

BIRMINGHAM CITY COUNCIL

PUBLIC REPORT

Report to:

**THE CABINET MEMBER FOR HOMES
AND NEIGHBOURHOODS jointly with
THE CORPORATE DIRECTOR,
ECONOMY**

Report of:

Head of Housing Development

Date of Decision:

2 July 2018

SUBJECT:

**BUILDING BIRMINGHAM – DEVELOPMENT OF 17
HOMES AT ARDATH ROAD, KINGS NORTON**

Key Decision: No

Relevant Forward Plan Ref:

**If not in the Forward Plan:
(please "X" box)**

Chief Executive approved ☐

O&S Chair approved ☐

**Relevant Cabinet Member(s) or
Relevant Executive Member:**

Cllr Sharon Thompson, Homes and Neighbourhoods

Relevant O&S Chair:

**Councillor Penny Holbrook, Housing and
Neighbourhoods**

Wards affected:

KINGS NORTON SOUTH

1. Purpose of report:

- 1.1 In accordance with the delegation granted by Cabinet on 18 April 2017, (Joint Venture Partnering with the Private Sector to Accelerate Housing Growth) present proposals for the acquisition from Bellway Homes of 17 affordable homes on the site of Ardath Road, Kings Norton as shown edged black on the plan attached as Appendix 1 (the 17 Affordable Homes)
- 1.2 The accompanying private report details the confidential information relating to the contract award.

2. Decision(s) recommended:

That the Cabinet Member for Homes and Neighbourhoods and the Corporate Director, Economy:-

- 2.1 Authorises the Corporate Director, Economy to seek consent under Section 174 of the Localism Act 2011 to exclude the new properties to be delivered from Right to Buy pooling requirements, to ensure that any potential capital receipts generated from the sale of homes under the Right to Buy are retained by the Council.

Lead Contact Officer(s): Andrew Hood, Development Manager / Clive French, Development Officer

Telephone No: (0121) 303 7879

E-mail address: Andrew.Hood@Birmingham.gov.uk / Clive.French@Birmingham.gov.uk

3. Consultation

Consultation should include those that have an interest in the decisions recommended

3.1 Internal

- 3.1.1 Officers in Legal Services, City Finance, Procurement, Birmingham Property Services, have been involved in the preparation of this report.
- 3.1.2 The Leader has been consulted regarding the contents of this report and supports the proposals coming forward for an Executive Decision.
- 3.1.3 The Ward Member for Kings Norton South has been consulted and supports this report coming forward for an executive decision (See Appendix 2).

3.2 External

- 3.2.1 No external consultation has been carried out for this report. Local Residents were consulted as part of the statutory planning application process by Bellway Homes. Two letters of objection and one letter of comment was received from residents in Lazy Hill and a business on Facet Road, however the planning application for the Bellway Homes scheme including the 17 homes at Ardath Road was approved.

4. Compliance Issues:

4.1 Are the recommended decisions consistent with the Council's policies, plans and strategies?

- 4.1.2 This proposal responds to the Council's key priorities;

Children – new homes will be developed which will provide a safe, warm, sustainable and connected neighbourhood in which our children can thrive.

Housing – the Council is committed to the development of enough high quality new homes to meet the needs of a growing city, and the proposals within this report seek to accelerate housing growth in the city. The adopted Birmingham Development Plan identifies a need for 89,000 new homes by 2031, and plans to provide 51,100 homes. At the same time demand for housing is growing in the City with around 13,000 households on the housing register. Also, the latest Strategic Housing Land availability Assessment undertaken by the Council identified sites that accommodate over 43,000 dwellings.

Jobs and Skills – activity within the construction sector will create jobs and apprenticeships in the city, and activity in the supply chain industries, supporting the local economy through the Birmingham Business Charter for Social Responsibility.

Health – the links between health and housing are well recognised. New thermally efficient, economical to run new homes which are designed to high standards of quality and internal space standards will be more affordable for residents and will offer a higher quality of life leading to better health outcomes.

- 4.1.3 Birmingham Business Charter for Social Responsibility (BBC4SR)

There are no obligations under the BBC4SR in these proposals for Ardath Road. The proposal is for the Council to acquire 17 properties for social rent as part of Bellway

Homes Section 106, affordable housing obligations.

4.2 Financial Implications (How will decisions be carried out within existing finances and Resources?)

- 4.2.1 The capital costs of delivering this proposal are contained in the private report. The future running costs of the properties and areas of public realm retained within the schemes will be met from on-going rental income to be derived from the 17 new build properties. This will result in an overall net revenue surplus to the HRA over 30 years of £1.61M.
- 4.2.2 The financial viability of the proposals is based on the social housing rent policy that was outlined by the Chancellor of the Exchequer on 2nd July 2015 (i.e. that rents will be reduced by 1% per annum from 2016-17 to 2019-20). The Government has indicated that rents will then revert back to Consumer Price Index +1% after 2019-20 (currently projected at 3% per year). However, should rents not increase at this rate, it is anticipated that efficiency savings within the HRA will be needed to ensure that the scheme remains affordable.
- 4.2.3 The 17 new council rented homes will be subject to the Right to Buy cost floor regulations, which mean that for the first 15 years following the completion of the new homes, any tenant purchasing their Council property through Right to Buy will be obliged to pay the Council full construction cost of the property, irrespective of any discount to which they may be entitled under the Right to Buy legislation.

4.3 Legal Implications

- 4.3.1 As the Housing Authority, the relevant legal powers relating to the discharge of the Council's statutory function to provide housing accommodation is contained in Section 9 of the Housing Act 1985. . S120 of the Local Government Act 1973 contains the Council's acquisition power to acquire property for the discharge of any of its functions
- 4.3.2 Section 111 of the Local Government Act 1972 empowers local authorities to do anything (whether not involving the borrowing, expenditure or lending of money or the acquisition or disposal of any of its property) which, is calculated to, or is conducive or incidental to the discharge of any of their functions.
- 4.4 Public Sector Equality Duty (see separate guidance note)
- 4.4.1 There are currently around 13,000 people on the Council's waiting list for affordable housing. Many of these people live in overcrowded conditions across the housing sector. Evidence from allocating properties previously developed under the Birmingham Municipal Housing Trust (BMHT) has revealed the extent of this problem, many families being allocated from accommodation that was too small for their needs.
- 4.4.2 Through the BMHT programme, the Council provides homes that reflect the Strategic Housing Market Assessment for Birmingham with an emphasis on 2 bedroom houses and 4+ bedroom houses. Whilst there is a clear driver for family homes (and these make up the majority of the new development programme) the programme also looks to meet other needs, such as people without children and elderly residents who wish to down-size from under-occupied homes. Local need, site restrictions and financial viability are taken into account when determining the exact mix of homes and typologies to build on each site.

- 4.4.3 The BMHT Delivery Plan for 2015-20 included an Equality Impact Analysis and was agreed by Cabinet in December 2014 which operates city-wide. It includes areas where different cultural requirements will need to be reflected in the design of the homes provided. Feedback from previous schemes delivered has been utilised and these will be used in developing the schemes outlined within the BMHT Delivery Plan. New property archetypes need careful consideration in terms of construction affordability and value for money and have now been refined into the BMHT Standard House Types catalogue. The Council's house building programme represents a unique opportunity to break the mould of repetitive market house types and meet the specific needs of its diverse population.

5. Relevant background/chronology of key events:

- 5.1 On the 18 April 2017, Cabinet approved the report "Joint Venture Partnering with the Private Sector to Accelerate Housing Growth". This report explained how the Council could partner with the private sector to bring sites forward for development by working in partnership and funding affordable housing and outlined the criteria on which basis such proposals could be brought forward for approval and these are outlined below. The proposal within this report is the first scheme to be brought forward on this basis.
- 5.2 The proposal is to acquire 17 properties for social rent from Bellway Homes which forms the Section 106 affordable housing contribution for the Ardath Road development in Kings Norton. The financial arrangements for this proposal are different to the normal development BMHT development with payment being made on completion of the properties. This is expected to be 4 homes in November 2018, 6 homes in January 2020 and 7 homes in January 2021. There will be a provision in the contract for handover to be brought forward /moved backwards dependent upon progress on site.
- 5.3 The Council would need to employ an Employers Agent to supply Clerk of Works services to ensure that the homes are constructed to an agreed standard and the relevant guarantees and warranties are obtained prior to handover. These services will be secured in line with the Council's Procurement process for this level of contract through Find it in Birmingham.
- 5.4 Chartered Surveyors Savills Ltd has provided an independent 'Validation of Offer Report' for the Ardath Road properties. Based on comparable sales values they have advised that the Councils offer is reasonable and have recommended that this can be accepted.
- 5.2 A Full Business Case demonstrating that the proposals are financially viable (i.e. a positive Net Present Value) over a 30 year period has been completed to support this proposal, subject to rent increases as referred to in paragraph 4.2.2 above.
- 5.3 The proposed cost of acquiring property for the HRA represents value for money and is lower than the tender costs for the construction of comparable new properties for BMHT. The accompanying private report demonstrates the value for money per unit for this scheme.
- 5.4 Strategic fit – ensuring that the development of new homes in the location fits with the Council's Priorities. New housing is a key priority for the city and specifically the development of two bedroom and four bedroom properties and this development will contribute to this.

- 5.5 Availability of funding – all proposals will be subject to funding being available. The funding for this development has been identified in the HRA and is available as confirmed in the FBC.
- 5.6 Maximising the benefits to local communities – helping to reduce the risk that, that stalled developments which blight communities remain undeveloped. This site requires significant remediation from its industrial past and this has impacted upon the scheme viability and the provision of affordable housing through the section 106 obligations. The council has worked with Bellway Homes to ensure that 17 homes for social rent will be constructed for the Council. The joint venture will enable this to be brought forward for much needed housing for the city and will significantly improve a site that has been derelict for many years.
- 5.7 The site at Ardath Road will provide 171 homes of which 17 have been secured through the Section 106 agreement for social housing as part of the planning approval which was secured in 2017. The cost of acquiring affordable housing through Section 106 agreements is significantly lower than through normal delivery of affordable housing through BMHT. The private report includes details of the cost of the acquisition of these properties.

6. Evaluation of alternative option(s):

- 6.1 The Council does not have to acquire the 17 properties from Bellway Homes and these could be acquired by another Registered Provider. However, this proposal represents good value for money for the council compared with recent tender returns to BMHT.

7. Reasons for Decision(s):

- 7.1 The approach outlined within this report will provide a value for money for the Council in providing affordable social Housing through the BMHT programme.

Signatures	Date
Councillor Sharon Thompson Cabinet Member, Homes & Neighbourhoods
Waheed Nazir Corporate Director, Economy

List of Background Documents used to compile this Report:

Cabinet Report 18 April 2017: Joint Venture Partnering with the Private Sector to Accelerate Housing Growth.

List of Appendices accompanying this Report (if any):

Appendix 1: Site Plan

Appendix 2: Stakeholder Analysis

Appendix 3: Consultation ResponsesAppendix 4: Protocol-Public Sector Equality Duty

Appendix 4: Public Sector Equality Duty and Equality Act 2010

Handwritten signature

Land at East of Ardath Road, Birmingham

Site Plan

Shangell
11/11/17



APPENDIX 2 - Stakeholder Analysis

Stakeholder	Stake in project	Potential impact on project	What does the project expect from the stakeholder	Perceived attitudes and/or risks	Stakeholder management strategy	Responsible
Elected Members	Link with local residents	High	Consultation with community and support for the project	Objections from local residents	Provide information and keep informed	Client officers and project manager
Project officer / team	Design, delivery and responsibility for project	High	Design to meet the requirements. Expertise in delivery. Project management.	Unforeseen delays Unforeseen costs	Co-ordinate team and contractor	Client officers and project manager.
Contractors	Construction work / delivery	High	Works to be completed to the client brief and delivered on time and in budget.	Sub-standard work Delays on site due to inclement weather or sub-contractors not being available and unforeseen ground conditions	Contractors are reliable partnering contractors. Specialist contractors will be closely monitored and obligated contractually.	Project manager and quantity surveyor
Local Community	Impact on local area / quality of life	Medium	Progress updates and ensuring minimal disruption to everyday life	Objections and / or complaints during construction / delivery	Provide regular information and updates Access to site manager as appropriate	Project manager and developer

APPENDIX 3 – Consultation Reponses

Stakeholder	Ward represented and/or Designation	Site / Scheme	Response to consultation
Councillor Peter Griffiths	Kings Norton South	Ardath Road	No objections

APPENDIX 4

PROTOCOL PUBLIC SECTOR EQUALITY DUTY

- 1 The public sector equality duty drives the need for equality assessments (Initial and Full). An initial assessment should, be prepared from the outset based upon available knowledge and information.
- 2 If there is no adverse impact then that fact should be stated within the Report section 4.4 and the initial assessment document appended to the Report duly signed and dated. A summary of the statutory duty is annexed to this Protocol and should be referred to in section 4.4 of executive reports for decision and then attached in an appendix; the term 'adverse impact' refers to any decision-making by the Council which can be judged as likely to be contrary in whole or in part to the equality duty.
- 3 A full assessment should be prepared where necessary and consultation should then take place.
- 4 Consultation should address any possible adverse impact upon service users, providers and those within the scope of the report; questions need to assist to identify adverse impact which might be contrary to the equality duty and engage all such persons in a dialogue which might identify ways in which any adverse impact might be avoided or, if avoidance is not possible, reduced.
- 5 Responses to the consultation should be analysed in order to identify:
 - (a) whether there is adverse impact upon persons within the protected categories
 - (b) what is the nature of this adverse impact
 - (c) whether the adverse impact can be avoided and at what cost – and if not –
 - (d) what mitigating actions can be taken and at what cost
- 6 The impact assessment carried out at the outset will need to be amended to have due regard to the matters in (4) above.
- 7 Where there is adverse impact the final Report should contain:
 - a summary of the adverse impact and any possible mitigating actions (in section 4.4 or an appendix if necessary)
 - the full equality impact assessment (as an appendix)
 - the equality duty (as an appendix).

Equality Act 2010

The Executive must have due regard to the public sector equality duty when considering Council reports for decision.

The public sector equality duty is as follows:

- 1 The Council must, in the exercise of its functions, have due regard to the need to:
 - (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by the Equality Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 2 Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
 - (a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
 - (b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
 - (c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
- 3 The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.
- 4 Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
 - (a) tackle prejudice, and
 - (b) promote understanding.
- 5 The relevant protected characteristics are:
 - (a) marriage & civil partnership
 - (b) age
 - (c) disability
 - (d) gender reassignment
 - (e) pregnancy and maternity
 - (f) race
 - (g) religion or belief
 - (h) sex
 - (i) sexual orientation