

# Councils building homes Understanding your options

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# Housing Advisers Programme

## Altair projects

### Huntingdonshire District Council

- Ambitious, pro-growth local authority
- Seeking to increase involvement in the local housing market to increase supply



### West Devon & South Hams Councils

- Non-stock-holding local authorities
- Seeking to become stock-holding in order to address local housing challenges



# Our methodology



Understanding the  
context

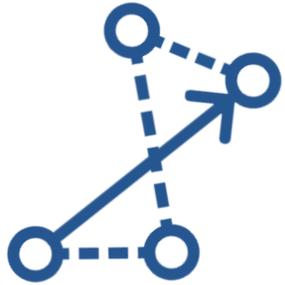


Developing and  
appraising the  
options



Reporting and  
recommendations

Altair



Direct delivery



Joint ventures

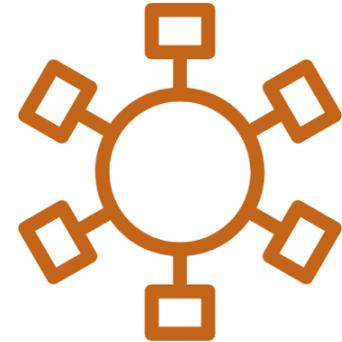


Multi-Authority  
company



Leaseback  
vehicles

Options



Wholly-owned  
company

### Structures

The housing is held directly by the Council within their ring-fenced HRA.

### Financing

Since HRA self-financing Councils can borrow up to their HRA borrowing cap – this will either be external Public Works Loan Board (PWLB) borrowing or internal borrowing from the General Fund.

(NB. Councils are not required to make a Minimum Revenue Provision (MRP) for housing borrowing).

#### Strengths

- Low set up costs
- Council maintains control
- Councils are able to offer assured tenancies

#### Challenges

- Requirement to open HRA
- Housing subject to right to buy (although rural restrictions may apply)
- Council not able to let on ASTs

### Structures

WOC are normally a single company, however some have been formed as groups, often to allow the creation of a registered provider (either profit generating or not-for-profit).

### Financing

Many WOCs are funded through borrowing from the council (from General Fund reserves or from PWLB borrowing which generates an on-lending margin). However, some have looked to the private sector, particularly pension / investment funds.

#### Strengths

- Council has control over the vehicle and can be flexible in shaping the business' offer over time
- Council is able to generate financial returns
- Relatively short set-up time

#### Challenges

- Council is exposed to all risks associated with the vehicle
- Council has to resource vehicle and ensure it has the appropriate expertise

**Structures**

Limited Company, Limited Liability Partnership (LLP), Limited Partnership (LP), Local Asset Backed Vehicle, Contractual Partnering

**Type of partner**

Registered Provider, Private Sector Developer, Build-to-Rent company, or Investor

**Strengths**

- Can bring in expertise that LA may not have
- Can provide alternative financing options
- Shares risk with partner

**Challenges**

- Likely to require a procurement process to select a partner which will add time to the set-up
- Council has limited control over JV objectives and approach
- Partner will take a share of profits from the JV

## Outcomes and learning

Key learning points, early consideration of:

- Internal expertise
- What are the key strategic objectives? Commercial v Social?
- What tenures are to be offered?
- How will it be funded? And consideration of state aid rules
- What level of risk is acceptable?
- Who is going to manage the homes in the long term?
- How much independence might the vehicle have? Governance arrangements?



The Altair logo consists of two overlapping dark purple circles. The word "Altair" is written in white, sans-serif font across the circles.

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# Questions

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