

EXECUTIVE MEMBER: Councillor Clements
LEAD OFFICER: Fergus Mc Morrow
REPORT AUTHOR: Laurie Priebe

Summary and Recommendation:

In the wake of the Budget announcement in April 2009 the government has come forward with proposals to provide a financial stimulus for housing development. They are briefly outlined in a letter attached as Appendix 1.

The purpose of the report is to describe the government’s proposals and to outline the responses of officers in Copeland and in Cumbria as a whole. The Panel’s views are invited.

1 INTRODUCTION

- 1.1 The government’s initiative has two main strands. One for local authority owned new build stock and the other for the construction of mixed tenure developments to include private, intermediate and social rented housing.
- 1.2 For local authority new build, £100M will be available nationally for new Council-owned homes. Capital funding will be split roughly 50:50 between social housing grant from the Homes & Communities Agency (HCA) and authorities’ own finance under the prudential borrowing regime. The national pot is comparatively modest and so bidding is expected to be very competitive. There are two bidding rounds, the first by 31 July 2009 and the second by 31 October 2009.
- 1.3 The other strand, for mixed tenure developments, is called Kickstart Housing Delivery. £400M is available nationally and is intended, in the HCA’s own words, “to address the difficulties facing stalled sites which are ready to develop (with planning permission in place) by using a combination of the HCA’s investment that best meets the needs of each scheme.”
- 1.4 Your officer’s interpretation of “stalled” means schemes where everything needed for a start on site is in place except investor’s confidence. The absence of confidence in current market conditions alone is preventing a start being made or has led to construction being halted.

- 1.5 The package around Kickstart Housing Delivery includes upfront investment support for infrastructure and development costs plus support for affordable housing (including social rented, intermediate and equity sharing products). This would support the classic model of mixed tenure developments of market sale and affordable homes backed by S106 agreements.
- 1.6 RSLs and for-profit developers can apply (but not local authorities) but the minimum size of scheme or phase outside rural areas is 50 dwellings. The HCA require expressions of interest by 8 June 2009 and the bidding round will be tight. Successful schemes must start on site before 31 March 2010. All housing completions must be achieved by 31 March 2011 at the latest apart from the equity sharing products which must be completed by 31 December 2010.

2 Activity in Cumbria

- 2.1 Local authority officers and RSL managers have been examining possibilities and meeting in May 2009 (after this report was written) to co-ordinate their efforts. Copeland officers are involved.
- 2.2 Details of possibilities are not being released at this stage because the information is commercially sensitive.

3 FINANCIAL AND HUMAN RESOURCES IMPLICATIONS (INCLUDING SOURCES OF FINANCE).

- 3.1 Except for local authority new build schemes, where the authority has to borrow about half the scheme costs, sources of finance are external.

4. IMPACT ON CORPORATE PLAN

- 4.1 This report and recommendations are in accordance with the Council's action plan following the Audit Commission's inspection report.

List of Appendices – Letter attached as Appendix1

Is this a Key Decision? No

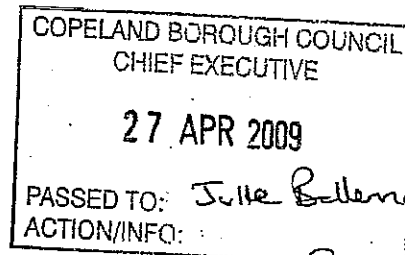
KICKSTARTING HOUSING DELIVERY



Homes &
Communities
Agency

Councillor Elaine Woodburn
Leader
Copeland Borough Council
The Copeland Centre
The Council Offices
Whitehaven
CA28 7SJ

APPENDIX 1



24th April 2009

Dear Councillor Woodburn

Budget Announcements - Housing

I am sure that you will have seen the key points of the Chancellor's budget announcement and the additional resources that are to be provided to kickstart development and help underpin housing growth and employment over the next few months.

We have been working, with colleagues in Communities and Local Government, in developing this package of measures and I am pleased to say that the Homes and Communities Agency will be leading on delivery.

There are a number of elements to the proposed package:

- > **Challenge Fund for local authorities (£100m)** who wish to develop new build properties. We know that there is a significant appetite amongst local authorities to develop homes for social rent on local authority owned land. We will publish details of the competition in early May. In the meantime, those authorities who are interested in pursuing this should continue their dialogue with your contacts in our regional teams;
- > a set of proposals to **kickstart housing development (£400m)**. The aim of this package is to provide equity infrastructure or gap finance to housing schemes with planning consent where the current market is stopping development from moving ahead. This will be delivered with additional support - through affordable housing funding (for LCHO and social rent) and HomeBuy Direct - to support sales. We will be looking to fund good quality schemes that can move ahead quickly. We

Can we bring any projects forward?

Copy to - Laurence P
- Echa Hughes
- Tony Pemberton

Sir Bob Kerslake
Chief Executive
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expect that there will be strong interest from developers and RSLs in this package and we intend to open an Expressions of Interest stage in early May;

- additional funding for **retrofitting existing stock (£85m)** to improve environmental standards and for funding low-carbon community heating schemes (**£21m**) for Growth Local Authorities.

Following the Government's announcement we will now move quickly to launch programmes which allow access to the funding to take schemes forward. We will be working closely with the LGA in developing the detail. I hope you will now give consideration to whether this scheme would help meet your housing needs and, if so, for you to prepare now to respond to the bidding process that we will establish.

I have copied this in to your Chief Executive.

Yours sincerely



Sir Bob Kerslake

Cc: Liam Murphy: General Manager Copeland Borough Council