

PROPOSED PURCHASE OF SEVEN RESIDENTIAL FLATS FOR AFFORDABLE HOUSING

1. INTRODUCTION

- 1.1 This report seeks approval of the Housing Services Portfolio Holder to acquire the freehold residential interest of a newly built mixed residential and commercial development within the New Forest. (The integral commercial shop/office unit will be separately assessed and approved for purchase through the Council's Commercial Property Investment Strategy).

2. BACKGROUND

- 2.1 This town centre new-build development is at an advanced stage of construction. The scheme incorporates seven ground and first floor flats and a single ground floor commercial unit with planning consent for use classes A1, A2 or B1(a). The development is to be purchased freehold on a turn-key basis with completion no later than the end of May 2022. The residential flats are to benefit from 10 year insurance backed warranties, whilst the entire development is to benefit from a defect period agreed with the locally based developer/builder.
- 2.2 Providing accommodation that is ideally suited to small households, the scheme will address local housing needs and has attracted significant capital subsidy and revenue funding (for the first two years) from Homes England and the Department for Levelling-Up, Homes and Communities. The all-electric flats have been designed and built to a high specification and have been predicted to meet EPC level B.

3. THE PROPOSAL

- 3.1 If approved the recommendation within this report will permit the Council to exchange contracts with the developer and thereby acquire the seven flats and the commercial unit on a freehold basis, subject to meeting the detailed specification; the provision of insurance backed warranties (for the residential flats), and defect cover for the overall build. The recommendation follows the formal allocation of capital and revenue funding towards the scheme by Homes England; an RICS valuation of the property, and satisfactory long-term financial appraisals demonstrating that the scheme is viable relative to future rental income predictions.

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 affordable homes will make a valued contribution towards the Council's affordable housing objectives, and the provision of accommodation for small households.

7. FINANCIAL IMPLICATIONS

- 7.1 In December 2018 the Council's new Housing Strategy was adopted with the aim of delivering at least 600 new affordable homes for rent and shared-ownership by 2026, including permanent homes and those that will provide temporary accommodation.
- 7.2 This delivery objective was informed and underpinned through financial 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. To augment these sources of finance and subsidy, the Council also pledged to seek and secure external funding where possible and appropriate.
- 7.3 As previously stated the costs associated with the commercial unit will be separately assessed and approved through the Commercial Property Investment Strategy. The cost of purchasing the residential element is set out within confidential Appendix 1. These will be met within the approved 'Strategy Delivery' capital budget and are within the parameters that informed the approved Housing Strategy.
- 7.4 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.

8. CRIME & DISORDER IMPLICATIONS

- 8.1 None.

9. ENVIRONMENTAL IMPLICATIONS

- 9.1 Designed and built using timber-frame technology with all-electric space and water heating, the scheme has been designed to exceed minimum building regulation standards. It is also noteworthy that roof mounted Photo Voltaic panels have been incorporated which will reduce landlord running costs, feeding communal lighting and services.

10. EQUALITY & DIVERSITY IMPLICATIONS

- 10.1 None.

11. RECOMMENDATION

- 11.1 In accordance with adopted strategic housing and development objectives, it is recommended that the Council enters 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 JILL CLEARY

Date: 18 MARCH 2022

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Background Papers:

Housing Strategy (December 2018)

Date on which notice given of this Decision –
18 March 2022

Last date for Call-In – 25 March 2022