

Subject:	Self Build Housing – Response to letter from Councillor Farrow		
Date of Meeting:	19 June 2013		
Report of:	Executive Director for Environment, Development & Housing		
Contact Officer:	Name:	Martin Reid	Tel: 29-3321
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Ward(s) affected:	All		

FOR GENERAL RELEASE**1. SUMMARY AND POLICY CONTEXT:**

- 1.1 Housing Committee on 16 January considered the following letter from Councillor Farrow to Councillor Wakefield (relevant extract below):
Channel 4 Television's Grand Designs programme recently revisited the Hedgehog Housing Co-operative in Bevendean. The housing co-op developed homes on marginal land using a self build by members scheme. I would request that officers investigate and report back on the feasibility of using similar schemes to develop more homes on marginal land in other areas of the City.
- 1.2 A key objective outlined in the Government Housing Strategy for England is to double the amount of self-build housing (renamed custom-build in the Strategy) over a decade, an increase from 100,000 to 200,000 homes. The Strategy aims to change self-build from a marginal to a mainstream housing option. The Government also announced that it would be making up to £30m of funding available via the Homes & Communities Agency (HCA) to provide short-term project finance to help unlock group custom build – or self-build – schemes.
- 1.3 In addition, the recent University of York Centre for Housing Policy report 'Build-it-Yourself? – understanding the changing landscape of the UK self-build market' endorsed by the All Party Parliamentary Group on Self-Build & Independent Housebuilding considers strengths and weaknesses of the existing self build market, looks at key initiatives to expand the market and identifies further steps that might be taken to encourage additional self build.
- 1.4 Brighton & Hove has a long history of self build schemes. The City-wide Housing Strategy expressly recognises and supports the important and innovative work of housing co-ops in the City and the Council have a long term working relationship with the City's housing co-operatives through Co-operative Housing in Brighton & Hove (CHIBAH) the local co-op network. The Council also have a strong working relationship with the HCA.
- 1.5 In line with our on-going partnership with the HCA and housing co-ops we propose to review the HCA's recent Custom Build Homes Fund Prospectus and University of York report with partners to identify and report back to Housing

Committee on any opportunities for loan finance and capacity building for community groups with plans for self build schemes.

2. RECOMMENDATIONS:

- 2.1 That Housing Committee note the housing strategy context, aspiration and potential funding to support the work of housing co-ops and development of self-build housing.
- 2.2 That Housing Committee note proposals to work with partners to report back to Housing Committee on any opportunities available for community groups with plans for self build schemes in the City.

3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

- 3.1 In November 2011, the Government published its Housing Strategy for England. A key objective of the Housing Strategy was to double the amount of self-build housing (renamed custom-build in the Strategy) over a decade, an increase from 100,000 to 200,000 homes. The aspiration is to change self build from a marginal to a mainstream housing option.

HCA Custom Build Homes Fund Prospectus

- 3.2 In [Laying the Foundations – a Housing Strategy for England](#), the Government announced that it would be making up to £30m of funding available to provide short-term project finance to help unlock group custom build – or self-build – schemes. The aim of the fund is two-fold:
 - To stimulate the growth of the Custom Build Homes market by enabling more multi-unit custom build home projects and attract more commercial lenders and investors to this market, thereby increasing the number of custom built homes developed annually over the next decade;
 - focus exclusively on multi-unit ‘group’ projects with the objective of bringing forward sufficient numbers of successful schemes to demonstrate to commercial funders that the lending model is a viable and sustainable business which can be taken forward by industry, without public funding support, when the fund closes on 31 March 2015.
- 3.3 Eligible groups including appropriately constituted Community Organisations can make funding applications subject to scheme conditions. Local authorities are not eligible to apply for funding but may work closely with eligible applicants to support them to bring forward a project.
- 3.4 Funding is in the form of loans repaid with interest at a range of commercial rates. Eligible projects must comprise a minimum of five homes up to a cap of £3m for any single project. Maximum eligible cost of each home to be supported by a Custom Build loan is £250,000 with loans capped at maximum of 75% of eligible costs meaning the applicant must have access to a minimum of 25% of the projects funding.

- 3.5 Projects will be prioritised for loan funding that have secured at least outline Planning permission.
- 3.6 Qualifying expenditure includes:
- Land acquisition costs
 - Site preparation costs
 - Construction of supporting infrastructure
 - S106 Planning obligations
 - Construction costs for homes
 - Post planning permission professional fees.

Brighton & Hove City-Wide Housing Strategy & Partnership Working

- 3.7 Our City-wide Housing Strategy expressly recognises and supports the important and innovative work of housing co-ops in the City. The Strategy states that we will continue to engage with local housing co-ops and will review any opportunities that may arise to develop their role. This includes supporting development of new co-operative housing and self build homes.
- 3.8 The Council have a long term working relationship with the City's housing co-operatives through Co-operative Housing in Brighton & Hove (CHIBAH) the local co-op network. We have engaged with and support the work of housing co-ops over a number of areas outlined below:
- Bringing empty private sector properties back into use through housing co-ops continued input into the Council's Empty Property Strategy;
 - Supporting local housing co-ops and community groups in their successful bid under the Communities element of the Government Empty Homes Programme 2012–15. £650k was allocated to local groups in 2012 (Round 1) to provide 38 bed-spaces in 6-8 properties by April 2015. Two properties (11 bed-spaces) have now been purchased on the open market using this funding and negotiations are underway for a further property on a long lease. Further bids have been forwarded in Round 2 (2013). HCA allocation details are imminent. The Council continue to work with co-ops in identifying eligible empty properties in the private sector;
 - Continuing to support housing co-ops through joint work on short life lease end and lease renewal issues;
 - Supporting local housing Co-ops in their business modelling to achieve our shared goal of developing new co-operative housing in the City via the Commission for Co-operative Housing Warehouse funding model.
- 3.9 Brighton & Hove has a long history of self build schemes. Hedgehog Housing Co-op was supported by the Council and self build work undertaken in partnership with a Registered Provider in receipt of a substantial amount of Housing Corporation funding.

3.10 In line with our on-going partnership with the Homes & Communities Agency and housing co-ops we propose work with partners to review the HCA's recent Custom Build Homes Fund Prospectus and the findings of the University of York study to identify and report back to Housing Committee on any opportunities for loan finance for community groups with plans for self build schemes. In particular, where this funding may be aligned to marginal public sector land that may be available for release in the City, including any opportunities that may arise on Council owned land.

University of York Centre for Housing Policy report 'Build-it-Yourself? – understanding the changing landscape of the UK self-build market'

3.11 The University of York report published in Spring 2013 considers strengths and weaknesses of the existing self build market, looks at key initiatives to expand the market and identifies further steps that might be taken to encourage additional self build.

3.12 The key findings from the report are outlined below and include:

- There is the potential for increase in self build but it is too early to appraise outcomes and to what extent momentum can be maintained;
- Individual self build is a long and often complicated process currently concentrated amongst older affluent households and not always adding to the overall housing stock;
- Access to land and planning permission often less difficult than previously reported;
- Development finance and access to mortgage finance is tightly constrained, in particular for group projects;
- Most self build housing is lead by community groups under a variety of potential models which require support in future to expand capacity. Social landlords or developers may initiate and manage the process;
- New models of self build are emerging led by local authorities and developers often aimed at: addressing concerns about accessing land, planning and development finance; offering support; and, responding to Government initiatives. However it is unclear what options will emerge as successful and sustainable;
- Some potential key players see no business case for self build and do not wish to engage with self build viewing it as inefficient, 'burdensome'; not delivering volume required to support investment and not meeting their priorities including for social housing provision or land development.

3.13 The key report recommendations include:

- Lenders should provide additional guidance to potential self-builders about the criteria for funding and should also consider the development of more accessible products;
- Government should maintain their enabling role by co-ordinating reform of existing processes to enable building of capacity, offer longer term support and encourage evaluation and information sharing to enable a better understanding of what works;

- Local authorities should consider the extent to which planning agreements can be used to embed self build sites within speculative developments, consider supporting the sector to provide more affordable housing for local people and review opportunities to make land available as self build plots;
- Developers and registered providers should recognise the social and economic benefits of working with prospective residents to enable them to procure / customise their homes and also opportunities to work as enablers to provide packaged professional services solutions to help self-builders.

4. COMMUNITY ENGAGEMENT AND CONSULTATION

- 4.1 As outlined above, the Council have a long term working relationship with the City's housing co-operatives through Co-operative Housing in Brighton & Hove (CHIBAH) the local co-op network. We have supported local housing co-ops and community groups including in their successful bid under the HCA Empty Homes Community programme. We will engage with community groups to support any future bids they may wish to make.
- 4.2 In addition, we will work with partners to report back to Housing Committee on any opportunities available for community groups with plans for self build schemes in the City.

5. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 5.1 As outlined in paragraph 3.3, Local Authorities are not eligible to apply for funding for self build schemes but can provide support to eligible applicants to bring forward a project.
- 5.2 Recommendation 2.2 proposes working closely with partners in this capacity and this support would be provided within existing staffing resources in Housing Strategy.

Finance Officer Consulted: Michelle Herrington *Date:* 06/06/13

Legal Implications:

- 5.3 The recommendation in paragraph 2.2 to work with partners is compatible with the Housing Strategy and as such is within the council's powers. No individuals human rights are adversely affected by the report's recommendations.

Lawyer Consulted: Liz Woodley *Date:* 06/06/13

Equalities Implications:

- 5.4 Working with partners to improve housing supply is aligned to the key Corporate priority of tackling inequality through meeting identified needs of disadvantaged groups in the City to whom the Council owes a housing duty.

Sustainability Implications:

- 5.5 Work with co-ops and proposals outlined in this report support corporate priorities, Tackling Inequality and Creating a Sustainable City and specific outcomes: 'A healthier and higher quality built environment' & 'Decent, Affordable, Healthy Housing'.

Crime & Disorder Implications:

- 5.6 There are no crime and disorder implications arising directly from this report.

Risk and Opportunity Management Implications:

- 5.7 Any risk and opportunity management implications will be included in any future report back to Housing Committee on any opportunities available for community groups with plans for self build schemes in the City.

Public Health Implications:

- 5.8 Brighton & Hove Joint Strategic Needs Assessment 2012 highlights the relationship between poor housing & health outcomes:
- Cost to individual: repeat hospital admissions; frequent visits to GP; isolation; substance misuse; suicide & death;
 - Wider implications: costs to NHS and local authority; environmental impact (e.g. in creased carbon emissions); crime & antisocial behaviour; low community resilience.

In terms of community wellbeing and resilience Director of Public Health Annual report (2010) identifies that Housing in Brighton & Hove represents a particular vulnerability for children and adults.

Working with housing co-ops and identifying opportunities to improve housing supply supports the aims of the City-wide Housing Strategy to make best use of housing resources and improve housing supply and housing quality in the City.

Corporate / Citywide Implications:

- 5.9 Work with housing co-ops and proposals around reporting back on any opportunities to support self-build housing support corporate priorities, Tackling Inequality and Creating a Sustainable City and specific outcomes: 'A healthier and higher quality built environment' & 'Decent, Affordable, Healthy Housing'.

6. EVALUATION OF ANY ALTERNATIVE OPTION(S):

- 6.1 Evaluation of alternative options will be included in future report to Housing Committee.

7. REASONS FOR REPORT RECOMMENDATIONS

- 7.1 These are outlined in the body of the report.

SUPPORTING DOCUMENTATION

Appendices:

1. None

Documents in Members' Rooms

1. None

Background Documents

None

