

# Housing Delivery

Overview and Scrutiny – 25th November 2024

# Delivery of 500 (HRA) homes over 5 years – Indicative and overprofiled

	No homes
S106 purchases	70
Open market acquisition	100
Brierley Homes delivery	100
Joint Venture Delivery	300
Direct Delivery	80
<b>Total</b>	<b>650</b>

# Current HRA Projects

- Legacy sites in Harrogate locality – 16 affordable homes
- Purchase of 14 shared ownership homes in Craven locality (s106)
- Looking at the redevelopment of Neville house site, Skipton – delivery of 16 homes including supported housing
- 13 homes to be purchased through Local Authority Housing Fund (2 of which for temporary accommodation)
- Various leads at feasibility stage

# Temporary Accommodation Delivery

- Target 90 homes
- Business Case: 60 direct delivery and 30 homes by working with Registered Providers
- Homes purchased to provide accommodation for 19 households - at various stages of becoming available for occupation
- Reviewing potential sites for a Place of Change
- Various leads at feasibility stage

# Housing Delivery Routes for NYC land

Site Disposal	Direct Delivery	Brierley Homes	Joint Venture
<ul style="list-style-type: none"> <li>• Immediate Capital Receipts</li> <li>• Potential to include requirements such as % of affordable homes, standards, long stop dates etc.</li> <li>• De-risking and planning prior to disposal</li> <li>• Potential for requirement for first right of refusal on s106 affordable homes</li> </ul>	<ul style="list-style-type: none"> <li>• Ability to deliver housing priorities including HRA homes</li> <li>• Delivery of supported housing</li> <li>• Development risk sits with the Council</li> <li>• Greater control over quality, standards and design</li> </ul>	<ul style="list-style-type: none"> <li>• Focus on and experience in market housing</li> <li>• On Council owned land – first right of refusal for HRA</li> <li>• Potential to include delivery of Council priorities</li> <li>• Pipeline needs to reflect capacity</li> </ul>	<ul style="list-style-type: none"> <li>• 50/50 profit</li> <li>• Delayed payment for land asset but potential additional profit</li> <li>• Shared development risk</li> <li>• Accelerated delivery and ability to deliver at scale</li> <li>• Experience of Supported Housing and added social value</li> <li>• Ability to more readily secure grant opportunities – instils confidence in funding bodies</li> </ul>

# Considerations for NYC land disposal route

- Capital receipts vs delayed dividend/capital receipt (increased value subject to development risk)
- Scale of delivery (number of homes)
- Ability to secure external funding
- Control over standards and quality (NSSD, carbon neutral, accessibility etc)
- Ability to deliver supported housing
- Balance of exposure to development risk and potential higher returns
- Balance of pipeline and capacity
- Avoid flooding the market

# New Delivery Vehicle – Joint Venture

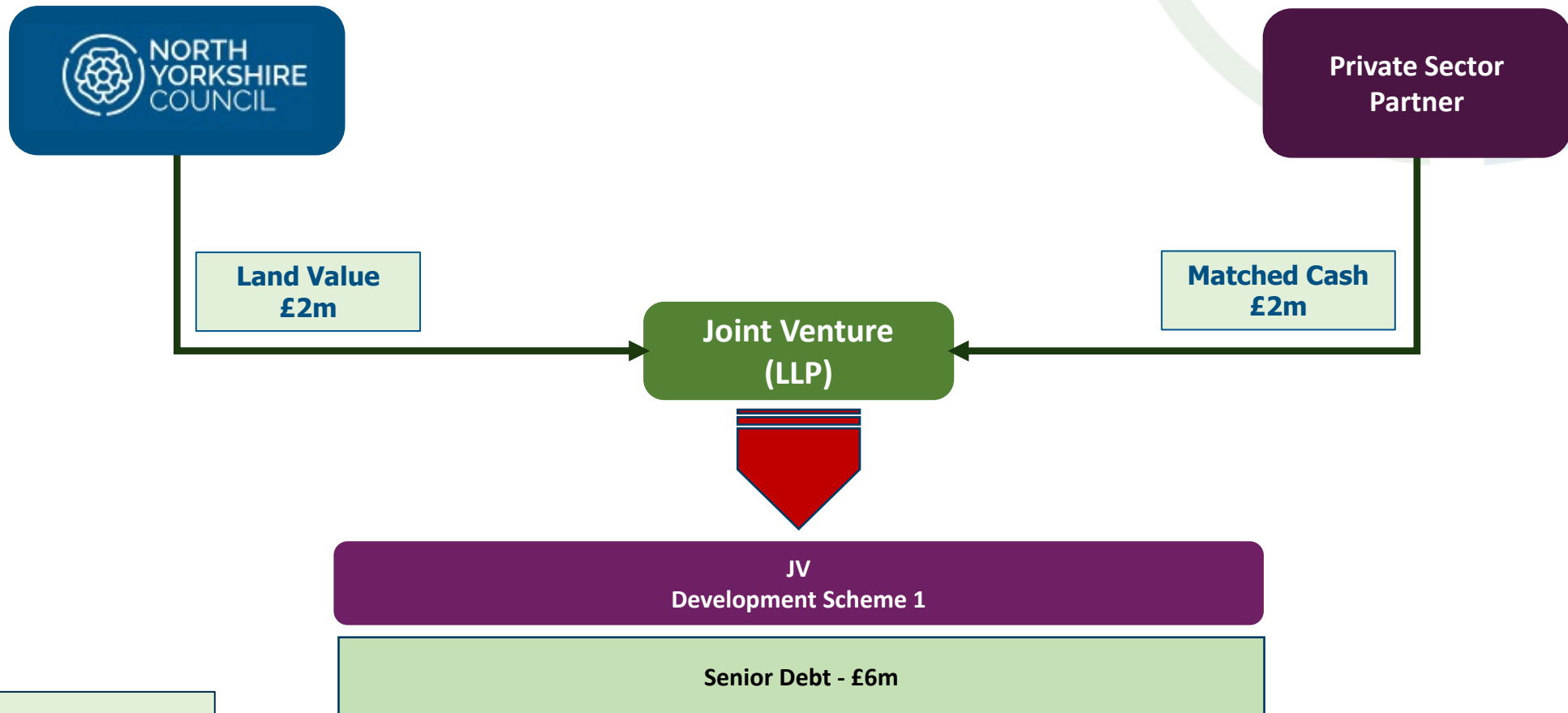
- To be used alongside other methods such as land disposal, Brierley Homes, direct delivery
- 50/50 share with private sector partner
- Original procurement by Scarborough Council – 95% of work done
- Ability to deliver large scale developments
- Share funding, risk and rewards
- Opportunity to deliver increased affordable housing
- Delivery of high quality housing

# Adapting Joint Venture – fit for North Yorkshire

- Consider sites across North Yorkshire (not just Scarborough)
- Ability for the HRA to purchase both s106 affordable homes and grant funded affordable homes



# Example – £10m scheme cost

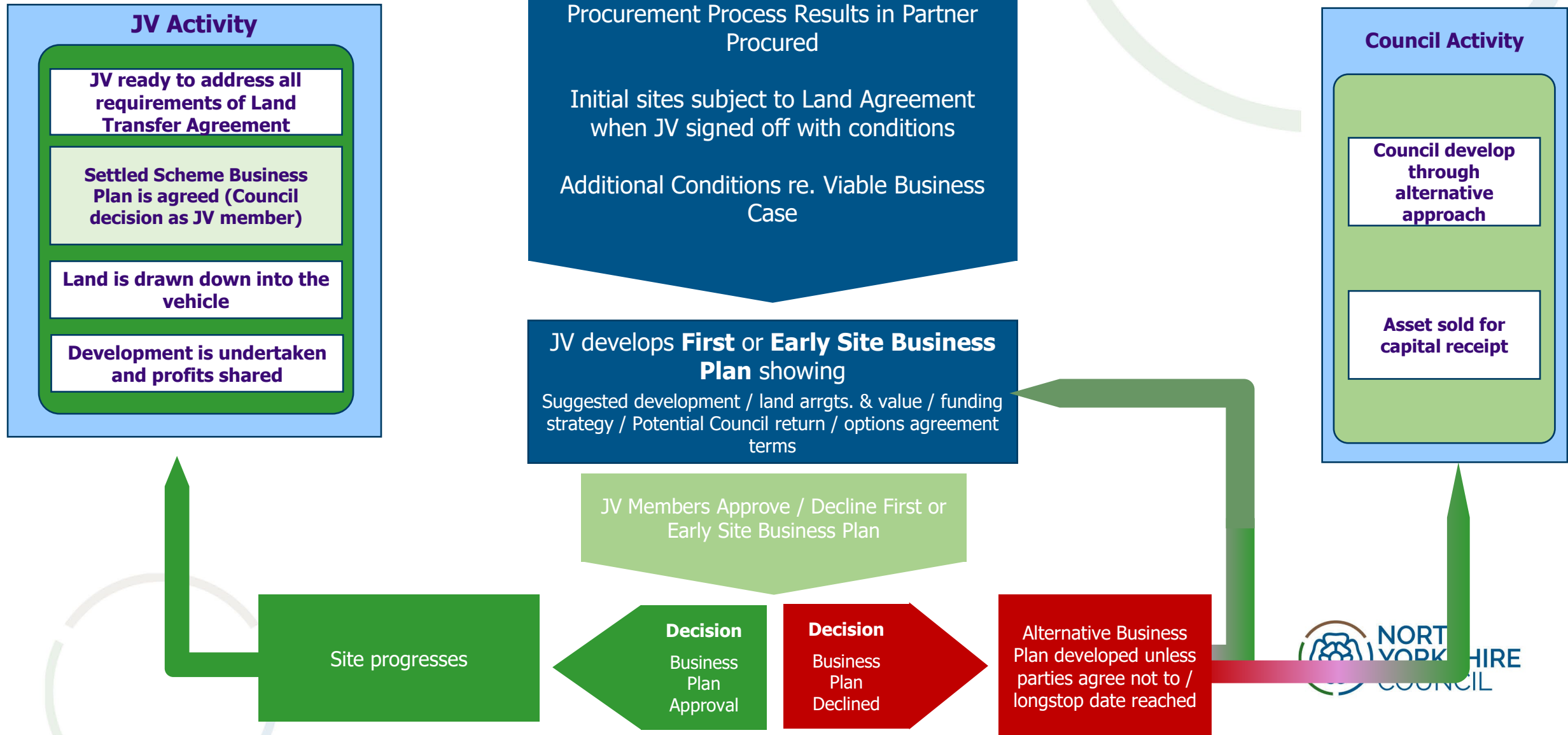


**Example Scheme**

- Scheme Cost - £10m
- Land Value - £2m



# Business plan process



# Managing risk (1)

Risk	Mitigation
Only most profitable sites are developed and non-viable sites are left	Control the release of sites/phases, Packaging of sites, structure business plan so land is only released once outputs delivered, secure external funding, include long stop dates and milestones in land transfer agreements
JV partner acts as main contractor and loads costs onto contracts	Agree open book principles with contractor, Overheads and Profits fixed
JV running costs (management accountancy, legal, company secretarial etc) are front funded prior to profits materialising, risk of abortive costs	Minimise JV running costs prior to any profits materialising, undertake benchmarking
Profits are not covering costs and putting the Council's investment at risk	Manage the transfer of land carefully and phase appropriately, land only to be transferred once planning permission in place and detailed business plan developed, Monitor risk exposure closely at board level

# Managing risk (2)

Risk	Mitigation
Build cost increases once in contract	Transfer risk where appropriate to contractor balanced with potential of increased costs, manage and limit contract value
Market downturn	Slow down build rate, increase affordable homes to provide certainty of sales, phase appropriately
Underperformance by JV partner putting the Council's investment at risk	Manage the transfer of land carefully and stagger appropriately, Monitor closely at board level, ensure trigger points that allow land to only be transferred when specific milestones/outputs are met
Investment at risk (Land and funding)	Potential to establish separate vehicles for individual sites or a selection of sites.

# Governance

- Partnership Board - 3 representatives for each Member of the Joint Venture (3 NYC representatives, 3 Private Sector Partner representatives)
- Partnership Board meets quarterly and as required to monitor risk, progress, finance and outputs
- Option to appoint one Independent Representative
- Council oversight via Shareholder Committee and Executive (where appropriate)
- Delegation Policy drafted
  - Approval of the respective Members (the Council and Private Sector Partner)
  - Approval Partnership Board

# Questions?