

PROPOSED PURCHASE OF NEW BUILD HOMES FOR AFFORDABLE RENT AND SHARED OWNERSHIP

1. INTRODUCTION

- 1.1 This report seeks the approval of the Housing and Homelessness Services Portfolio Holder to acquire the freehold interest in seventeen new-build residential properties within the west of the District. Forming part of the same development, fourteen of the homes will meet a Planning S106 requirement; whilst an additional three homes are being purchased to provide shared ownership housing, part funded through Homes England grant subsidy.
- 1.2 Due to the pre-contract nature of this decision and the associated commercial sensitivity, financial and site specific information has been set out within Confidential Appendix 1. (The confidential Appendix 1 is not for publication by virtue of paragraph 3 (information relating to the financial or business affairs of any particular person (including the authority holding that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.)

2. BACKGROUND

- 2.1 As part its development programme the Council has purchased and provided a total of 64 affordable homes over the last 4 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 fulfil their planning obligations private developers thereafter invite competitive 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.
- 2.2 In addition to securing fourteen S106 homes (11 for Affordable Rent and 3 for Shared Ownership), the Council has also agreed to purchase three extra homes for Shared Ownership. These three homes have been secured at a discount to open market value and have also attracted capital subsidy from Homes England.

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 seventeen 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 will be delivered over the coming 18 months as the developer builds-out the scheme.
- 3.2 In due course the homes for Affordable Rent will be allocated to households with a local connection to the New Forest District, in line with the Council's Housing Allocation Policy. Homes for Shared Ownership will be offered for sale in accordance with the Council's shared ownership policy and the marketing requirements of Homes England.
- 3.3 Financial details are contained within the confidential Appendix 1 however, an external RICS Valuer has confirmed that the purchase price for the S106 units and the three additional shared ownership units are significantly below open market values.
- 3.4 Given that the proposal includes six homes for shared ownership, the sale of these homes is exposed to a degree of risk due to the changing nature of the housing and mortgage markets. However

external housing market advice has objectively supported the need and demand for shared ownership homes within the Fordingbridge locality, and the affordability of the homes relative to the cost of renting privately.

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 seventeen 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. It will also see further inroads into the delivery of homes for shared ownership by the Council.

7. FINANCIAL IMPLICATIONS

7.1 In February 2022 Council approved a 2022/23 budget of £14.2m for the Housing Acquisition and Development Programme. Decisions on individual sites or properties are made by the Housing 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 enters a Development Agreement and Contract with the house builder to acquire the freehold interest of the seventeen 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 A.

Sign: Cllr Jill Cleary.....Date: 21 October 2022

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Background Papers:

NFDC Housing Allocation Policy
NFDC Shared Ownership Policy
Cabinet Agenda and Minutes from
February 2022 – Agenda Item 60 – Capital
Strategy 2022/23

Date on which notice given of this Decision – 21 October 2022

Last date for call in – 28 October 2022