



## Building new homes for rent and sale through the Birmingham Municipal Housing Trust

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## The Birmingham Position

- 150,000 additional people
- 80,000 additional households by 2031
- Over 100,000 new jobs needed
- New homes completions in Birmingham have fallen from 4,000 in 2005-6 to 1600 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.
- 500 homes currently on site

*Transforming Neighbourhoods-  
Newtown, Aston – Summer  
2014*



## 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

## Numbers and types

- 1000 new rented homes completed since 2009; 700 homes for sale completed; 317 rented homes completed 2014 -15;
- 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 downsizers

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





## Building Homes for Sale

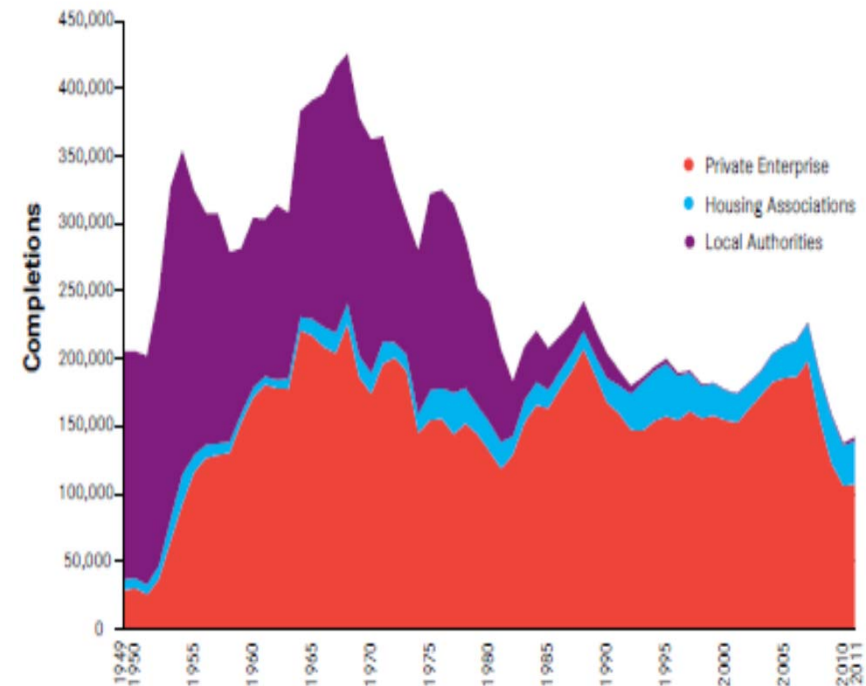
- No land purchase up front;
- Planning already secured by the Council and design risk and costs already met by the Council; developer uses house types developed by the Council's own architects;
- Contractor can modify the specification for the sale houses to include ensembles, fitted wardrobes, designer 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



## The Future

- Since Councils stopped building in the 1980s the UK has failed to meet its house building targets;
- Private sector and Housing Associations will **never** deliver the extra 100k homes per annum we need;
- UK spending on housing is over 90% on Housing Benefit (£24 billion) and less than 10% on new build;
- What the UK needs is a public sector building programme to drive up supply over the next 20 years;
- This would enable the development of the supply and skills infrastructure needed to deliver 240k homes per annum and create massive benefits to the economy.

Housing completions by tenure, 1949-2011



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