

<b>Report to:</b>	<b>CABINET</b>
<b>Report of:</b> <b>Date of Decision:</b>	<b>Strategic Director – Development and Culture</b> <b>25 March 2013</b>
<b>SUBJECT:</b>	<b>DELIVERING ADDITIONAL HOUSING GROWTH THROUGH THE BIRMINGHAM MUNICIPAL HOUSING TRUST (BMHT): APPROVAL OF FULL BUSINESS CASE– (AFFORDABLE RENT PROGRAMME AND STOCK REPLACEMENT PROGRAMME)</b>
<b>Key Decision: Yes</b>	<b>Relevant Forward Plan Ref: 467152/2013</b>
<b>If not in the Forward Plan: (please "tick" box)</b>	<b>Chief Executive Approved</b> <input type="checkbox"/> <b>O&amp;S Chairman Approved</b> <input type="checkbox"/>
<b>Relevant Cabinet Member:</b>	<b>Councillor Tahir Ali, Cabinet Member for Development, Jobs and Skills and Councillor Stewart Stacey, Cabinet Member for Commissioning, Contracting and Improvement</b>
<b>Relevant O&amp;S Chairman:</b>	<b>Councillor Ian Cruise, Chair of The Birmingham Economy and Jobs, Overview and Scrutiny Committee and Councillor Majid Mahmood, Chair of the Contract Performance and Third Sector Overview and Scrutiny Committee</b>
<b>Wards affected:</b>	<b>Lozells and East Handsworth , Sutton Four Oaks, Kingstanding, Bartley Green, Northfield, Kings Norton, Erdington</b>

<b>1. Purpose of report:</b>	
1.1 To advise members of the opportunity to increase the Council's housing development programme and to seek Cabinet approval to proposals for the delivery of a further 517 new homes across the city and under various funding streams at a total cost of £46.417 million, through the Birmingham Municipal Housing Trust (BMHT), the Council's brand name for its housing development vehicle.	
1.2 To seek approval of a Full Business Case for a programme for the development of new homes for both rent and for sale on various sites across the city, as detailed in Appendix 1 and section 5.8 of the report and make recommendations for the award of the contracts by both Cabinet and by a delegated approval to the Strategic Director of Development and Culture.	
1.3 To seek approval of new proposals to provide an equity share purchase product to assist purchasers and developers of new homes being offered by the BMHT sales programme	
1.4 To note that the private agenda report sets out details of the pre-tender estimates for each proposed scheme together with details of the tenders received for Lyndhurst Phase 1a. Tender prices are commercially sensitive and therefore restricted to the private report.	
<b>Lead Contact Officer(s):</b>	Clive Skidmore, Head of Housing Regeneration and Development, Development and Culture Directorate
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<b>E-mail address:</b>	<a href="mailto:Clive.skidmore@birmingham.gov.uk">Clive.skidmore@birmingham.gov.uk</a>

## **2. Decision(s) recommended:**

### **Cabinet is recommended to:**

- 2.1 Approve the Full Business Case (FBC) as set out in Appendix 1 of this report which is based on current cost assumptions.
- 2.2 Authorise the Director of Planning and Regeneration to seek consent under Section 174 of the Localism Act 2011 to exclude the new properties delivered under this development agreement from Right to Buy pooling requirements.
- 2.3 Note the procurement process to be followed for the appointment of construction partners for the construction of these homes via the BMHT Contractor Framework, including (where appropriate) the use of single contractor negotiations
- 2.4 Note that a Report on the Private Agenda seeks authority to accept a tender and award a contract in relation to Lyndhurst Phase 1a to ensure the timely expenditure of grant received from Growing Places (which is time limited)
- 2.5 Authorise the Director of Planning and Regeneration in conjunction with the Director of Property to make arrangements for the sale of 192 homes for outright sale on the sites identified in 5.8
- 2.6 Authorise the Strategic Director of Development and Culture to receive the result of any consultations concerning the loss of Public Open Space notices in accordance with Section 123(2A) of the Local Government Act 1972 and to decide whether to proceed with the relevant disposal or appropriation under S122 (2A) in consultation with Cabinet Member for Development, Jobs and Skills and Cabinet Member for Green, Safe and Smart City.
- 2.7 Authorise the Strategic Director of Development and Culture to submit and process all necessary Highway Closure applications and notices required to facilitate the development of sites highlighted in 5.8 and to enter into any appropriate agreements for alterations to highway access to the sites.
- 2.8 Delegate to the Director of Property the power to amend or vary the disposal or development boundaries of any of the sites

- 2.9 Approve the proposals for the development of an equity share purchase scheme for any properties within the approved 2012-15 BMHT sales programme to assist first time buyers and owner-occupiers whose homes are being repurchased as part of Council-led redevelopment schemes, to purchase new homes constructed through the BMHT programme according to the principles set out in Appendix 3, the details of the scheme to be determined by the Director of Property in conjunction with the Director of Finance.
- 2.10 Delegate to the Strategic Director of Development and Culture, the power to approve any amended form of tenure mix following a reasonable marketing period to prevent sale properties remaining un-occupied.
- 2.11 Delegate to the Director of Property the ability to dispose of 20 new build properties at Perry Common to the Witton Lodge Community Association at best consideration and at no less than the cost of construction including land value
- 2.12 Authorise the Director of Property in consultation with the Deputy Leader to agree all aspects of land valuation arising from the implementation of the recommendations of this report up to a value of £10m. Such responsibilities to include all ongoing valuation requirements in relation to the Council's retained equity share interests in the completed residential units.
- 2.13 Authorise the Director of Planning and Regeneration to submit applications to the Homes and Communities Agency (HCA) for grant funding to support and develop the programme of 517 new homes and to accept such grant payment in the event of such application being successful.
- 2.14 Note and approve the revised protocol that will operate in the event of the insolvency of a contractor and on termination of the contract by the Council following the contractor's default as set out in Appendix 8. This protocol will apply to any future development agreements entered into by the Council authorised by this report and is also to be applied to all sites/schemes approved by Cabinet on 19<sup>th</sup> November 2012.
- 2.15 Authorise the Director of Planning and Regeneration to expend £2.241 million in commuted sums which has previously been paid to the Council through section 106 agreements (set out in Appendix 7) as a contribution towards the construction cost of new Council homes at appropriate locations across the city.
- 2.16 Authorise the Director of Legal and Democratic Services to negotiate, execute and complete all necessary documentation to give effect to the above recommendations including the execution and completion all appropriate way leaves and easement and highway agreements required for the development of the sites listed in 5.8.

### **3. Consultation**

#### **3.1 Internal**

- 3.1.1 Elected Ward Members have been advised of these forthcoming BMHT proposals and support the schemes (see section 5.8). The Executive Members for the relevant Districts and the Deputy Leader have also been consulted on the content of this report and support the proposals coming forward for an Executive decision.
- 3.1.2 The Strategic Director of Local Services has been consulted regarding the contents of this report and supports the recommendations coming forward for an executive decision.
- 3.1.3 Officers in Legal Services, Corporate Finance, Head of City Finance (Housing Revenue Account), Procurement, Birmingham Property Services, Development and Culture and Local Services have been consulted about this report.
- 3.1.4 In accordance with the Gateway Process and the Projects and Programmes methodology (introduced as part of the Corporate Services Transformation) the Quality Assurance and Governance Team has appraised this project and recommends it for approval

#### **3.2 External**

- 3.2.1 Residents in all areas are consulted as part of the statutory planning application process and their comments taken into account in the determination of the planning applications. The schemes have received planning approval where indicated or are in the process of being determined. Where requested, proposals have been presented to Ward or District Committees. All schemes listed in 5.8 have either received planning approval, are in the process of planning application consideration, or will be submitted in due course. Extensive consultation has been undertaken with the residents of Kings Norton and Lyndhurst on the redevelopment proposals.

### **4. Compliance Issues:**

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

The development of new homes for a growing city is a key objective of the Leader's Policy Statement. The development of new affordable housing within the city is in accordance with the objectives of the Housing Revenue Account (HRA) Business Plan. The proposals also respond to the Leader's Policy Statement Implementation Priorities of :

- 4.1.1 *To tackle inequality and deprivation, promote social cohesion across all communities in Birmingham, and ensure dignity, in particular for our elderly and safeguarding for children* – by providing new affordable homes;
- 4.1.2 *To lay the foundations for a prosperous city, built on an inclusive economy* – by stimulating the construction industry through the Council's housebuilding programme.
- 4.1.3 *To involve local people and communities in the future of their local area and their public services* – by consulting communities about proposals for new development and ensuring that new homes meet local needs.

4.1.4 The proposals within this report are entirely consistent with the joint City Council/HCA Local Investment Plan (2010-14) agreed in 2010.

## 4.2 Financial Implications

- 4.2.1 The full financial implications of the proposals are set out in the Full Business Case attached at Appendix 1, and are included within the HRA Business Plan and Budget for 2013/14 and subsequent years. These proposals will have no adverse impact on HRA borrowing levels as set out in the current approved HRA Business Plan.
- 4.2.2 The total construction and purchase costs of the properties to be held within the HRA will amount to £46.417 million (including pre- and post- construction costs) and will be funded from a combination of HCA Grant (£0.704 million), other grants (Growing Places, New Growth Points and New Homes Bonus – total £2.483 million) cross subsidy from sales (£5.456 million), a contribution from the overall HRA capital budget as set out in the approved HRA Business Plan (£35.533 million), and a contribution from commuted sums. Commuted sums are received from developers in lieu of the provision of social housing on site and it is proposed to use these accumulated sums totalling some £2.241 million, to support the new build programme. In addition it will be necessary to repay the Growing Places element of the Grant Funding between 2015/16 and 2016/17, and this will also be met from the overall HRA capital budget. In each year where a contribution from the HRA capital budget is required, sufficient resources have been identified and allocated within the HRA Business Plan to fund this development programme.
- 4.2.3 It is anticipated that the HRA will break even or make a surplus from the proposals in this report for all years from 2013/14.
- 4.2.4 Future running costs of the properties and areas of public realm retained within the HRA will be met from the ongoing rental income to be derived from the new build properties. This will result in an overall revenue surplus to the HRA over 30 years of £47.63 million. This compares favourably with the net cost to the overall HRA capital programme of £35.533 million, and represents a return of £12.100 million (or 34%) on the investment.
- 4.2.5 The financial viability of these proposals is dependent on social and affordable rents increasing in line with the policy set out in the HRA Business Plan, which is for annual increases of RPI + 0.5%. Any departure from this policy will have the effect of eroding the HRA surplus as identified in paragraph 4.2.4 above.
- 4.2.6 The detailed operational arrangements for the proposed shared equity scheme set out in this report have not yet been finalised, but the scheme will be designed in such a way that the receipt from purchasers will at least cover construction costs so that any financial impact will be limited to a deferral of any land value element of individual property sales prices.
- 4.2.7 Where new highway network is required to enable these sites to be redeveloped to support the housing construction described in this report then such development costs will be met by the BMHT Project. Appropriate permissions to construct highway will also be required. Opportunities will be explored to align any changes to the highway as a consequence of each BHMT development to the Highways Management & Maintenance PFI (HMMPFI) programme of works to reduce costs for the delivery of either programme.
- 4.2.8 Approval of this Full Business Case will result in changes to the Highway infrastructure,

which are currently not defined in detail; detailed changes to the highway will only become known as the detailed new build programme develops. The ongoing maintenance of these new highways is described in paragraphs 4.2.9 & 4.2.10 below.

4.2.9 Where highway assets are built to a basic standard then, as with all other developers impacting upon the highway, these assets will become adopted and maintained at public expense. The Council's Highways service have an annual budget for maintaining newly created highway and subject to these new build projects being included within the forward forecasting of highway developments, then they can be adopted at no extra cost to the new build project and be met from within the Highway budget.

4.2.10 Where highway assets are built to a standard higher than the basic standard then a commuted sum or ongoing revenue contribution will be required by the Council as Highway Authority before any such roads will be adopted to be maintained at public expense. The level of such contributions will be determined by the degree to which the basic standard is exceeded.

4.2.11 Revenue consequences can also be mitigated in a development in the following ways:

- Review and declutter the existing highway network in and around the development
- Minimise the use of enhanced standard materials

4.2.12 Details of highway to be developed and consequential revenue consequences will need to be determined on a site by site basis.

#### 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 for its housing need are contained in Section 9 of the Housing Act 1985. Section 174 of the Localism Act enables the Council to retain 100% of the receipts generated from the sale of new rented homes subsequently sold under the Right to Buy.

4.3.2 The legal power to dispose of land held within the Housing Revenue Account is contained within section 32 of the Housing Act 1985, General Consent A.

4.3.3 The sites affected by this report and in the Council's ownership currently can be identified by the Fixed Asset Register references where these are available (Appendix 6)

4.3.4 This report also seeks approval to a revised protocol for use in the event of contractor insolvency or default which is set out in Appendix 8. Feedback from contractors was that the previous procedure was excessively onerous in its treatment of contractors and there was a risk that this approach would discourage contractors from bidding for contracts. The proposed revised protocol represents a more balanced approach and it is proposed that this is used for BMHT schemes approved under both this Cabinet approval and that of 19<sup>th</sup> November 2012.

#### 4.4 Public Sector Equality Duty (see separate summary in Appendix 4)

4.4.1 There are currently around 28,000 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 BMHT banner has revealed the extent of this problem, many families being allocated from accommodation that was too small for their needs, with a disproportionate percentage falling into protected characteristic groups contained within the Equality Act, 2010.

- 4.4.2 BMHT delivers homes that reflect the Strategic Housing Market Assessment for Birmingham with an emphasis on 2 bedroom houses and 4 and 5+ 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 need to down-size from under-occupied homes.
- 4.4.3 The BMHT development programme operates city-wide and includes areas where different cultural requirements need to be reflected in the design of homes provided. Feedback from schemes delivered in Saltley has been utilised and ideas included in developing the forward development programme. New property archetypes need careful consideration in terms of construction affordability and value for money. BMHT represents a unique opportunity to break the mould of repetitive market house types and meet the specific needs of its diverse population.
- 4.4.4 Equality analysis of the new build programme is provided at Appendix 4

## **5. Relevant background/chronology of key events:**

- 5.1 In November 2012, Cabinet approved a report which set out proposals for the delivery of 685 new homes, comprising 339 for rent and 346 for sale, through the Birmingham Municipal Housing Trust (BMHT). This report deals with the council's continued drive towards additional housing growth across the city and recommends a further 517 homes that will be delivered through BMHT.
- 5.2 Since November 2012, the schemes included in that report to Cabinet (where tenders had been received, evaluated and recommended to Cabinet for approval) have been progressed and all of these are now contractually committed with developers moving into delivery stages on site.
- 5.3 The schemes that were awaiting tender returns and evaluation (and delegated for approval by Strategic Directors in consultation with Cabinet Members and/or other Service Directors) have now been tendered and evaluated and these contracts have been secured at 16% less than the pre-tender estimates. This saving allows for further investment into affordable housing across the city, thus supporting the council's housing growth ambitions. These schemes will be procured through the BMHT Contractors Framework, that was set up to deliver the Council's new build housing programme and was approved by Cabinet in April 2012.
- 5.4 The sites contained within this current report represent areas where the council is continuing its regeneration of priority areas that include Perry Common and Lyndhurst Estate. The sites at West Heath Road in Northfield and Loftus Close in Weoley are former Adults and Communities care homes that were appropriated into the Housing Revenue Account in 2011 and have quickly been brought forward as residential development schemes. The site at Birchfield Road forms an important and high-profile part of the A34 Regeneration Corridor and was assembled as part of the council's Housing Market Renewal Area strategy that was part-funded by the former Urban Living Programme.
- 5.5 The private report contains details of the tender proposals for the first phase of the redevelopment of the Lyndhurst Estate in Erdington. This small phase is part of a longer-term, phased programme of new homes that will deliver over 250 new homes across the estate in the next 5 years (approx.) The new homes will be complemented by additional investment in a new neighbourhood park and upgrading existing open space, the costs of which are included as a part of the costs of the overall development of the Lyndhurst Estate..
- 5.6 This programme is partly funded by the Homes and Communities Agency (HCA) under its Affordable Rent Programme (ARP). Birmingham City Council has been awarded £6.7m to deliver 305 rented homes between April 2012 and March 2015. As a consequence of the self-financing regime for the Housing Revenue Account and the HRA Business Plan 2013+ (approved by Cabinet in February 2013), an additional development programme of Social Rent properties will be funded through the Annual Capital Programme. This programme will be based on the 10 year Stock Replacement programme approved by Cabinet in April 2012. This Stock Replacement Programme sets out a delivery programme for the development of HRA land which has either been cleared or is due to be cleared up to 2022, envisaging the development of over 3,350 new homes over this period on approximately 165 acres of HRA land. In addition, further work is in progress to identify additional development land for new Council homes within the Council's landholdings in furtherance of the Council's policy of maximising the provision of new homes for its citizens.



5.7 Cabinet approved the principles of the Birmingham Affordable Rent Programme in April and September 2011 and this included the provision of up to 323 homes for outright sale, with sales income from these homes being used to cross-subsidise the rental properties. Additional cross subsidy is derived from a £2.50pw rent increase on existing council stock upon re-let, as approved by Cabinet in September 2011. Where a property is being constructed with HCA grant aid under the ARP, a target rent plus £2.50 pw (increasing by RPI + 0.5% per annum after 2012/13) will be charged. Where a property is being constructed under the council's own programme, a target rent will be charged. Cabinet has already approved the 2<sup>nd</sup> year and part of the 3<sup>rd</sup> year of the Affordable Rent Programme and the first tranche of the Birmingham Stock Replacement Programme. This report seeks approval to the Full Business Case for the remainder of the 3<sup>rd</sup> year of the Affordable Rent Programme (ARP), and to the next phase of development under the Stock Replacement Programme (SRP), which incorporates the tender award for Lyndhurst Phase 1a. The sites for the new homes are set out below. Fixed Asset Register (FAR) reference numbers are included in appendix 6 of this report.

### 5.8 Schemes comprising Full Business Case

<b>Scheme name – all cleared sites (inc. funding source)</b>	<b>Ward</b>	<b>No. rent</b>	<b>No. sale</b>	<b>Local member and Executive Member for District consultation</b>
<b>Birchfield Road – ARP / SRP</b>	Lozells and East Handsworth	68	25	Cllr M Hussain, 5 October 2012, Cllr. H Quinnen and Cllr. W Zaffar 9 October 2012. Presentation to Birchfield Neighbourhood Forum public meeting (where all three Councillor's were in attendance) on 20 November 2012. Cllr. M Hussain, Cllr. H Quinnen and Cllr. W Zaffar briefed on 11/2/13.
<b>White Farm Road - SRP</b>	Sutton Four Oaks	14	0	Proposals discussed in person with Ward Members and Executive Member for District on 10 and 11 January 2013.
<b>Perry Common Phase 5C and 5D - SRP</b>	Kingstanding	40	20	Members advised of wider development proposals as part of discussions at 24th November 2012 Erdington District Convention. Ward Members periodically updated either verbally and/or in writing of the progress of development proposals. Most recent email update covering current proposals was send to members on 10th January 2012. To date, Members have consistently indicated support for the housing and wider regeneration proposals.
<b>Loftus Close - SRP</b>	Bartley Green	19	0	Ward members and the Executive Member for the Districts would prefer to see the site developed with housing for ex armed forces personnel through the Alderson Trust.

<b>West Heath Road - SRP</b>	Northfield	34	13	Meetings have been held since October 2012 with local Councillors, with attendance at Ward Committee on 19th November 2012 and 21 January 2013. A consultation event was held for local people on the 12 December 2012. Executive Member for District consulted on 10 <sup>th</sup> January 2013. Final presentation to Northfield Ward Committee 14/2/13
<b>Lyndhurst Phase 1a, 1b, 2 and 3 - SRP</b>	Erdington	150	134	Meeting held with Ward Councillors 19/12/12 to and 18/2/13 to discuss and agree proposals. Presented to Erdington Ward Committee 23 <sup>rd</sup> January 2013
<b>Total units</b>		<b>325</b>	<b>192</b>	

5.9 The redevelopment of Perry Common Estate remains a strategic priority for the Council and following a positive reaction to the quality of the Council's BMHT homes, the Council has been invited by Witton Lodge Community Association (WLCA) to develop the next phases of new homes in Kingstanding. Acting as its development agent, the Council will use BMHT to construct 60 new homes in total, with 40 houses for rent and a further 20 houses that will be constructed and sold to WLCA to increase their rented stock. This sale will be at best consideration and at no less than their cost of construction including land value. The Council will receive 100% nomination rights on the first letting and 50% on subsequent lettings for these 20 properties

5.10 Training and employment outputs are a key priority for the HCA and the Council. Since its inception in 2009, the BMHT new build programme has created 200 training and apprenticeship places and the schemes listed above will create around 50 full time apprenticeships.

5.11 As well as meeting the housing needs of a growing city, with recent projections suggesting that 80,000 new homes will be required by 2026, house-building makes a uniquely valuable contribution the UK economy - £1 million of construction spend supports 12 jobs in the building/supply chain sectors; construction imports less than 8% of resources which means more UK jobs supported, and 90p of every £1 spend on construction stays in the UK

5.12 This report also seeks approval for the development of new shared equity arrangements to assist owner occupiers whose homes are planned to be cleared by the Council and first time buyers to purchase new homes constructed through the BMHT programme according to the principles set out in Appendix 3. This proposal has been developed in response to the objective around shared equity set out in the Leaders Policy Statement.

5.13 Affordability continues to be a major issue preventing the younger age group (18-34) and other low income and first time buyers from entering the housing market. Although major banks have started to relax lending requirements and offer mortgage loans equivalent to 3.15 times a borrower's annual salary, property prices are currently 4.3 times average household earnings, with regional variations. The average deposit required by first time UK buyers is around £26,000, or 20% of the sale value, effectively pricing many out of home ownership.

5.14 Recent Council of Mortgage Lenders findings confirm that new owners are now buying their first home at a later age (29 to 33 years), and are largely dependent on financial help from parents. Around half of 18 to 34 year olds now live in privately rented accommodation, with an increasing number reported to be living with parents.

5.15 Over the period from September 2011 to 31 December 2012, 200 homes for sale were sold through the BMHT development programme, averaging over 3 properties per week. While the majority of these homes were sold to first time buyers, availability of mortgage finance continues to be a challenge to most purchasers and the proposed shared equity model set out at Appendix 3 seeks to further assist first time buyers. It should be noted that many private developers do offer their own equity share schemes. However the impact of these on the market is limited due to the comparatively low percentages of equity share that the developers can afford to offer in the current housing market, while the addition of an equity share product by the Council could have a cumulative effect and help significantly with affordability.

**6. Evaluation of alternative option(s):**

- 6.1 The option to dispose of land to either private developers or to Registered Providers (housing associations) has been considered. This approach would produce a capital receipt for the council and associated nomination rights at 100% on first letting and up to 75% thereafter. However, the national Affordable Rent Programme is now fully committed until March 2015 and it is unlikely that RPs would be unable to access grant aid from the Homes and Communities Agency.
- 6.2 Even in the absence of grant funding from the HCA some Registered Providers may have significant accumulated capital reserves and may be in a position to use this finance to develop on council land. This option is partly discounted as the HRA Business Plan relies on a development programme of new general needs homes across its 30 year life. However, where specialist provision of affordable housing is required, the council will continue to consider disposal of its land to Registered Providers.

**7. Reasons for Decision(s):**

- 7.1 The HRA Business Plan is based upon creating new housing supply via BMHT over a ten year period. This report facilitates the construction of new homes for rent and sale and takes advantage of £6.7M of grant aid from the HCA. All rented homes will be let to existing council tenants via Birmingham Home Choice and all rented homes will be built to Level 4 of the Code for Sustainable Homes. The purchase of the additional homes from developers will provide further support to the HRA Business Plan 2013+ and the Skills Pathway will maximise opportunities for young people to access training and employment.

**Signatures (or relevant Cabinet Member approval to adopt the Decisions recommended):**

Chief Officer(s): .....  
Mark Barrow-Strategic Director (Development & Culture)

Cabinet Member: .....  
Councillor Tahir Ali-Cabinet Member for Development, Jobs & Skills

Cabinet Member .....

Councillor Stewart Stacey, Cabinet Member for Commissioning,  
Contracting and Improvement

Dated:.....

**List of Background Documents used to compile this Report:**

**Report to Cabinet (November 2012) – BUILDING BIRMINGHAM - APPROVAL OF TENDERS AND FULL BUSINESS CASE– BIRMINGHAM MUNICIPAL HOUSING TRUST (AFFORDABLE RENT PROGRAMME AND STOCK REPLACEMENT PROGRAMME)**

**Report to Cabinet (April 2011) ‘BIRMINGHAM MUNICIPAL HOUSING TRUST : DEVELOPMENT PROGRAMME 2011-2015’**

**Report to Cabinet (September 2011) ‘THE NEW AFFORDABLE RENT PROGRAMME FROM THE HOMES AND COMMUNITIES AGENCY’**

**Report to Cabinet (April 2012) ‘APPROVAL OF FULL BUSINESS CASE AND CONTRACT AWARD – BIRMINGHAM MUNICIPAL HOUSING TRUST (AFFORDABLE RENT PROGRAMME YEAR 1’**

**Report to Cabinet (April 2012) ‘HOUSING STOCK REPLACEMENT PROGRAMME’**

**Report to Cabinet Committee Property - April 2012) ‘APPROVAL TO ESTABLISH A CONTRACTORS FRAMEWORK FOR THE DELIVERY OF THE BMHTAFFORDABLE HOUSING PROGRAMME 2012 – 2015’**

HCA and Birmingham City Council Local Investment Plan 2010-14

**List of Appendices accompanying this Report (if any):**

1. Full Business Case
2. Risk Register
3. Proposed models for shared equity purchase
4. Equality analysis for new build proposals
5. Location plans for BMHT new build schemes
6. Fixed Asset Register references
7. Schedule of commuted sums
8. Protocol in the event of termination of the contract due to insolvency of a developer or on termination of the contract by the Council due to contractors default

## APPENDIX 1 - FULL BUSINESS CASE

Full Business Case (FBC)			
1. General Information			
Directorate	Development and Culture	Portfolio / Committee	Development, Jobs and Skills
Project Title	Development of new rented council homes through both the HCA's Affordable Rent Programme and the Council's Stock Replacement Programme	Project Code	Various
Project Description	<p>In April 2012, Cabinet approved a 10 year development programme of around 3,500 new homes as part of the council's commitment to delivering new homes across the city. The Housing Revenue Account Business Plan that came into effect in March 2012 (and with the abolition of the former HRA Subsidy System) is based upon the delivery of new council stock, replacing homes lost due to planned clearance and Right to Buy.</p> <p>This report brings forward the second phase of the council's own Stock Replacement Programme for social rent properties. This programme has been designed to deliver new homes without grant subsidy, but will rely on a small element of cross subsidy from sales.</p> <p>The sites identified for this new development have been selected on the basis of their readiness for redevelopment, and with reference to the availability of affordable housing in their immediate surroundings, to ensure that a sustainable, mixed tenure community is likely to result from the developments.</p> <p>The equity share purchase initiative (Appendix 3 of this report) is being recommended to further assist people wishing to purchase new BMHT homes. It allows for homes to be sold at less than current market prices with the council holding a 'sleeping equity' in the property which can be realised at a later date. This has clear advantages for first time buyers, owners affected by clearance and demolition and for developers.</p>		
Links to Corporate and Service Outcomes	<p>This project will make a direct contribution to both Corporate and Directorate outcomes, including the following:</p> <ul style="list-style-type: none"> <li>• Leader's Policy Statement</li> <li>• Council Business Plan &amp; Budget 2013+</li> <li>• Housing Revenue Account Business Plan 2013+</li> <li>• Enjoy a High Quality of Life – by providing high quality new affordable rented homes</li> <li>• Stay Safe in a Clean, Green City – by providing homes that will achieve the Code for Sustainable Homes level 4</li> <li>• Succeed Economically – by providing training and employment opportunities for local people</li> <li>• Housing Plan 2010 refresh</li> <li>• Homelessness Strategy 2012</li> </ul>		
Project Definition Document Approved by	Cabinet	Date of Approval	18 <sup>th</sup> April 2011 – BMHT Development Programme 11 <sup>th</sup> February 2013 – HRA Business Plan 2013+ 16 <sup>th</sup> April 2012 – Housing Stock Replacement Programme

		19 <sup>th</sup> November 2012 – Building Birmingham
Benefits Quantification - Impact on Outcomes	Measure	Impact
	Number of new homes built for both social rent and outright sale that will be made available to meet demand across the City	325 Affordable/Social Rent homes 192 Outright sale homes
	Assessment of Environmental Sustainability of the developments	Affordable homes built to CfSH level 4
	Number of training and employment opportunities secured through the developments	Up to 50 training / apprenticeship opportunities.
Project Deliverables	The delivery of 517 additional new homes for the City by April 2018.	
Scope	<p>A number of elements associated with this project have already been delivered. These include:</p> <ul style="list-style-type: none"> <li>• Submission of detailed planning applications in November/December 2012</li> <li>• The agreement by Cabinet Committee Property of the BMHT Contractors Framework</li> </ul> <p>The key elements remaining within the scope of the project are:</p> <ul style="list-style-type: none"> <li>• Appointment of preferred Contractor(s) for the build element of the project</li> <li>• Achieve start on site in April/May 2013.</li> <li>• Construction of 325 new rented homes by April 2015, as set out above</li> <li>• Sales completed on the homes for outright sale by March 2018</li> </ul>	
Scope exclusions	The project does not consider the detailed arrangements for the management or ongoing maintenance of the Council housing once built, which will be dealt with under the existing arrangements for HRA dwellings.	
Dependencies on other projects or activities	<p>Key dependencies include:</p> <ul style="list-style-type: none"> <li>• Completion of all legal agreements.</li> <li>• Appointment of Contractor/Developer Partners</li> </ul>	
Achievability	<p>BMHT is now a recognised and substantial provider of affordable and market housing with the council having secured 100% of all its grant under previous HCA programmes. Sales performance is well above average and proves that the product and marketing associated with BMHT sales is strong. The BMHT Constructors Framework has a high level of expertise from current house-builders with over half of these contractors already delivering high quality results for the council under the banner of BMHT. Given the current economic climate, it has proved possible to obtain the benefit of sufficient expertise to supplement the skills of officers within the Directorate, to provide a comprehensive expert team to minimise the risks to the delivery of the project. The proposals for an equity share purchase initiative has been discussed with contractors on the BMHT Constructors Framework and has been welcomed as another tool to assist aspiring home-owners.</p>	
Project	Steve Dallaway, Development Manager, Development and Culture	

Manager	303 3344 <a href="mailto:steve.dallaway@birmingham.gov.uk">steve.dallaway@birmingham.gov.uk</a>		
Budget Holder	As above		
Sponsor	Waheed Nazir (Director of Planning and Regeneration) <a href="mailto:waheed.nazir@birmingham.gov.uk">waheed.nazir@birmingham.gov.uk</a>		
Project Accountant	Nick Ward, (Finance Manager, Homes and Neighbourhoods 464 4282) <a href="mailto:nick.ward@birmingham.gov.uk">nick.ward@birmingham.gov.uk</a>		
Project Board Members	<p>Waheed Nazir (as above)</p> <p>John Jamieson (Acting Service Director, Asset Management and Maintenance, 303 9420) <a href="mailto:john.jamieson@birmingham.gov.uk">john.jamieson@birmingham.gov.uk</a></p> <p>Clive Skidmore (Head of Development, Development and Culture 303 3341) <a href="mailto:clive.skidmore@birmingham.gov.uk">clive.skidmore@birmingham.gov.uk</a></p> <p>Tracey Radford (Head of Housing Management, 303 5683) <a href="mailto:tracey.radford@birmingham.gov.uk">tracey.radford@birmingham.gov.uk</a></p> <p>Guy Olivant (Head of City Finance - Housing Revenue Account 303 4752) <a href="mailto:guy.olivant@birmingham.gov.uk">guy.olivant@birmingham.gov.uk</a></p>		
Head of City Finance (HoCF)	Guy Olivant	Date of HoCF Approval:	February 2013

Key Inputs			
<b>Construction</b>		<b>Running Costs, etc.</b>	
Grant Contributions	£3.187m	Weekly rent	£71-£127
Average HCA Grant per ARP Property	£22,000	Annual rent increase	3.0%
		Rent loss - voids / arrears	2.0%
		Management Costs	£655
<b>RTB activity</b>		Repairs Costs	£797
Years 2 to 6	None	Capital Works (5-yearly)	£4,258
Year 7 onwards	None	Annual Cost Increase	2.5%
		Number of Rent Conversions	32
Surplus after 30 years	£47.63m		

HRA Extract	2013/14	2014/15	2015/16	2016/17	2017/18	Total Year 1 to Year 30
	Year 1	Year 2	Year 3	Year 4	Year 5	
	£m	£m	£m	£m	£m	£m
Rental Income - Scheme Properties	(0.01)	(0.61)	(1.27)	(1.58)	(1.86)	(79.66)
Income from rent conversions	0.00	0.00	0.00	0.00	0.00	(0.12)
Repairs and Maintenance	0.00	0.16	0.21	0.25	0.29	10.92
Management Costs	0.01	0.13	0.17	0.20	0.24	8.98
Cash-backed Depreciation covering cyclical maintenance	0.00	0.07	0.23	0.27	0.31	12.24
<b>HRA (Surplus)<sup>1</sup></b>	<b>0.00</b>	<b>(0.25)</b>	<b>(0.66)</b>	<b>(0.85)</b>	<b>(1.03)</b>	<b>(47.63)</b>
<b>Capital Account</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>Total</b>

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 1 to Year 30
	£m	£m	£m	£m	£m	£m
Build Costs	6.89	20.79	10.00	5.83	2.00	45.51
Pre Contract Costs	0.87	0.03	0.00	0.00	0.00	0.90
Capital Investment / Renewals <sup>2</sup>	0.00	0.00	0.00	0.00	0.00	10.37
Grant Contributions	(2.23)	(0.85)	0.00	0.00	0.00	(3.18)
Reimbursement of Growing Places Grant	0.00	0.00	0.62	0.38	0.00	1.00
Capital receipts from House Sales	(0.17)	(3.76)	(0.49)	(0.51)	(0.40)	(5.46)
Commuted Sums	(1.86)	(0.38)	0.00	0.00	0.00	(2.24)
Contribution to / (from) overall HRA Capital Budget	(3.50)	(15.83)	(10.13)	(5.70)	(1.60)	(36.53)
Cyclical Maintenance Reserve Release	0.00	0.00	0.00	0.00	0.00	(10.37)
<b>Capital Account (Surplus) / Deficit</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Balance Sheet Extract</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2041/42</b>
	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 30</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Land & Buildings	3.08	26.93	33.40	39.74	45.19	93.44
Cyclical Investment Reserve	0.00	0.07	0.30	0.57	0.89	1.87
Grants	(0.10)	(2.33)	(3.18)	(2.56)	(2.18)	(2.18)
Revenue Contribution	(3.40)	(19.23)	(29.46)	(35.16)	(36.76)	(36.53)
Net investment	0.42	(5.44)	(1.06)	(2.59)	(7.14)	(56.60)
<b>Net</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

	Year 1	Year 2	Year 3	Year 4	Later Years	Total 30 Years
Number of Affordable Rent Properties	0	32	0	0	0	32
Number of Stock Replacement Properties	20	145	52	41	35	293
<b>Total New Build Properties for Rent</b>	<b>20</b>	<b>177</b>	<b>52</b>	<b>41</b>	<b>35</b>	<b>325</b>
Number of House Sales	9	81	37	32	33	192

#### Notes:

1. Surpluses generated in 2014/15 and subsequent years will be available as funding within the HRA for service improvements, further capital investment (whether new build or improvements to existing dwellings) or for debt repayment.
2. Formal approval to the ongoing capital investment / renewals programme (at a total value of £10.37 million over the coming 30 years) will be sought in due course as a part of the overall HRA capital programme as details of elemental investment needs emerge over time.



## APPENDIX 2 - RISK REGISTER

<b>Risk</b>	<b>Probability</b>	<b>Impact</b>	<b>Mitigation Strategy</b>	<b>Resource Implications</b>	<b>Current Position</b>
<b>BCC Approvals delays</b>	Low	High	Identify required approvals in advance and make programme allowances	BCC in-house team and Employers Agent	Programme currently allows for identified approval periods
<b>Sale of new homes for outright sale lower than predicted</b>	Medium	High	Developers will make offer based on their view of market.	Assumed in financial model. Risk loaded on developer	Worst case scenario is that the number of affordable units could vary.
<b>Delays related to planning approval.</b>	Low	High	Close working with officers in Planning Management team. Service Level Agreements with appropriate service areas approved.	Design costs. Liaison meetings with planning officers. Identified lead officers may need to be funded from programme.	Corporate BMHT design team to continue.
<b>Delays related to conditions on site.</b>	Low	High	Site investigations carried out promptly.	Contained within programme budgets	Lessons learned from previous BMHT programmes being enshrined within future planning of sites.
<b>Delays in procurement process.</b>	Low	High	Robust assessment of procurement options required. Use of BMHT.	BCC in-house team and Employers Agent	BMHT Contractor Framework in place which allows for a shorter procurement period.
<b>Lack of organisational capacity</b>	Low	High	Training programmes now successfully implemented. Lower reliance on external support	Costs of staff may need to be reflected in overall programme budgets	In house team now fully upskilled

<b>Risk</b>	<b>Probability</b>	<b>Impact</b>	<b>Mitigation Strategy</b>	<b>Resource Implications</b>	<b>Current Position</b>
<b>Risk of escalation in costs of construction/development</b>	Medium	Med /High	Budgets based on recent tender results. Cost increases may result in reduction in number of rented homes	Financial model affected increased costs and/or reduced rental income. ARP allows for charging higher rents.	Likely to be associated with rise in house prices. Sales programme with cross-subsidies
<b>Contractor insolvency during construction or lack of access to the credit required to complete the developments</b>	Low	High	Contract will be with DPP developers. Stringent Finance and Capacity checks have been implemented. Schemes will have NHBC cover	Development Agreement covers this contingency. Revised protocol for this eventuality is set out at Appendix 8.	Finance security assessed as part of PQQ process that resulted in selection of DPP  Up to date checks will be entered into before contracts signed.
<b>Sub-Contractor/Supplier insolvency during construction</b>	Low	High	Contractors all members of DPP with robust supply chains.	Programme and cost liability transferred to developers.	Appropriate control mechanisms will be put in place including parent company guarantees, performance bonds and NHBC cover.
<b>Delays due to contractors securing necessary highway agreements (s38/s278)</b>	High	High	Co-ordinated approach between BMHT delivery team, appointed contractors, Development Strategy Team and Street Services Division.	BMHT programme can take up additional resource implications within HRA Business Plan resources.	Dedicated resources being secured to support co-ordination role. Ongoing dialogue with Amey.

## PROPOSED MODELS FOR EQUITY SHARE PURCHASE

### The objectives of this approach

- To make the purchase of new homes more affordable for owner -occupiers by reducing their mortgage liability;
- To “derisk” development of new homes for sale for the private sector;
- To generate Income from the equity stake which is at least equivalent in value to the Council as a capital receipt.

### Precedents for this approach

The overall principles of the scheme are inspired by the Perry Beeches development carried out by Henry Boot before and after the Second World War. This was a major housing development which used the principles of leasehold to make new homes affordable.

A similar approach was taken by the Council to private sector clearance of homes in Saltley during the 1990s. An innovative shared equity arrangement was developed by the Council which enabled former owner occupiers, whose homes had been cleared, to afford to buy replacement properties, supported by the Council taking an equity stake in the new homes.

This approach in itself is not therefore unique, but its application to the BMHT new build programme further diversifies the BMHT offer and will make wider opportunities available to first time buyers.

### Overall Principles

The key features of the proposal are as follows –

- The Council makes a site available to a developer under license for them to develop out new homes for sale and rent;
- The developer builds new homes for rent and sale.
- When the new homes are sold, the Council retains a share of the value of the new home.

The Council receives the value of its share through the eventual sale of the property, in which case its value is index linked to house price inflation and in the meantime the purchaser of the new home pays the Council an annual charge of a proportion of the Council’s initial equity share, similar to a ground rent, commencing a number of years after their initial purchase

### The benefits of this approach to the developer and purchaser

The benefits of this approach are as follows –

Because the Council retains an equity share in the new homes, the purchaser does not have to pay the full market value of the home through a combination of mortgage and deposit. This will make it easier for first time buyers to raise mortgage finance.

From the point of view of the developer, this option is also attractive. It means that unlike the current BMHT approach, there is a reduced requirement for the developer to pay for the land, as the land value is included in the value of the property which is retained by the Council as part of its equity share. In addition, the Council willingness to provide an equity share will be an additional tool which the developers can use to put together packages which enable first time buyers to purchase new homes.

This is also potentially a very useful mechanism to assist homeowners whose properties are repurchased by the Council as part of redevelopment schemes. Often the equity in the repurchased property is insufficient to enable the owner to purchase a property on the open market, and this vehicle would in effect reduce the level of funding that such an owner would need to provide to make a replacement purchase.

### **Benefits of this approach to the Council**

There are two options for the Council to receive its value for the land –

1. a capital receipt at the point of the future sale of the property; this would be index linked to inflation and based on a percentage of the value of the property; however it would be fixed at a minimum value so that if the value of the property reduced, the Council would still receive the minimum value;
2. an annual income stream from the occupier – instead of a capital receipt the Council receives an income stream from the occupier of the home.

### **Market testing**

Officers have carried soft market testing in relation to this proposal with developers who are currently building new BMHT homes.

The feedback received from developers has been very supportive of the scheme. This is essentially due to its potential to reduce their risk of not achieving sales and reducing their liability to pay for the land on which the new homes are built. In addition, the nature of the housing market is such that house builders have needed to develop their own tools to enable buyers to purchase new homes, including shared equity packages and mortgage brokering facilities. The Council's shared equity model has the potential to be added to the mechanisms that house builder use to enable purchasers to afford to buy new homes.

Specifically developers have suggested that the Council should avoid being prescriptive about how the shared equity arrangements will operate and propose that in tendering the building contracts the Council should allow the developers an element of discretion within fixed parameters about how the scheme will operate. This approach will allow the developers to use their expertise in this area construct their own proposals as to how the scheme can most effectively be implemented. Developers proposals as to how such a scheme will operate will be evaluated as part of the quality element of their tenders.

It should be noted that it is not proposed that this scheme should apply to all of the homes for sale built on BMHT sites. Not all buyers will need shared equity to be able to buy, and in addition the nature of the scheme means that the Council's land receipts are deferred, and financially it would not be advantageous to the overall BVMHT programme if all proceeds from house sales were to be deferred. It is therefore proposed that a maximum 50% share of

the land receipts anticipated for each site be identified for use by the Council as an equity share in the new homes.

For example, on a scheme where the anticipated sales proceeds due to the Council were £500,000, the Council could earmark £250,000 of this sum to be invested in shared equity in some of the new homes. Again, feedback from the developers is that rather than the Council specify a percentage of equity that it would retain in the new homes, the developers should have discretion to negotiate this with individual purchasers according to their needs. This is because the financial situation of purchasers will vary. If we work on the basis that on our hypothetical scheme £250,000 is available across the scheme, some purchasers may need no shared equity investment to be able to afford to buy a new homes, and others will require substantial percentages of support according to their means.

## EQUALITY ANALYSIS FOR NEW BUILD PROPOSALS

### Summary

The council's programme of developing homes represents the operational arm of the Housing Strategy. Birmingham Municipal Housing Trust (BMHT) is well placed to deliver new homes for both rent and sale. Equality of housing provision is at the heart of BMHT policy

There are currently around 28,000 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 BMHT banner has revealed the extent of this problem, many families being allocated from accommodation that was too small for their needs.

BMHT delivers homes that reflect the Strategic Housing Market Assessment with an emphasis on 2 bedroom houses and 4 and 5+ bedroom houses.

It makes full use of funding available from the Government and all homes are constructed to the Code for Sustainable Homes level 4 (many of the homes having technology to reduce fuel costs for tenants on low incomes). All homes comply with the Homes and Communities Agency's Scheme Development Standards (including those being constructed without subsidy).

All new homes BMHT homes utilise designs underpinned by safety in the home. We recognise that feeling safe in their home is a priority for many of our vulnerable applicants. All BMHT schemes recognise designing out the potential for crime and are all delivered to full Secure by Design standards.

The equality and diversity agenda within the housing service has a number of powerful drivers: Making a business case for diversity requires that, as a strategic authority, a service provider and an employer, we respond to the city's evolving mixture of cultures and communities. Birmingham is a young city with 44% of the population being under 30 years.

Around 30 % of the city's population has a black and minority ethnic (BME) background and the proportion is rising. In parts of the city BME communities make up the majority of the population. The BMHT development programme operates city-wide and includes areas where different cultural requirements need to be reflected in the design of homes provided. Feedback from schemes delivered in Salfley has been utilised and ideas included in developing the forward development programme. New property archetypes need careful consideration in terms of construction affordability and value for money. BMHT represents a unique opportunity to break the mould of repetitive market house types and meet the specific needs of its diverse population.

Ethnicity is not the only source of difference. Age, gender reassignment, pregnancy and maternity disability and marriage and partnership all shape, the experiences, needs and aspirations of individuals and communities, which we need to respond to. Development land is often created by long term decisions to demolish property that cannot sustain itself. Such estates are normally concentrated in areas in decline, suffering the greatest range of deprivation indicators, poor environment, high population turnover and most vulnerable to breakdowns in social cohesion and individual exclusion.

In place, new homes and a vastly improved environment are created. Within regeneration schemes and when planning decisions are made, the priority is to maximise the number of affordable homes where possible. We know that BME citizens, particularly newly arrived refugee communities, are over represented in the wait for housing across a range of tenures, but in particular, social housing for rent. We aim to maximise housing pathways of choice for all our most vulnerable citizens in housing need by providing a wide range of property types and tenures. Allocation of BMHT homes by ethnicity is monitored and reported to the BMHT Project Board annually. 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 residents who need to down-size from under-occupied homes.

This will be a particular issue with Welfare Reform and as such BMHT is starting to develop a range of new housing typologies that are attractive to people in larger homes so these can be released for families. A small number of low rise flats have been delivered as part of the BMHT programme and these have proved popular with residents without children.

It is expected that such vulnerable communities will benefit most from new development. We aim to consult regularly, so that we understand specific needs and ensure that regeneration is sensitive to these needs. By working closely with Planners, maximising Section 106 planning gains, so that sustainable homes can be created across the City. All new developments aim to conform to full 'lifetime home' standards unless site topography would compromise the overall design.

The way that BMHT is procured requires contractors to offer training places to local people. These have proved highly effective in fostering greater community relations by residents seeing young people from their area directly benefiting from the council's investment.

The end result of having a BMHT programme is to provide more homes and the council has established procedures for accessing these homes. The current Allocation Policy was agreed in 2009 and had an appropriate EINA undertaken in July 2008. An amendment to this policy was approved in 2010 which agreed to restrict the allocation of new BMHT homes to transfer tenants only. An EINA was undertaken to inform this amendment in 2009. The effect of this amendment has seen the underlying effects of overcrowding being tackled as parents with children have been able to release their smaller home for a larger property. The smaller home has then been allocated to other applicants on the general waiting list, thus enabling 2 properties be provided to address the pressure on affordable housing in general. There is currently a review ongoing of this Allocation Policy, under which a further, Equality Impact Analysis will be undertaken.

The BMHT programme is illustrated on the council's website ([www.birmingham.gov.uk/bmht](http://www.birmingham.gov.uk/bmht)) and this branding aims to foster an overall image of responsibility and awareness of equality issues that face Birmingham as a diverse city.

## **APPENDIX 5 – PLANS OF NEW BUILD SITES**

**Please see PDF files for inserting at send-out stage**



## **APPENDIX 6 - Fixed Asset Register details**

### **BIRCHFIELD**

FAR 03130 – Bridgelands Way  
FAR 03134 – Livingstone Road  
FAR 02959 – Birchfield Road  
FAR 03129 – Ashworth Grove

### **LYNDHURST**

FAR 01253 / FAR 03309– Rowden Drive  
FAR 00594 / FAR 00538 / FAR 03303 / FAR 04117– Beechmount Drive  
FAR 03302 – Banners Grove  
FAR 00086 – Rogerfield Walk  
FAR 03358 – Rogerfield Road  
FAR 03356 – Portfield Grove  
FAR 00361 – Wilmot Drive  
FAR 02861 / FAR 00379 – Sutton Road

### **WHITE FARM ROAD**

FAR 00779 / FAR 02487

### **PERRY COMMON**

FAR 02201 / 01994

### **LOFTUS CLOSE**

FAR 00399

### **WEST HEATH ROAD**

FAR 00080

## APPENDIX 7 – Schedule of Commuted sums

<b>Scheme for which commuted sum received</b>	<b>Expiry date</b>	<b>Area specified (if any)</b>	<b>Amount available</b>	<b>Amount already allocated</b>	<b>Balance available</b>
Manor Hill	none	Sutton Coldfield constituency	533,094	0	533,094
Sherbourne Street	05/01/2014	none specified	106,786	0	106,786
Ryland Street	none	Ladywood constituency or adjoining wards	168,077	35,849	132,228
Greenfield Road	27/07/2016	Edgbaston Constituency	31,161	0	31,161
Arcadian Centre	none	none specified	129,559	0	129,559
Cape Hill Social Housing Contribution	none	none specified	377,761	0	377,761
Navigation Street	none	none specified	23,682	0	23,682
Bromsgrove Street	none	none specified	142,042	0	142,042
Bromsgrove Street	none	Citywide	141,529	0	141,529
78-96 Hagley Road	none	none specified	180,555	0	180,555
Kenyon Street	none	none specified	192,507	0	192,507
Masshouse, the Hive Phase 2	none	none specified	125,205	0	125,205
Masshouse	none	None specified	125,000	0	125,000
<b>Totals</b>			<b>2,276,958</b>	<b>35,849</b>	<b>2,241,109</b>

## **APPENDIX 8 – Protocol in the event of termination of the contract due to insolvency of a developer or on termination of the contract by the Council due to contractors default**

In the event of termination by BCC following default/insolvency:-

- (a) BCC may recover the costs of termination from the developer (including the cost of completing the works), lost rental income, and professional fees.
- (b) Developer is paid any payments it is due (at the point of termination of the agreement) in respect of the proceeds from sales units less our termination expenses.
- (c) Developer is paid a fair value for the work it has carried out to sale units (where construction has commenced but the unit has not sold as at the termination date) less our termination expenses. This payment is only made when the relevant unit has actually been sold.
- (d) Developer is paid the relevant part of the contract price for the services/infrastructure that the developer has completed prior to termination (such work to be in accordance with the build obligations; and is only payable where the relevant agreement for those works has been completed (eg s104 agreement/s278 agreement). BCC can deduct reasonably and properly incurred costs of the termination from any sums due to the developer under this heading.
- (e) The developer is paid a proportion of the contract price for the rental units (less BCC's costs) which is to be paid to the developer on practical completion of the relevant rental unit (whether completion of the work to that unit is by BCC or a substitute developer we subsequently appoint).
- (f) If costs of termination are greater than the sums due to the developer then the difference is owed as a debt by the developer to BCC.