

Redditch Council Housing Growth Programme

Relevant Portfolio Holder	Councillor Bill Hartnett
Portfolio Holder Consulted	Yes
Relevant Assistant Director	Judith Willis
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Wards Affected	All
Ward Councillor(s) consulted	
Relevant Council Priority	Communities and Housing
Non-Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	
This report contains exempt information as defined in Paragraph(s) 3 of Part I of Schedule 12A to the Local Government Act 1972, as amended	

1. RECOMMENDATIONS

The Executive Committee RESOLVE that: -

- 1) The following options for the Council Housing Growth Programme are approved:**
 - a) Commissioning the construction of new Housing Revenue Account housing stock;**
 - b) Purchasing existing housing properties on the open market;**
 - c) Bidding to purchase housing properties provided by developers through the Section 106 process;**
 - d) Purchasing properties 'off plan' from new housing developments;**
 - e) Purchasing housing stock from other Registered Providers of social housing;**
 - f) Regeneration of existing housing stock where additional units are achieved; and**
 - g) Buying back former Council house properties under the Council's 'First Right of Refusal'.**

- 2) Authority be delegated to Deputy Chief Executive and Chief Finance Officer and the Assistant Director of Communities and Housing, following consultation with the Portfolio Holder for Housing and the Portfolio Holder for Finance, to approve the financial and development appraisal of each site in Appendix 1 and future development sites.
- 3) The Buy Backs and Acquisitions Policy, Appendix 2, be approved.

The Executive Committee RECOMMEND that:-

- 4) That the budget of no more than £15 million previously approved from the HRA Capital budget for the Housing Growth programme to 2030 be applied to the current capital programme to be used flexibly within the capital expenditure limit.
- 5) Properties delivered through the Council Housing Growth Programme are let at social rent levels, where permitted and subject to viability.
- 6) In cases where resolution 2 is unviable, to approve rent levels at:
 - a) 65% of the market rent; or
 - b) in cases where resolution 6(a) is unviable, at affordable rent levels of 80% of the open market rent level.
- 7) that the Council's rent setting policy be updated as per recommendations 5 and 6 above.

2. BACKGROUND

- 2.1 The Executive agreed a Council Housing Growth Programme in January 2017. The Council has signed up to an agreement with the Government to retain Right to Buy receipts for the provision of additional affordable housing known as 1-4-1. This has a requirement that the receipts are spent within 5 years or they have to be returned to Central Government with interest.
- 2.2 The receipts must be used to provide additional affordable housing. For the two financial years 2024-2025 and 2025-2026:

- The maximum permitted contribution from Right to Buy receipts to replacement affordable housing will increase from 50% to 100%.
- Right to Buy receipts will be permitted to be used with section 106 contributions.
- The cap on the percentage of replacements delivered as acquisitions each year (currently 50%) will be lifted.

2.3 To increase stock a number of options have been identified as follows:

- Commissioning the construction of new HRA stock
- Purchase properties
- Purchase from developers through s.106 bidding
- Purchase properties 'off plan' on developments
- Purchase stock from other Registered Providers
- Regeneration of existing stock where additionality is achieved.
- Buy backs of former Council properties under the 'First right of refusal'

2.5 Our target through the housing growth programme is to achieve 230 additional units by 2030. We have achieved 107 already and have a plan to deliver 56 and therefore need to secure an additional 67 to achieve this target. The Housing Growth Programme has so far delivered the below number of properties split into the elements of the agreed programme.

Delivered Programme

Delivery Method	Number of Properties
New construction	19
Buy Backs	66
S.106	19
'Off Plan'	0

Current Delivery Programme

Delivery Method	Number of Properties
New construction	53
Buy Back	5
s.106	0
'Off Plan'	0

Regeneration of existing stock	3
Purchase from RP	0
TOTAL	107

Regeneration of existing stock	3
Purchase from RP	1
TOTAL	62

3. OPERATIONAL ISSUES

- 3.1 The Council has employed two Housing Development Officers to take forward the Council Housing Growth Programme at pace.
- 3.2 The Council are currently reviewing potential new development sites that will come forward to a later Executive Committee meeting for inclusion in the Council Housing Growth programme.

4. FINANCIAL IMPLICATIONS

- 4.1 The HRA business plan have provision of £15 million up to 2030 for additional stock.
- 4.2 The geopolitical landscape has changed considerably since 2017. In 2017 build costs were circa £1,500 per square metre. Therefore, we have re-evaluated the costs to develop the Redditch Borough Council owned sites. Officers have estimated the number of properties each site will possibly achieve subject to planning permission.
- 4.3 In addition we are anticipating a significant upturn in Right to Buy (RTB) receipts due to Government changes to the RTB discount and we are working with Homes England and the West Midlands Combined Authority (WMCA) to access any additional funding that may become available.
- 4.4. Looking at the current market, new build properties are costing circa £2,648 per square metre. Officers have estimated the cost of building out the Council development sites as £10,617,419.
- 4.5 Members have indicated a desire to look at Modern Methods of Construction (MMC). MMC are innovative building techniques that aim to improve efficiency, quality, and sustainability in the construction industry. These methods often involve offsite manufacturing and or modular construction, and the use of advanced materials and technologies. MMC will provide certainty regarding cost, time and quality

but may be more expensive than traditional construction costs, used to project the site costs above.

- 4.6 Officers are proposing that all properties delivered through the programme are to be let at social rent levels subject to viability in respect of the repayment of any capital funding being repaid within a set period of 30, 40 or 50 years. If this proves not to be viable then we propose 65% of the market rent. If at 65% this still proves not viable then we will opt for affordable rent levels. This is determined at 80% of the open market rent level following the Governments Affordable Rent framework.

5. LEGAL IMPLICATIONS

- 5.1 Housing Act 1985 part 2 permits local authorities to build/acquire new housing.

6. OTHER – IMPLICATIONS

Local Government Reorganisation

- 6.1 This development programme should not be impacted by local government re-organisation. The Government have announced they will continue to deliver high quality and sustainable services for residents.

Relevant Council Priority

- 6.2 The provision of additional council housing positively impacts on all strategic purposes:
- Economy, regeneration and prosperity
 - Green, clean and safe
 - Community and Housing

Climate Change Implications

- 6.3 The sites will all be constructed utilising Modern Methods of Construction (MMC). All the homes will be Energy Performance Certificate (EPC) category A as a minimum ensuring maximum energy efficiency. This in turn will help our tenants better manage fuel costs in the current cost of living crisis, along with minimising the impact upon the environment.
- 6.4 Biodiversity reports and net gain calculations will highlight areas to help us improve the sites' final Biodiversity Net Gain (BNG) and inform us of how much BNG credits the Council will need to make elsewhere if required.

Equalities and Diversity Implications

- 6.5 Increasing the Council's housing stock will assist in the provision of affordable housing in the Borough to meet housing need.
- 6.6 In commissioning the construction of new HRA stock the Council will be able to provide housing that can meet specific needs for adapted properties.

7. RISK MANAGEMENT

- 7.1 There are a number of risks to implementing the Council Housing Growth Programme which are in the table below:

Risks	Mitigation
Failure to achieve planning permission	<ul style="list-style-type: none">• A dedicated planning officer will work with the development team to advise specifically on planning issues and recommend solutions• Appointment of experienced development agents
Local resident objections to building on sites	<ul style="list-style-type: none">• Local residents will be consulted and kept informed of proposals to ensure that officers are aware of any potential objections and may work to ameliorate concerns
Risks associated with using consultants	<ul style="list-style-type: none">• Ensure that the appointment of both the Development Agent (and its consultants) and, subsequently, contractors are robust and include an appropriate element of assessment of the parties' ability to undertake the roles and their quality• Ensure that the Council's risks are minimised through the legal agreements• Ensure Evaluation Criteria at Pre-Qualification Questionnaire (PQQ) and Tender Stage are comprehensive, with key factors weighted appropriately• Ensure that the Development Agent and consultants have sufficient Professional Indemnity Insurance
Overspend for House Building Programme	<ul style="list-style-type: none">• Include sufficient provision for contingencies

	<ul style="list-style-type: none">• Ensure effective project management arrangements, to include identification of potential overspends early• Report to Portfolio Holder for Housing quarterly on progress (works and costs)
Abnormal build costs associated with the sites may be discovered	<ul style="list-style-type: none">• Individual site appraisals including site investigations will be undertaken to ensure that risks are understood and mitigated prior to progressing any site
Failure to spend 1-4-1 receipts by required deadline	<ul style="list-style-type: none">• The Council has previously approved a number of options to increase the housing stock and officers will pursue these other options in tandem with this development programme

8. APPENDICES and BACKGROUND PAPERS

Background Papers

Council Housing Growth Programme Executive Report 17th January 2017

[Housing Growth Programme Report 2017](#)

Council Housing Growth – Development Sites 23rd October 2018

[Housing Growth Development Sites Report - 2018](#)

Appendices

Appendix 1 – Proposed Development Sites

Appendix 2 - Buy Backs and Acquisitions Policy

9. REPORT SIGN OFF

Department	Name and Job Title	Date
Portfolio Holder	Councillor Bill Hartnett	17/6/25
Lead Director / Assistant Director	Judith Willis	17/6/25
Financial Services	Bob Watson	17/6/25
Legal Services	Nicola Cummings, Principal Solicitor - Governance	17/6/25
Policy Team (if equalities implications apply)	N/A	
Climate Change Team (if climate change implications apply)	Matt Eccles	17/6/25