

Housing Development Strategy

Introduction

Gravesham Borough Council owns approximately 5,700 council houses providing a variety of homes for our tenants. Local authorities have not been encouraged to build new homes for many years with the preference being for Housing Associations to provide new affordable homes, with Gravesham's housing association partners providing around 1600 new homes in the borough. However, the Council did make use of government funding in 2011 to build 5 new bungalows on Council-owned land. This small development was successful and well-received and fuelled the Council's ambition to add to its housing stock. With the added motivation of local authorities now being able to use surpluses within their Housing Revenue Account (HRA) to build new homes, this ambition has grown.

Of course, first and foremost the Council needs to maintain existing stock and make sure our tenants have good quality homes to live in but we also need to be ready to take opportunities to deliver additional homes should funding be available.

The council aspires to add to its housing stock in a cost effective and appropriate manner. This strategy sets out the council's aims in this respect and gives examples of the types of homes we aim to deliver. It will be used to assist in evaluating development/delivery opportunities taking available funding in to account and will be used to determine which projects to proceed with.

Development Objectives

The Council's primary objective is to provide homes for those on our waiting list, either directly or by providing homes that will free up existing stock. We will seek to deliver homes in locations to enable existing tenants to remain in their communities and homes for those who have particular needs which are not being met by existing stock or through other new provision.

We have a small Development Team which will lead on our development objectives and which will seek to engage a suitable partner to act as a Development Agent to provide advice and guidance throughout the development process.

New Build Homes

When contemplating development of Council-owned sites, we will take housing need into account whilst considering the type of properties that would be best suited for each individual site in terms of planning constraints, accessibility, sustainable communities etc.

We will not normally consider delivery of shared-ownership but where there is a need to provide a mix of tenures to ensure balanced communities, we may work with partners who have experience in the delivery of this type of tenure. On larger sites a proportion of houses for sale may also be considered if appropriate.

In order to build new houses we need planning permission and, where possible, the support of the local community. Obtaining planning permission requires site investigations, community consultation, design work and appraisal.

Existing Properties

Our housing stock could be increased by purchasing existing properties, including ex-Council and privately owned empty properties or 'off-plan' from developers to use as Council houses. These options will only be considered where the properties meet the Council's standards as a minimum and it can be shown that the purchase would be financially viable and add value.

The Council may also consider undertaking Compulsory Purchase Orders with the help and assistance of the Kent No Use Empty programme if it is cost effective to do so.

We may also consider the purchase of existing stock currently owned by housing associations which are disposing of units via their asset management plans. This would not add to the total number of affordable homes in the borough, although it would increase the Council's own stock, increase the range and type of properties and generate a rental income.

A summary of the procedure and criteria for the purchase of properties is attached at Appendix 1. It is envisaged that the procedure and criteria will mainly be used for the repurchase of former Council-owned housing due to the location, historic knowledge and housing management of such properties. However, the procedure and criteria may also be used when considering the purchase of other existing properties or 'off-plan' from developers of larger sites.

Acquiring Land

Development will almost certainly provide best value for money if it takes place on Council owned land. However, the Council's land holdings are limited and therefore we will consider acquiring land on the open market to ensure homes are provided where they are most needed.

Viability and Affordability

The Council intends to concentrate on supplying homes for rent to help meet the increasing need for affordable homes for local people.

To ensure that the HRA business plan can fund the development of Council housing it is vital that every potential scheme is properly assessed for viability, in accordance with the Scheme Viability and Risk section detailed below and there must be a reasonable correlation between the cost of delivery and the rental income available. It is also necessary to ensure the impact of each scheme is calculated and understood in the context of the wider HRA business plan.

Current Government policy for new affordable housing is that the capital costs of delivery should largely be met from the rental income it generates. Therefore, Government has significantly reduced capital grants available to support new-build affordable housing and has introduced Affordable Rent which is based upon up to 80% of market rent to be paid by the tenant, with or without help from benefits.

Current government policy allows local authorities to elect to use a proportion of Right to Buy (RTB) receipts to deliver affordable housing. The Council has signed up to this agreement with the Secretary of State. The current government policy also allows local authorities to charge an Affordable Rent for the new homes delivered. Whilst it is accepted that lower rents improve affordability and accessibility, it may be the case that the Council will consider charging a higher rent to ensure delivery of a scheme. In any event the Council will aim to ensure that rents fall within the Local Housing Allowance levels and that specific house types remain affordable.

Determining Scheme Viability and Risk

Opportunities for the Council to add to its housing stock will be assessed for viability by the Council's Finance Team using the Chartered Institute of Housing Viability Software.

Each assessment will be based on estimated costs for development and maintenance, rental streams and cash flow. At this point initial assessments for new-build schemes would have to be based on estimates of development costs plus any known on-costs and a contingency to cover potential unknown costs.

For opportunities other than new-build i.e. the repurchase of ex-Council properties, the Finance Team will assess viability with assistance from other Services such as Property Services, Housing Services and the Housing Contracts Team.

A positive assessment in terms of financial viability for new-build will mean that the rental income generated over a 25 year period will cover development costs, on costs, maintenance costs and any loans.

Proposed schemes or purchases that have been risk assessed and are considered financially viable will be recommended for approval via an appropriate mechanism.

Lettings

New lettings will be open to those on the Council's housing register and allocated in line with the Council's Allocation Policy which is periodically reviewed to ensure it remains fit for purpose.

Any new homes built on rural exception sites will be allocated via a Rural Nomination Criteria to ensure that priority is given to housing those who can demonstrate a local connection to the Parish.

In other cases and where it is considered wise, the Council may also develop a Local Lettings Plan that gives priority to certain groups.

Partnerships

Gravesham Borough Council has strong established links with its partners housing associations. It is important that these links continue and it is not the Council's intention to compete with our partners, rather we intend to work alongside them to deliver additional affordable homes.

Our housing association partners will continue to provide a vital role in delivering affordable homes via Section 106 planning obligations and through other opportunities that are identified by them. In addition they will continue to provide intermediate housing such as shared-ownership. This may include working with the Council on its own land where it is considered appropriate and effective to provide a mix of tenures.

Where a developer has an obligation to provide affordable homes under a Section 106 planning obligation, the Council will encourage them to work with a partner housing association. However, in certain circumstances the Council may consider acquiring units from a developer, for example where no housing association has expressed an interest in acquiring them.

In the first instance we will focus on delivering housing on Council-owned land. However, any opportunities that arise will be properly assessed to test whether they should be pursued.

Community Engagement

It is important that consultation with residents is undertaken in an open and transparent way and the Council will therefore consult with residents at an early stage in any proposal where they may be affected.

In the event of area regeneration and where the Council's tenants are directly affected we will discuss proposals early in the process, outlining their housing options and helping them to make a choice. If required we will also signpost them to independent advice. Our aim will be to enable households to remain within their community if they wish and households will be given priority to move, either permanently or temporarily to alternative suitable housing. In many cases they will be offered the opportunity of returning to one of the new properties. In some cases tenants who have to move may be entitled to compensation.

It is the Council's intention to give residents of new Council homes the opportunity to provide feedback after living in the homes for 12 months. This will help the Council to consider any improvements that might be required in future projects.

Design Status

New development will need to meet high standards of design. We expect to deliver homes and environments that people want to live in, homes that are durable, accessible, easy to maintain and adapt and which make a positive mark on the borough now and into the future.

All new-build homes will meet the Council's Residential Layout Guidelines in terms of size and layout whilst also meeting the LifeTime Homes standard where applicable. In terms of sustainability, the Council will seek to achieve Code Level 3 for Sustainable Homes in terms of water usage as defined in the Council's Local Plan Core Strategy. If the Council is able to attract funding from the Homes and Communities Agency (HCA), new homes delivered with this funding will need to meet the HCA standards current at that time.

Procurement and Implementation

The Council will ensure that procurement takes place in accordance with its Contracts and Financial Procedure Rules contained in its Constitution and with European Union procurement requirements under the Public Contracts Regulations.

The Council is a member of the South East Consortium and may use its framework of consultants and contractors to implement the delivery of new-build homes and refurbishment of existing properties.

The Council has strong links with its Housing Association partners which may be interested in providing Development Agency services for new-build projects on a site by site basis.

The Future

This strategy will be reviewed periodically as the Council's plans develop to ensure that best use is made of the opportunity to deliver more Council homes across the borough.