

PROPOSED PURCHASE OF CONVERSION AND NEW BUILD HOMES FOR SOCIAL RENT

1. INTRODUCTION

- 1.1 This report seeks the approval of the Housing and Homelessness Portfolio Holder to acquire the Freehold interest in twenty-three conversion and new-build residential flats in the south of the District. All of the homes are to be provided at social rent levels and will be 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 (The confidential Appendix 1 is not for publication by virtue of paragraph 3 (information relating to the financial or business affairs of any particular person (including the authority holding that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 of its development strategy over the last five years the Council has sought opportunities to provide additional affordable housing in developments and locations that are well matched to local housing need and that are situated close to essential services and amenities. The Council has also focussed on delivering energy efficient homes which are more affordable to run and to meet good space standards.
- 2.2 In terms of finding and advancing new openings significant effort has centred around the acquisition of land, obtaining planning consent, and then letting a building contract, e.g. the recently completed Penman House at Totton. However the Council has also been receptive to competitive opportunities introduced by private developers either through the delivery of Planning-led S106 affordable housing, or through so-called “package deals” when land and build openings are offered to the Council for a fixed-price.
- 2.3 This report and the related decision addresses a package-deal opportunity that was introduced to the Council during 2023. Having established a viable and all-inclusive price, subsequent discussions and agreements with the Developer have confirmed that all 23 x 1 and 2 bedroom flats will meet the Nationally Described Space Standard (NDSS). New-build flats will meet current building regulation standards, whilst commitments have been made that the conversion flats will meet EPC level B.
- 2.4 At this point the accepted offer is conditional and will remain so until all dependant matters are satisfactorily concluded including, but not limited to, the outcome of the portfolio holder decision and securing Homes England funding for all 23 homes. (A bid has been submitted to Homes England and is due to be determined this month).

3 THE PROPOSAL

- 3.1 If approved the recommendation within this report will permit the Council to enter a land and development agreement with the Developer, whereby the council will acquire the land and simultaneously enter a building contract for all 23 homes to be constructed to a standard and specification contractually agreed with the Council. The recommendation in this report follows a formal valuation of the land and of the homes to be built.
- 3.2 The Council will not enter an unconditional contract until all legal due diligence checks, detailed negotiations have been concluded and Homes England funding is assured. The homes are to benefit from individual warranties and will be delivered by November 2025 (although a long-stop date is allowed for in the contract).

3.3 In due course the homes for Social Rent will be allocated to households with a local connection to the New Forest District, in line with the Council's Housing Allocation Policy.

3.4 Financial details are contained within the confidential Appendix 1.

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 twenty-three homes will provide urgently needed accommodation and will contribute towards the council's affordable housing delivery target.

7. FINANCIAL IMPLICATIONS

7.1 In February 2023 Council approved a 2023/24 budget of £15.2m for the Council's housing acquisitions and development programme. Decisions on individual sites or properties are made by the Housing and Homelessness 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 New-build homes will be built to current Building Regulation standards which are expected to result in an Energy Efficiency Rating of EPC B. The Developer has given a commitment that conversion homes will also meet an Energy Efficiency Rating of EPC B

10. EQUALITY & DIVERSITY IMPLICATIONS

10.1 All 23 homes will be provided for Social Rent and allocated in accordance with the Council's adopted Housing Allocation Policy.

11. RECOMMENDATIONS

11.1 It is recommended that the Portfolio Holder for Housing and Homelessness delegates authority to the Interim Strategic Director of Housing and Community Safety to enter contract and commitments to purchase all twenty-three of the homes within this report for the sum disclosed within Confidential Appendix 1, subject to: securing Homes England grant, agreed building specification, and the completion of due diligence work in respect of title and legal matters to the satisfaction of the Interim Director of Housing and Communities in consultation with the Council's Monitoring Officer.

12. PORTFOLIO HOLDER ENDORSEMENT

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

Sign: Cllr Steve Davies

Date: 7 February 2024

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Background Papers:

NFDC Housing Allocation Policy

Cabinet Agenda and Minutes from
February 2023 – Agenda Item 81 –
Housing Revenue Account Budget and the
Housing Sector Capital Expenditure
Programme for 2023/24

Date on which notice given of this Decision – 7 February 2024

Last date for call in – 14 February 2024