

**Delivery Options**

Option	Proposal	Advantages	Disadvantages
DO1:	Sell the sites on the open market with a guarantee of 20% social housing to be delivered, otherwise an unencumbered disposal	<ul style="list-style-type: none"> <li>• Council may get a receipt immediately that could contribute to the Estate Renewal programme or further Council housing.</li> </ul>	<ul style="list-style-type: none"> <li>• Housing market and land values currently low so receipt may be minimal with requirement for 20% socially rented property.</li> <li>• No control over the development of the land other than through the planning process.</li> <li>• Less control over amount of social housing that is delivered. Although, minimum level set at time of sale.</li> <li>• Little control over when developer will bring the sites forward meaning that they may sit empty and undeveloped for unknown amount of time or may develop very slowly because of the condition of the market</li> <li>• Registered Providers (RP) would take the affordable housing; they lack local accountability and standards of estate and tenancy management may vary.</li> <li>• No long term return to the Council.</li> </ul>
DO2:	Sell sites on open market with the developer giving a small number of homes to the Council in lieu of a land receipt	<ul style="list-style-type: none"> <li>• Completed social homes transferred to the Council at nil cost to LBBB – some level of accountability</li> <li>• Homes transferred to LBBB would strengthen the HRA balance sheet and cash flow position as no borrowing would be involved</li> <li>• Some long term return</li> </ul>	<ul style="list-style-type: none"> <li>• No capital receipt</li> <li>• No guarantee of 20% of units being social rent, in reality the level could be much lower.</li> <li>• Less control over design and development process.</li> <li>• Less control over development timescales</li> </ul>
DO3:	Sell sites on a deferred purchase basis in return for a number of “free” homes for social rent	<ul style="list-style-type: none"> <li>• More control over development and standard of delivery</li> <li>• Number of social rent units likely to be higher than previous option as market values could rise during the deferred period.</li> <li>• Completed social homes transferred to</li> </ul>	<ul style="list-style-type: none"> <li>• No capital receipt</li> <li>• No guarantee of 20% of units being social rent, although</li> <li>• Less control over design and development process</li> <li>• Less control over development timescales</li> </ul>

		<p>the Council at nil cost to LBBB- some level of accountability</p> <ul style="list-style-type: none"> <li>• Homes transferred to LBBB would strengthen the HRA balance sheet and cash flow position as no borrowing would be involved</li> <li>• Some long term return</li> </ul>	
DO4:	<p>Transfer sites to a Registered Provider with them owning the affordable homes on the basis that there are a guaranteed number of social rented homes, guaranteed in perpetuity with the Council given the option to manage</p>	<ul style="list-style-type: none"> <li>• Council are given right to manage the properties - ensuring local accountability</li> <li>• Social rented properties are held in perpetuity</li> <li>• Some local control over the design and deliverability of these units</li> </ul>	<ul style="list-style-type: none"> <li>• No long term return on the asset</li> <li>• Less control over design than if the Council was a partner in the development.</li> <li>• Unlikely that a housing association would agree to these terms in respect of management arrangements.</li> </ul>
DO5:	<p>Enter into a Joint Venture with a Registered Provider (RP). Encompassing new build Council, refurbished Council and RP properties.</p>	<ul style="list-style-type: none"> <li>• Council given the right to be involved in managing the properties – ensuring local accountability.</li> <li>• Gives the ability to provide a range of sub-market housing units.</li> <li>• Social rented properties are held in perpetuity</li> <li>• Some local control over the design and deliverability of these units</li> <li>• The Council could be involved in an umbrella organisation to oversee the management of the units jointly with the RP this would ensure a consistent level of management across the development.</li> <li>• This option could if preferred deliver a scheme of up to 100% sub-market units with the ability as market picks up for</li> </ul>	<ul style="list-style-type: none"> <li>• Control over delivery timetables and design would be shared with the RP.</li> <li>• RP delivery finance model would drive the process.</li> <li>• Fees associated with setting up the JV</li> <li>• Time taken to establish the JV and agreed heads of terms</li> </ul>

		tenants to staircase up into home ownership.	
DO6:	Set aside land value to enter into a development agreement with a developer procured via a Developer Framework on the basis of a proportion of new homes being delivered given to the Council in lieu of land value . Also the Council offered the ability to long lease other sub market rented properties at suitable terms	<ul style="list-style-type: none"> <li>• More control over development and standard of delivery</li> <li>• More control over number of sub-market tenure housing units provided</li> <li>• Completed social homes transferred to the Council at nil cost to LBBB</li> <li>• Homes transferred to LBBB would strengthen the HRA balance sheet and cash flow position as no borrowing would be involved- some long term return</li> <li>• Ability to lease further sub – market rented homes would increase ability to re-house local people and give a limited return through managing. Also over time provision might become available to acquire stock through HRA</li> <li>• Could create a model similar to the BSF LEP with a lease back arrangement for a proportion of the affordable homes.</li> </ul>	<ul style="list-style-type: none"> <li>• No immediate receipt</li> <li>• Relies on long term private equity or bank funding being available to the developer to fund other sub market rented properties.</li> <li>• If private sale units are proposed to cross subsidise the market values will affect the level achievable.</li> <li>• Risk around guaranteeing the rental stream on the sub market rent properties</li> </ul>
DO7:	Long lease sites to BSF LEP development vehicle Potentially all tenures would be sub market rent.	<ul style="list-style-type: none"> <li>• Faster procurement as LEP is already procured and in existence</li> <li>• Return properties to the HRA at end of lease and finance period (60 years)</li> <li>• Greater control over design and development parameters subject to scheme commercial viability</li> <li>• Lower upfront costs as LEP is already fully funded and able to take on new project feasibility work subject to LEP board approval</li> <li>• Potential for share in development returns through LEP structure through</li> </ul>	<ul style="list-style-type: none"> <li>• With the BSF LEP being used for the WSQ and EETV sites, there is no capacity for the development of the Estate Renewal sites in this phase.</li> <li>• No receipt</li> <li>• No testing of VFM through tender process; would need to rely on LEP new business protocol and management of existing arrangements</li> <li>• Will need new SPV to be established which could result in some time delays and additional costs and governance arrangements</li> <li>• Would need LEP board approval</li> <li>• Specialist expertise around Estate Renewal projects may be needed to complement the LEP's competencies and capabilities</li> <li>• Rental guarantee on non social rent sub market tenures will pose</li> </ul>

		<p>land being invested into a LEP SPV</p> <ul style="list-style-type: none"><li>• Council returns could be recycled</li><li>• The LEP SPV could hold and be responsible for managing the affordable tenures.</li><li>• Set up costs met by the LEP</li><li>• Would contract the Council to carry out tenancy management.</li><li>• Wholly rented scheme will result in quick delivery</li></ul>	<p>a significant risk to the Council which cannot be offset by a limited amount of private sale</p> <ul style="list-style-type: none"><li>• No additional funding to the HRA</li><li>• Council share in the LEP only 10% so return limited</li><li>• All rent guarantee risk rests with the Council</li></ul>
--	--	---	---

## Available Developer Framework Panels

Option:	Development Frameworks	Advantages	Disadvantages
DF1	HCA Development Partner Panel	<ul style="list-style-type: none"> <li>• Developer framework valid until January 2013</li> <li>• There is no joining fee or administration fee for this process.</li> <li>• Does not require the Council to go through OJEU, significantly cutting down on the time for the procurement process.</li> <li>• The process could be as short as 12 weeks.</li> <li>• One-stop shop, enables procurement of development and construction works</li> <li>• Have previously completed a soft marketing testing exercise with the members of this panel for housing sites across the Borough.</li> </ul>	<ul style="list-style-type: none"> <li>• Limited to the members on the Development Partner Panel</li> <li>• Members divided into three groups, London included in 'southern' group. May be some disadvantages to the framework not being London specific.</li> </ul>
DF2	City West Framework List of members -	<ul style="list-style-type: none"> <li>• Refurbishment, developer and consultant framework.</li> <li>• Developer framework is valid until June 2013.</li> <li>• No requirement for OJEU process</li> <li>• London based.</li> </ul>	<ul style="list-style-type: none"> <li>• Minimum £25,000 fee for use of the Framework.</li> <li>• Can only deal with projects up to £25m in value.</li> </ul>
DF3	Watford Community Housing Trust	<ul style="list-style-type: none"> <li>• Capital Improvements Works, Term Repairs and Maintenance and New Build Projects</li> <li>• Developer framework is valid until July 2013</li> <li>• No requirement for OJEU process</li> </ul>	<ul style="list-style-type: none"> <li>• Was established primarily to provide services to social landlords.</li> <li>• Only has five (5) framework contractors on the list</li> <li>• Based in Hertfordshire, not London based.</li> <li>• Only used by one Registered Provider, with an informal fee agreed of £10,000. Not clear what fees are.</li> <li>• Not used by a Local Authority yet.</li> </ul>

## Lists of Members of the Developer Framework Panels

HCA Developer Partner Panel	Frameworkx (Developer Panel)	Watford Community Housing Trust
Ardmore First Base Partnership BDW Trading Ltd (Barratt) Bouygues UK Ltd Carillion Igloo Consortium Countryside Properties (UK) Ltd Crest Nicholson Operations Ltd Family Mosaic Home Ownership Galliford Try plc Hadley Mace Ltd J B Leadbitter & Co Ltd Kier Ltd Laing O'Rourke Plc Lovell Partnerships Ltd Mi-Space Skanska Construction UK Ltd Taylor Wimpey UK Ltd Wates Construction Ltd	Contract value £0 - £5m <ul style="list-style-type: none"> <li>• Lovell Partnership Limited</li> <li>• Wates</li> <li>• United House</li> <li>• Mulalley and Co</li> <li>• Durkan</li> </ul> Contract value £5m - £10m <ul style="list-style-type: none"> <li>• Lovell Partnership Limited</li> <li>• Wates</li> <li>• United House</li> <li>• Mulalley and Co</li> <li>• Durkan</li> </ul> Contract value £10m - £25m <ul style="list-style-type: none"> <li>• Lovell Partnership Limited</li> <li>• Wates</li> <li>• United House</li> <li>• Mulalley and Co</li> <li>• Durkan</li> </ul> Contract value £25m+ <ul style="list-style-type: none"> <li>• Lovell Partnership Limited</li> <li>• Wates</li> <li>• Wilmott Dixon Homes Limited</li> <li>• Mulalley and Co</li> <li>• Durkan</li> </ul>	Apollo Connaught Mears Mulalley United House Wates