

REPORT OF DEPUTY CHIEF EXECUTIVE (COMMUNITY DIRECTION)

RE: PURCHASE OF DWELLINGS/LAND UNDER THE HRA INVESTMENT PLAN.



Hinckley & Bosworth
Borough Council

A Borough to be proud of

WARDS AFFECTED: ALL WARDS

1. PURPOSE OF REPORT

- 1.1 To request Members' approval to purchase 4 new affordable houses in Newbold Verdon and agree to the delegation of authority for future purchases under the HRA Investment programme as outlined in 2.2.

2. RECOMMENDATION

- 2.1 That Members approve the purchase of 4 dwellings on the site at Dragons Lane, Newbold Verdon, all 4 dwellings being 2 bedroomed houses for a total purchase price of £409,000.00.
- 2.2 That authority be delegated to the Deputy Chief Executive (Corporate Direction), Deputy Chief Executive (Community Direction), Executive Member for Finance, ICT and Asset Management and the Executive Member for Housing to purchase land or residential property to be utilised for the provision of Council housing in accordance with the HRA Investment Programme and funded through the streams identified in 5.2. Members will be updated on activity and progress through Member Briefing notes.

3. BACKGROUND TO THE REPORT

- 3.1 Council adopted the HRA Investment Plan 2013 – 2018 at the meeting of 16 July 2013. The HRA Investment Plan included the objective to progress a programme of new build and acquisition on HRA sites initially, plus buy back of previous right to buy properties and acquisition on strategic section 106 sites.
- 3.2 Such opportunities arise and pass quickly due to the nature of the market and, therefore, officers seek delegated authority, as outlined in 2.2, in order to allow for timely decisions to be made on opportunities which arise to progress the acquisition of land or residential properties for the provision of council housing. Where any purchases are made, the properties will be held as Housing land and form part of the Council's housing stock.

4. DRAGONS LANE, NEWBOLD VERDON

- 4.1 Planning permission for 94 dwellings at Dragons Lane Newbold Verdon was granted in 2011 and included provision for affordable houses under the section 106 agreement, which were purchased by Midland Heart Housing. A later redesign of the site led to a further 4 units of two bedroomed houses being available for affordable housing. Midland Heart did not wish to acquire the 4 dwellings, so Bloors, the developer, has offered the properties to the council for purchase.
- 4.2 Under the terms of the section 106 agreement, 2 of the houses were required to be for social housing and 2 for shared ownership. Developer's expectations are that shared ownership properties are of higher value than rented properties and this is

reflected in the purchase price accepted by Bloors from the Council. A none-binding offer of £97,500 for each rented property and £107,000 for each shared ownership property has been submitted by officers to Bloors, who have accepted that offer and are happy to proceed with a sale on that basis. If authority is granted to proceed with the purchase, the total purchase price will be £409,000, the cost of which will be met from the HRA Regeneration Reserve and Right to Buy Receipts. This is less than the valuation carried out on behalf of the local authority, when the open market value of the dwellings was given as £135,000; therefore, officers are confident that the purchase price represents best value.

- 4.3 If acquired, the properties will be held as Housing land and form part of the Council's Housing stock. Two will be rented and allocated through the Choice Based Lettings Scheme, with the remaining two being shared ownership properties, which will be available to qualifying households, complying with the requirements of the s.106 agreement in place.

5 FINANCIAL IMPLICATIONS [KP]

- 5.1 The approved HRA Investment Plan included £10,000,000 over the next four years for investment in New Affordable housing. This is a key priority for this Council in the medium to long term to improve housing supply in the Borough.

- 5.2 Expenditure in the Capital Programme will be funded by the following key streams:

- Contributions from the Major Repairs Reserve for the cyclical stock programmes
- Use of the HRA "Regeneration Reserve", which has been set up following the introduction of self financing. The balance of this reserve is currently £10,975,644
- Use of Right to Buy Receipts obtained from the sale of HRA properties – these include 1:4:1 receipts, which must be spent on new Affordable Housing by a set period. Currently, the Council holds receipts which must contribute towards £1,483,106 of new affordable housing expenditure by 30th July 2017
- Additional borrowing is permitted by the HRA, up to a limit set by Government - £2,545,000 for this Council
- Any grant funding awarded to the Council directly or to developers for use on schemes.

- 5.3 It should also be noted that any new affordable housing brought into use by the HRA will generate additional New Homes Bonus for the Council within the General Fund. For the properties detailed in this report, approximately £5,760 of New Homes Bonus per annum is forecast, based on the Band D Council Tax in the parish (after 20% County Council allocation).

- 5.4 The cost of the scheme detailed in this report is £425,000 and will be expended before the end of the 2014/2015 financial year.

6 LEGAL IMPLICATIONS [EH]

- 6.1 The Council has the power under s.17 of the Housing Act 1985 to purchase land and/or property suitable for use as housing for housing purposes and therefore is able to proceed with this purchase. Within the constitution there is no delegated authority to purchase property in the Constitution and therefore authority is required from Council.

- 6.2 In terms of recommendation 6.1, all relevant searches have been undertaken in relation to the property and there are no concerns with regards to risk from purchasing these specific properties. Legal Services are reviewing the legal documentation and will ensure it is satisfactory before any purchase completes.

6.3 In relation to recommendation 6.2, Council is able to make such delegations in relation to future purchases.

7 CORPORATE PLAN IMPLICATIONS

7.1 The acquisition of new affordable housing supports the following aims of the Corporate Plan 2013 – 2016:

- Provide decent and affordable homes.

8 CONSULTATION

8.1 No consultation required as the principle of acquiring new council housing was approved as part of the HRA Investment Plan..

10 RISK IMPLICATIONS

It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

The following significant risks associated with this report / decisions were identified from this assessment:

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
Purchase does not proceed with financial and reputational loss to the council	Contractual agreement signed to confirm terms and conditions	Valerie Bunting/ Legal services
Properties are not suitable for affordable housing	Need for property types established and specification agreed with developer.	Valerie Bunting

11. KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS

11.1 This report is concerned with increasing the supply of affordable housing in the Borough for people in the greatest need. This includes consideration of people from vulnerable groups, and those living in rural areas.

12. CORPORATE IMPLICATIONS

12.1 By submitting this report, the report author has taken the following into account:

- Community Safety implications – None identified
- Environmental implications – None identified
- ICT implications – None identified
- Asset Management implications – The properties will become part of the Council's housing stock on completion.
- Human Resources implications – The properties will be managed and the rented properties maintained by the council; their inclusion into stock has been considered as part of the decision to purchase.
- Planning Implications – None identified.

- Voluntary Sector – None identified

Background papers:

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Executive Member: Councillor Michael Mullaney.