

Appendix B: Management Report – BCP092: Increase the number of affordable homes delivered in Bristol

Explanation of performance (why is it well below target):

Affordable housing (AH) is not delivered directly by the Council, but through a series of contractual and other arrangements with Registered Providers (RPs). There have been continuing issues of non-delivery by these partners and their contractors, and we have limited ability to ensure compliance given the broader commercial environment of housing delivery.

Further slippage due to contractor issues on Torpoint and Wapping Wharf has resulted in a year-end total of 180 affordable homes (AH). At Torpoint 20 homes that were due to be transferred to Knightstone Housing Association (KHA) have been delayed principally as a result of site management changes by the contractor. At Wapping Wharf the delivery of 26 AH to KHA has now been delayed over 6 months; there have been significant problems here with the main contractor and general non-performance of the market and AH scheme for which KHA only have a small proportion of units and are totally reliant on the developer to deliver to time. There have also been issues with the Employers Agents employed by the developer not producing the necessary paperwork (discharge of planning conditions) therefore preventing KHA from taking handover and further delaying our completion date.

Major changes to operating environment since July 2015:

Delivery of affordable housing within the current framework and conditions in the housing market continues to be challenging. The rent reductions of 1% announced in the Budget statement in July 2015, the impact of impending legislation: Housing and Planning Bill and the Welfare Reform and Work Bill, the changes to the definition of affordable housing and the reduction of available funds for affordable rent are all proving to be game changers in respect of the capacity and ability of registered providers (RPs) to progress future developments. In some cases the combination of these factors are causing RPs to fundamentally reconsider their business models; this has the potential to result in their withdrawal from provision of social and affordable housing.

Actions to bring metric back on target:

1. The Homes Board and the Affordable Housing Programme Board (AHPB) have considered key short/medium and long term initiatives to respond to the new legislative, political and financial framework. These alternative approaches will be considered by the Cabinet Member for Homes during early July to ensure any new initiative aligns with the Housing Strategy Action Plan and the recommendations of the Homes Commission, Scrutiny Commission and LGA peer review.
2. The Mayor and the Cabinet Member for Homes has confirmed the priority for a housing company and the need to concentrate resources to bring sites forward in South Bristol, Lockleaze and the City Centre rather than trying to work up new land opportunities.
3. The Cabinet Member for Homes is being asked whether the administration wish to pursue a proposal for a Housing Delivery Framework where selected developer/RPs will be able to bid for Council land disposal, enabling, development and funding opportunities through a mini tender process.
4. The Council working with the Homes and Communities Agency (HCA) on a Starter Homes programme have identified two stalled sites in Fishpond; HCA is considering acquiring from their owners.
5. The Lockleaze and South Bristol Project Managers appointed in December have now prepared Business Plans and currently commissioning consultants to undertake viability assessments
6. The Council will shortly employ a Property officer to identify further deliverable BCC sites.
7. The Housing Development staff have successfully completed their RICS Project management, Proval Viability assessments and MS Project training has been completed.

The Cabinet in November approved to make additional funds for the Enabling Budget. There is currently £5.35m to deliver affordable homes over available for the next three years. The new Cabinet Member for Homes will be reviewing the approved BCC Funding Policy which will enable the Council to seek bids for affordable homes to rent in June 2016

Expected impact of the Actions (with timescales):

1. Housing Company and alternative housing delivery approaches are expected to be fully signed off by the new Cabinet Member for Homes and the Homes Board to give new impetus to the need to significantly increase affordable housing supply (June/July 2016)
2. New development partners, subject to agreement of the Cabinet Member for Homes, will be selected through Housing Delivery Framework (March 2017)
3. Recruitment of Property Officer – improving capacity to deliver programme (Sep 2016)
4. New funding policy, subject to agreement of the Cabinet Member for Homes, will provide BCC with a flexible approach to bring forward affordable housing schemes (June 2016)

Financial related information:

1. New housing delivery framework and new delivery approaches have no specific cost other than existing staffing costs in Place, Procurement and Legal
2. Property Project Manager costs agreed by Place PLT to be met from Enabling fees budget for two years
3. Enabling Budget of £5.35m for 2016/17, 2017/18 and 2018/19 can be accommodated within Council's budget