



Leading the delivery of new homes for rent and sale in Birmingham.

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Birmingham City Council**



The Birmingham Position

- 150,000 additional people
- 89,000 additional households by 2031
- Over 100,000 new jobs needed
- New homes completions in Birmingham have fallen from 4,000 in 2005-6 to 1809 in 2014-15
- Insufficient delivery by partners
- Increasing demand for social and affordable housing as result of economic conditions
- Housing waiting list at 26,000

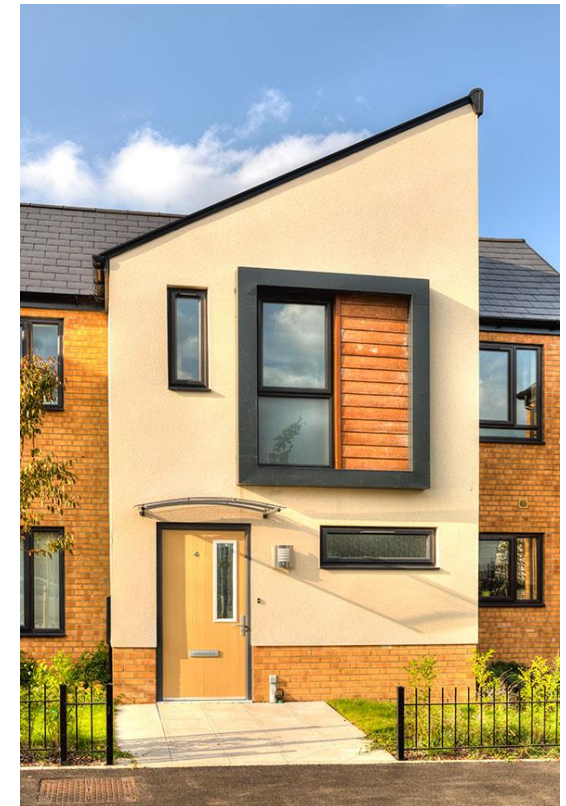
New council-owned homes at Loftus Close in Shenley



The Birmingham Municipal Housing Trust

- 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
- “Birmingham Municipal Housing Trust” 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

*Transforming Neighbourhoods-
Newtown, Aston – Summer
2014*



Building rented homes

- Over 1000 new rented homes completed since 2009; 317 rented homes completed 2014 -15; 300 completed 2015-16 so far;
- All on City Council owned sites, mostly clearance sites;
- Mainly family houses, small number of apartments;
- Now building a new archetype – 2 bedroom bungalows for older downsizers incentivizing release of larger family homes

BMHT dormer bungalows; incentivising the release of larger houses using AHP grant



Rents, costs, funding

Rent Setting

Social Rent levels – in accordance with Government “Target rent” formula. Typical level for 2015/16 is £105 per week (varies by property size)

Affordable Rent levels (up to 80% of market rent) – BCC approach is to charge social rent + £2.74 per week, which is around 71% of market rents. This is to ensure genuine affordability.

Construction / Ongoing Costs

Typical build costs - £120k per unit (more for smaller / more constrained sites). Assumes Council already owns cleared site.

Funding Sources

HCA grant – approx.. £25,000 per property – properties are rented at affordable rent

1-4-1 RTB receipts – up to 30% of build costs (say £35,000)

s106 – subject to any specific requirements

Borrowing (subject to HRA borrowing headroom)


Other existing HRA resources (DRF / land sales etc)

Cross – subsidy from market sale new build – typical £20,000 per unit sold

Building Homes for Sale

- No land purchase up front;
- Planning already secured by the Council and design risk and costs already met by the Council; developer uses house types developed by the Council's own architects;
- Contractor can modify the specification for the sale houses to include ensuites, fitted wardrobes, designer kitchens, etc;
- Using the expertise of the private sector in sales and marketing;
- Ensuring design excellence;
- Most sales have been to first time buyers; Help to Buy has been critical to successful selling;
- Over 750 homes sold under this programme.





Being in control

Direct delivery means the Council is in control-

The Council is no longer entirely reliant on partners to drive housing supply – the Council now builds over 25% of all new homes in the City;

The Council can control timing/phasing of developments which otherwise are subject to other partners' Business Plans;

The Council can directly control rents and customer service standards;

The Council can cross subsidize sites to achieve viability;

The Council can control design standards and quality on new developments in detail to achieve overall design quality excellence;

The Council can offer a range of tenures to suit local housing markets.

Design Quality

Design quality a key theme for BMHT;

Our objective is to set high standards for Others to emulate;

Higher space standards than Housing Associations or private sector

Modern, not quirky; traditional, not boring;

Design of most sites has been bespoke;

Now developing palette of standard house types;

All homes are built to Code 4, Lifetime Homes, Building for Life, Secured by Design, Secure by Design.



Customer Feedback

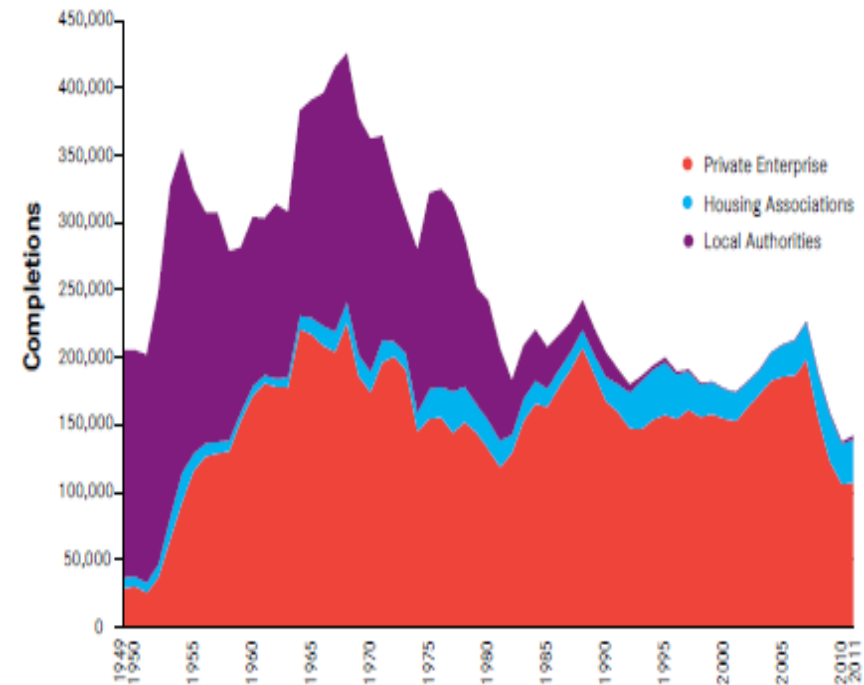
- We carry out customer feedback surveys every year;
 - This has helped improve design –
 - Sound insulation;
 - Storage space;
 - Room shapes;
 - Height of fencing;
 - Width of car ports.
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- 95% of respondents are satisfied with their new home
 - 41% of all respondents gave their new home a score of ten out of ten
 - 72% gave a score of eight or more.
 - Higher satisfaction rate from tenants than owner occupiers



The Future

- Since Councils stopped building in the 1980s the UK has failed to meet its house building targets;
- 1% rent reduction and debt cap prevent us stepping up our delivery of social rented homes;
- We are building more homes for sale and driving surpluses, without compromising on standards;
- UK will only meet its house building targets through public sector intervention.

Housing completions by tenure, 1949-2011



Source: DCLG Live Table 241: Housing Completions by tenure (historical).