

HOUSING SERVICES PORTFOLIO HOLDER DECISION – 6 NOVEMBER 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 AFFORDABLE RENT AND SHARED OWNERSHIP

1. INTRODUCTION

- 1.1 This report seeks the approval of The Executive Member for Housing to acquire the freehold interest in four new-build residential properties within east of the District. Two will be provided as the Council’s first affordable homes for “Affordable Rent” and two will be provided as the Council’s first affordable homes for Shared Ownership.
- 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 In recent months opportunities have been sought by the Housing Development Team to purchase suitable ‘off-the-shelf’ new-build properties for affordable housing that can contribute to the Council’s Housing Strategy objectives. Procurement ‘off-the-shelf’, means purchases from private developers who are prepared to sell to the Council at discounts to open market asking prices.
- 2.2 As a result fifteen ‘off-the-shelf’ affordable homes are in the process of coming forward across two developments. This report addresses 4 x three-bedroom homes built by a local developer within the east of the District.
- 2.3 This report and recommendation follows a formal valuation of the properties, legal due diligence checks and the outcome of a successful bid to Homes England for social housing grant towards the purchase of the two homes for Affordable Rent.

3. THE PROPOSAL

- 3.1 Once acquired the two homes for Affordable Rent will be let on periodic secure tenancies in accordance with the model and funding conditions prescribed by Homes England. As specified, rents will not exceed 80% of market rates (including service charges), whilst consideration will be given to the use of a local lettings plan to ensure that the affordability requirements of the Council’s adopted Housing Allocation Policy will be fulfilled.

- 3.2 The two homes for shared ownership will be marketed and sold in accordance with the principles and processes set out in the recently adopted Shared Ownership policy, and the Council's standard shared-ownership lease. As specified in the Policy, the shared-ownership homes will be sold on a first-come, first-serve basis albeit with priority to those on council's housing register and a local connection to the locality.
- 3.3 Financial details are contained within the confidential appendix, however, it can be confirmed that the acquisition price is below the developers full asking price and open market value, as determined 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). Housing market research indicates that the provision of homes for shared ownership can be expected to meet need and demand within the locality.
- 4.2 Detailed financial and rental information regarding the proposed homes for Affordable Rent has been shared with and evaluated by Homes England as part of a capital funding submission.

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 These four new-build properties have not only created a windfall opportunity to provide additional affordable homes for local people; they also mark the first Council-owned homes to be delivered within the district for Affordable Rent and Shared Ownership. Other schemes to incorporate these tenures are in the pipeline however utilising the 'off-the-shelf' procurement route has made it possible to fast-track acquisition and delivery, and to secure a capital public subsidy from Homes England.

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 Housing Services Portfolio Holder. 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 acquires the freehold interest of these four 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: 6 November 2020

For further information contact:

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Background Papers:

NFDC Housing Allocation Policy
NFDC Shared Ownership 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 – 6 November 2020

Last date for call in – 13 November 2020