

Appendix 1 – Options to provide housing to replace the use of ETA

Options for supply

Option 1 – Purchase from the open market

The Strategic Property team provided the following information about the market in mid-August 2024. It should be noted that five months on the market has shifted with prices increasing, partly as a consequence of the change in stamp duty thresholds effective 1 April 2025.

Local and national market

HM Land Registry's UK House Price Index Summary for May 2024 records the average price of a property in England to be £302,000, up by 2.2% on the year and 1.2% up on the month. Flats and maisonettes recorded a small decline of 0.9% over the 12 months.

The data further indicates that the average price (May 2024) for flats and maisonettes in Vale grew by 7% for the 12 months, with an average price of £223,344. Assuming 20% additional costs to cover fees (but not stamp duty as LARPS do not need to pay this) and initial renovation works to make suitable for renting, the average capital purchase cost for a flat/maisonette can be estimated at approx. £270,000

Rightmove records average asking prices are relatively similar to where they were in July 2023, and the average time to secure a buyer has fallen to 59 days, from a peak of 78 in January, but still marginally longer than June to August 2023 – 55-57 days.

Availability

- Abingdon - As at 26 July, there were 28 one bedroom properties available in Abingdon, excluding 11 retirement properties and the 2 one bedroom flats at Darcy House. Of these, 5 were freehold houses, with prices ranging from £180,000 to £250,000, 20 are leasehold flats, with prices ranging from £150,000 to £275,000. The remaining three are shared ownership opportunities.
- Wantage - As at 26 July, there were six one bedroom properties available in Wantage. All of these are leasehold flats, with prices ranging from £125,000 to £215,000.
- Faringdon - As at 26 July, there were two one bedroom properties available in Faringdon. One of these, is a freehold house listed at £220,000, the other is a leasehold flat listed at £200,000.
- Harwell - As at 26 July, there were no one bedroom flats listed.

	Total	Houses	Flats	Freehold	Leasehold	Shared
Abingdon	28	5	20	5	20	3
Wantage	6	0	6	0	6	0
Faringdon	2	1	1	1	1	0
Harwell	0	0	0	0	0	0
Total	36	6	27	6	27	3

The experience of LAHF property purchases suggests that the total timescale from decision to occupation would be 6-9 months.

In summary the August data showed there were several one-bedroom properties, mostly leasehold, to purchase that would be suitable to meet the demand, and this pipeline is considered as relatively stable. These properties would mostly be in Abingdon and the council can expect a total capital cost to be approx. £260,000 per unit (on average). Based upon the experience of purchasing for LAHF, the end-to-end process can be estimated to be 6-9 months.

If this option is followed, the Strategic Property team would undertake the purchase of property using a similar approach to the LAHF properties already purchased. Where possible all cost associated with the purchase of property, and costs required to make the property suitable for rent, will be capitalised and charged to the approved capital fund.

Option 2 - MMC/pods

Challenges of Modern Methods of Construction (MMC):

- **Perception Issues:** Public scepticism about MMC quality compared to traditional builds hinders acceptance.
- **Economic Concerns:** Use of imported materials raises concerns about undermining UK manufacturing and the Levelling Up agenda.
- **Social Impact:** Limited local employment and apprenticeship opportunities due to offsite, factory-based production.
- **Skills Shortage:** Specialist skills needed for MMC are in short supply, creating adoption barriers.
- **Addressing Challenges:** Requires collaboration between government, industry, and communities, focusing on quality assurance, social value, and skills development.

Benefits of MMC:

- **Time Efficiency:** MMC can reduce construction time by 10-50%, minimizing delays caused by weather and project complexities.
- **Cost Savings:** Pre-planned processes, reduced onsite work, and minimized construction risks drive down costs.
- **Safety Improvements:** Offsite production lowers risks of falls and injuries by reducing the need for onsite, high-risk activities.
- **Environmental Sustainability:** MMC reduces waste, energy use, and transportation needs, improving sustainability and lowering carbon footprints.
- **Design Flexibility and Innovation:** Use of renewable materials and advanced technologies (e.g., Building Information Modelling) enhances design options and precision.
- **Community Impact:** Reduced construction traffic and disturbance benefit local communities, especially near sensitive areas like hospitals and schools.

Conclusion:

Securing suitable land is essential for leveraging MMC's benefits. Both existing and new land acquisitions provide opportunities to align with strategic housing and development goals. While MMC offers efficiency and sustainability, its successful adoption depends on overcoming public perception and skill-related challenges. In addition, the housing needs analysis requires the properties to be disbursed. MMC delivery requires a minimum of four properties per site. Therefore, the MMC will not be suitable for the program of property acquisition or development.

Examples

The team are always reviewing all new innovations within housing delivery. Over the past 12 months we have reviewed several different solutions. List below are a few examples

- Ideal Modular <https://idmh.co.uk/>
- Go Modular <https://www.go-modular.co.uk/>
- MMC <https://www.mmchomebuilding.co.uk/>
- Zedpods <https://www.zedpods.com/>
- Agile Homes <https://agile.property/>

Current Working Examples

- <https://www.cornwalllive.com/news/cornwall-news/cornwall-council-plans-more-pods-8318361>
- <https://housingdigital.co.uk/zed-pods-appointed-to-social-housing-mmc-framework/>
- <https://yoursay.southend.gov.uk/mmc-pilot-project>.

Option 3 – Develop on council owned land and build new properties.

The council could decide to provide these properties by building its own. To do this would require the ownership or long-term lease of suitable land. To meet the demand this would need several small parcels of land.

It would then need to undertake the development projects, including design, planning permission, contract a builder/developer.

The properties would then need to be built.

Based upon the experience of South Oxfordshire developing the Broadway scheme in Didcot, it is estimated that to deliver the number of properties required would take at least two years, with no guarantee that the financial model would be significantly different than for purchase. However, if the council has to acquire one or more parcels of land the cost and timescales for delivery will increase. Therefore, this option is rejected at this time, although the Housing team is keen to work with Strategic Property to develop pieces of council land for housing.

Recommended solution

It is proposed that the purchase from open market option, Option 1, is progressed at this time as this will deliver benefits in the quickest way. If it was later found that these properties were not needed for ETA, they could be converted to general needs housing, with the council retaining the asset.

The analysis suggests that the most suitable place to purchase properties would be in Abingdon. Based upon current market supply, the Strategic Property team believes they would be able to source enough properties to meet this demand in that area.

The financial model suggests that the most appropriate approach is to use S106 funds to support the capital purchase of properties to the amount of 100%. This would require a S106 funding amount of approximately £2.178m to funding the purchase from open market.

Purchasing these properties is expected to result in an estimated annual reduction in the ETA revenue budget for Vale, once fully operational. This is not anticipated to be until FY 2026/27 and will be taken into account when setting budgets for that year.

It is noted by the Strategic Property team that five months on the market has shifted with prices increasing, partly as a consequence of the change in stamp duty thresholds effective 1 April 2025. Therefore the exact number of properties to be purchased is unknown until suitable property is found and offers accepted.