

**Portfolio Holder for Housing and Homelessness Decision –  
19 May 2025**

**Proposed Purchase of Two Affordable Homes for Shared  
Ownership**

Purpose	For Decision
Classification	Report – Public  Appendix 1 – Non Public – by virtue of para 3 of Part 1 of Schedule 12A of the Local Government Act 1972
Executive Summary	<p>This report seeks the approval of the Housing and Homelessness Portfolio Holder to acquire the freehold interest in two new-build residential properties within the District.</p> <p>Forming part of the same development, both of the homes will meet a Planning S106 requirement.</p> <p>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.</p>
<b>Recommendation(s)</b>	<b>That in accordance with adopted strategic housing and development objectives, it is recommended that the Council enters a Contract with the house builder to acquire the freehold interest of the two new-build homes for the sum disclosed within Confidential Appendix 1.</b>
Reasons for recommendation(s)	<p>The two 'S106' affordable homes fulfil a planning requirement imposed upon the approved development to include a percentage of affordable housing under policy SP27 of the New Forest National Park Local Plan, August 2019. By acquiring the homes from the Developer, the Council is enabling the Planning Obligation to be fulfilled.</p> <p>The acquisition of the two homes will meet the Corporate Plan People Priority 3 (Meeting Housing Needs) through the Council providing increased numbers of affordable homes, and by demonstrating how the Council is working with developers and landowners to bring forward</p>

	opportunities for wider housing provision to meet the needs of our communities through shared ownership.
Ward(s)	All
Portfolio Holder(s)	Councillor Steve Davies – Portfolio Holder for Housing and Homelessness
Strategic Director(s)	Richard Knott, Strategic Director - Housing and Communities
Officer Contact	Tim Davis Service Manager Housing Strategy and Development 02380 285899 tim.davis@nfdc.gov.uk

## Introduction

- 1 New Forest District Council has been given the opportunity to purchase two 'S106' homes from a Developer in order to meet their planning obligations as part of achieving planning permission, and as documented in a legal planning agreement. The negotiated purchase price reflects what can be paid for the homes WITHOUT GRANT or Council subsidy, based upon future rental income and capital receipts for shared-ownership.

## Background

- 2 As part of its development programme the Council has purchased and provided a total of 78 affordable homes over the last 6 years resulting from 'S106' opportunities and is also in contract for a further 103 to be delivered over the next three years.
- 3 When private developers start looking to fulfil their S106 planning obligations competitive offers are invited from Registered Providers (including the Council) to acquire and deliver affordable homes as specified. N.B. Price expectations for S106 homes are materially below open market values being based upon their restricted use as affordable housing without Grant or capital subsidy.
- 4 In early 2024 the Council was invited to submit a bid to the Developer for the S106 element of this scheme that is situated within a village in the National Park.

- 5 Following careful financial analysis and with support from Members of the Housing Development Panel<sup>1</sup> a conditional offer was accepted by the Developer in 2024.
- 6 Since then Officers and the Council's appointed Solicitor have been progressing negotiations and checks to ensure that the proposal and package represents acceptable value for money, that the Council's interests will be protected, that the proposed terms for the acquisition of the newly built homes, and the final build and finished specification, are acceptable.

## **The Proposal**

- 7 If approved the recommendation within this report will permit the Council to enter a contract with the house builder for the acquisition of the two homes. The recommendation follows a formal valuation of the properties, detailed contract negotiations and legal guidance. The homes will benefit from individual new-build warranties and are now very close to completion with final snagging underway.
- 8 As properties for Shared Ownership the homes will be offered for sale in accordance with the requirements of the S106 legal planning agreement and the Council's shared ownership policy.
- 9 Financial details are contained within the confidential Appendix 1 however an external RICS Valuer has confirmed that the purchase price for the S106 units is significantly below open market values.

## **Corporate plan priorities**

- 10 The two acquisitions will meet the Corporate Plan 'People' Objective 3 (Meeting housing needs).

## **Options appraisal**

- 11 In accordance with the terms of the S106 legal planning agreement the District Council was made aware of the Developer's intention to secure a contract for the delivery of the affordable homes through a Register Provider. The Council was invited to submit an offer for the affordable housing and did so, knowing that the Developer would not be duty bound to accept it; that it could be refused, and that an offer from another Registered Provider might be accepted.
- 12 The Council has therefore not been under any legal obligation to make an offer for the two homes, nor has the Developer been bound to accept it. Nonetheless both parties have reached a

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<sup>1</sup> Portfolio Holder for Housing and Homelessness; Portfolio Holder for Finance; Chairman of the Housing Communities Overview and Scrutiny Panel; Strategic Director of Housing and Communities; Strategic Director of Finance.

mutually accepted position where the Council is willing to purchase, and the Developer is willing to sell to the Council.

- 13 If the Council decided not to proceed to purchase then the Developer would need to pursue options with other Private Registered Providers. Should another willing Registered Provider not be found, or acceptable terms could not be agreed, the Developer would likely challenge the National Park Local Plan Policy SP27 requirements. Consequences that would adversely affect the number of homes being delivered for affordable housing within the New Forest National Park, and their affordability and accessibility.

### **Consultation undertaken**

- 14 The proposal has been evaluated by senior housing managers and the Members of the Housing Development Panel, including Strategic Directors of Finance and Housing.

### **Financial and resource implications**

- 15 In February 2025 Council approved a 2025/26 budget of £15.2m for the Housing Acquisition and Development Programme. Decisions on individual sites or properties are made by the Housing and Homelessness Portfolio Holder. The acquisitions proposed in this report will have a financial impact on the current year.

### **Legal implications**

- 16 S17 (1) (a) and (b) of the Housing Act 1985 provide statutory powers for the Council to (a) acquire land as a site for the erection of houses and (b) acquire houses, or buildings which may be made suitable as houses, together with any land occupied with the houses or buildings. The Council has therefore the legal power to make the proposed decision.
- 17 The contractual agreements negotiated by the Council's external specialist housing development solicitor mitigate and manage the risks and protect the Council's interests as set out in the paragraphs 18 – 19 below.

### **Risk assessment**

- 18 As an 'off-the shelf' acquisition of fully constructed homes, the procurement method for this scheme means that the detailed specification and construction standards of the homes have already been assessed and approved by a qualified building surveyor. The homes have been built by a locally based Developer and will be sold to the Council with the benefit of a 10 year warranty and a defect retention for 12 months.

- 19 Due to the nature of selling new-build homes for shared-ownership homes, certain market-based risks cannot be overcome, e.g. changes to open market values and mortgage availability, however high demand is known to exist for shared-ownership across the New Forest whilst financial modelling indicates that the combined housing costs for these homes (including mortgage, rent and service charges) will be lower than the equivalent cost of renting privately. In the unlikely event that the homes could not be delivered for leasehold shared-ownership alternative affordable housing tenure options would need to be agreed with the Developer and New Forest National Park Authority.

### **Environmental / Climate and nature implications**

- 20 As new-build homes the properties will be built to current Building Regulation standards. In an 'off-gas' location the homes have been designed and built to incorporate electric panel heating and air-source heat pump technology for hot water. Both homes will achieve EPC 'C' ratings.

### **Equalities implications**

- 21 Homes for Shared-Ownership will be marketed and sold in accordance with the S106 legal planning agreement and the Council's Shared Ownership Policy.

### **Crime and disorder implications**

- 22 There are no implications to consider.

### **Data protection / Information governance / ICT implications**

- 23 There are no implications to consider.

### **Conclusion**

- 24 The opportunity to provide the two properties mentioned in this report has resulted from the New Forest National Park Local Plan Policy SP27 and will provide homes for shared-ownership. Given the location of the homes they will make a valuable contribution to meeting housing need in a sustainable and sought after village for those who would otherwise be unable to afford open market home ownership.

### **Appendices:**

Appendix 1: Confidential – financial and site-specific information

## **Portfolio holder endorsement**

I have agreed to the recommendations of this report.

Sign: Cllr Steve Davies

Date: 19 May 2025

Date on which notice given of this decision – 19 May 2025

Last date for call in – 27 May 2025