

Decision by Portfolio Holder



Report reference: HSG-013-2017/18

Date of report: 22 March 2018

**Epping Forest
District Council**

Portfolio: Housing – Cllr S. Stavrou

Author: Alan Hall, Director of Communities (Ext 4004) Democratic Services: J Leither

Subject: Additional Preferred Housing Association Partners

Decision:

- (1) That East Thames (now part of the L&Q Group) no longer be considered as a Preferred Housing Association Partner of the Council with immediate effect; and
- (2) That both CHP and Aldwyck Housing Association become new Preferred Housing Association Partners of the Council with immediate effect.

ADVISORY NOTICE: <i>A Portfolio Holder may not take a decision on a matter on which he/she has declared a Pecuniary interest. A Portfolio Holder with a non-pecuniary interest must declare that interest when exercising delegated powers.</i>	
I have read and approve/do not approve (delete as appropriate) the above decision:	
Comments/further action required:	
Signed: Cllr S-A Stavrou	Date: 22 nd March 2018
<i>Non-pecuniary interest declared by Portfolio Holder/ conflict of non-pecuniary interest declared by any other consulted Cabinet Member:</i>	<i>Dispensation granted by Standards Committee: Yes/No or n/a</i>
Office use only: Call-in period begins: 23 rd March 2018	Expiry of Call-in period: 29 th March 2018

**After completion, one copy of this pro forma should be returned to
Democratic Services IMMEDIATELY**

Reason for decision:

The Council operates a Scheme of Preferred Housing Association Partnering. The Council currently has four Preferred Housing Association Partners, but it has been agreed with one of the existing partners that they should cease being a partner. In view of the increased affordable housing developments that will be arising through increased development in the District, it is important that the Council has a sufficient number of Preferred Partners who are committed to work in partnership with the Council to pursue and deliver affordable housing opportunities in the District.

**Initialed as original copy by
Portfolio Holder:**

Options considered and rejected:

The main options are:

- Not to appoint additional Preferred Partners
- Appoint a different number Preferred Partners
- Undertake a wide-ranging and extensive appointment process
- Appoint different Preferred Partners

Background

1. In October 2007, the Council adopted a Scheme of Preferred Housing Association (HA) Partnering. The purpose of the Scheme is to work with specific housing associations - that have a proven track record of successfully providing affordable housing and of providing a good housing service to tenants - to identify, pursue and deliver affordable housing developments within the District.

2. The Scheme enables the Council to have a very good working relationship with a relatively small number of housing associations. Preferred HA Partners:

- Have a much better understanding of the District's housing needs and the Council's expectations than other housing associations;
- Are able to influence and improve the affordable housing provision on developments as well as its design, due to their early involvement in schemes;
- Provide very useful advice, guidance and feedback to the Council on affordable housing issues and policies;
- Are investment partners of Homes England (previously the Homes and Communities Agency – HCA) and are therefore eligible for grant funding;
- Provide a ready-made “select list” of housing associations for developers and (in respect of Council-owned sites available for residential development) the Council to work with;
- Have a rating of at least V2 (for viability) and G2 (for Governance) from the Regulator of Social Housing (RSH - previously the HCA) for their latest Regulatory Judgments – so are viable and well-governed
- Are able to continue to increase and consolidate their housing stock within the District, thereby assisting them to reduce their unit management and maintenance costs and to achieve better value for money; and
- Have signed district-wide nomination agreements with the Council, setting out detailed nomination arrangements

3. Under the Council's Scheme, each year the Director of Communities undertakes an Annual Review of Performance of each Preferred HA Partner. The Annual Review takes account of (but not exclusively) the following:

- How well the housing association has performed with the delivery of affordable housing developments in the District
- The value for money offered by the housing association in bids and offers to Homes England, developers and landowners
- How well the housing association has worked in partnership with the Council over the previous year
- How well the housing association has contributed, or committed to contribute, towards wider community objectives within the District (in addition to the provision of affordable housing)

- Any concerns relating to the housing association's management and maintenance of its housing stock within the District, or the operation of nominations rights
- Any significant concerns about the housing association generally
- The housing association's Investment Partner status with Homes England
- The RSH's latest Regulatory Judgment for the housing association.

4. The Annual Review of Performance results in a written summary of the performance of each Preferred HA Partner, together with any proposed actions. If the Director of Communities has concerns over the housing association's performance, either: a further review can be undertaken within a specified period; the housing association can be suspended as a Preferred HA Partner for a specified period; or a recommendation can be made to the Housing Portfolio Holder that the housing association should no longer be a Preferred HA Partner.

5. At present, the Council's Preferred Housing Association Partners comprise:

- B3 Living
- East Thames (now part of the L&Q Group)
- Hastoe Housing Association (Rural Partner)
- Moat Group

6. However, the Director of Communities has recently met with a representative from the L&Q Group, on behalf of East Thames, to discuss its future membership of the Strategic Housing Partnership. Through this discussion, the Director of Communities raised the Council's concern about East Thames' recent cessation of its Development Agency contract, with a very short notice period. In response, it was clear that, following the merger of East Thames and L&Q, the merged group is now only interested in pursuing very large new developments, predominantly in London which, for the foreseeable future, would not be the case in Epping Forest. Indeed, the L&Q Group was previously a Preferred Partner of the Council in its own right, but there was subsequent mutual agreement that they should cease being a Partner for the same reason.

7. It was therefore agreed, and it is now recommended, that East Thames / L&Q cease to be a Preferred Housing Association Partner of the Council, with immediate effect.

Increasing the number Preferred HA Partners

8. In view of the increased affordable housing opportunities that are now coming forward, as a result of increased interest from developers wanting to develop in the District, together with the increased development that will come forward once the Council's new Local Plan is adopted, it is important that the Council has a sufficient number of Preferred Partners who are committed to work in partnership with the Council to pursue and deliver affordable housing opportunities in the District. It is therefore considered appropriate to appoint an additional two housing associations as Preferred HA Partners of the Council.

9. One way of appointing the additional Preferred HA Partners would be to undertake a large-scale appointment process, inviting applications from any housing associations interested in becoming Preferred HA Partners. However, this would involve officers undertaking a time-consuming appointment process that would undoubtedly result in many housing associations, with no connection with, or any real interest in, the District applying. The differentiation and selection of Preferred HA Partners through such an exercise would be very difficult, and there would be no certainty that those selected would be successful in working in partnership with the Council.

10. It is therefore proposed that it would be more appropriate, and more likely to result in successful outcomes, if the Council appoints two housing associations based in the East of England that: are known to meet the Council's criteria; are considered to have a good development background; provide a good housing management service to its tenants; and have previously demonstrated an interest in providing new affordable housing developments in the District. This was the approach adopted 2 years ago, when B3Living became a new Preferred Partner - which has proved to be a very active and collaborative partner, undertaking a number of new developments in the District (one in partnership with the Council itself - at Barnfield, Roydon).

11. Accordingly, the Director of Communities has held discussions with two such housing associations, CHP (previously known as the Chelmer Housing Partnership) and Aldwyck Housing Association, with a view to them being recommended as Preferred HA Partners. Discussions were also held with a third housing association, Flagship Group, but they concluded that developing in Epping Forest would not currently meet their strategic objectives.

CHP

12. CHP is based in Chelmsford and was established in 2002 as a result of a stock transfer from Chelmsford City Council. They are an approved Homes England investment partner and have recently been shortlisted in the Development Programme of the Year category for the UK Housing Awards. CHP has 8,160 social rented and affordable rented properties located in 13 of the 14 districts in Essex. The only district that they don't currently have stock is in Epping Forest. They are therefore very keen to undertake new developments in the District.

13. CHP's current development pipeline comprises 614 dwellings under construction and contracts are being negotiated for a further 195 dwellings. CHP has recently drawn down £75m bond finance to finance its current programme and has the financial capacity to attract further funding when required for its future development programme. Although not currently involved with any developments in Epping Forest, CHP has provided prices to developers on a number of schemes in the District recently, which have not come to fruition since they are not currently one of the Council's Partners.

14. CHP's latest RSH Regulatory Judgement score is G2 V1 – which means that they are compliant. It manages all of its stock across Essex from its offices in Chelmsford and has its own Direct Labour Organisation.

Aldwyck Housing Association

15. Aldwyck Housing Group has been providing affordable housing across the South East and East of England since 1968. They currently provide over 11,000 homes and management services for around 25,000 people in a variety of tenures, including rented (6,700 homes), shared ownership (1,090 homes) and owner-occupied homes. They also provide specialist support and accommodation for young people, those with disabilities and older people (745 homes). They are very keen to work within the Epping Forest, and have already secured two sites in the District - despite not yet being a Preferred Housing Association Partner.

16. Aldwyck's current five-year Business Plan is based on the provision of an additional 1,200 homes up to 2022/23, for which they have 581 of these homes to date. Within the Epping Forest District, despite not currently being one of the Council's Preferred Housing Association Partners, they:

- Are currently constructing 20 new shared ownership flats in North Weald (originally planned by the previous landowner as market homes); and

- Have acquired a site at Rosewood Farm, Roydon, where they will be submitting a planning application to provide 25 new homes, with a combination of affordable rent, shared ownership and market sale homes.

17. Last year, Aldwyck secured additional funding capacity of £55 million to support its development activities and is also able to subsidise its development activity with Recycled Capital Grant Funding (RCGF – for market and shared ownership sales), totalling £17million to be spent over the next 3 years.

18. Their latest RSH Regulatory Judgement score is G1 V2 – which means that they are compliant. It would manage its affordable homes in the District from its Housing Office in Cheshunt in the neighbouring Broxbourne Borough.

Resource Implications:

Both housing associations have offered to contribute a minimum of £5,000 each to the District's Housing Providers Community Fund, which funds community initiatives and activities in the District.

Legal and Governance Implications:

Both organisations are Registered Providers of Housing with the Regulator of Social Housing and have satisfactory Regulatory Judgements.

Safer, Cleaner and Greener Implications:

None.

Consultation Undertaken:

None

Background Papers:

None.

Impact Assessments:

Risk Management:

The risks to the Council are minimal.

Each organisation will be responsible for managing their own risks in respect of any developments undertaken in the District. Any risks associated with any developments in which either organisation works in partnership with the Council will be assessed at the time.

Any concerns that either organisation is not meeting the Council's expectations regarding delivery performance will be identified and discussed through the Annual Reviews of Performance.

Key Decision Reference (Y/N): No

Equality Analysis

The Equality Act 2010 requires that the Public Sector Equality Duty is actively applied in decision-making. This means that the equality information provided to accompany this report is essential reading for all members involved in the consideration of this report. The equality information is provided as an Appendix to the report.