

Birmingham Municipal Housing Trust and Community Infrastructure Levy sites

Since 2009, Birmingham City Council through its development programme - Birmingham Municipal Housing Trust (BMHT) has built over 900 new homes, 494 for rent, and 438 for sale. The Council through the BMHT programme has become the major provider of housing in the City during challenging times for the building industry.

It is therefore important that we ensure that the Council's planned programme of new build housing progresses through the planning process on an equal footing with schemes delivered by private sector developers, whilst acknowledging that some of the mechanisms to be adopted may need to be varied to reflect the internal nature of any agreements and any specific funding arrangements with the Homes and Communities Agency or Department of Communities and Local Government.

By using its position as a landowner, the Council has been able to deliver both affordable housing and regeneration benefits to the City. The future viability of this programme would be affected if development proposals were to attract planning obligations including contributions under the Community Infrastructure Levy (CIL).

The majority of BMHT schemes are delivering socially rented housing on relatively small sites that are expensive to build out because of variety of reasons. It should be recognised, that it would be the anticipated developers profit that would normally drive the expectation for CIL contributions and in a traditional land disposal, the developer would discount the gross land value over to the Council by the corresponding amount of CIL and planning gain contributions. In the BMHT situation there is no land to sell and so in notional terms, nothing to discount. The rented properties form part of the Housing Revenue Account, with rents constrained to be set in accordance with Government Rent Restructuring guidance / Affordable Rent for grant funded schemes.

BMHT properties are funded through a mixture of internally generated resources, grant and recycled surpluses from house sales with the land being provided to the scheme at no cost. The delivery of the market sale element is on the basis of a deferred receipt to the Council, which is then utilised to offset the construction costs of the social rented properties. There is no developers profit achieved on a BMHT scheme, any surpluses created from the homes for sale are reinvested into new homes for rent or into community benefits such as road improvements or Public Open Space.

Many of the sites being developed are challenging due to their small size and poor condition, being affected by contamination or other adverse conditions. Over the past few years BMHT has been developing sites which were available following clearance but many of the sites identified for the future programme have not been previously used for residential purposes and therefore there will be increased development costs.

BMHT house standards are high and as a consequence expensive to build in comparison to traditional private development, this is in part due to the Homes and Communities standards such as Code for Sustainable Homes level 4, Secured by Design, Building for Life and Lifetime Homes. The high cost of construction mean that planning obligations such as CIL should not be applied in an onerous way which would make proposed schemes unviable.