

**Delivering new homes for rent, sale  
and the private rented sector.**



**Birmingham**  
City Council



# The Birmingham Position

- 150,000 additional people and 89,000 additional households by 2031
- New homes completions in Birmingham have fallen from 4,000 in 2005-6 to 1809 in 2014-15
- Insufficient delivery by partners
- Government policy falling to increase housing supply
- Housing waiting list at 21,000; 1,500 households in temporary accommodation



- Birmingham Municipal Housing Trust (BMHT) set up in January 2009 to lead the development of the Council's new build housing programme
- BMHT is part of the Council – not arms length
- BMHT is a brand name for the Council's new build programme
- HRA subsidy reform made it viable for the Council to build new homes for the first time since the 1970s
- The Council can bid for HCA grant in the same way as a Housing Association
- BMHT builds homes for social/affordable rent and sale



# Building Social/Affordable Rented Homes



- Over 1000 new rented homes completed since 2009
- All on City Council owned sites, mostly clearance sites
- All within the HRA
- Mainly family houses, small number of apartments
- New HRA homes improve the asset base of the HRA overall
- Replace the 200 homes a year we demolish

# The Birmingham Dormer Bungalow

- Based on HAPPI principles
- Dormer style bungalow – Category 1 on ground floor with 2nd bedroom and bathroom upstairs
- Code 4 for sustainable homes
- Bespoke design with good space standards
- Lifetime Homes standard – enables adaptation as needs change
- Flexible to cater for a range of lifestyle challenges both temporary and permanent
- Smaller gardens or balconies provide manageable outside space



# Building Homes for Sale

## Risk Share Model

-  No land purchase up front
-  Planning already secured by the Council
-  Developer uses house types developed by the Council's own architects
-  Council receives guaranteed plot value, plus a share of any overage
-  Contractor can modify the specification for the sale houses

Over 1,000 homes sold under this programme



# Council takes risk model



Fund construction of homes for HRA rent and open market sale



Procure a contractor to build all of the new homes



Procure a sales and marketing agent to sell the homes for sale



Risk share model captures part of the developers profit



Under this model the Council captures all of the developers profit



# Developing homes in the **Privately Rented Sector**

- High overall demand for housing in the city
- Need to catalyse the institutional PRS market in the city
- Keen to improve standards of design and management in the existing PRS sector – lots of BTLs in the city
- Some Council sites more suitable for PRS than social rent or sale – especially apartment schemes
- Ambition to broaden the range of tenures offered by the Council



# The WOC option

- Council sets up a WOC (wholly owned company)
- Council sells sites to the WOC at OMV
- Receives a capital receipt with more certainty than an open market sale
- Council borrows from PWLB and lends to the WOC
- But land and build out the scheme at a commercial rate – and pockets the interest



- WOC pays an SLA to the Council for development, financial, admin and legal services
- Any surpluses from the rent go back to the General Fund
- Anticipated yield is 8%
- Council has the option to sell its interest in the company once the scheme is up and running
- First scheme of 92 units is on site, schemes totalling 300 units at feasibility stage



**DIRECT DELIVERY MEANS**

**THE COUNCIL ARE IN  
CONTROL**



Council now builds over 25% of all new homes in the city



Control timing/phasing of developments



Directly control rents and customer service standards



Council controls build and design quality



Construction related activity benefits the city's economy and local businesses

# BIG NUMBERS



Over  
**1000**  
new rented  
homes  
completed  
since 2009

Over  
**1000**  
homes for sale  
completed  
since 2010

Over  
**800**  
homes  
currently on  
site

**1470**  
homes  
completed  
2014 - 17

---

Birmingham City Council builds over **25%** of all new homes  
across the city

# BENEFITS



Increased Council  
Tax revenues

Local jobs and  
apprenticeships

Benefits to local  
economy and  
supply chain

Direct funding of  
young people  
into higher  
education

---

The Birmingham Charter for Social Responsibility maximises economic benefits for the city

# VISION



Birmingham is the city of Joseph Chamberlain

Moving the city  
forward

Municipal  
enterprise

Socially  
responsible  
capitalism

Providing the  
best for our  
citizens

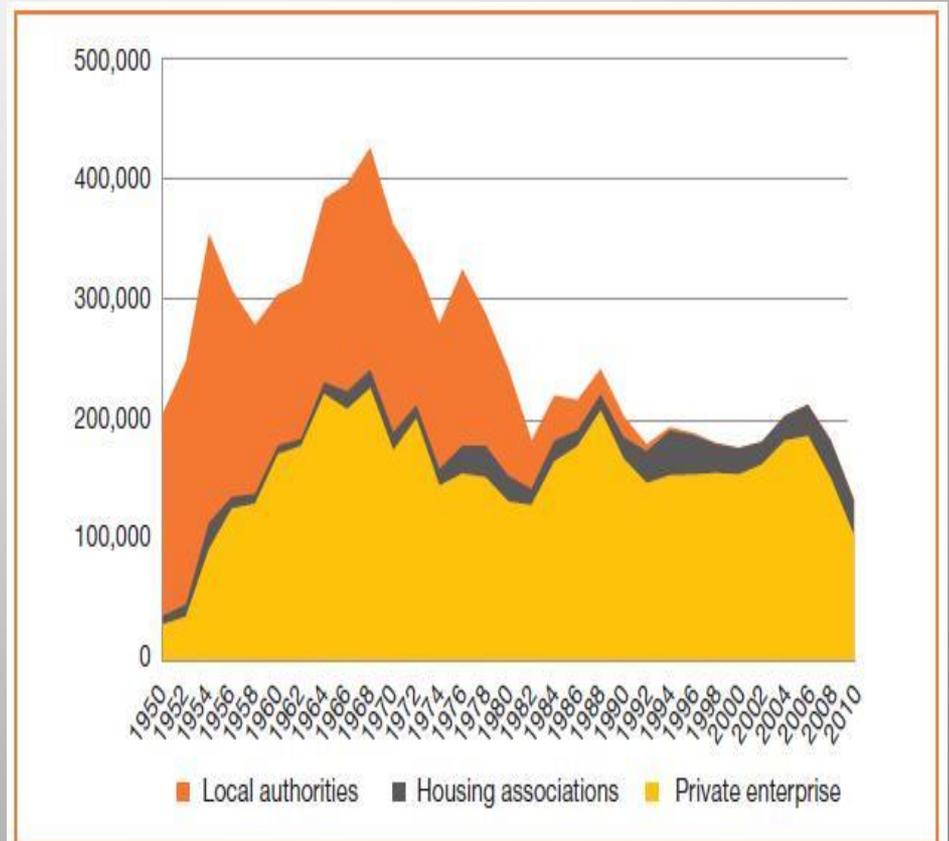
Civic pride

---

*“a great town exists to discharge towards the people of that town the duties that a great nation exists to discharge towards the people of that nation...”*

# The Future

- Council offers a range of tenures – social/affordable rent, open market sale, private rent;
- We will not compromise our high design and quality standards;
- Future Govt policy likely to support Affordable housing;
- Green paper on social housing due in Spring 2018;
- HAs and private sector have failed to deliver quantity and quality – a return to public sector house building is inevitable.



Source: DCLG, Live Table 241