

**ECONOMIC DEVELOPMENT, ENVIRONMENT AND INFRASTRUCTURE SCRUTINY PANEL  
HOUSING DELIVERY VEHICLES (HDVs)  
– ACTION PLAN**

**20 NOVEMBER 2018**

<b>SCRUTINY RECOMMENDATION</b>	<b>PROPOSED ACTION</b>	<b>POST TITLE</b>	<b>BUDGET COST</b>	<b>TIMESCALE</b>
<p>a) In order for Middlesbrough Council to take pro-active role in re-shaping the local housing market, as well as Middlesbrough’s landscape, the Council should establish its own Housing Delivery Vehicle (HDV) in the form of a wholly owned Company Limited by Shares (CLS).</p>	<p>The Service was already undertaking this action prior to the Scrutiny investigation taking place.</p> <p>A HDV Shadow Board has been appointed and specialist advice sought to undertake an option appraisal on potential delivery models.</p> <p>The Executive will consider a report in December 2018 that will recommend a preferred delivery model and seek approval of a business plan.</p>	<p>Development Services Manager</p>	<p>Nil</p>	<p>December 2018</p>
<p>b) The Council will provide the initial capital required to establish the Company with a loan from the Public Works Loan Board (PWLB). The Company will repay the loan to the Council at a higher interest rate, and the profit should be re-invested into housing provision.</p>	<p>The HDV’s business plan will establish the initial capital requirement.</p> <p>The Council will borrow from PWLB and will lend to the HDV on a higher interest rate that is compliant with State Aid regulations.</p> <p>Any additional revenue will support the Council’s MTFP.</p>	<p>HDV Implementation Lead</p> <p>Finance Business Partner for Regeneration.</p>	<p>Nil</p>	<p>December 2018</p> <p>April 2019</p>

<p>c) Council-owned land will be transferred to the Company for housing development. Efforts should be made unlock unused sites which are not attractive to Developers and maximise the delivery of houses on brownfield sites.</p>	<p>The HDV's business plan will include an aim to intervene in the housing sector in Middlesbrough to deliver homes in the locations, types and tenures not currently being provided by the market and will identify an initial development portfolio of Council owned sites.</p> <p>The HDV would acquire the sites from the Council at market value.</p>	<p>HDV Implementation Lead</p>	<p>Nil</p>	<p>October 2019</p>
<p>d) The Company will provide mixed tenure housing for sale and rent, in the first instance, ensuring affordable, innovative, sustainable and excellent quality provision, which contributes to the social and physical regeneration of Middlesbrough in line with the Council's Strategic Plan 2017-2021<sup>2</sup>.</p>	<p>The HDV's business plan will include an objective to deliver homes to buy or rent that will meet the needs of our aspiring population.</p>	<p>HDV Implementation Lead</p>	<p>Nil</p>	<p>December 2018</p>
<p>e) The Company should purchase suitable empty properties that become available on the open market, carry out any renovations required and make them available for rent.</p>	<p>The acquisition and refurbishment of empty properties will be considered as a future function of the HDV once it is operational.</p>	<p>HDV Implementation Lead</p>	<p>Nil</p>	<p>December 2019</p>
<p>f) Through its HDV, Middlesbrough</p>	<p>The HDV will appoint an experienced</p>	<p>HDV</p>	<p>Nil</p>	<p>July 2020</p>

<p>Council will strive to be an exemplar landlord, retain control over rents, and provide high customer service standards that other landlords will aspire to achieve. Tenancy agreements will include requirements in relation to the standards expected of tenants in respect of their accommodation.</p>	<p>management agent who will implement tenant move-in / move-out procedures and ensure that tenants receive excellent customer service.</p> <p>Choice based lettings systems and agent marketing can be used to source and vet tenants.</p>	<p>Implementation Lead</p>		
<p>g) The Council will use its HDV to expand training opportunities for local people, provide apprenticeships and, where possible, employ local people.</p>	<p>The HDV will encourage contractors to provide training and employment opportunities for local people in their tender submissions.</p>	<p>HDV Implementation Lead</p>	<p>Nil</p>	<p>July 2019</p>
<p>h) The Council should consider utilising its own in-house architectural services to provide greater control over the quality, size and design of builds. Having modern, innovative and attractive designs is crucial to developing a housing offer that appeals across different demographics and encourages inward migration to Middlesbrough. An in-house service can also trade in the private sector and realise additional revenue for the HDV.</p>	<p>The HDV will consider using Design Services for architectural work but a clear consultant brief will enable quality and design to be tightly controlled.</p> <p>Any additional revenue realised by Design Services would support the Council's MTFP.</p>	<p>HDV Implementation Lead</p> <p>Finance Business Partner for Regeneration.</p>	<p>Nil</p>	<p>April 2019</p>
<p>i) The Council should also consider providing an in-house property</p>	<p>The HDV will consider the option to use an in-house property maintenance</p>	<p>HDV Implementation</p>	<p>Nil</p>	<p>July 2020</p>

<p>maintenance service to ensure that all properties remain in good condition and tenants receive high quality and reliable provision.</p>	<p>service.</p>	<p>Lead</p>		
<p>j) All new development by the HDV should be demand-led with an effective marketing strategy in place, to ensure that accommodation is not unoccupied for any length of time once completed, since this will impact on a scheme's profitability.</p>	<p>The HDV has an aim to deliver homes in the locations, types and tenures not currently being provided by the market but will ensure that individual schemes are commercially viable.</p> <p>Once operational, the HDV will engage specialist marketing consultants to develop a website, sales literature and a marketing strategy to achieve sales/rentals.</p>	<p>HDV Implementation Lead</p>	<p>Nil</p>	<p>April 2019</p>
<p>k) When planning new housing developments, the Company should engage with Middlesbrough residents and/or potential tenants to ensure that the accommodation provided meets local needs.</p>	<p>The HDV will consult with residents on a site by site basis via the Statutory Planning process.</p>	<p>HDV Implementation Lead</p>	<p>Nil</p>	<p>September 2019</p>
<p>l) The Council will ensure that the Infrastructure Delivery Plan supports Middlesbrough's Local Plan's proposals so that the requisite open spaces, transport, highways, education, utilities and community facilities associated with providing a further 5,500 dwellings by 2029 are provided.</p>	<p>The Council will ensure that infrastructure is provided in a timely manner to support the new Housing Local Plan.</p>	<p>Head of Planning</p>	<p>Nil</p>	<p>October 2019</p>

m) Once the wholly owned Company is settled, consideration should be given to expanding into building and managing social housing stock, possibly through a separate Housing Delivery Vehicle.	Consideration will be given to the proposal to develop a HDV to provide social housing once the company has been trading for two years.	Director of Regeneration	Nil	April 2021