

HOUSING SERVICES PORTFOLIO HOLDER DECISION – 31 JANUARY 2020

PROPOSED PURCHASE OF THE OLD BAKERY, ASHLEY COMMON ROAD, ASHLEY, NEW MILTON. BH25 5AP

1. INTRODUCTION

- 1.1 This report seeks the approval of the Housing Services Portfolio Holder to acquire the freehold interest in the Old Bakery, New Milton as part of the Council's Temporary Accommodation initiative. The acquisition cost is set out in confidential Appendix 1.

2. BACKGROUND

- 2.1 Situated close to the centre of Ashley village, The Old Bakery has provided six small affordable housing accommodation units since it was converted by Hyde Housing Association in 2000. Arranged over three storeys, each bedsit incorporates a lounge/bedroom plus a separate kitchen and shower room, and an independent heating system. The curtilage is shown coloured red on the attached Appendix 2 Plan.
- 2.2 Originally developed with 100% nomination rights to the District Council, the scheme has since provided accommodation for households requiring low-level support. Following Hyde's recent decision to withdraw from the New Forest and other parts of Hampshire, The Old Bakery was sold to Sovereign Housing Association in 2018/19 as part of a stock transfer package between the two Registered Providers.
- 2.3 As part of the current Temporary Accommodation initiative and the search for suitably sized and situated properties, Sovereign agreed to sell The Old Bakery to the District Council in Autumn 2019. Since that time the last remaining residents have been rehoused, enabling the purchase to progress with vacant possession. The purchase price has reflected the properties existing-use-value for social rented housing and its present condition.
- 2.4 An independent RICS building survey has reported that the property requires general modernisation and refurbishment and some remedial building works. However, given the suitability of the accommodation and location for the required purpose, and a realistic existing-use-value purchase price, The Old Bakery would make an ideal acquisition to serve as part of the Council's temporary accommodation strategy.

3. FINANCIAL AND DEVELOPMENT CONSIDERATIONS

- 3.1 Detailed cost estimates have not yet been obtained for the necessary building and modernisation works, however a financial appraisal based upon the long-term rental income, indicates sufficient headroom exists above the purchase price to undertake the works whilst remaining viable.
- 3.2 Overall financial conclusions for the proposed scheme taking the purchase price and potential building works and modernisation into account, have been supported by the Council's Head of Finance and the Executive Head of Governance and Housing and accords with acceptable parameters that underpin the Housing Strategy objective to deliver at least 600 affordable homes by 2026.
- 3.3 The clear social benefits and the long-term cost savings that six additional temporary homes will contribute towards the Council's housing and homelessness services, rather than utilising external B&B, will also be realised by the purchase of The Old Bakery.

4. CONCLUSIONS

- 4.1 Given the current drive to identify and provide suitable homes for temporary accommodation across the District, the opportunity and timing to purchase The Old Bakery is ideal - an acquisition that will not only provide urgently needed homes but will also see the property locally managed by the District Council.
- 4.2 Once acquired and improved The Old Bakery will form part of the network of similar council owned and managed schemes across the New Forest District. Quality homes that will provide urgently needed alternatives to bed & breakfast accommodation.

5. FINANCIAL IMPLICATIONS

- 5.1 In December 2018 the Council's new Housing Strategy was adopted, including the aims to deliver at least 600 new affordable homes for rent and shared-ownership by 2026; to increase the provision of temporary accommodation, and to minimise the use of bed and Breakfast.
- 5.2 As stated in the Housing Strategy the ambitious delivery objectives were informed and underpinned through carefully considered financial modelling – modelling that took account of existing HRA reserves, newly enhanced abilities for prudential borrowing to finance new-build affordable housing development, and the additional net income stream that new development would generate.
- 5.3 The cost of this property and its subsequent improvement will be met within the approved 'Strategy Delivery' Capital Budget and is within the parameters as set out within the approved Housing Strategy. The confidential Appendix 1 is not for publication by virtue of paragraph 3 (information relating to the financial or business affairs of any particular person (including the authority holding that information)) of Part 1 of Schedule 12A of the Local Government Act 1972, and that the public interest in maintaining the exemption outweighs the public interest in disclosing it.

6. CRIME & DISORDER IMPLICATIONS

- 6.1 None.

7. ENVIRONMENTAL IMPLICATIONS

- 7.1 None.

8. EQUALITY & DIVERSITY IMPLICATIONS

- 8.1 None.

9. RECOMMENDATION

- 9.1 That the Council acquires the freehold interest in The Old Bakery, Ashley, and progresses the necessary modernisation & improvement works as quickly as possible.

10. PORTFOLIO HOLDER ENDORSEMENT

I have agreed to the recommendations in this report and in Confidential Appendix 1.

Sign: CLLR J CLEARY

Date: 31 January 2020

For further information contact:

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Background Papers:

Housing Strategy (December 2018)
Homelessness and Rough Sleeping
Strategy (April 2019)

Date on which notice given of this decision – 31 January 2020

Last date for call in – 7 February 2020