

Summary Sheet

Council Meeting:

Cabinet and Commissioners' Decision Making Meeting - 13 March 2017

Council Report:

Strategic Acquisitions, Queens Avenue, Kiveton Park

Is this a Key Decision and has it been included on the Forward Plan?

Yes

Strategic Director Approving Submission of the Report

Anne Marie Lubanski, Strategic Director of Adult Care and Housing

Report Author(s)

Liz Hunt, Affordable Housing Officer (ACH)

Tom Bell Assistant Director for Housing and Neighbourhoods

Wards Affected

Wales Ward

Executive Summary

This report seeks approval to purchase nine x 2 bedroom houses and three x 2 bedroom bungalows at Kiveton Park from Redmile Homes. These properties are Section 106 planning gain units and will be purchased by the Council at approximately 58% of the open market value. The forecasted completion dates are August 2017 for the houses and spring 2018 for the three bungalows. There is evidenced demand for both houses and bungalows in this location and resources are available in the Strategic Acquisitions budget. This is part of an ongoing programme of acquisition of new Council homes to replace properties sold under "Right to Buy" and maintain stock levels. Cabinet approval for the Strategic Acquisitions programme was given in June 2012 and the Protocol is attached in Appendix 1 Strategic Acquisitions Decision Making Flow Chart (approved 30/06/2012).

Recommendations

That approval be given to the purchase of 12 homes at Queens Avenue / Carlton Gate Drive, Kiveton Park from Redmile Homes, using the Housing Revenue Account Strategic Acquisition budget.

List of Appendices Included

Appendix 1: Strategic Acquisitions Decision Making Flowchart

Appendix 2: Proposed site layout identifying affordable housing unit

Appendix 3: Floor plan – 2 bedroom house

Appendix 4: Floor plan – 2 bedroom bungalow

Appendix 5: Financial information (Exempt due to the commercially sensitive nature of the information which the developer does not wish to be in the public domain).

Background Papers

None

Consideration by any other Council Committee, Scrutiny or Advisory Panel

No

Council Approval Required

No

Exempt from the Press and Public

Although the main report is not exempt, Appendix 5 is exempt, under paragraph 3 of Part I of Schedule 12A of the Local Government Act 1972, as this section contains information relating to the financial or business affairs of any particular person (including the Council) with regards to detailed financial information to enable negotiated acquisitions.

Title: Strategic Acquisitions Queens Avenue, Kiveton Park

1. Recommendations

- 1.1 That approval be given to the purchase of 12 homes at Queens Avenue / Carlton Gate Drive, Kiveton Park from Redmile Homes, using the Housing Revenue Account Strategic Acquisition budget.

2. Background

- 2.1. The Housing Revenue Account Strategic Acquisitions programme enables the Council to purchase new properties to replace Council houses lost via the Right to Buy, and maintain affordable housing stock levels in the borough. To date, 93 properties have been purchased through this programme. The Council is considering invitations to bid on a further 58 new housing units at the current time. The Authority will also pursue a strategy to purchase bungalows and long term voids from the open market, both options are objectives of the Strategic Acquisitions programme.
- 2.2. To date the focus of the Strategic Acquisitions programme has been to purchase brand new Section 106 planning gain housing units from developers
- 2.3 As part of the planning process on sites of 15 units or more, developers are required to provide up to 25% of the homes as affordable housing units (depending on viability constraints). As a condition of the planning permission the affordable housing units have to be sold to social housing providers at a discount on the open market value (OMV).
- 2.4 This report seeks approval to purchase nine x 2 bedroom houses and three x 2 bedroom bungalows at Kiveton Park from Redmile Homes.

Appendix 2: Proposed site layout identifying affordable housing units

Appendix 3: Floor plan – 2 bedroom house

Appendix 4: Floor plan – 2 bedroom bungalow

The houses will be completed in August 2017 and the bungalows by spring 2018. There is healthy level of demand for council housing in Kiveton Park. The average number of bids for 2 bed Council Houses in Kiveton Park (Wales Ward) is 16 per property. The average number of bids for 2 bedroom bungalows in Kiveton Park is 21 bids per property. The 2015 borough average for bids per property (all types) was 21. This means that demand in Kiveton Park is very close to the borough average. So far the Council have not purchased any properties in Kiveton Park under the Strategic Acquisitions budget. All homes will be let as general needs housing although the bungalows will be age restricted.

- 2.5 The bungalows will be allocated to people over 50 years old with an assessed need, in line with the Council's adopted allocations policy. They will meet the strategic objectives of the emerging older peoples housing agenda. Any client-led specific adaptations will be incorporated into the build process.

3. Key Issues

- 3.1 The Council is committed to providing new social rented homes to replace those lost through the Right to Buy. This is highlighted in the Housing Strategy 2016-19: Theme 2 – Social Housing – “Ensuring affordable rented/ social housing is available for those who can’t afford to or don’t want to buy a home”.
- 3.2 The advantages for the Council of acquiring these Section 106 planning gain units from developers are:
- Good value for money (due to discount)
 - Brand new homes with lower maintenance costs and good high energy efficiency standards
 - 10 year warranty to safeguard against any future defect liabilities
 - Located on new housing estates often in high demand areas where the Council has lower levels of housing stock
 - Helps to meet the sustainable communities’ agenda and provides suitable housing for both general needs and an ageing population.
- 3.3 There are regeneration and economic benefits to delivering new housing in Rotherham. Data from the Construction Industry Council every £1 million invested in housing construction creates 28.5 jobs. Therefore supporting local developments is a key benefit to Rotherham’s economy and maintaining job security and creation.

4. Options Considered and Recommended Proposal

- 4.1. Option 1: Not to pursue the option of purchasing these units from Redmile Homes. This would be a lost opportunity to the Council to purchase much needed homes at a discounted rate. Also the Council has an obligation to use a proportion of Right to Buy receipts for “one for one” replacements. If we do not utilise this money to buy new homes it has to be returned to central government and the investment is lost from the borough. This is therefore not recommended.
- 4.2. Option 2: Allow the properties to be purchased by a Housing Association partner. If the properties were purchased by a Housing Association the Council would receive “nomination rights” to the properties under the partnership arrangement. There has been interest from several housing associations to purchase the properties. However these properties represent a good deal for the Council and its residents and therefore this option is not recommended.
- 4.3 Option 3: The Council purchase the properties. This is the recommended option for the reasons outlined in 3.2.

5. Consultation

- 5.1. The Council’s Housing Service has consulted with Corporate Finance, Legal and Property Unit in relation to this acquisition proposal.

6. Timetable and Accountability for implementing this Decision

- 6.1. Based on current build / sales rates Redmile Homes estimates the nine x 2 bedroom houses will be completed in August 2017 and the bungalows in spring 2018. The Council's Affordable Housing Officer will have responsibility for implementing the decision.

7. Financial and Procurement Implications

- 7.1 Sufficient, none committed Housing Revenue Account funds are available in the Strategic Acquisitions capital budget 2017/18 to fund part of this purchase. The balance will use one for one Right to Buy receipts that can only be used for the provision of replacement social council housing. There are no procurement issues arising from this report.

Appendix 5 – Financial Information is exempt, and not for publishing, under paragraph 3 of the Local Government Act, 1974 (as amended). This is information relating to the financial or business affairs of any particular person (including the Council).

8. Legal Implications

- 8.1. The Council's Legal Services will undertake the purchase process. The Council will own the units and they will be added into Council stock.

9. Human Resources Implications

- 9.1. There are no human resources implications arising from this report.

10. Implications for Children and Young People and Vulnerable Adults

- 10.1. The three new bungalows will add to the Council's stock that is suitable for the needs of older people, therefore this acquisition will contribute to helping people to live independently for longer.

11 Equalities and Human Rights Implications

- 11.1. There are no equalities or human rights implications arising from this report.

12. Implications for Partners and Other Directorates

- 12.1. N/A for information only.

13. Risks and Mitigation

- 13.1. The main risk is that the Council may not achieve value for money. The Affordable Housing Officer has carried out a desktop benchmarking exercise. The open market values quoted by the developer correspond with other new properties that are for sale in the locality. The Corporate Property Unit will undertake a valuation of all the units as part of the purchase process.

13.2. Under current legislation tenants will be permitted to purchase these homes under the Right to Buy process. However they cannot be sold for less than the “cost floor” which is all the Council’s financial outlay to purchase the units, irrespective of the amount of discount a tenant can claim. Therefore the Council’s total investment is protected.

14. Accountable Officer(s)

Tom Bell, Assistant Director of Housing & Neighbourhoods.

Approvals obtained from:

Finance and Customer Services – Jon Baggaley/Louise Foulkes

Legal Services – Lesley Doyle

Head of Human Resources – Odette Stringwell, Business Partner

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<http://moderngov.rotherham.gov.uk/ieDocHome.aspx?Categories>