Appendix 1 Social Housing Grant

1. Model name	Traditional Social Housing Grant Funding
2. Explanation of how it works	Housing Associations are currently allocated 58% grant assistance from Welsh Government as part finance to the overall development cost of schemes and the housing associations finances the remaining 42%.
3. Tenure uses	Social Rent
4. High level financials	None
5. High level legals	Social Housing Grant (SHG) is to provide new affordable housing for rent or low cost home ownership. Here procurement rules would apply, although State Aid may well be less problematic on the basis that reliance can be placed upon one of the block exemptions. Consideration would also need to be given to the detail of the Council's land disposal powers and the need to obtain consents under the Local Government Act 1972, the Housing Act 1985 and the Local Government Act 1988 (or at least to fall within the terms of general consents).
6. Management arrangements	Housing Association Manage properties and council receive 50% nominations
7. Risk factors	
High	
Medium	This funding will not deliver the number of affordable housing units required. Reliance of this delivery model in isolation is therefore a medium risk to the Council.
Low	
8. Benefits	Reduce social housing waiting list
9. Examples of where it might be used in Flintshire	Scheme currently in programme Glan y Don Greenfield, Treuddyn, Gwernaffield

Issues to Consider

1. The lack of Social Housing Grant available to fund the increased amount of affordable housing required to meet the Council Local Housing Strategy
2. The Council only receives 50% nominations from Housing Association partners.

Appendix 2 Prudential Borrowing

1. Model name	Prudential borrowing
2. Explanation of how it works	Council borrows funding within agreed limits and repays with interest over 30 plus years to fund the development of new homes.
3. Tenure uses	Social Rent predominantly
4. High level financials	WG set borrowing limits therefore there are limits on the number of homes which can be provided
5. High level legals	Homes funded through the HRA would be social rented.
6. Management arrangements	Council owns and manages properties nominations
7. Risk factors	
High	
Medium	
Low	Borrowing does incur long term costs
8. Benefits	Reduce social housing waiting list
9. Examples of where it might be used in Flintshire	Flint, garage sites, other HRA development sites

Issues to Consider

1. Limited by available borrowing capacity and needs for investment to deliver WHQS and stock redesign

Appendix 3 Joint Venture

1. Model name	Joint Venture (JV) Limited Liability Partnership
2. Explanation of how it works	Only works with a critical mass of 100 plus properties The JV between the investor/developer and the Council would form an (LLP) which holds equity shares which are weighted in accordance with value within the new company, which would build the new homes to build code level 4. The council would offer the land and or section 106 land acquired for affordable housing would represents the council's equity shares within the LLP. The funder/developer would upfront provide the development finance which would include the developers profit of 15% to construct the new housing. In return a 35 year lease would be granted to the council. The council would manage the properties over the term of the lease and receive a management fee for doing so. At the end of the 35 year term the council could sell its share and obtain a land receipt. The developer would defer development profit within the LLP company but would expect to exit after years 10 – 15.
t	Affordable rent (80% of market rent and Market (depending on critical mass an element could be social rent) and Local Housing Allowance (LHA)
4. High level financials	A % of the rental income from the homes will

	service the investment, with the remainder given to the council to manage and maintain the new properties. The properties will be financed through the council fund via a ring fenced account (possibly an arms length company). Developer profits are would be taken out of the JV by years 10-15 (rather than upfront).
5. High level legals	This is a model which requires no up front funding from the Council, with its contribution being the provision of land in return for an equity stake in a joint venture vehicle. Whilst a joint venture vehicle does not necessarily need to satisfy the public procurement rules, care must be taken to ensure the detailed terms of the joint venture arrangements do not introduce the requirement for a procurement rules compliant process. Careful consideration would need to be given to the State Aid issue. There are financial issues relating to this model which arise in relation to the powers that the Council would be using to participate in it, but apart from that aspect the joint venture would fall within the Council's powers particularly the wellbeing power in Section 2 of the Local Government Act 2000.
6. Management arrangements	Council would manage the properties. Tenant and property maintenance responsibilities would still remain with the council including rent collection, voids, arrears and repairs.
7. Risk factors	
High	
Medium	An arms length management company would be established to hold the properties over the 35 year lease. The Company would need to be in a position to buy out the developer at either years 10 or 15 (to be agreed).
Low	
8. Benefits	Increase new housing delivery without the need to provide funding upfront.

9. Examples of where it might be used in Flintshire	Deeside Enterprise Zone UDP affordable housing allocation, Broughton UDP affordable housing allocation. Flint Town Housing Regeneration, Garage re-development sites

Issues to consider

1. This model would allow the Council to increase affordable housing provision

2. Council land would only be required as investment with no or minimal upfront capital investment

3. Own properties at the end of the lease term

4. The council would manage the new homes

5. The council would receive an income for the management and maintenance costs

Appendix 4 Long term Leasing

1. Model name	Leaseback Investment
2. Explanation of how it works	The development would be front funded and then leased to the Council to manage over a time period (35 – 45 years) at the end of the lease term the properties would be transferred / sold to the council for a nominal fee of a £1. The council will have an asset worth its original value plus any capital appreciation gained over the 45 year period.
3. Tenure uses	Affordable rent (80% of market rent), Local Housing Allowance LHA, there could also be potential opportunities to provide Private Rent or Sale but this would be limited to 25% exposure across a development
4. High level financials	Flintshire would collect the gross rents, deduct the costs of management and maintenance of the properties and incur lease payments based on gross rents. The cost to manage and maintain the properties is estimated at circa 40% of the gross rental income and the lease payments are estimated at circa 60% of the gross rental income Lease payments would increase with inflation annually
5. High level legals	This model requires the Council to take a long lease of units completed on land which the Council has disposed of to the developer. No upfront investment is required from the Council. The procurement position requires careful consideration because different contractual objectives and arrangements produce quite different procurement requirements, largely depending on how separate the investment and developer processes are. In any event the Council may choose to follow a compliant procurement process in order to secure best value through competition. It is unlikely that any particular State Aid difficulties would arise. Land disposal consents should not be an issue provided land disposal is for best consideration. However, care will need to be taken that the

	arrangement does not fall foul of prudential borrowing requirements.
6. Management arrangements	Council would retain the rental income to cover management and repair costs. The council would manage the properties. Tenant and property maintenance responsibilities would still remain with the council including rent collection, voids, arrears and repairs.
7. Risk factors	
High	
Medium	These are new models and therefore potentially medium to high risk. Further consideration would need to be given on specific investor models.
Low	
8. Benefits	Council generates management income and will own the properties at the end of the lease period
9. Examples of where it might be used in Flintshire	Redevelopment sites Flint, Garage site developments?

Issues to consider

1. This model would allow the Council to increase affordable housing provision

2. Council land would only be required as investment with no or minimal capital investment

3. Own properties at the end of the 35year – 40year lease term

4. The council would manage the new homes

5. The council would receive an income for the management and maintenance costs

Appendix 5 Forward Funding

1. Model name	Forward Funding Model
2. Explanation of how it works	Council / Private Land is transferred at nil or discounted value. Funder/developer would upfront fund the development finance which would include the developers profit to construct the new housing. The council would manage the properties over an agreed term up to 20 years. The council or a 3rd party (3 rd party sale would need the council to agree the new purchaser) could purchase the properties between year 3 and maximum of 10 years at an agreed fixed price from the time the property is ready for occupation.
3. Tenure uses	LHA rents, Affordable rent (80% of market rent), and Market rent (depending on critical mass)
4. High level financials	New housing development is forward funded, the council manage the properties on behalf of the investors. A % of gross rental income is given to the council to manage the properties. From years 3 – 10 the council can buy the properties back at the fixed price agreed at the start of development
5. High level legals	.
6. Management arrangements	Council would manage the properties. Tenant and property maintenance responsibilities would still remain with the council including rent collection, voids, arrears and repairs.
7. Risk factors	
High	
Medium	These are new models and therefore potentially medium to high risk. Further consideration would need to be given on

	specific investor models. Management and maintenance costs paid to the Local Authority are low.
Low	
8. Benefits	Increase new housing delivery without the need to provide funding upfront, however finance would need to be sought by years 3-10. This model could be less expensive longer term.
9. Examples of where it might be used in Flintshire	Deeside Enterprise Zone UDP affordable housing allocation, Broughton UDP affordable housing allocation. Flint Town Housing Regeneration, Garage re-development sites

Issues to consider

1. This model would allow the Council to increase affordable housing provision
2. Council land would only be required as investment with no or minimal capital investment
3. The council would manage the new homes
4. The council would receive an income for the management and maintenance costs
5. The council would have to make provision to purchase the properties back by years 5-10

Appendix 6 Deferred Purchase

1. Model name	Deferred Purchase / Rent to Buy
2. Explanation of how it works	Finance would be provided to purchase / develop properties. The properties are then occupied on a rent to buy scheme. The rents are set at an affordable rent and a proportion of the tenants rent builds into a deposit in order that the tenants can purchase the properties. If the tenant does not wish to exercise the right to purchase the Funder/developer (with the agreement of the council) can sell / transfer the ownership of the properties to a new landlord, the new landlord would take transfer of the property and continue to take rent from the tenant until the tenant bought at open market value. The new landlord would honour the agreement to provide up to 10% of the market value of the property to fund or partly fund the deposit required to purchase the property. If the tenant declined the option to purchase the property would be sold at open market value or a new tenant is found
3. Tenure uses	Affordable Rent and market rent
4. High level financials	
5. High level legals	This model provides for initial management of completed dwellings by the Council with a right to purchase. Procurement regulations will need to be carefully considered but it seems unlikely that there is a State Aid implication. In terms of the Council's power to manage, Section 95 of the Local Government Act 2003 is likely to be engaged. This opens up a range of issues including the need to conduct the arrangement through a company which is a subsidiary of the Council. There may also be a requirement for the Council to make provision in its accounts as a purchase agreement may be assessed as a credit arrangement
6. Management arrangements	Council would manage properties and retain A % of the scheme rental
7. Risk factors	
High	
Medium	These are new models and therefore potentially medium to high risk. Further

	consideration would need to be given on specific investor models.
Low	
8. Benefits	Increase tenure options, and ensure all Section 106 developments are delivered
9. Examples of where it might be used in Flintshire	Section 106 development Ffordd Newydd, Connah's Quay, Babylonfields Connah's Quay, Redrow Lane End Buckley

Issues to consider

1. This model would allow the Council to increase affordable housing provision on Section 106 development

2. There investors would purchase completed properties from the developer

3. The council would manage the new homes either for a short term 5 years until properties are purchased by tenants, or on a longer term should investors wish to sell portfolio to another long term investor.