

## NCC : NBC HOUSING SCHEME – BILLING BROOK ROAD



### 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.

### SUMMARY Scheme Three – Billing Brook Road

Outline – New Build to provide 8 bungalows, plus support facilities.

Funding – HRA land, Homes England Grant and NHS England funding sought, underwritten by NCC Capital Funding if required.

NPH – Commissioning of construction work / Project Management. Housing management and Lettings management.

NBC – Registered Provider, provision of homes through the HRA.

Care & Support – To be commissioned and provided by NCC Adult Social Care services.

Property Ownership – Use of existing HRA land, HRA will own property and land.

Nomination Rights – NCC to have nomination rights in conjunction with NHS CCG and NBC Housing. NCC liable for excess voids with no detriment to HRA.

NCC Client Group – 8 Bungalows for adults with Autism.

## **DETAILS**

This scheme requires capital funding of £2.500M from the HRA for construction costs, NPH are actively seeking a grant subsidy from Homes England and NHS England, a capital contribution is underwritten by NCC to ensure the scheme remains viable, should the grants not be forthcoming. The building and land will be owned by NBC within its HRA.

The scheme will provide 8 homes in the form of bungalows for adults with Autism, with a separate building for staff and facilities ('rent/service' charged to NCC or their care provider).

NCC will retain nomination rights for the homes for whilst underwriting the void costs.

NPH are currently undertaking consultation on the scheme, prior to submitting a planning application.

### **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 set at 80% of open market rental value but capped at Local Housing Allowance (LHA).

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 an HRA loan is required.

The assumed rental income exceeds the assumed costs (including interest) so can provide a contribution to repayment of the HRA loan if a full grant is not available. NCC has committed to underwriting an element of Capital if required.

| <b>Billing Brook</b>   |                 |
|--|-----------------|
| <b>Estimated Project cost (covered fully by grant)</b>   | <b>£2.5m</b>    |
| <b>Estimated Grant funding</b>   | £2.5m           |
| <b>Number of Residential units</b>   | 8               |
| <b>Number of offices/staff accomm</b>  | 2               |
| (For modelling purposes 2 units at LHA assumed)  |                 |
| <b>Special Supported Accommodation</b>   |                 |
| <b>HRA Land asset owned by NBC</b>   |                 |
| <b>Summary Financial Appraisal Output</b>  | <b>30 Years</b> |
| Net Present Value  | <b>£855,186</b> |
| Annual cash inflows per Year estimated   | <b>£40K</b>     |
| Internal Rate of Return  | -               |
| Payback period (Years)   | -               |
| Average Net Rate of return   | -               |
| Assumed level of Borrowing per unit (£k)   | <b>0</b>        |
| Assumes project funded by £2.5m grant funding via Homes England/NHS<br>NHS may require a charge against the asset if granting funding.<br>NCC may provide some capital if funding if grants fail |                 |
| <b>Level of grant/capital needed to achieve a Zero NPV</b>   | <b>£1.645m</b>  |
| Included Office Rental income and R&M and Management costs for 2 units as offices and staff accomm in separate block to residential  |                 |