

Public Report with Exempt Appendices
Cabinet

Committee Name and Date of Committee Meeting

Cabinet – 20 June 2022

Report Title

Housing Strategic Acquisitions

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

Yes

Strategic Director Approving Submission of the Report

Ian Spicer, Strategic Director of Adult Care, Housing and Public Health

Report Author(s)

Jane Davies, Head of Strategic Housing Development
David Bagnall, Housing Development Manager

Ward(s) Affected

Aughton and Swallownest, Dinnington, Keppel, Rotherham East, Rotherham West

Report Summary

This report seeks approval for the Council to purchase 66 new homes, of which 48 would be for council rent and 18 for council shared ownership. The acquisitions will be funded by the Housing Revenue Account (HRA) and have been modelled within the HRA Business Plan to confirm affordability.

As set out in previous annual housing development reports, strategic acquisitions typically offer an expedient and value for money route to adding new homes to the Council's housing stock. They also help to ensure local affordable housing needs can be met in areas where the Council has limited existing stock, and / or limited land opportunities to directly build new homes.

Exempt Appendix 1 provides the details of the proposed acquisitions, including when the homes are expected to be added to the Council's stock. Some acquisitions will be handed over in multiple phases with the final homes from this list due in 2027/28.

The overall housing development programme will be described in the next annual housing development report, and this current report is being presented earlier to ensure time-limited acquisition opportunities are not missed. It is not possible to guarantee that all the homes identified will be purchased, but Cabinet approval is sought to allow officers to undertake the necessary work towards achieving this aim.

Recommendations

1. That Cabinet agrees to purchase the homes identified in Exempt Appendix 1, subject to the budget parameters as set out in the Council's approved Capital Programme.
2. That authority to negotiate and complete the legal documentation to give effect to the Cabinet's decision be delegated to the Council's Legal Services.

List of Appendices Included

Appendix 1 (Exempt) Details of proposed strategic acquisitions
Appendix 2 Initial Equality Screening (Part A)
Appendix 3 Equality Analysis (Part B)
Appendix 4 Carbon Impact Assessment

Background Papers

Cabinet report: [Annual Housing Development Report - 2021/22](#)

Consideration by any other Council Committee, Scrutiny or Advisory Panel

Council Approval Required

No

Exempt from the Press and Public

Yes – Appendix 1

An exemption is sought for Appendix 1 under Paragraph 3 (Information relating to the financial or business affairs of any particular person (including the authority holding that information)) of Part I of Schedule 12A of the Local Government Act 1972, on the basis that releasing the information could put the Council at a competitive disadvantage.

Housing Strategic Acquisitions

1. Background

1.1 The Council has committed to an ambitious programme of housing development in order to:

- Replace council homes lost through the Right to Buy
- Deliver homes that meet the needs of Rotherham's people
- Contribute to improved health and wellbeing
- Generate income to the Council through rent and council tax
- Help to regenerate deprived areas
- Create training and employment opportunities
- Contribute to Rotherham's overall housing delivery figures

1.2 Strategic acquisitions continue to form an important part of the housing delivery programme as they typically offer a more efficient and better value for money route to replacing Council homes lost through the Right to Buy, compared to direct build. Seven separate acquisition opportunities have been identified and listed in Exempt Appendix 1:

- Five of these opportunities are Section 106 acquisitions, whereby the Council purchases new homes from private developers under affordable homes planning provisions. These homes are projected to complete between July 2022 and March 2028.
- One of the schemes is a near complete, non-Section 106 development.
- One of the properties is a potential buy-back of a former council home that was sold through the Right to Buy scheme.

1.3 If all of the identified acquisitions are secured, the Council will obtain the following council homes for rent:

14 houses with 2 bedrooms
12 houses with 3 bedrooms
6 houses with 4 bedrooms
15 bungalows with 2 bedrooms
1 bungalow with 3 bedrooms
Total: 48 homes

The Council will also obtain 18 homes to offer as council shared ownership:

10 houses with 2 bedrooms
8 houses with 3 bedrooms
Total: 18 homes

2. Key Issues

2.1 Strategic acquisition opportunities predominantly result from Section 106 affordable housing planning policy which applies to most larger private sector-led developments. This policy currently provides for up to 25% of the

new homes to be supplied as affordable housing and these are offered at a discount from market value to providers of social housing. Section 106 acquisitions are entirely dependent on the private developer's own delivery timescales, and bidding for the properties takes place in a competitive environment meaning that the Council needs to be able to react to the opportunity to bid, undertake negotiations and sign-off resulting contracts in an efficient and timely manner to have the best chance of acquiring the new homes.

- 2.2 The tenure split for Section 106 acquisition opportunities is determined as part of the Planning process, for which the policy position is that 56% of the discounted homes should be made available for rent and 44% for intermediate tenure, with intermediate tenure generally being shared ownership. The final split is subject to viability considerations.

For non-Section 106 acquisitions where the tenure is otherwise not pre-determined through Planning, the Council's default position is that the homes would be taken for rent.

- 2.3 The proposed list of acquisitions also includes a 'turnkey' scheme, which is a nearly built development comprising five houses each with four bedrooms. While the Council will not secure the level of discount usually afforded by S106 acquisitions, this has been included due to the high demand for larger family accommodation.

- 2.4 The proposed list of acquisitions also includes a former council home that was sold through the Right to Buy. This has been included because of the specific type of property (four bedrooms and adapted) which is in very high demand and will help to meet local specialist housing need.

3. Options considered and recommended proposal

- 3.1 Option 1 – Seek Cabinet approval for the acquisitions listed in Exempt Appendix 1, ahead of the next annual housing development report. This option is recommended.
- 3.2 Option 2 – Include these acquisitions in the next annual housing development report to Cabinet. This is not recommended as this could result in the opportunities listed in Exempt Appendix 1 being missed.

4. Consultation on proposal

- 4.1 Ward Members will be consulted on each of the proposed acquisitions.
- 4.2 A collaborative approach will be taken across the Housing Service to ensure the new homes are successfully integrated into the Council's existing housing portfolio, in terms of lettings, management and maintenance.

5. Timetable and Accountability for Implementing this Decision

- 5.1 The Assistant Director of Housing has overall responsibility for delivery of the Council's housing development programme.
- 5.2 Purchase of the new homes will be subject to the necessary internal governance requirements being met:
- Consultation with Ward Members
 - Approved Business cases and confirmation of budget availability
 - Assistant Director of Housing approval
 - Cabinet Member for Housing approval
 - Section 151 Officer approval
- 5.3 Subject to Cabinet approval, immediate action will be taken to secure the acquisitions and the homes are anticipated to be completed between July 2022 and March 2028.

6. Financial and Procurement Advice and Implications

- 6.1 The programme of strategic acquisition opportunities listed in Exempt Appendix 1 will be subject to business cases and assessed for affordability within the context of the assumptions in the HRA Business Plan and the resources approved as part of the Council's Capital Programme. This includes, for example, assumptions for unit costs, rental income, and the application of both internal and external funding. There is sufficient budget available to fund the proposed acquisitions.
- 6.2 There are no direct procurement implications arising from the recommendations detailed in this report.

7. Legal Advice and Implications

- 7.1 There are no substantive legal implications arising from the report other than as already set out in the report.
- 7.2 Legal Services would usually work with instructing officers to outsource acquisitions of large numbers of houses to external solicitors due to the size of the workload but will liaise with instructing officers regarding the most efficient way to service the legal requirement.

8. Human Resources Advice and Implications

- 8.1 There are no Human Resources implications arising from this report.

9. Implications for Children and Young People and Vulnerable Adults

- 9.1 The acquisitions include two, three and four bedroom homes which will allow families with children to access high quality, affordable homes, thus contributing to improving children's health, wellbeing and opportunity.
- 9.2 The acquisitions include bungalows which will allow older and disabled people to live in safe, suitable accommodation that meets their needs and allows them to live independently for longer.

10. Equalities and Human Rights Advice and Implications

- 10.1 Through its wider development programme, the Council will increase the local supply of high quality, affordable homes to meet a range of needs. The Council holds a wide range of data which is used to determine the different needs and influence the types of homes being acquired. For example, of Rotherham's 263,400 residents, 26% are aged 60 years or over and 9% are aged 75 years or over and the proposed acquisitions include bungalows that are suitable for older people, as well as people with disabilities.
- 10.2 The Council's development programme is critical to supporting families who are on the Housing Register, into high quality and affordable accommodation. Any new homes offered for rent by the Council are managed through the Council's Allocations Policy to ensure a fair and transparent approach to helping people in the greatest housing need to gain access to suitable and appropriate accommodation.

11. Implications for CO2 Emissions and Climate Change

- 11.1 Climate change poses a significant threat to environments, individuals, communities, and economies on local, national, and international scales. In recognition of this the Council has aimed to be net carbon neutral as an organisation by 2030, and for Rotherham as a whole to achieve the same position by 2040.
- 11.2 The level of carbon emissions allowed for all new homes is subject to increasing controls. Changes to Part L of the building regulations coming into force in June 2022 will require a 31% reduction in CO2 emissions compared to 2013 standards. All new homes that submit plans after June 2022 or have not begun construction before June 2023 must comply. New homes acquired by the Council from private builders are specified and built to the housebuilder's usual specification with some changes paid for by the Council to ensure the Council's requirements are met. Further to this the Council will examine whether further changes can be agreed, on a case-by-case basis, to reduce carbon emissions beyond the requirements of building regulations.

12. Implications for Partners

- 12.1 As this report is focused on imminent strategic acquisition opportunities, there are no specific implications for housing development partners.

13. Risks and Mitigation

- 13.1 There is a risk that if the Council is not in a position to be able to negotiate and enter into contract, the acquisitions will not be possible. This could also result in adverse impacts on SME housebuilders who may be depending on assurance of council acquisition to cashflow the development. As set out in section 3, this is the reason for bringing a report to Cabinet at this time, ahead of the annual housing development report.
- 13.2 There is also a key risk that the developers / owners of the proposed properties for council acquisition, decide not to sell to the Council. By bringing a report to Cabinet at this time, the Council has a stronger chance of securing the acquisitions as soon as possible.

14. Accountable Officers

Paul Walsh, Acting Assistant Director of Housing
Jane Davies, Head of Strategic Housing and Development
David Bagnall, Housing Development Manager

Approvals obtained on behalf of Statutory Officers: -

| | Named Officer | Date |
|--|----------------------|-------------|
| Chief Executive | Sharon Kemp | 03/06/22 |
| Strategic Director of Finance & Customer Services (S.151 Officer) | Judith Badger | 31/05/22 |
| Assistant Director, Legal Services (Monitoring Officer) | Phil Horsfield | 31/05/22 |

Report Author: Jane Davies, Head of Strategic Housing and Development

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