

## **HOUSING SERVICES PORTFOLIO HOLDER DECISION – 16 OCTOBER 2020**

***‘Appendix 1 contains exempt information as defined in Paragraph 3 in Part I of Schedule 12A of the Local Government Act 1972. The public interest in withholding the information outweighs such interest in disclosing the information.’***

***Paragraph 3 - Information relating to the financial or business affairs of any particular person (including the authority holding that information).’***

## **PROPOSED PURCHASE OF NEW BUILD HOMES FOR SOCIAL RENT**

### **1. INTRODUCTION**

- 1.1 This report seeks the approval of the Portfolio Holder for Housing Services to acquire the freehold interest in seven new-build residential properties within the west of the District, to be provided for social rent.
- 1.2 Due to the pre-contract nature of this decision and the associated commercial sensitivity, financial information has been set out within Confidential Appendix 1 – such information which will made be available at the earliest opportunity when no longer commercially sensitive.

### **2. BACKGROUND**

- 2.1 As part its development programme the council has purchased and provided a total of 57 homes for social rent over the last 3 years resulting from “S106” opportunities – legal planning agreements that require private developers to provide policy compliant affordable housing as part of approved planning permission.
- 2.2 To meet their planning obligations, and in an openly competitive process with Housing Associations, private developers thereafter invite offers from Registered Providers (including the council) to acquire and deliver affordable homes as specified. N.B. Price expectations for S106 affordable homes are materially below the open market, being based upon their restricted use value WITHOUT the benefit of Homes England grant (a formula whereby the overall level of developer subsidy has been historically associated with ‘free land’).
- 2.2 An opportunity has arisen to purchase seven such homes for social rent; homes that are required as part of a S106 agreement for the final stage of a larger scale development in the west of the District.

### **3 THE PROPOSAL**

- 3.1 If approved the recommendation within this report will permit the council to enter a development agreement and contract with the house builder, whereby the seven homes will be constructed to a standard specified by the developer that has been accepted by the Council. The recommendation follows a formal valuation of the properties, detailed contract negotiations and legal due diligence checks. The homes will benefit from individual new-build warranties and are expected to complete before the end of the current financial year.

3.2 In due course each home will be allocated to households with a local connection to the New Forest District, in accordance with the requirements of the legal planning agreement and the council's adopted housing allocation policy.

3.3 Financial details are contained within the confidential Appendix 1, however, it can be confirmed that the acquisition price has been endorsed by an external RICS Valuer.

#### **4. CONSULTATIONS**

4.1 The proposal, the related costs, and the housing needs to be met, have been discussed with and supported by senior officers in Finance and Housing (Needs, Management and Maintenance).

#### **5. STATUTORY AUTHORITY**

5.1 S17 (1b) of the Housing Act 1985 provides general statutory powers for the Council to acquire land and property.

#### **6. CONCLUSIONS**

6.1 The acquisition and delivery of these seven new-build properties will contribute towards the council's affordable housing delivery target and the fulfilment of planning-led obligations this council places upon private developers.

#### **7. FINANCIAL IMPLICATIONS**

7.1 In February 2020 Council approved a 2020/21 budget of £9m for the Housing Acquisition and Development Programme. Decisions on individual sites or properties are made by the Portfolio Holder for Housing Services. The acquisition proposed in this report is covered within the current approved budget.

#### **8. CRIME & DISORDER IMPLICATIONS**

8.1 None

#### **9. ENVIRONMENTAL IMPLICATIONS**

9.1 None

#### **10. EQUALITY & DIVERSITY IMPLICATIONS**

10.1 None

## **11. RECOMMENDATIONS**

- 11.1 In accordance with adopted strategic housing and development objectives, it is recommended that the Council enters a Development Agreement and Contract with the house builder to acquire the freehold interest of the seven new-build homes for the sum disclosed within Confidential Appendix 1.

## **12. PORTFOLIO HOLDER ENDORSEMENT**

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

**Sign: CLLR J CLEARY**

**Date: 16 October 2020**

### **For further information contact:**

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### **Background Papers:**

NFDC Housing Allocation Policy  
  
Cabinet Agenda and Minutes from 5th  
February 2020 – Agenda Item No:61 –  
Capital Strategy 2020/21

**Date on which notice given of this decision – 16 October 2020**

**Last date for call in – 23 October 2020**