funds could be reassured their base investment was under pinned by the "Base Value" of the site, PLUS the absolute certainty that this figure would increase, once Planning Consent is granted. Nowhere in investing circles is this level of certainty of increase possible, other than in re development of sites, and building homes for our residents? On top of that surety is the New Homes Bonus or Community Infrastructure Levy once homes are finished. This funding can top our HRA account and help pay the interest return to investors.

Bristol's current population stands at 428,000 projections expect that to grow by 26% between 2006 and 2026, meaning we will be a city of 500,000 at least by then. Encouraging our residents to invest their savings in housing by a Bristol Bond and offering them a premium interest return as well as major investors is another potential funding option we MUST try!

Both these funding streams lie totally outside the cuts offensive of our current government. They show that inspirational thinking can provide a way out of our resources drought? Manchester and other London Councils have started to go down this route already, it IS legal and can be delivered.

Land Banks, Land Swops, the use of Credit Unions as a possible Bond Manager should all be investigated. Maybe we can try different delivery pilot projects on partnership, funding, and construction, and rental or ownership could be tried small scale and see which performs best for us locally?

Recent announcements on the new Regeneration Funding for Bristol and the regeneration by The City Deal and Regional Growth Funds, MUST include a proportion of monies towards new build housing. Creating a stimulus for our local economy, underpinning real jobs, and to open opportunities for training

and apprentices etc for our young people? We recommend these opportunities be investigated urgently.

All new construction, must be to the best environmental and ecological standards and to embrace new thinking in those areas for heating, and recycling water, use of solar panels etc. Helping to under pin Bristol as a "Green City". Bristol needs to live up to its latest award of Green Capital Of Europe, by real action in our Housing Policies?

To sum up, Britain needs to build 230,000 new homes per year to keep pace with population growth. Currently we face a deficit of at least 100,000 every year in the UK. In Bristol with rising property values, the gap between average earnings and average mortgage is £19,385, so buying a home is impossible without help for potential purchasers?

The second section of the report should offer the Mayor the widest set of options and choices in how we solve Bristol rising housing crisis. I hope this report from me as Chair underpins the report, and explains our decisions and suggestions of different options to solve our problems, that could be available to you all?? Grasp the nettle, be different, change our agenda, solve this crisis imaginatively!

Cllr Ron Stone. Deputy Leader Bristol Labour Group. Shadow Cabinet Member For Housing.