

## NCC : NBC HOUSING SCHEME – MORAY LODGE



### BACKGROUND

Northampton Borough Council (NBC) is the main Registered Housing Provider for the Borough and received a request to assist Northamptonshire County Council (NCC) to assist in the provision of additional housing for specific client groups.

### DETAILS

This scheme requires capital funding of £3.000M from the HRA for construction costs, NPH are actively seeking a grant subsidy from Homes England of £1.200M. The building and land will be owned by NBC within its HRA.

The scheme will provide 20 homes in the form of apartments. 10 Apartments for people with acquired brain injuries and 10 Apartments for clients with Mental Health requirements, providing independent supported living for all residents.

NCC will retain nomination rights for the homes for 30 years, in return for transferring the land for £1.00 to the HRA.

NPH are currently undertaking consultation on the scheme, prior to submitting a planning application, there would therefore be some sunk costs relating to the scheme development should the scheme not proceed.

## **Housing Management and Lettings**

Once the scheme is complete NPH will manage the scheme delivering the full range of housing management services including:

- Lettings and tenancy sign up
- Housing management
- Rent collection
- Estate services and grounds maintenance
- Responsive, cyclical maintenance and major works

NPH will commission any works that cannot be delivered by its in-house repairs team.

A Care and Support Provider will be commissioned by NCC for each scheme.

NBC through NPH and NCC will agree propose a matrix setting out:

- The demarcation of roles and responsibilities between the Care and Support provider commissioned by NCC and NPH.
- Key Performance Indicators for NPH's delivery of housing management services (such as response times for repairs)

The matrix will be proposed to NCC and will be approved ahead of NCC tendering the care and support services for each scheme. NCC will include the matrix within its tender documentation for support services.

## **Rents and Service Charges**

Rents will be set at 80% of open market rental value but capped at Local Housing Allowance (LHA), inclusive of service charges.

NPH will set reasonable service charges to recover the housing related services that are not covered by the core rent. These will be aligned to those charges on other housing schemes for reasonable costs such as communal grounds maintenance and lift maintenance.

NBC through NPH will set a reasonable rent for the ancillary space that is designated for staff usage, payable by NCC or its Care Provider.

## Financial Viability

A detailed financial appraisal has been constructed by NPH and reviewed/tested by NBC HRA Finance. Whilst obtaining a Capital Grant for the construction of these homes would improve cashflow. Recognising a residual value at year 30 (assuming simple build value) demonstrates the schemes financial viability if full grant expectation is not achieved.

The assumed rental income exceeds the assumed costs (including interest) so can provide a contribution to repayment of the HRA loan. The extract from the financial appraisal below, highlights that the payback period is currently reflected at 18 years, this would be extended if all funds have to be borrowed.

<b>Moray Lodge</b>	
<b>Estimated Project costs</b>	<b>£3m</b>
<b>Estimated Grant funding</b>	£1.2m
<b>Number of Residential units</b>	20
<b>Number of offices/staff accomm</b>	2
(For modelling purposes 2 units at LHA assumed)	
<b>Special Supported Accommodation</b>	
<b>NCC Asset Transferred to NBC HRA for nomination rights for £1</b>	
<b>Summary Financial Appraisal Output</b>	
	<b>30 Years</b>
Net Present Value	<b>£791</b>
Internal Rate of Return	<b>4.57%</b>
Payback period (Years)	<b>18</b>
Average Net Rate of return	<b>6.04%</b>
Assumed level of Borrowing per unit (£k)	<b>90</b>
Assumes £1.2m of grant funding via Homes England	
NCC undertakes to invest capital if funding not successful ?	
Included office rent estimate only for 2 units , no Management or R&M costs as part of main building	