

Report to: Cabinet
Overview and Scrutiny
Community Protection Panel

Date: 27 November 2008
1 December 2008
19 January 2009

Subject: Business Case for Wigan and Leigh Housing (WALH)
Participation in New Housing Development.

Report of: Executive Director of Environmental Services

Contact officer: Peter Layland 01942 828983 (Ext:3983)

Purpose / summary: To report on the development of the new build business case by Wigan and Leigh Housing

Alternative options considered and reason for selecting the one recommended: The alternative would be not to consider commencing a new build policy or to engage an RSL Partner

Recommendation / decision:

1. That the WALH Board Report and Business Plan be accepted
2. That in principle a decision to develop and submit a bid to the HCA be made
3. That the details of this bid be submitted to the Cabinet in January
4. That officers proceed with the longer term development of this programme for subsequent bids to be made and to explore linkages with wider Council Regeneration Programmes.

Key Decision: This report involves a key decision within ground1. The decision made as a result of this report will be published within **48 hours** and cannot be actioned until **seven working days** have elapsed, ie before 9th December 2008

Risks / Implications:

Financial:	Significant financial risks are set out in the report
Staffing:	Implications set out in the report
Policy:	Housing Strategy implications since it would mean a return to WALH and the Council developing new housing for rent
Equal Opportunities - Has a Diversity Impact Assessment been conducted?	Yes
Wards affected:	Potentially All

Property Implications – Does the proposal involve a reduction, addition or change to the Council’s asset base or its occupation?

Yes ; It proposes to use certain HRA land to develop new WALH properties

If yes, have the property implications been agreed with the Corporate Property Officer?

Yes

Does this proposal have significant implications for the Council and the local population?

Yes and a Diversity Impact Assessment is attached

Does this proposal involve a new policy or procedure or significant changes to an existing policy or procedure?

Yes since it proposes a return to the development of new housing for rent

Has the Service Director - Borough Solicitor confirmed that the recommendations within this report are lawful and comply with the Council’s Constitution? **Yes***

Has the Service Director - Corporate Services confirmed that any expenditure referred to within this report is consistent with the Council’s budget? **Yes ***

Are any of the recommendations within this report contrary to the Policy Framework of the Council? **No ***

* delete which applicable

For Cabinet reports only :

Categorisation of the report:	X
Discussion leading to a decision	X
Monitoring	
Sharing for corporate understanding	

	X
Discussion	
Decision	
Information	

Tracking/Process:

	Consultation	Ward Members	Partners
			WALH Board
Panel	Overview & Scrutiny	Cabinet	Council
19/1/09	1/12/08	27/11/08	

There are no Background Papers in accordance with Section 100D of the Local Government Act 1972:

Proper Officer Martin Kimber

Date 13 November 2008

1. Background

- 1.1 Cabinet requested in May that Wigan and Leigh Housing (WALH) supported by Council officers develop and present a business case for the possible development of new affordable housing. This being designed to take advantage of the new opportunities to bid for grants from the Homes and Communities Agency (formally Housing Corporation) and create the first new Council housing stock for many years. Enclosed within this report is a WALH Board Report and the Business Case. An opportunity to bid presents itself from January 2009 onwards.

2. Context

- 2.1 Earlier reports have set out the need for more affordable housing to meet the borough's needs. This has grown from an estimated gap between supply and demand of 7 per annum in 2003 to 417 in 2008 (Housing Needs Survey). The Council has a wide ranging Affordable Housing Strategy in place which looks to maximise available supply by reducing vacants, working with private landlords and encouraging development. This has successfully generated at least 226 additional lettings and a further 115 units in the pipeline. However it is clear that even more needs to be done including investigating the possibility of WALH developing new homes. It should be remembered however that against the wider housing market forces what the Council can achieve will be limited, but that over a period of time a development programme would begin to alleviate the shortages in affordable accommodation.

3. New Build Business Plan

- 3.1 The WALH Board Report and the Business Case are attached to this report. They illustrate the vast amount of work that has been undertaken by WALH and Council officers. This preparation includes:
- WALH achieving Partnering Status :- Homes and Community Agency (HCA)
 - Investigation of a series of development sites and identification of preferred locations
 - The development of a financial model that will be flexible over time
 - The development of a series of illustrative options and the identification of a recommended option which looks to provide a mix of different property types as economically as possible
 - A proposal to work up in liaison with the Council, Homes and Community Agency and local members / communities a bid for resources in January 2009
 - Some strategic issues for the development of subsequent phases of development such as the identification of further sites.

3.3 Given that this is a new process, the business plan represents as comprehensive a picture as is possible at this stage. It certainly identifies likely costs / risks and is a good basis on deciding whether to proceed with a bid. Whilst timescales are tight a January bid would be possible.

4. Strategic Considerations

4.1 The key question that arises from this business case is whether the Council should commit to asking WALH to develop a bid to the HCA for new housebuilding. In order to answer this, the advantages of making the bid, the likely costs and the risks / issues need to be set out.

4.2 The detailed business case does show key advantages to the Council of WALH developing new housing. These include:

- Making a valuable contribution to the shortage of affordable housing in the borough and representing value for money
- That Council resources committed to the project are effectively retained within new housing assets.
- This approach is compatible with any proposed Council wider regeneration strategy.

4.3 In terms of costs the business plan explains that the current recession and the slow down in the housing market makes the development of affordable housing more difficult to achieve. For example the expectations at the start of this process were that developments would be supported by development for sale / Section 106 receipts. However now it would be misguided and risky to develop bids purely on this basis, although it is hoped that subsequent phases could include such provisions as the market improved.

4.4 As a result the recommended financial structure is based on a mixture of:

- Providing land at nil or nominal value (currently HRA land)
- Social Housing Grant from HCA
- Prudential borrowing (up to increased rental income)
- Balance provided by capital receipts.

4.5 Whilst the precise level of required capital receipts for a bid still need to be agreed, the business plan shows a requirement of £1.7m of capital receipts for a development of 91 dwellings. This would be in addition to the value of the already Council owned sites. Whilst all housing development is expensive this represents good value for money compared with other ways of the Council expanding its housing stock. The different options being proceeding without HCA grant or pursuing a private finance option. Both of these were discussed with Cabinet in earlier reports.

Despite this for a bid to proceed the Council would need to commit itself to a significant sum within its overall capital programme. The precise figure will be presented within a report in January, but any provision will mean that other

programmes especially within the housing regeneration area will need to be curtailed.

Based on initial discussions with the HCA a bid on the scale of 90 units would probably not be successful but if two phased bid was made over two years it would have a greater degree of success.

4.6 However as the business plan clearly sets out the development of housing is a risky business with issues such as site condition being critical. This is amplified by the financial structure of the bid which means that any financial variations subsequent to the bid being made would be effectively borne by the Councils capital receipts. Additionally the ability for ALMOs to bid to the HCA for new development is new and the business plan sets out a series of important issues such as Councils need to offer a guarantee on this scheme, the legal structure of WALH which are still not clarified. The issue of the right to acquire also needs to be settled. Whilst these are all major risks it would also be true to say that realistically if the Council wished to wait for all these issues to be agreed it would not be able to make an early bid or take advantage of Government monies.

4.7 Based on this information it is recommended that a bid be made in January. If this is acceptable, preparations currently underway with the HCA, in the selection of sites (presently undertaking a consultation exercise), in the identification of costs and in evaluating likely guarantees etc will continue. It is then the intention that a final report to Cabinet be presented in January setting out the actual bid in detail. This will include the precise level of resources required and the content of the bid in terms of property types, numbers and locations.

5. Conclusions

5.1 The business plan developed by WALH in liaison with Council Officers provides a good basis on which to decide in principle whether to proceed with developing a bid to the HCA in January. It also sets out a possible longer term programme of development which would over a period of years begin to make an appreciable difference to the shortage of affordable housing.

6. Recommendations

It is therefore recommended

1. That the WALH Board Report and Business Plan be accepted
2. That in principle a decision to develop and submit a bid to the HCA is made
3. That the details of this bid be submitted to the Cabinet in January 2009
4. That officers proceed with the longer term development of this programme for subsequent bids to be made and to explore linkages with wider Council Regeneration Programmes.

Diversity Impact Assessment form

Section: Environmental Services

Policy/Service Area: Housing Regeneration

Person Completing Form: Peter Layland

Date: 6/11/08

Do any of the below groups suffer specific disadvantage (please indicate)

	Yes	No		Yes	No
Race		x	Disability		X
Ethnicity		X	Gender		X
Age		X	Religion		X
Class		x	Sexual Orientation		x

Is there evidence of disadvantage or associated problems?

None from this proposal
Whole aim of a building programme would be to develop more affordable housing for those in need

How was the information collected and/or who have you consulted with?

N/A

Action Plan – *What specific actions are planned to tackle any disadvantage identified?*

N/A

Is the policy in line with current equality legislation and relevant codes of practice?

Yes

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Timescale	
Responsibility	
Comments	

Are the actions specified included in any other documents/plans?

Departmental Service Plan	Yes
Section/Team Plan	Yes
Other (Specify)	

Date for further review A review will be undertaken at each stage of the process
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WIGAN AND LEIGH HOUSING BOARD 4TH NOVEMBER 2008

Report of the Director of Strategy Policy and Projects

Contact: Janice Barton Tel. No: 01942 705711 E-mail: j.bart@walh.co.uk

New Build Business Plan

Purpose/Summary:
To present to Board the latest draft of the Business Plan for Wigan and Leigh Housing's involvement in new build.
Recommendations:
That Board delegate responsibility to the Chief Executive to take forward the Business Plan subject to Council approval.
That progression of the Business Plan be overseen by the Business, Performance and Investment Committee.
That any significant changes to the Business Plan affecting resources and risks are reported back to the Board.

For decision, discussion or information?	Discussion and decision
For the open part or the press and public excluded part of the agenda? If press and public excluded please state reason.	Press excluded – confidential business information at this stage.

Resource and Value for Money Implications:	Board have already agreed £100,000 start up costs. The recommended illustrative financial viability option for phase 1 involves £1,705,000 capital contribution and £3,806,462 borrowing with an estimated grant contribution of £4,368,000. It should be noted that this may change as more detailed site appraisals and consultations are finalised.						
Employee Implications:	None at this stage over and above those already agreed.						
Key Risks incl. Company reputation, business relationships, health and safety and legal implications	There are significant risks associated with new build that need to be understood, monitored and managed. These are discussed in section 5 of the business plan.						
Equality (Impact) Assessed?	<table border="1" style="width: 100%; text-align: center;"> <tr> <td>Yes</td> <td></td> <td>No</td> <td>Pending</td> <td>Not Applicable</td> <td></td> </tr> </table>	Yes		No	Pending	Not Applicable	
Yes		No	Pending	Not Applicable			
Equality & Diversity and Community Implications:	A full impact assessment will be carried out on the business plan. Additional housing will assist vulnerable groups.						

Environmental Implications:	Each site will be subject to an environmental impact assessment and schemes will meet the Housing Corporation's standard for sustainable homes.			
Area Forums Affected:	All			
Tracking/Process	Consultation	Area Forum/s	Committee	Board
	Ongoing with ward members and the community.	November/December 2008		4/11/08

1.0 Background

1.1 Board Members will recall that there have been a number of reports on affordable housing and Wigan and Leigh Housing's potential involvement in new build. In March 2008 the Board and then subsequently the Council's Cabinet considered an outline business plan and agreed that we should seek partnering status with the Housing Corporation, which has been achieved, and proceed to detailed business case.

1.2 The main reasons why potential involvement in new build was supported by the Board were:

- The contribution that could be made to the significant shortage of affordable housing in the borough.
- If the Council transfers land at nil value to Wigan and Leigh Housing it is not lost as an asset since the Council is the sole WALH shareholder
- Encouragement by the Government for ALMOs to be involved in new build and the potential to attract Social Housing Grant
- Potential long term benefits of the links to the regeneration of existing estates.
- Retaining development expertise within the organisation and spreading the costs of development expertise.
- Potential long term revenue receipt from development.

1.3 Since the initial business plan there has been a significant change in the economic situation. This has impacted on the business plan and it has been revised to reflect more detailed information on costs and is based on a two stage approach as outlined below.

2.0 New Build Business Plan

2.1 The business plan is included at Appendix 1 and the main points to draw out are discussed below.

2.2 The business plan is based on a two phased approach:

Phase1 2008 – 2011 – Social Rent Model

This reflects the current economic climate. Phase 1 is based on two or more phased bids to the Housing Corporation starting in January 2009 for the provision of approximately 100 to 150 homes depending on the grant available. The initial bid is likely to be for around 50 homes for social rent from one or more of the five sites illustrated in the business plan at Appendix A. No outright sale has been included because of the unlikelihood of achieving sales in the current market. The business plan financial viability illustration for Phase 1 at Appendix A is currently based on 5 priority sites but these may change during the detailed consultation and ongoing site appraisal process. The model therefore needs to remain flexible up to bid stage to allow management of risk and the consultation process. The model is very much based around public sector resourcing due to the economic environment.

2.3 Phase 2 - 2011 – 2019 – Mixed Economy Model

This assumes a change in the economic climate based on economic predictions of the timing of an upturn in the housing market and reverts back to reworked projections in the initial outline business plan. Phase 2 is based a mixed economy approach with income from the sale of properties in addition to a rental stream. Less public subsidy is involved. The plan also assumes working with the Council on the basis of a borough wide regeneration vehicle. The plan is based on a ten year period with the prediction of 866 units including 691 for social rent as illustrated at Appendix C. The Phase 2 business plan is obviously based on long term projections and assumptions and there will be Gateway reviews at key stages throughout the business plan delivery process before progression to Phase 2.

2.4 Switching between the approach in Phase 1 during periods of recession and Phase 2 when the market recovers will maximise new build delivery and maximise value for money whilst managing risk.

3.0 Options and Preferred Options

3.1 Three illustrative financial viability options based on the currently identified five priority sites are presented for Phase 1 at Appendix A of the Business Plan. These are in summary:

i) Balancing Market Option - providing large family homes and older persons housing all social rent

ii) Mixed unit type - all social rent

iii) Mixed unit type – mixed tenure

Option (ii) is recommended because of the variety of accommodation offered and the reduced risk from sales although more public subsidy is required.

4.0 Implications

4.1 There are significant risks involved in new build. Strategies are required to both reduce and manage these risks but they can never be entirely eliminated. The risks and strategies to reduce and manage them are outlined at Section 5 of the business plan.

4.2 Management of the new build programme will also be based on Prince 2 principles with systems established in liaison with auditors and close monitoring by a programme board and regular monitoring. It is suggested that the Business, Performance and Investment Committee start to oversee the programme and receive at least detailed quarterly monitoring reports. The project plan previously agreed by Board is included at Appendix D of the Business Plan and this is in the process of being updated.

4.3 Any bids will also have to be guaranteed and underwritten by the Council to

receive grant.

5.0 Conclusions

- 5.1 A potentially viable business plan has been produced for Wigan and Leigh Housing's involvement in new build based on a two phased approach to take account of economic circumstances and to manage risk.
- 5.2 Phase 1 is likely to result in 100 to 150 units depending on the success of securing grant.
- 5.3 Three financial viability options are presented for Phase 1 based on five priority sites and option (ii) is recommended. The exact bids to be submitted in Phase 1 will be identified as more detailed site appraisals and consultation are finalised.

6.0 Recommendations

- 6.1 The Board approves the New Build Business Plan subject to the Council also approving the Business Plan and providing support.
- 6.2 The Board authorises the Chief Executive to proceed with phase 1 (social rent model) and submit bids to the Homes and Communities Agency
- 6.3 The Board also authorises the Chief Executive to develop options for phase 2 in partnership with the Council and developers.
- 6.4 The Business, Performance and Investment Committee to oversee financial costs and viability, risk management, implementing the Business Plan and monitoring progress. The Committee to alert the Board on any critical issues and the outcome of bids.
- 6.5 Annual reports shall be submitted to the Board along with options for progressing phase 2 (mixed economy model) and any significant changes.
- 6.6 The Audit Service be asked to include the house building programme as a priority in their audit programme for 2009/10 and to report to the Governance, Standards and Audit Committee.

OPTIONS APPRAISAL – BALANCED MARKET OPTION

	Social Rent	LCHO	TSC	NAHP	Capital Contribution	Borrowing	Performance	Units
A	(6) 2b3pb	n/a	£605,710	£288,000	£45,000	£272,710	45	6
B	(10) 4b6ph	n/a	£1,495,457	£480,000	£455,000	£560,547	45	10
C	(20) 4b6ph / (4) 2b4pb	n/a	£3,615,425	£1,152,000	£1,200,000	£1,263,425	45	24
D	(4) 4b6ph / (2) 2b3pb	n/a	£913,804	£128,508	£333,000	£292,804	45	6
E	(12) 6b5ph / (4) 2b3pb	n/a	£1,939,512	£768,000	£370,000	£801,512	45	16
		TOTALS	£8,569,908	£2,816,508	£2,403,000	£3,190,998		62

Capital contribution per unit	£38,758
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Borrowing per unit	£51,467
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NAHP Grant PU	£48,000
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OPTIONS APPRAISAL – ALL SOCIAL RENT

Scheme	Social Rent	LCHO	TSC	NAHP	Capital Contribution	Borrowing	Performance	Units
A	(6) 2b3pbung	n/a	£657,719	£288,000	£103,000	£264,719	45	6
B	(2) 4b6ph / (8) 2b4pb	n/a	£1,234,537	£480,000	£297,000	£456,537	45	10
C	(8) 2b4ph / (42) 2b3pf / (2) 2b3pb	n/a	£5,259,464	£2,496,000	£630,000	£2,113,464	45	52
D	(8) 2b4ph	n/a	£901,058	£384,000	£185,000	£332,058	45	8
E	(11)3b5ph / (2)2b3pb / (1)4b6ph / (1)3b5pb	n/a	£1,951,319	£720,000	£490,000	£639,684	45	15
		TOTALS	£10,004,097	£4,368,000	£1,705,000	£3,806,462		91

Capital contribution per unit	£18,736
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Borrowing per unit	£41,829
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NAHP Grant PU	£48,000
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OPTIONS APPRAISAL – MIX

Scheme	Social Rent	LCHO	TSC	NAHP	Capital Contribution	Borrowing	Performance	Units
A	(6) 2b3pbung	n/a	£653,027	£288,000	£90,000	£211,027	45	6
B	(2) 4b6ph / (4) 2b4ph	(4) 2b4ph	£1,235,152	£388,000	£292,000	£335,152	45	10
C	(8) 2b4ph / (42) 2b3pf / (2) 2b3pb	n/a	£5,263,342	£2,496,000	£500,000	£2,011,342	45	52
D	(3) 2b4ph	(5) 2b4ph	£901,650	£269,000	£79,000	£273,000	45	8
E	(6)3b5ph / (2)2b3pb / (1)4b6ph / (1)3b5pb	(5) 3b5ph	£1,952,684	£605,000	£405,000	£639,684	45	15
TOTALS			£10,005,855	£4,046,000	£1,366,000	£3,470,205		91

Capital contribution per unit	£15,010
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Borrowing per unit	£38,134
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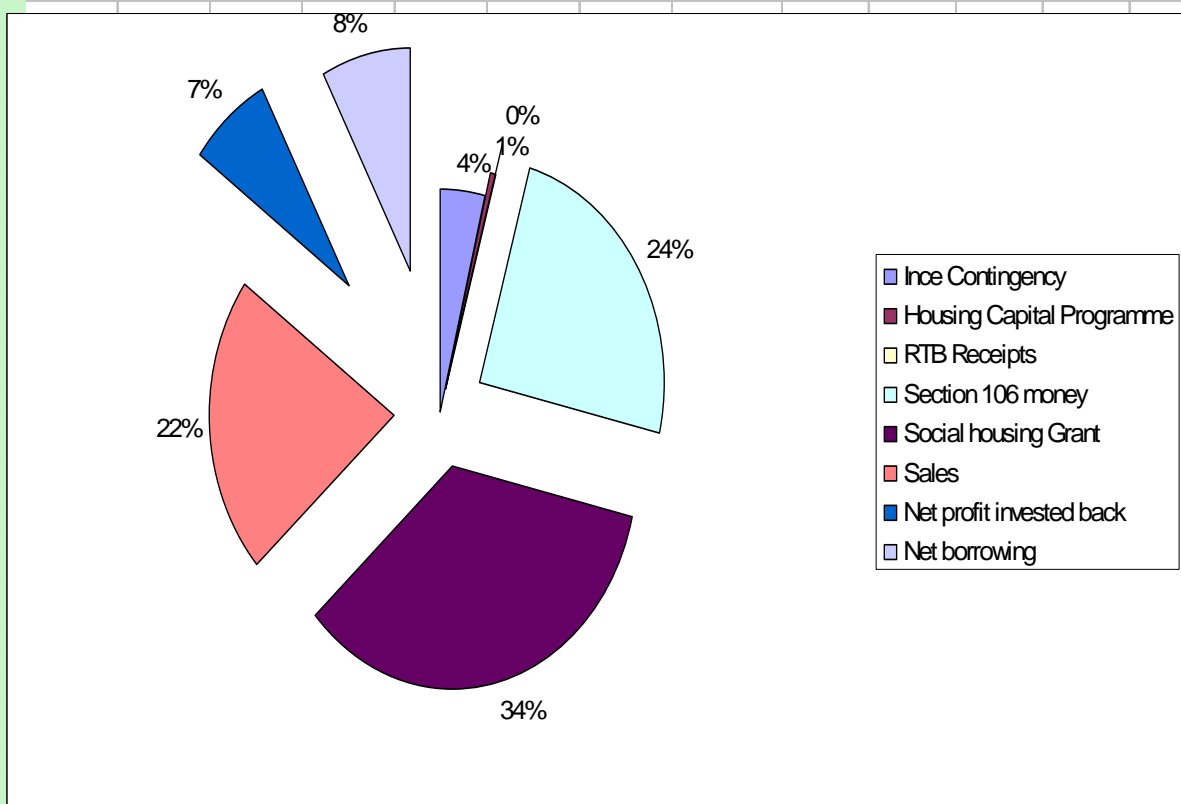
NAHP Grant PU	£44,461
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Rent Levels and Assumed Open Market Valuation

Scheme	Jan 99 valuation	Open Market Value	social rent (£ per week)	2.5% rent on unsold equity- (Shared Ownership only @ 50% share) (£ per week)
A				
2 bedroom 3 person bungalow	40k	110k	70.44	29.09
B				
4 bedroom 6 person house	45k	140k	83.14	n/a
2 bedroom 4 person house	35k	110k	68.13	29.09
C				
4 bedroom 6 person house	45k	140k	80.72	
2 bedroom 3 person house	40k	110k	76.31	
2 bedroom 3 person apartment	30k	90k	71.32	
2 bedroom 4 person house	35k	110k	73.82	31.51
D				
4 bedroom 6 person house	45k	128k	83.14	
2 bedroom 3 person bungalow	40k	110k	70.44	
2 bedroom 4 person house	35k	115k	68.13	30.41
E				
2 bedroom 3 person bungalow	40k	110k	72.55	
3 bedroom 5 person house	40k	120k	81.94	34.38
4 bedroom 6 person house	45k	128k	90.07	
3 bedroom 5 person bungalow	40k	115k	81.94	

Phase 1 & 2 Indicative Modelling

New Build - draft business plan	Plan A Social housing(Phase 1) NAHP programme			Mixed Economy model (Phase 2)								
	2010/11	2010/12	2010/13	2010/14	2010/15	2010/16	2010/17	2010/18	2010/19	2010/20		
Provisional Programme 2009/10 to 2019/10												
Year												
Capital Cost												
No of units	52	39	75	100	100	100	100	100	100	100		
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	10 Yr totals
Cost	5.72	4.29	8.25	11.00	11.00	11.00	11.00	11.00	11.00	11.00	95.26	
Number of sales	0	0	0	25	25	25	25	25	25	25	175	
Cumulative number of properties	52	91	166	241	316	391	466	541	616	691	3571	
Funding												
Ince Contingency	1.70	2.00										10 Yr totals
Housing Capital Programme	0.00	0.00	0.70	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.70
RTB Receipts	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Section 106 money	0.00	0.00	0.50	0.50	4.00	4.00	4.00	3.00	3.00	4.00	23.00	27.40 Council
Social housing Grant	2.52	1.89	3.63	3.63	3.63	3.63	3.63	3.63	3.63	3.63	33.44	
Sales	0.00	0.00	0.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	21.00	
Net profit invested back		0.17	0.27	0.47	0.62	0.73	0.92	1.09	1.26	1.43	6.96	
Total Cash	4.22	4.06	5.10	7.60	11.25	11.36	11.55	10.72	10.89	12.06	88.81	
Prudential Borrowing For Year	1.50	0.23	3.15	3.40	0.00	0.00	0.00	0.28	0.11	0.00	8.67	
Total before repayment	1.50	1.74	4.86	8.22	8.11	7.93	7.74	7.83	7.75	7.56		
less repayments		0.03	0.04	0.11	0.18	0.18	0.18	0.18	0.19	0.19	1.30	
Net borrowing	1.50	1.70	4.82	8.11	7.93	7.74	7.56	7.65	7.56	7.37	7.37	
Revenue	£	£	£	£	£	£	£	£	£	£		
Management	26,000	45,500	83,000	120,500	158,000	195,500	233,000	270,500	308,000	345,500		
Maintenance			26,000	45,500	83,000	120,500	158,000	195,500	233,000	270,500		
MRA				30,732	53,781	98,106	142,431	186,756	231,081			
Debt Repayment	0	33,404	38,614	108,723	184,247	184,247	184,247	184,247	190,379	192,719		
Interest	7,441	8,436	23,862	40,146	39,234	38,322	37,410	37,864	37,443	36,489		
Expenditure	33,441	87,340	171,476	314,870	495,213	592,350	710,763	830,542	955,578	1,076,289		
Rental Income less voids of 2%	201,394	352,439	642,911	933,383	1,223,855	1,514,327	1,804,799	2,095,271	2,385,743	2,676,215		
Net profit invested back for next year	167,953	265,099	471,435	618,514	728,642	921,977	1,094,036	1,264,729	1,430,165	1,599,927		
Value of properties	£m	6.24	10.92	19.92	28.92	37.92	46.92	55.92	64.92	73.92	82.92	
Ince Contingency	3.70	3.85%										
Housing Capital Programme	0.70	0.73%										
RTB Receipts	0.00	0.00%										
Section 106 money	23.00	23.91%										
Social housing Grant	33.44	34.77%										
Sales	21.00	21.83%										
Net profit invested back	6.96	7.24%										
Net borrowing	7.37	7.66%										
	96.18	100.00%										



Reduce vacant turn around time																												
Best use of existing resources/ allocation policy review/ incentives																												
Homelessness BPR																												
Housing options development																												
Affordable housing list development																												
Equality and Diversity																												
Complete Impact Assessment																												



Wigan and Leigh Housing
Proposed New Build Programme
The Business Case

1. Introduction

1.1 Wigan and Leigh Housing is an Arms Length Management Organisation (ALMO) of Wigan Council managing around 23,000 properties on the Council's behalf and carrying out the following functions:

- Estate management
- Rent collection and arrears management
- Repairs, maintenance and improvement management
- Allocation of properties and management of the Council's housing register
- Homelessness investigation and prevention
- Sheltered housing and temporary accommodation management
- Partnership contribution to achieving the Council's LAA objectives.

1.2 Wigan and Leigh Housing employs 516 staff and in 2007/8 received a management fee of £15,332,418 to perform the above functions.

1.3 The organisation was established in 2002 and since then has successfully managed a £250 million programme of improvement works to properties to deliver decency. The future projected investment is in excess of £40 million per annum for the next 3 years.

1.4 The organisation is rated as a two star (good) organisation by the Audit Commission and scores amongst the highest in the country on tenant satisfaction with the overall service at 83.5 %.

1.5 Wigan and Leigh Housing is very much a tenant focused organisation and the governance structure of the Board reflects this with six tenant representatives, four Council representatives and four independent members offering various expertise. The Board is supported by a Chief Executive and 6 Executive Directors.

2. Reasons for Potential Involvement in New Build

2.1 There are strong reasons why Wigan and Leigh Housing should consider the business case for involvement in new build. These are:

- Increasing the supply of affordable homes, a priority for both the Government and Wigan Council. There is a strong moral, economic and social argument that everyone deserves a place they can call home at a price they can afford. The Green Paper on Housing (*Homes for the Future: more affordable, more sustainable*) concerns itself with tackling this issue setting a target of 3 million new homes by 2020. It sets out the context within which local authorities will need to play a stronger role and demonstrate that they have taken necessary steps to facilitate the supply of affordable housing to meet identified need. The Government is also keen to see ALMOs contributing to the provision of affordable housing and two and three star ALMOs are now able to access Social Housing Grant from the Housing Corporation to assist in the provision of new affordable housing.

- In common with other housing authorities both nationally and within the Manchester region, the rise in house prices over the last few years has resulted in greater difficulty for people who wish to enter the local housing market and increased the demand for social housing. The shortage of affordable housing in the borough is clearly evidenced in Wigan's Housing Needs Survey which was completed on behalf of the Council in 2008. This survey indicates that 82% of the new households which formed in the past year have incomes below the level necessary to be able to buy the cheapest housing on the open market, and 66% are unable to afford to access the private rented sector. The study recommends the delivery of 417 new affordable units per annum broken down into 50% for new social rent and 50% intermediate housing to meet the needs of low income households. This evidence is reinforced by the findings of the recent Greater Manchester Strategic Housing Market Assessment which has also identified similar shortages of affordable housing from a sub regional perspective. Whilst affordable housing demand will continue to vary in the future, both the Council & Wigan and Leigh Housing therefore see the need for a significant affordable housing building programme for the foreseeable future. Wigan and Leigh Housing board and staff have extensive knowledge, expertise and a good delivery and management record. Expertise that could be used to contribute to affordable housing.
- Reduction in the stock managed due to Right to Buy. Wigan has lost approximately 11,000 properties through the Right to Buy. This affects both the accommodation available to rent as social housing and reduces the property base the organisation manages with resulting potential impact on revenue and staffing. Although unlikely to address the full picture additional units of accommodation contribute to both supply and spreading management costs.
- With the completion of the decent homes programme staff with significant development expertise are likely to be lost. New build could be an area to utilise some of this expertise so it is not lost to the organisation.
- In order to make new affordable housing viable the Government is encouraging and expects local authorities to provide land from their land holdings at nil or nominal value. If Wigan and Leigh Housing utilise the Council's land for new build then the asset value of the land is not lost to the Council since the organisation is ultimately owned by the Council.

2.2 New build is not, however, without significant risks and costs as outlined in this business case. Taking the options of no involvement in new build or to consider involvement, based on a viable business case, both the organisation's Board and the Council decided to proceed to a detailed business case, after consideration of an initial business case in spring 2008.

3. Approach to Developing the Detailed Business Case

3.1 In order to develop a detailed business case a number of steps have been taken. These include:

- Approval to utilise Wigan and Leigh Housing resources to develop a detailed business case and outline forward forecasts.
- Identification of an executive Director to lead on developing the business case.
- Establishment of a WALH Affordable Housing Programme Board, with partnership representation, to oversee the business case.
- Appointment of a Regeneration and New Build Programme Manager.
- Pre qualification with the Housing Corporation to access Social Housing Grant.
- Identification of an HRA land bank of potential sites.
- Agreement on a two staged approach of initial HRA pilot sites for the first stage leading to a longer term new build programme linked to a possible Council regeneration vehicle.
- Investigation of procurement options and company structures.

4. Potential Resources

4.1 The basic premise of building affordable homes is that they are available at either a rental or sale price that is at a level people entering the housing market could be reasonably expected to pay. This inevitably means an element of subsidy, at least in the early years of a development. Resources which may be available include:

- a) Land at nil or nominal value from a local authority's or other public sector land holdings
- b) Use of local authority affordable housing section 106 receipts from other private sector developments
- c) Building for outright sale at market value to cross subsidise affordable housing development
- d) Social Housing Grant from the Housing Corporation
- e) Prudential borrowing
- f) Use of a Council's capital programme resources

g) Partnership with a developer who makes a contribution to the development in some way

h) Income from rental streams and sales

- 4.2 The outline business case involved a mixed economy model using a combination of resources (mainly (a) to (d) above). This potentially could have funded 925 homes over a 10 year period and involve little direct public subsidy (including S106 contributions) from Year 4.
- 4.3 The changing economic climate has necessitated a fundamental change to allow for reduced property sales and the unlikelihood of the projected section 106 receipts to the Council probably for the next 2 or 3 years. The detailed business plan has two phases. Phase 1, social rented model in years 2009 to 2011 building homes for rent within the existing Housing Corporation's 2008/11 programme. The model uses both Council land and capital resources. Phase 2 is the mixed economy model and assumes an economic upturn resulting in the ability to sell properties and of Section 106 receipts. Phase 2 could also be linked to the development of a regeneration vehicle in partnership with the Homes and Communities Agency.
- 4.4 Phase 1 2008 – 2011 – Social Rent Model
This reflects the current economic climate. Phase 1 is based on two or more phased bids to the Housing Corporation starting in January 2009 for the provision of approximately 100 to 150 homes depending on the grant available. The initial bid is likely to be for around 50 homes for social rent from one or more of the five sites illustrated in the business plan at Appendix A. No outright sale has been included because of the unlikelihood of achieving sales in the current market. The business plan financial viability illustration for Phase 1 at Appendix A is currently based on 5 priority sites but these may change during the detailed consultation and ongoing site appraisal process. The model therefore needs to remain flexible up to bid stage to allow management of risk and the consultation process. The model is very much based around public sector resourcing due to the economic environment.
- 4.5 Phase 2 - 2011 – 2019 – Mixed Economy Model
This assumes a change in the economic climate based on economic predictions of the timing of an upturn in the housing market and reverts back to reworked projections in the initial outline business plan. Phase 2 is based on a mixed economy approach with income from sale of properties in addition to a rental stream. Less public subsidy is involved. The plan also assumes working with the Council on the basis of a borough wide regeneration vehicle. The plan is based on a ten year period with the prediction of 866 units including 691 for social rent as illustrated at Appendix C. The Phase 2 business plan is obviously based on long term projections and assumptions and there will be Gateway reviews at key stages throughout the business plan delivery process before progression to Phase 2.
- 4.6 Switching between the approach in Phase 1 during periods of recession and Phase 2 when the market recovers will maximise new build delivery and

maximise value for money whilst managing risk.

- 4.7 Financial options are presented for Phase 1 based on a combination of funding from social housing grant, prudential borrowing and capital programme resources as outlined in Section 6 below. A number of development assumptions have been made and these are also discussed. Financial illustrations are based on five priority sites currently identified producing 91 properties. As feasibility is developed on other sites it is predicted that in Phase 1 up to 150 properties could be delivered based on phased bids. Indicative costings are included in Appendix A.
- 4.8 An indicative Phase 2 forecast model has been developed (Appendix C) for illustration purposes, based on the initial outline business case model including the amended proposals in Phase 1. Over a 10 year period the models predict the delivery of 866 affordable units, including 691 for social rent. The model indicates that with prudential borrowing of at a maximum level of £8.11 million and £27.4million of Council capital investment and land there is the potential to deliver additional stock with a value in the region of £83million. Phase 2 will obviously need to be kept under review in the current, rapidly changing economic position.
- 4.9 Following bid submission Wigan Council will be required to show formal support and underwriting of each of the schemes within the programme. Initial support was indicated to the outline business case but circumstances have changed and each scheme needs to be considered in detail.

5. Risks

- 5.1 There are significant risks associated with new build development. Whilst steps can be taken to minimise risks as outlined below it is not possible to eliminate risk factors altogether, particularly in the current economic climate. Risk elements therefore need to be kept under constant review throughout any agreed development programme.
- 5.2 The risks and associated strategies for reduction are:

Phase 1

- Failure to identify appropriate sites that meet affordable housing need and on which can be delivered sustainable developments. Initially sites from the land bank available to the HRA have been identified for the pilot sites. An initial list of around 90 sites has been considered and this has been reduced to 11 for consideration for Phase 1 bids with 5 priority sites. . The potential dwelling mix on sites is being carefully considered alongside housing need. There will also be close liaison with the relevant sections of the Council to identify any potential site issues at an early stage so these can be addressed. The full list of sites will be re - visited for phase 2 but their potential is limited. The sites, including the pilot sites, present significant challenges in terms of

their size, ground conditions, likelihood of being able to attract demand for outright sale and the rental valuations they attract. If the Council wishes to consider a long term sustainable building programme then other more feasible non HRA council owned sites or others capable of providing subsidy will need to be considered.

- Failure to secure political and community support for sites. This will always be an issue with new build sites. The Council's existing protocol for special needs housing developments is being used as a basis for the consultation strategy on new build sites even though they are all being used for general housing needs. Consultation, over and above planning consultation, will be based on the following stages when a site appears to be potentially viable from a development basis. This will involve
 - Council and Wigan and Leigh Housing Board and ward member consultation
 - Area Forums and Township consultation
 - Local community adjacent to the site

There will also be identification during the development process of any potential links to broader benefits to the local community such as links to broader regeneration and worklessness initiatives.

The Council's housing allocation policy is also currently under review and the potential for the allocation of at least some of the new build properties to benefit the local community will also be explored.

Consultation may raise objections or issues of concern from local communities. It will be for WALH Board and the Council to balance these concerns if they cannot be fully addressed

- Failure to secure the resources to develop the site. In the current economic climate this is real issue. The necessary initial steps to secure potential funding have been taken such as partnering status and regular liaison meetings with the Housing Corporation. This gives a good opportunity to ensure all potential schemes are developed in line with their regional funding priorities. There are also realistic discussions ongoing with the Council about the resources that could be utilised in Phase 1 as outlined in Section 6.
- Further deterioration in the economic climate leading to future uncertainty in the financial market.
- Failure to identify appropriate development and construction expertise at value for money rates. There have been extensive discussions with other developing organisations about the best approach to this and having procured development services we are preparing tenders for a four year European compliant framework agreement for both

construction and professional services. In the short term to progress our first bid to the Housing Corporation and to provide enough detail to undertake meaningful consultation, it may be necessary to negotiate the professional services rather than await the results of the procurement process which may not be in place until Spring 2009.

- Unforeseen rise in costs during development, notably from ground conditions. Although desk top investigations have been carried out further site investigations will continue up to bid stage and any new issues will be built into financial feasibility and WALH Board and the Council advised of any significant variation.
- Failure to deliver the development to targets. There will be realistic project planning and tight project control using both consultancy and in house resources.
- Concerns by the Council regarding the policies and requirements of the Housing Corporation such as Right to Acquire and the terms of the Grant Agreement. Consideration of these aspects is ongoing at pre bid stage so that any issues of concern are addressed pre bid.
- Change in Government policy leading to change in funding priorities. There will be close monitoring of national and regional priorities.

5.3 Phase 2

All the above would apply and in addition:

- Failure in Phase 1 affecting reputation to deliver. The above control factors will reduce the risk.
- Failure to be part of evolving regeneration strategy and vehicle within the borough. Close partnership working with the Council leads on this have already been established.
- Failure to establish credibility with the Homes and Communities Agency (main future public funding body for regeneration) and secure funding. This will be very much on a partnership basis with the Council taking the lead.
- Failure to secure available resources due to the economic climate. There will need to be close monitoring of the economic situation and available resources.
- Adverse regulation / inspection report of WALH leading to withdrawal of funding. There will be close monitoring of expected standards and quality of service delivery and governance of the organisation.
- Failure to identify suitable development opportunities/programme.

- Failure to gear up staff skill and protocols to deal with the new role.

6. Phase 1 Financial Viability Options

- 6.1 3 potential business models for the delivery of the phase 1 of new build affordable housing are presented below. This is based on 5 of the 11 potential Phase 1 sites. It is recognised that as detailed site investigation, consultation and pre bid discussions with the Housing corporation proceed the actual sites for initial bid submission may change.
- 6.2 The Housing Corporation (to be replaced by the Homes and Communities Agency) currently manages the Government's National Affordable Housing Programme through grant assistance to Local Authorities and their development partners. The bid process for the delivery of the programme for 2008 – 2011 commenced in 2007. The Housing Corporation will be allocating at least £10bn grant nationally to meet the priorities and needs outlined in regional and local housing strategies. Not all of the funding has been allocated and WALH now has the opportunity to bid for grant assistance to deliver new homes in 2009/10 and 2010/11. Grant can be through a 'continuous' bidding process until all monies have been allocated.
- 6.3 Wigan and Leigh Housing are aiming to submit bids in January 2009 and as part of the business planning process this report looks at the options and the initial financial viability for the first phase of new build affordable housing delivery .
- 6.4 Wigan and Leigh Housing's bids will be in competition with other bidders across the regions and will be assessed using the following criteria:
- **value** – in terms of total public subsidy per home and per person housed (total public subsidy is Housing Corporation grant plus any other public subsidy, including public borrowing and subsidised land)
 - **quality** – judged using the Corporation's Design and Quality Standards, and rewarding quality above the minimum standards set for all projects
 - **deliverability** – with particular concern for planning status. There is strong emphasis on deliverability.
 - **policy fit** – judged by fit with national, regional and local strategies.
- 6.5 In August 2008 Wigan and Leigh Housing commissioned Plus Housing Group as it's development consultant to work alongside it's New Build Team for the delivery of the first phase of Housing Corporation bids. Working in partnership with Plus Housing Group, Wigan and Leigh Housing have identified the following potential new build schemes and produced a set of initial financial

options for consideration.

6.6 New Build Phase 1 Site Selection Criteria

Over 90 sites have been appraised and a shortlist of 11 potential sites have been identified for the first round of bid submissions. 5 of these sites have been prioritised as potential schemes for the first round of submissions to the Housing Corporation. Initial site investigations have been conducted and 'sketch' plans and initial financial appraisals have been produced for the 5 sites.

The following principles have adopted for the assessment of site viability.

- Housing Need and existing stock balance
- Housing Management input
- Deliverability and financial viability
- Planning policy and technical viability
- Community Consultation
- Regeneration Impact and benefit to the community

6.7 The balance of potential sites across the borough is:

- 2 sites in Atherton housing management area for approximately 16 properties
- 3 sites in Leigh housing management area for approximately 25 properties.
- 3 sites in Platt Bridge housing management area for approximately 6 properties
- 3 sites in Wigan housing management area for approximately 62 properties

Ward members are currently being consulted on the potential sites.

6.8 Financial Modelling Options and Development Assumptions.

Initial financial appraisals have been produced for a number of tenure options based on the following development assumptions. It should be noted that these costings are indicative for initial feasibility and business plan purposes and would need to be confirmed independently by a quantity surveyor. It is recommended that a tolerance of around 3% above feasibility Total Scheme Cost be applied before further approval is sought to allow flexibility as the development is further advanced

6.9 The following development assumptions have been applied to the financial model:

- Rental income has been calculated using the Target Rent Model and is based on following January 1999 valuations (Rents set at 105% of target rent)

1999 Valuation:-

Elderly Apartments 2bedroom 3person – £30k

Bungalows 2bedroom 3person - £40k
 3bedroom 5person – £40k

Houses 2bedroom 4person – £35k
 3bedroom 5person – £40k
 4bedroom 6person – £45k

It should be noted that valuations will need independent verification.

- Management and maintenance rates for rent units were calculated as follows –

£500 - management rent per unit per annum

£500 - maintenance per unit per annum

2.50% - voids and bad debt

- Management and maintenance for shared ownership (s/o) units if used.

£175 - management per unit per annum

- Social housing grant rate per unit Rent – £48k Low Cost Home Ownership (s/o)– £25k

- Construction cost per m2 £1250.00 (uplifted to account for site remediation)

- Development Fees (on costs) 17% of total scheme costs to include:-

Architect (framework regulated)

Employers Agent/QS (framework regulated)

Structural Engineer

Internal Development fees

Legal fees

Building Regulations

Planning Application

Buildings Insurance

CDM co-coordinator

Marketing/Miscellaneous

VAT assumed on all fees except internal development fees

- Interest on Borrowing 4.95% (assumes prudential borrowing up to 45 years)

- Total Scheme Cost (TSC) includes acquisition and works costs, fees and interest

- Any allowance for planning requirements e.g. section 106 for open space, play equipment etc

6.10 Phase 1 Financial Appraisal Models (See Appendix A for detailed figures and Appendix B for rent values.)

6.11 Option 1 – Balancing Market Option

Stock figures indicate a relatively low supply of larger 4 bed units for social rent across the borough. This option was developed with an emphasis on balancing stock figures to meet the identified under supply and to compliment the Older Persons' housing and Support Review in meeting the potential demand resulting from the increase in the older population.

Tenure Option – Social Rent only

Total No. of Units – 62

Site

A	2 Bedroom 3 Person Bungalows – 6 No.	Total 6 Units
B	4 Bedroom 6 Person Houses – 10 No.	Total 10 Units
C	4 Bedroom 6 Person Houses – 20 No. 2 Bedroom 4 Person Bungalows – 4 No.	Total 24 Units
D	4 Bedroom 6 Person Houses – 4 No 2 Bedroom 3 person bungalows 2 No.	Total 6 Units
E	3 Bedroom 5 Person Houses 12 No. 2 Bedroom 4 Person Houses – 4 No.	Total 16 Units

Total Programme Cost - £8,596,908

Grant - £2,816,508

Rent Levels – £68-£90 per week (see Appendix B)

Borrowing Potential (based on a 45 year payback) - £3,190,998

Additional LA Capital Required - £2,403,000

Benefits - this option would increase the provision for larger families and older persons.

Drawbacks – this option does not maximise site densities and the relatively low outturn of units may not be the best use of land. It may not be considered value for money in comparison to the alternative delivery options below. In addition unit types may not best meet the needs of smaller and newly forming households.

6.12 Option 2 – Mixed Unit type -All Social Rent

The 'Mixed Unit Type/All Social rent option' aims to maximise unit output whilst offering a range of unit types for social rent to meet the identified housing needs for all sections of the community.

Tenure Option – Social Rent only

Total No. of Units – 91

A	2 Bedroom 3 Person Bungalows – 6 No.	Total 6 Units
B	4 Bedroom 6 Person Houses – 2 No. 2 Bedroom 4 Person Houses – 8 No.	Total 10 Units
C	2 Bedroom 4 Person Houses – 8 No. 2 Bedroom 3 Person Flats – 42 No. 2 Bedroom 3 Person Bungalows – 2 No.	Total 52 Units
D	2 Bedroom 4 Person Houses – 8 No.	Total 8 Units
E	3 Bedroom 5 Person Houses – 11 No. 2 Bedroom 3 Person Houses – 2 No. 4 Bedroom 6 Person Houses – 1 No. 3 Bedroom 5 Person Disabled Bungalow – 1 No.	Total 15 Units

Total Programme Cost - £10,004,097

Grant - £4,368, 000

Rent Levels – £68-£90 per week (see Appendix B)

Borrowing Potential (based on a 45 year payback) - £3, 806,462

Additional LA Capital Required - £1,705,000

Benefits – The rental only element eliminates sales risk and has a reduced impact on existing services and IT provision. The mixture of unit types will best meet the identified housing needs and the proposed site densities offer a good use of land and value for money.

Drawbacks – Need slightly higher capital injection than mixed tenure model.

6.13 Option 3 – Mixed Unit Type – Mixed Tenure

The 'Mixed Unit Type/Mixed Tenure option' aims to maximise unit output whilst offering a range of unit types for social rent and sale to meet the identified housing needs for all sections of the community.

Tenure Option – Mixed Tenure

A	2 Bedroom 3 Person Bungalows – 6 No.	Total 6 Units
B	4 Bedroom 6 Person Houses – 2 No. 2 Bedroom 4 Person Houses – 8 No.	Total 10 Units
C	2 Bedroom 4 Person Houses – 8 No. 2 Bedroom 3 Person Flats – 42 No. 2 Bedroom 3 Person Bungalows – 2 No.	Total 52 Units
D	2 Bedroom 4 Person Houses – 8 No.	Total 8 Units
E	3 Bedroom 5 Person Houses – 11 No. 2 Bedroom 3 Person Houses – 2 No. 4 Bedroom 6 Person Houses – 1 No. 3 Bedroom 5 Person Disabled Bungalow – 1 No.	Total 15 Units

Total No of Units – 91

Total Programme Cost - £10,005,855

Grant - £4,046,000

Rent/Sales Levels – £68-£90 per week, sales values and shared ownership rent dependant on purchase share (see Appendix B)

Borrowing Potential (based on a 45 year payback) - £3,470,205

Additional LA Capital Required - £1,366,000

Benefits – The 'Mixed Unit Type/Mixed tenure option' maximises unit output and offers a range of unit types to meet the identified housing need for all sections of the community.

Drawbacks - The shared ownership option increases financial risk due to current housing market conditions and has an increased impact on existing services and IT provision. If this option was to be selected a leasehold

management service would need to be developed and links made with the Regional Zone Agent for the marketing and allocation of sale units. This option has implications for both training and marketing budgets to ensure it's success.

6.14 Option Recommendation for Phase 1 Bid submission

Option 2 – Mixed unit type/all social rent option gives the maximum unit output and offers a range of unit types in meeting the identified housing need for all sections of the community. The rental only element eliminates sales risk and has less impact on existing services and IT provision.

Initial discussions with the Housing Corporation have indicated that this is felt to be a sensible approach for the first phase of bid submissions and would potentially fit in with their current allocation strategy. They have also confirmed that they still have unallocated grant for rental units for 2009/10 and 2010/11 delivery. It was highlighted that it may be unrealistic to expect to secure an allocation 91 units in Wigan in one bid and bids may need to be phased through regular market engagement. Priority schemes for funding need to be indicated as part of discussions prior to bid submission..

7. Project Plan, Management and Gateway Reviews

- 7.1 The project plan previously agreed by Board is included at Appendix D and this is in the process of being updated.
- 7.2 Management of the project will continue through the Affordable Housing Programme Board as the Executive Board. Delivery of the project plan will be through the Director of Strategy, Policy and Project staff up to bid stage and the Director of Asset Management and Development staff once schemes are approved with appropriate use of development consultancy and contractors. There will be close liaison with auditors regarding management of risk and effective monitoring processes. Board monitoring of the programme will be via the Business, Performance and Investment Committee.
- 7.3 The programme and individual projects will be managed on Prince 2 principles and appropriate Gateway Reviews will be built in at the following stages:

Board and Council Approval of the Business Plan and subsequent further site additions for submission to the Housing Corporation

Pre submission of bids to the Housing Corporation.

Progression to Phase 2 of the Programme

In addition the Business, Investment and Performance Committee and the Council will receive quarterly progress reports. WALH's auditor, Wigan Council's Internal Audit Service has also been asked to conduct an audit of the initiative in 2009 reflecting the amendment to WALH's risk register which

identifies the house building programme as a high risk

8. Future Challenges/ Opportunities

8.1 Challenges

The economic circumstances and down turn in the housing market will have significant detrimental impact on the supply of affordable housing whilst demand for social and affordable housing is expected to remain high. However, the reduction in supply and increased risk encountered by private sector developers may open up interesting opportunities for future partnership working and supply benefits for the procurement of building services for the delivery of affordable housing. Current market conditions and risk on future shared ownership and out right sale options will be closely monitored and given consideration in future business models.

8.2 Rental incomes for grant assisted affordable housing development are calculated in line with the Target Rent Model and are based on 1999 valuation figures. Wigan valuation figures are relatively low compared with other local authorities and this will have a negative impact on the rental income achieved from new build stock and the potential for servicing debt. In the main, the HRA sites under consideration for the first bid would not be expected to deliver housing with a high open market value. In some options, especially those which include a provision of larger family housing the sales values may be not be reasonably expected to exceed development and build costs and so required additional capital injection for viable delivery. This scenario in conjunction with the reduction in income from S106 contributions poses a big challenge for the delivery of further phases. Consideration for the use of choice non HRA sites would be required for the development of future self financing business options.

8.3 Potential Future Opportunities

8.4 The opportunities from an upturn in the economic climate is contained within the Business Case providing for a switch to a mixed market model in Phase 2. This involves options for outright sale and intermediate rent on sites which will return sufficient sales revenue for reinvestment in future sites.

8.5 To identify a suitable land bank and seek agreement to consider the use of suitable non HRA sites would allow for the development of a business model less dependant on capital investment from the capital programme and S106 contributions

8.6 There may be the opportunity for capital injection in future development phases once we have established a track record for delivery. This would involve discussions with the Homes and Communities Agency on reinvesting social housing grant we have already received on units which have been

purchased outright through shared ownership staircasing or Right to Acquire.

- 8.7 Consider options for the enhancement of existing business activities to develop a Leasehold Management Service, in order to advertise and administer shared ownership, rent to purchase and outright sale products.
- 8.8 To continue to work closely with Wigan Council to maximize opportunities for the development of affordable housing on prime sites outside the HRA and for the delivery of housing priorities as identified in the Local Development Framework and a possible local regeneration vehicle created in partnership with the Homes and Communities Agency.
- 8.9 Identify opportunities for the delivery of affordable housing in partnership with private developers.
- 8.10 To continue to be innovative and flexible to maximise opportunities for future partnership working with the new Homes and Communities Agency (formerly Housing Corporation) for the delivery of large strategic sites to ensure regional priorities are delivered at a local level.