

APSE Annual Seminar 2019

Katherine Kynaston

Assistant Director: Business, Development & Employment
Telford & Wrekin Council



Telford – Introduction

- New Town – celebrating 50+ years
- Population – 173k
- Properties within the Borough – 75k
- Top 3 housing growth nationally
- Non stock holding authority
- Housing Tenure – ‘normalised’
- New Town Estates Challenges
- Brownfield / stalled sites



A place to call home



Telford & Wrekin Council

Housing Investment Programme (HIP)

Established a wholly owned subsidiary of Telford & Wrekin Council (limited by shares). Nuplace Ltd, which was incorporated in April 2015.

Aims & Objectives:

- Raise the standard of rental provision, both in terms of the quality of the rental homes and the landlord service.
- Deliver added value and stimulate local economic growth through supply chain engagement, offering skills and employment opportunities and working with the community.
- Develop brownfield and stalled sites in order to deliver widespread regeneration benefits.
- Generate income to invest into frontline services



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Delivery – 4 years on...

- Built 329 homes for private rent across seven key community sites.
 - 7% - 2 bed apartments
 - 42% - 2 bed houses
 - 49% - 3 bed houses
 - 4% - 4 bed houses
- Development delivered in various locations within the borough, addressing housing need in all areas.
- Delivered sites with Lovell and Register Providers – delivery partner.



Tackling Brownfield Sites

- Developed c. 20 Ha brownfield land to date.
- Reducing blight in local communities.
- Tackling Anti-Social Behaviour.



Managing Performance

The company has established a suite of robust financial and non-financial Key Performance Indicators which are reported to Directors on a regular basis. Examples include:

KPI – Description	Annual Target
Level of rent collection	95%
Rent loss through void / length of void	5% (rent loss) / 20 working days (length)
Reservation Time (point property is empty until reserved)	10 working days
Level of satisfaction of property / service	90%
Disrepair notices	0

Managing Construction

- Main Contractor (Design & Build) – Lovell Partnerships Ltd

Strength of 'partnership' key to success

Lovell / Nuplace working together to deliver significant added value in terms of economic impact, community benefits, education and training.

Economic Impact:

- Every £1 spent on construction contracts for the HIP has to date stimulated on average **£2.47** worth of growth in the economy.
- Amounting to an economic benefit totalling **£80.65m**.
- Spend with Borough based contractors amounting to **£2.8m** to date.

The logo for Lovell Homes, featuring the word "LOVELL" in a large, bold, dark red sans-serif font, with the word "HOMES" in a smaller, bold, dark red sans-serif font directly below it. The logo is centered on a light yellow rectangular background.

Brand Strength

- Seventh site seen all properties pre-let within a month of releasing to market (prior to construction start on site); all of the 4 beds reserved on day one;
- Our tenants are up scaling within our property portfolio – moving into our larger 3 and 4 bedroom homes;
- For those renting the properties security and assurance that their homes will not be sold under them and that the homes they are renting are built to a high standard.
- Waiting list of c.20 for our developments.
- Lovell / Nuplace have delivered a programme of work within communities – Hands on Help Scheme as part of Corporate Social Responsibility.



Finance

- The company is financed by Telford & Wrekin Council – **equity** (share capital) and **debt** finance (30 year loan).
- Nuplace borrow from Telford & Wrekin Council to fund the construction at a commercial rate – interest only loan.
- The model assumes:
 - annual rental increase; and
 - annual growth in the capital value of the properties.
- Housing development and management services are purchased from the Council

Nuplace viability parameters including:

- Net rental yield (profit after tax as a % of rental income);
- Return on Gross Development Value

Finance Cont.

- Since 2015/16 Nuplace has generated a cumulative net income for the Council of **£2.071m** with housing management services delivered by Local Authority teams.
- In 2017/18 alone incremental net income generated was **£1.238m** which is a combination of interest paid relating to the loan agreement and services Nuplace purchased from the Council.
- The Council will also benefit from additional Council Tax, and New Homes Bonus as Nuplace properties are completed. New Homes Bonus and additional Council Tax of **£369k** in 2017/18 which will rise to **£756k** ongoing.
- Cumulatively since 2015/16 Nuplace Ltd has delivered profit before interest and taxation of **£1.5m**.

Lessons Learnt

- Maximum number Nuplace properties per site c. 50 units
- Specification upgrades on later sites due to longevity we are experiencing from maintenance.
- Viability of Brownfield Sites
- Balancing delivery, policy requirements (e.g. affordable requirements) and overall financial viability
- Continuing to learn!



The Future..... What's next?...

- On site with two further developments, for an additional 91 homes.
- Delivery will see Nuplace's Property portfolio increase to 420 homes by the end of 2020 and include the delivery of 19 specialist units to include:
 - Wheelchair accessible homes.
 - Adaptable and accessible homes.
- Diversification – delivering housing for specific groups / addressing identified needs for the borough.
- Explore opportunities both regarding supported and specialist accommodation and other markets such as Town Centre living.