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**LOCAL AUTHORITY NEW BUILD PROGRAMME 2009-11**

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**Responsible Cabinet Member – Councillor Bill Dixon,  
Neighbourhood Services and Community Safety Portfolio**

**Responsible Director – Cliff Brown, Director of Community Services**

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**SUMMARY REPORT**

**Purpose of the Report**

1. To seek Members approval to submit a Homes and Communities Agency application for funding to facilitate a local authority new build programme to increase the supply of affordable housing.

**Summary**

2. The Home and Communities Agency have announced that local authorities can now build affordable housing for rent and will be supported in doing so through the opportunity to bid for £100m of grant funding. This report outlines the Authority's proposals to apply for grant funding to support the development of up to 65 affordable properties to rent across four sites.

**Recommendation**

3. It is recommended that:-
  - (a) Members support the funding bid with the HCA in July 2009 and approve the delivery of affordable homes for rent on each of the four local authority proposed sites subject to the successful outcome of the HCA funding bid in September 2009 and relevant planning permissions.
  - (b) Members approve the required level of capital borrowing to support the delivery of net affordable housing.

**Reasons**

4. The recommendations are supported by the following reasons :-
  - (a) The Tees Valley Strategic Market Housing Assessment 2007 has identified that Darlington has an affordable housing need of 626 affordable dwellings per annum to continue to meet local housing need

- (b) The number of net affordable housing dwellings is a key National Performance Indicators (NI154).
- (c) The funding bid offers a unique opportunity to secure approximately £3M of capital investment for Darlington from the HCA.
- (d) The delivery of net affordable homes delivered to CSH Level 4 will contribute to the Tees Valley Climate Change Strategy through reduced carbon emissions and reduced carbon “footprint”. This will also provide a sustainable model of accommodation tackling fuel poverty.
- (e) The scheme provides an opportunity to relieve some of the existing housing market pressure on our local authority waiting lists and reduce homelessness.

**Cliff Brown**  
**Director of Community Services**

### **Background Papers**

- (i) Tees Valley Climate Change Strategy
- (ii) HCA – Code for Sustainable Homes
- (iii) Tees Valley Strategic Housing Market Assessment

Alan Glew :  
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S17 Crime and Disorder	The contents of this report have been considered in the context of the requirements placed on the Council by Section 17 of the Crime and Disorder Act 1998. The site will include 'Secured by Design' principles.
Health and Well Being	Community Services Building Section for Darlington Borough Council is registered under the 'Considerate Contractor Scheme' and complies with the scheme's Code of Considerate Practice.
Sustainability	All proposed apartment units will meet the Code for Sustainable Homes Level 3 and all houses will meet Code Level 4.
Diversity	There are no diversity issues.
Wards Affected	Haughton East Middleton St George Cockerton West Hurworth
Groups Affected	All potential council tenants and households neighbouring the proposed development sites.
Budget and Policy Framework	This reflects a change in policy and would be a combination of HCA grant and borrowing which would be financed through rental income.
Key Decision	Yes
Urgent Decision	Yes. The application for funding to the HCA is subject to grant conditions which stipulate that proposed schemes have to be delivered by March 2011. Failure to deliver against this grant condition could lead to the "clawback" of any grant awarded by the HCA. Approval is being sought from Members to allow for an early start on site to facilitate the works and meet the necessary HCA grant conditions.
One Darlington: Perfectly Placed	The provision of high quality affordable homes for rent will have positive implications on both the One Darlington and Perfectly Place priorities.
Efficiency	Efficiencies could be realised in terms of reduced usage of temporary accommodation, revenue savings to the Disabled Facilities Grant budget, and, increased usage of the communal facilities at Linden and Dinsdale Courts.

## MAIN REPORT

### Information and Analysis

5. The Homes and Communities Agency (HCA) have recently announced an opportunity for local authorities to bid for funding to support the delivery of affordable housing. Applications are invited in two bidding rounds in July and October 2009.
6. Darlington Borough Council worked alongside Fabrick Housing Group to evaluate and assess four potential sites for development to deliver up to 65 new affordable homes for rent. Fabrick Housing Group offer vast experience in successful bids for HCA funding, and, the nature of the bids require specialist technical expertise not available in-house. Fabrick Housing Group, in this capacity, has been commissioned to assist the Council on a consultancy basis. The HCA suggested that local authorities bidding for the first time would benefit from “pairing up” with a Registered Social Landlord.
7. It is intended that, should the funding bid be successful, the Council, Technical Service and Building Services Teams will design and build the new affordable rented accommodation and, that the completed units will form part of the Council’s portfolio of existing dwellings. Construction costs included in this bid have been benchmarked through Fabrick with competitive construction work to ensure value for money. The design work has been necessary to develop the bid. Darlington Borough Council will own and manage any new affordable rented housing delivered through this programme. Local Authorities have been further advised that any new affordable properties delivered through this programme will be eligible for “Right to Buy” but that 100% of any capital receipts can be retained by the local authority and re-invested to deliver more affordable housing locally.
8. The four sites identified are, surplus land adjacent to Linden Court, surplus land adjacent to Dinsdale Court, part of the old Springfield school site, and, a site previously occupied by garages at Richmond Close. It is anticipated that successful bids submitted for funding in July 2009 will be announced in September 2009 prior to phase 2 of the bidding process. As interest in the scheme is expected to be high, Darlington Borough Council are seeking to submit an electronic bid for funding in phase 1 (July 2009) in the knowledge that revised bids can be re-engineered and re-submitted in phase 2 (October 2009) if not immediately successful.
9. The cost of developing the four sites is estimated to be £6.5M with a local authority contribution of nil land consideration and £3.5M financed borrowing through Darlington Borough Council’s annual Housing Capital Investment Programme. The residual £3M will form part of the HCA funding application. The HCA have identified key performance indicators by which any funding bids will be evaluated, focusing on “value for money”, deliverability, net affordable housing dwellings, and compliance with the Code for Sustainable Homes (CSH). Examining each performance indicator in turn;
  - (a) **Value for money** – a pre-requisite of the funding bid is that local authority owned land is “offered” to facilitate the delivery of net affordable housing at nil consideration. The HCA will also evaluate funding bids on the basis of limiting the requirement for public subsidy contributions. Darlington Borough Council will be able to charge “market rents” (which are slightly higher than existing local authority rents) to finance the local authority borrowing to finance an element of the capital works.

- (b) **Deliverability** – The HCA has stipulated that all new affordable housing dwellings must be completed no later than March 2011 or risk the loss of any Social Housing Grant awarded from the HCA under the terms of this scheme. Darlington Borough Council’s proposed funding bid is attractive to the HCA as we have sole ownership of each of the four sites.
- (c) **Net affordable housing** – each of the four sites proposed offer the opportunity to increase the net affordable housing provision without the loss of any existing affordable housing.
- (d) **Code for Sustainable Homes (CSH)** – The HCA have stipulated that all new affordable housing must comply with CSH Level 3 as a minimum requirement. The HCA are actively encouraging advancement from CSH Level 3 to CSH Level 4, and, above, and, favourably consider funding applications offering this opportunity. The funding bid proposed by Darlington Borough Council will deliver CSH Level 3 and 4.

### **Outcome of Consultation**

- 10. Due to the limited timescales for submitting funding applications to the HCA no consultation has taken place at this time.
- 11. However all sites will be subject to the planning process and a full programme of community engagement and consultation will be completed prior to any planning application being submitted. This gives the local community the opportunity to be involved with the project at an early stage.