

1. General

This report sets out details of the HRA Delivery Programme, and associated budget requirements over the 2024/25-28/29 Medium Term Financial Plan.

Bristol City Council is committed to doing all it can to tackle the housing crisis and has a rolling new build programme of council housing delivery at scale as part of a comprehensive council housing development programme.

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. However, developments are not a short-term approach and can take many years to achieve the required outcomes, so the programme is a rolling programme, with spend identified for particular elements of a development across the multiple years and includes: direct development on council land, acquisition of homes from developers including our Council-owned housing company Goram Homes and acquisitions from the wider market, including ex-right to buy properties and other 'street properties'.

The HRA development programme's capital is funded from borrowing (supplemented with Right to Buy receipts (which can provide up to 40% of the development cost on a new home) or Homes England Affordable Housing Grant. The borrowing requirements and the cost of that borrowing are set out within the legal parameters to provide a balanced budget for the HRA as part of the wider HRA budget setting process.

Since the development programme started in 2013, over 350 new council homes have been built, with a further 547 expected to be completed in 2024/25. The Development Programme approved in 2023 committed to delivering over 1700 new homes over the life of the 2023-28 MTFP. The new 5-year programme 2024/25–2028/29 commits to increase this provision further and to over 3000 new homes. The 2024/25 Business Plan reflects these ambitions and includes costs which reflect the current economic climate in relation to the construction of new homes.

Whilst there is considerable challenge to delivering these numbers in each year and we may see movement within the overall programme as schemes are brought forward or slipped back, there is a clear commitment to increase the supply of new council housing for the city. These new homes will be delivered through various approaches:

- 'Land-led' schemes (using council land, (including the purchase of General fund land if scheme viability allows)) to bring forward new development directly managed by the Housing Delivery Development team.
- 'Developer-led' schemes (e.g., purchase of homes from developers, such as Goram Homes and other S106 Acquisitions from developers including any additionality that can be afforded and overseen by the Housing Delivery Development team); and
- Acquisitions of properties from the market, including ex RTB buybacks and leaseholders, Street properties and new build opportunities and any available sources for General Needs housing through adaptation, upgrade or conversions, estate regeneration and/or meanwhile use (e.g., demountable MMC housing for shorter term land use).

The proposed development programme will mean the HRA will make an important contribution to the Council's affordable housing delivery plan *Project 1000* and beyond.

An annual refresh of the Development Programme has been undertaken, to reflect changes to the development market (escalating costs), pressures within the HRA business plan and a new priority being identified of property acquisitions. The business plan is able to meet these new ambitions and is fully funded and compliant.

The overall target within Housing Strategy Project 1000 for 2024/25 and beyond has increased. This means that the HRA is committed to building/acquiring a total of over 3000 homes over the 2024/25 to 2028/29 MTFP on a rolling programme of which:

- 341 anticipated to complete in 2024/25 and the acquisition of over 150 from the market. Some funding is also set aside for land acquisition opportunities, which are expected to add further additional units
- 740 homes projected to complete in 2025/26 including a further 200 acquisitions from the market.
- 677 expected to complete in 2026/27 including a further 200 acquisitions from the market.
- 580 anticipated to complete by 2027/28 including a further 500 acquisitions from the market, although as new schemes are identified this figure may rise.
- 538 anticipated to complete in 2028/29 including a further 500 acquisitions from the market, although as new schemes are identified this figure may rise.
- The remainder will be delivered in 2029/30 and beyond (the remaining of the 30-year Business plan), which has 300 completions a year currently programmed.

As with all development programmes there is risk to achieving those numbers, through funding and viability risks, planning consents being achieved, through unforeseen circumstances on the sites identified, contractors and consultants availability, the use of smaller SME contractors and the financial standing of these (including warranties and insurances), use of new technologies and the fact we do not have any control over third party developments. The Housing Delivery Development team is experienced and skilled in identifying and mitigating risks and managing delays and will drive the programme accordingly and strive to achieve the desired outcome, reporting on progress at the agreed gateways of the development process.

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. Good quality design will improve the experience of those occupying new affordable homes, and sustainability requirements will need to ensure that we develop in a way that reflects the climate emergency. This approach will of course bring challenges in terms of increased development costs and achieving scheme viability, especially where we strive to provide higher than the required planning and sustainability rules on each development.

2. Programme Overview

To date we have progressed the Development Programme, with both the developer led and land led schemes either on site or in the pipeline to start on site in 2024/25

Sites currently under construction includes sites at St Peter's House and Bell Close in Manor Farm, Brentry House in Brentry, Romney Ave in Lockleaze, New Kingsland in Henbury, West Street in Bedminster as well as sites in Lawrence Weston and Hengrove. New homes have also been acquired at Airport Rd. In the coming months we will commence work at sites in Knowle, Stockwood, Lockleaze as well as continuing to acquire the homes as they complete at Romney House, Lockleaze and Cedar House, Fishponds.

In addition, we will be commencing the planning process for various other developments across the city to ensure a constant supply of new homes is achieved.

We are also working alongside Goram Homes to develop opportunities to acquire future homes from them and are currently working with them to deliver homes at Romney House and with a significant pipeline of new affordable homes in Hengrove as well as their new developments at New Fosseway and Dovercourt Rd Depot.

As part of our delivery strategy, we are also fast-tracking developments where possible on new HRA sites and to enhance our acquisition and conversion programme to deliver homes to support the Temporary Accommodation (TA) cost avoidance programme. We have set up a new fast track planning strategy for small sites and are working closely with Highways on finding solutions to deliver off site Highways works in a timely manner.

The budget being approved sets out funding requirements for all of the proposed workstreams within the Development programme. The programme will focus on various strands of work:

- Delivering land led developments including the fast tracking of smaller sites through the planning process and through the development process to completion of the homes.
- Acquisition of market and other properties that are available, including carrying out the necessary works to bring them into use as new council homes. This will have a focus on buying back ex council houses and flats that come to the market, but will also include wider market opportunities. This includes £15m for a land acquisition pot to enable the construction of more homes.
- Optimising the existing new build programme to work strategically with Housing Options on the new build's 20% homelessness pathway provision to identify how older HRA assets can be released for TA under license and/or permanent accommodation.
- Acquiring S106 and any affordable additionality from developers and other market providers including Goram Homes. The HRA will continue to have "first refusal" when it comes to purchasing the affordable units delivered by the council-owned housing company.

The budget and approvals sought in this Cabinet report will provide a framework to shape and deliver the HRA development programme from all aspects within the process including Procurement, Legal, Planning, Transport, Highways, and other statutory requirements with the aim of maximising the development potential at pace to deliver new homes for the city.

There is considerable work being done on the schemes within the programme including the identification of new projects and further sites for future development. The HRA development programme set out in this report is for approval, with budgets allocated within the business plan. This includes the decision to acquire units from Goram Homes on schemes as set out in this appendix. Further Goram Homes schemes that are scheduled further into the future will be considered in future years.

All projects will be subject to a full financial appraisal based on the agreed financial and development parameters (which includes a Net Present Value (NPV) assessment and if necessary, a Social Value assessment and will be supported by the use of Right to Buy receipts (RTB) and/or Homes England Affordable Housing grant).

The current Homes England Affordable Housing grant runs until 2025/26 and at present there is no further update as to whether there will be a new programme after that date, so this does pose a potential risk, as

the 5-year MFTP runs until 2029. However, we are working closely with Homes England and review this funding regularly.

We will also target any other forms of grant funding available to support schemes as and if they become available such as Get Councils Building, Brownfield Land Release Funding and Brownfield Infrastructure Land Fund etc to the benefit of the HRA.

Each scheme will be subject to approval by the Executive Director, Growth and Regeneration in consultation with the Cabinet Member for Housing Delivery and Homelessness, the Cabinet Member for Finance, and the Section 151 officer.

All development is required to meet agreed investment criteria and achievement of value for money for the Council as appropriate for the development and the HRA. The proposed developments will be primarily aimed towards Social Rented homes. However, due to the size and complex nature of some of the developments we will need to provide a mixed and sustainable development. Each scheme will be subject to a viability assessment (NPV) to ensure financial viability. To achieve this, where appropriate, we will introduce other forms of tenure, which could be other forms of affordable housing such as Shared Ownership and will be considered on a scheme-by-scheme basis.

As part of the viability assessment of individual schemes, it is recognised some may present a negative Net Present Value (NPV) position, and would therefore not be considered viable. In these circumstances, the Social Value offered by such schemes will be taken into consideration. Where sufficient Social Value is demonstrated, these may still be taken forward where their inclusion means that the overall development programme retains a positive NPV position.

The nature of housing development requires a level of flexibility essential to respond to changes in the market. As such a single delegated development budget and programme is the quickest and most effective route to seamless delivery with a total overall budget in the 5-year MTFP of £946m for over 3000 new homes. The budget is made up of various strands as set out in the tables below. This includes £15m for a land acquisition pot to enable the construction of more homes.

Delegated approval is given to the Executive Director, Growth and Regeneration in consultation with the Cabinet Member for Housing Delivery and Homes, the Cabinet Member for Finance, and the Section 151 officer. to bring forward each scheme identified with any major changes between the delivery routes requiring approval from the Executive Director, Growth and Regeneration.

The main programme assumptions are as follows:

Build Cost	£300k/unit (gross) for new build. This is including the pre-construction design costs
Grant (Homes England) if sought	£100k/unit for social rent. £55k/unit for shared ownership.
Right to Buy (RTB) Receipts to be used	Current Parameters are set for RTB at 40% being used against each scheme for social rent
Shared Ownership	Assumed an average of 40% share equity 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 consultants (Architects, Cost Consultants, Clerk of Works, Contractors, Developers, and

Specialist Services etc) as well as other Professional Services including Legal, Procurement and Warranty Providers etc to deliver the projects throughout the various stages of the development process. This report provides the approval authority to enter into all of the required contracts and agreements following the council's procurement and financial regulations.

We will continue to manage site preparation and building costs through effective planning, procurement, and contract management.

In order to deliver this programme, the Housing Delivery Development team will need to be adequately resourced to ensure each project is delivered. Therefore, an allowance is made within the Development Parameters that a percentage of the capital costs of each development project are allocated for this purpose. This resource is managed by the lead officer for the HRA Development Programme.

3. Proposed development projects (all subject to change through the life of the development process)

The tables below provide details of the schemes identified to date and the various proposed delivery routes. Later schemes are liable to change as they progress through the development process, and new sites may be identified.

a) Contractually committed schemes

Project name	Social rent units	Shared Ownership units	Total	Completed Prior to 2024/25	Completed 2024/25	Anticipated completion 2025/26
Lawrence Weston PRC (Precast Reinforced Concrete) sites, Lawrence Weston	57	0	57		57	
Brunel Ford, Lockleaze	32	0	32		32	
St Peters EPH (Elderly Person Homes), Manor Farm	28	0	28		28	
Brentry EPH, Brentry	34	0	34		34	
Airport Rd, Knowle	55	24	79	59	20	
Romney house, Lockleaze	93	54	147	39	49	59
Accelerated Housing delivery acquisitions including SHAP	57	0	57	7	41	9
Cedar House, Fishponds	25	0	25		25	
Climate Smart Cities sites (Edaroth)	29	0	29		19	10
Romney Ave, Lockleaze	12	0	12		12	
Hengrove Bookends, Hengrove	27	26	53			53
New Kingsland, Henbury	16	0	16		16	

Marshall Walk, Knowle	12	0	12		12	
West Street, Bedminster	7	0	7		7	
Bell Close, Manor Farm	9	0	9		9	
Totals	493	104	597	105	361	131

b) Current schemes to commence 2024/25

Project name	Social Rent Units	Shared Ownership Units	Total	Anticipated completion 2025/26
New Street, Old Market	6	0	6	6
Leinster Ave, Knowle	55	16	71	71
Greville EPH, Stockwood	26	0	26	26
Branwhite, Lockleaze	38	10	48	48
Filwood Cinema, Filwood Broadway	20	10	30	30
Kingswear, Knowle	28	6	34	34
Cameron Centre, Lockleaze	24	10	34	34
Wotton Rd, St Annes	7	0	7	7
Molesworth, Bishopsworth	5	0	5	5
Craydon, Stockwood	7	0	7	7
Redfield Crescent, Bishopsworth	12	0	12	12
Total	228	52	280	280

C) Future Developer led schemes currently agreed but not in contract.

Project name	Social rent units	Shared Ownership Units	Total	Anticipated completion 2024/25	Anticipated completion 2025/26	Anticipated completion 2026/27	Anticipated completion 2027/28	Anticipated Completion 2028/29 onwards
Hengrove phase 1 Hengrove	80	25	105			105		
Hengrove Affordable later phases, Hengrove	350	195	545					545
Baltic Wharf, City Centre	50	16	66			66		
Baltic Wharf remainder of site	68	32	100			100		
Dovercourt Depot, Lockleaze	53	17	70			70		
New Fosseway, Knowle	50	15	65		9	56		
total	651	300	951	0	9	397		545

d) schemes anticipated to complete between 2025/26 and 2027/28

Project name	Social rented Units	Shared Ownership Units	Total	Anticipated completion 2025/26	Anticipated completion 2026/27	Anticipated completion 2027/28
Coombe, Westbury	16	0	16	16		
Lanercost, Southmead	25	10	35	35		
Sea Mills Community centre, Sea Mills	15	0	15	15		
Deering, Lawrence Weston	21	10	31		31	
Latimer close, Brislington	19	0	19		19	
Whitehall/Embleton, Southmead	20	0	20	20		
Peterson Sq, Hartcliffe	30	0	30		30	
Freshways, Lawrence Weston	19	0	19	19		
Filwood Broadway phase 2, Filwood (4-16 Filwood Broadway)	20	0	20			20
Totals	185	20	205	105	80	20

e) Further schemes as identified to be delivered within the plan

Project name	Social rent units	Shared Ownership units	Total	Anticipated completion 2024/25	Anticipated completion 2025/26	Anticipated completion 2026/27	Anticipated completion 2027/28	Anticipated completion 2028/29	Anticipated completion 2029 onwards
Other sites currently unallocated for future schemes including opportunities in Filwood.*	116	0	116	56			60		
Gatehouse Centre	15	0	15		15				
Accelerated Acquisitions	950	0	950	150	200	200	200	200	
Future development and Acquisition programme	8,100	0	8,100				300	300	7500
Total	9,181	0	9,181	206	215	200	560	500	7500

* This includes £15m for a land acquisition pot to enable the construction of 50 homes.

The HRA is already looking forward to future new development opportunities to bring into its programme that will be explored through 2024/25 and beyond. This includes securing additional affordable units from Goram Homes as part of their future pipeline, including Portwall Lane car park, and additional council-owned sites in Filwood.

Finance Summary

	2024/25	2025/26	2026/27	2027/28	2028/29 On	Total
	£m's	£m's	£m's	£m's	£m's	£m's
Contractually Committed Schemes	74	19				93
Current Schemes to Commence 2024/25	55	35				90
Future Developer Led Schemes	49	56	16	16	103	240
Schemes Anticipated to Complete Between 2025/26 and 2027/28	13	21	16			50
Future Schemes as Identified to be Delivered	65	69	108	153	2,270	2,665
	256	200	140	169	2,373	3,138

Risk and Mitigation

There are inherent risks and challenges associated with the development programme and achieving both the number of homes identified and the level of funding required to deliver these homes, whilst the business plan is supportive of a large development programme the risks in achieving the desired outcomes will be affected by development issues as well as financial matters.

The Housing Delivery Development team are experienced and skilled at leading this programme of developments and will work to eliminate any delays to ensure the fastest possible delivery.

Each development project will need to achieve a planning consent and until this has happened, numbers predicted on each site could change and the pace of delivery may change during the design and planning process.

Procurement and legal requirements will need to be carried out and issues such as collateral warranties, insurance and contract negotiations can take time to resolve.

Unforeseen issues may arise during construction that delay progress or increase costs. Liaison with external stake holders such as utilities may hinder the progress.

The Acquisition programme is dependent upon the availability of appropriate properties within the market and from other developers who are building. Whilst we can look to target certain parts of the market, there will still be the period of negotiation, conveyance and then the necessary works to those homes to be factored in. To ensure this can be done at pace, a 'one-stop shop' delivery partner will be procured. Ensuring acquired properties are a long-term asset to the HRA, not a liability, is a key part of property selection and a set of clear criteria have been developed to provide guidance on properties likely to be suitable.