

HRA Development Programme 2021/22

1. General

Bristol City Council is committed to doing all it can to tackle the housing crisis and is beginning to build again at a scale not seen for decades.

In October 2018, the government announced the removal of the HRA debt cap, which gave councils the ability to increase borrowing to develop more affordable homes. The current development programme has the potential to add 571 new homes to the HRA stock over the next five years, delivered through various approaches:

- `Land-led' schemes (using Council land to bring forward new developments)
- `Developer-led' schemes (e.g. purchase of homes from Developers)
- Property conversions
- Estate regeneration

We continue to prioritise good quality design and will seek to improve the sustainability of new council homes as we work towards making Bristol a net-zero carbon city. The COVID-19 pandemic has been a reminder of the urgency of providing safe and secure homes for all. Good quality design will improve the experience of those occupying new affordable homes, and sustainability requirements will need to ensure that we can build back from the pandemic in a way that reflects the climate emergency.

Some of the proposed schemes support the city's ambition to provide new supported homes for vulnerable rough sleepers. Others demonstrate our commitment to modernising Bristol's construction sector and ensuring a more resilient, sustainable and innovative approach to housebuilding by encouraging greater uptake of Modern Methods of Construction (MMC).

During 2021 we intend to review and refresh the HRA housing growth and development strategy with an aim of confirming a long-term development programme in the 2021-22 Budget. A recent, and still ongoing, review of the HRA's 30-year business plan and borrowing capacity will provide a basis for agreeing new prudential borrowing metrics and priority areas for investment.

2. Programme Overview

The 5-year HRA capital programme includes £103.7m for development, with the potential to deliver up to 571 new council homes, of which £64.8m is earmarked to be committed in 2021/22. The programme includes indicative schemes and unit numbers which may be subject to change.

5-year capital programme

2021/22	2022/23	2023/24	2024/25	2025/26	TOTAL
£64.8m	£25.8m	£8.5m	£4.6m	£0.0m	£103.7m

The indicative profile for 2021/22 of £64.8m is funded by a combination of BCC investment supported by sales receipts, the continued use of Right to Buy receipts and new Homes England grant funding.

The budget and approvals sought in this Cabinet report will provide a framework to shape and deliver the HRA development programme. It provides delegated authority for the Executive Director of Growth and Regeneration to execute the programme, move funding between 'land-led' and 'developer-led' budgets and to approve individual deals. All such decisions will be made in consultation with the Section 151 Officer and Cabinet Members with responsibility for Finance and Housing Delivery.

Sections 3 and 4 below set out schemes that have the potential to be contractually committed during 2020/21 and 2021/22. There has been considerable work done on the schemes identified, but the lists remain indicative with decisions yet to be reached and dependent on strategic fit within our emerging housing growth and development strategy. All projects will be subject to a full financial appraisal and a scheme specific approval report. They will also be required to meet agreed investment criteria and achievement of value for money.

Our current programme has a split of approx. 70:30 between homes for social rent and shared ownership (part-rent/part-buy).

The main programme assumptions are as follows:

Build Cost	£203k/unit (gross) for new build.
Grant	£70k/unit for social rent. £40k/unit for shared ownership.
Social Rent (average rents)	£81.24/week for social rent (2020/21 rates)
Shared Ownership	Assumed 40% share purchased. Rent set at between 1.5% and 2% of unsold equity.

The proposed programme will require a range of procured works and services including construction and professional advisors. We will continue to challenge site preparation and building costs through effective planning, procurement and contract management.

3. 'Land-led' Schemes (£24.4m of £64.8m)

The following table lists the land-led schemes with the potential to be on-site during 2021/22:

Scheme Name	No.
Lawrence Weston PRC Sites	57
Brunel Ford	32
St Peters EPH	29
Brentry EPH	34

Over the last year we have been looking for opportunities to build more council homes, and now have an established pipeline of schemes with potential capacity to add up to a further 917 new homes to our stock. Our proposed budget includes funding to continue working up these schemes in readiness for future delivery, subject to approval.

4. 'Developer-led' Schemes (£39.5m of £64.8m)

The HRA has secured pre-emption agreements for the affordable housing element on a number of projects. These schemes are relatively quick to deliver as they are developer-led. In October 2020, Cabinet gave approval for a £20m 'New Build Acquisitions Programme' that aims to deliver 100 new council homes through 'developer-led' schemes.

The following table is an indicative list of the 'developer-led' schemes where negotiations are ongoing for the purchase of homes by the HRA. Decisions to proceed will be dependent on agreeable terms and their strategic fit within our overall development plans.

Scheme Name	No.
Bonnington Walk	93
Romney Ave	147
East St	8
Brooks Dye Works	24
Little Paradise	21
Cedar House	25
HRA New Build Acquisitions	22

A key consideration in the emerging housing growth and development strategy is the extent to which the buying homes from developers delivers genuine additionality in terms of the provision of affordable housing for the city. Investments will need to demonstrate that they not only deliver improvements to the HRA as a business but that they contribute to increasing overall supply and are not merely displacing other providers (i.e. Registered Providers).

5. Property Conversions (£0.5m)

We are currently working on a conversions programme of around 15 homes in 2021/22. This will see redundant spaces and other non-residential accommodation converted into new affordable homes for social rent. We have programmed for 7 of these homes to complete during 2021/22.

6. Forward pipeline and estate regeneration (£0.4m)

To help address some of the challenges around housing supply and quality of housing, the HRA intends to embark upon an estate regeneration programme to provide more and better quality, homes for the residents of Bristol.

During 2021, as part of the refresh of the HRA housing growth and development strategy and 30-year business plan, we will carry out option appraisal studies on potential renewal areas and explore ways in which these can be funded. The core objectives of these are to look at the long-term future of council homes in Bristol, and they will look at how best to sustain existing homes in good condition, while achieving the Council's ambition to provide more and better homes for the benefit of the people of Bristol.