

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 03 September 2018

Portfolio:	Housing; and Policy and Resources
Subject:	Housing Revenue Account Borrowing Programme Funding Bid
Report of:	Managing Director of Fareham Housing and Director of Finance and Resources
Corporate Priorities:	Providing Housing Choices

Purpose:

To agree the principle of the Council submitting a bid for additional Housing Revenue Account borrowing.

Executive summary:

At the end of June 2018, the Secretary of State for Housing, Communities and Local Government announced the availability of additional Housing Revenue Account (HRA) borrowing funds for 'high affordability pressures areas'. High affordability pressure areas are those where the average weekly cost of private rent is £50 or more than the average cost of social rent. Fareham borough is one of many authorities in England where this applies.

£500 million of additional borrowing is available outside of London between 2019/20 and 2021/22. With the Council's Corporate priority of 'Providing Housing Choices' the availability of the additional HRA borrowing could provide an important opportunity to enable the delivery of additional affordable homes on Council owned (or potentially owned) sites.

Bids for additional HRA borrowing must be site specific and include certain criteria and information. The bids must be submitted by 7th September 2018.

This report seeks Executive approval for the principle of bidding for this additional borrowing, with the total amount bid for not exceeding £13million. The final bids will be submitted by the Managing Director of Fareham Housing and based on the detailed information required for each site/bid, including the expected development costs and borrowing required. This can vary depending on the individual site, affordable tenure and other matters. It is not expected to exceed £13million.

It should be noted that this is a decision to approve the principle of bidding for money and not a decision to accept or use any funds that may subsequently become available.

Recommendation:

It is recommended that the Executive agrees to delegate authority to the Managing Director of Fareham Housing to submit bids for additional borrowing of up to £13million to the Ministry of Housing, Community and Local Government under the Housing Revenue Account Borrowing Programme (2019/20, 2020/21, and 2021/22) by the deadline of 7th September 2018.

Reason:

To seek Executive approval for the principle of the total bid(s) to be submitted, as per a requirement of the bid submission process.

Cost of proposals:

The costs of bid submission are covered in existing operational budgets of Fareham Housing and Finance and Resources.

Appendices: None

Background papers: Corporate Strategy 2017-2023

Reference papers: Additional Housing Revenue Account Borrowing Programme (2019-20, 2020,21, and 2021/22) – Ministry of Housing, Communities and Local Government (June 2018)

Housing Revenue Borrowing Programme 2019-2022 Online Submission Guidance – Homes England (June 2018)

Report to the Executive for Decision 09 April 2018 – Affordable Housing Schemes – Progress Report

FAREHAM

BOROUGH COUNCIL

Executive Briefing Paper

Date:	03 September 2018
Subject:	Housing Revenue Account Borrowing Programme Funding Bid
Briefing by:	Managing Director of Fareham Housing and Director of Finance and Resources
Portfolio:	Housing

INTRODUCTION

1. At the end of June 2018, the Secretary of State for Housing, Communities and Local Government announced the availability of additional Housing Revenue Account (HRA) borrowing funds for 'high affordability pressures areas'. High affordability pressure areas are those where the average weekly cost of private rent is £50 or more than the average cost of social rent. Fareham borough is one of many authorities in England where this applies.

HRA BORROWING BIDS

2. The limitations on borrowing against the Councils HRA were referred in a report to Executive on 9th April 2018. In that report it was explained that the existing borrowing headroom would not support the delivery of new homes at all six sites referred to in that report.
3. Although there may be other alternative delivery mechanisms to using the HRA for new Council home delivery (such as Aspect and other partnerships) it is appropriate to consider and embrace all potential funding opportunities and this includes this new opportunity for additional HRA borrowing.
4. Additional information relating to the bid process, including the bid submission form, was made available in July. Some key information about the bid process is provided below: -
 - £500million of additional borrowing is available outside of London
 - The additional borrowing is available over a three-year period; 2019/20, 2020/21 and 2021/22
 - Bids must be submitted by 7th September 2018
 - Bids must be for new homes (i.e. not conversions etc.)
 - Bids must be for homes delivered by Fareham Housing/the Council (i.e. not in conjunction with other delivery partners)
 - Bids must be site specific, each requiring certain detailed information on matters

- such as site location, tenures, projected delivery, costs, ownership status, etc.
- The homes must be for social/affordable rent or shared ownership

5. Officers intend to submit bids for the following sites: -

- Hampshire Rose/Highlands Road (Fareham North West)
- 123 Bridge Road (Sarisbury)
- Stubbington Lane (Hill Head)
- Sea Lane (Hill Head)
- Station Road (Portchester East)
- Wynton Way (Fareham North West)
- 335-337 Gosport Road (Fareham East)
- Former Scout Hut (Coldeast) (Park Gate)

6. These sites are considered to meet the bid criteria and there is sufficient information for each site to enable a bid to be made. The bid process allows for recognition of the ownership status of the sites as well as planning status and projected delivery.

7. The former Scout Hut at Coldeast has not previously been referred to in Executive Reports. This is a new site to the list on the basis of an expected transfer of the site (with outline planning approval) from Homes England that is likely to take place in the coming months.

8. The maximum amount to be bid for will not exceed £13million. Depending on more detailed bid preparation Officers expect that this amount could be less but are seeking Executive approval for the principle of bidding for additional borrowing of up to £13million.

9. This is the first stage in a process intended to ultimately provide more affordable housing in the borough. Seeking and maximising funding initiatives and availability is key so that the Council can then consider the most appropriate and/or financially sustainable way in which these new homes can be funded and delivered. It is therefore appropriate that the opportunity to bid for this additional HRA borrowing is utilised.

NEXT STEPS

10. Officers will submit bids before the 7th September deadline. Updates on the success or otherwise of the bid process will be advised to the Housing Policy Development and Review Panel. There is no specific date yet advised as to when bids will be confirmed as successful or not.

Enquiries:

For further information on this report please contact:

Paul Doran, Managing Director of Fareham Housing (Ext 4572)
Andy Wannell, Director of Finance and Resources (Ext 4620)