

DECISION TAKER: Councillor Kelsie Learney – Cabinet Member for Housing and Asset Management

REPORT TITLE: HOUSING PROPERTY ACQUISITION

12 OCTOBER 2020

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WARD(S): ALL

PURPOSE

This report seeks approval to purchase a property where the purchase price exceeds the key decision threshold of £250,000. The acquisition of this ex-RTB property will meet business needs and provide synergy in terms of the management of the Housing Revenue Account (HRA) estate. It meets the council's financial criteria to ensure the acquisition represents a viable addition to the HRA stock. The purchase can be funded directly from the provision for acquisitions in the new homes capital programme.

RECOMMENDATIONS:

That the Cabinet Member for Housing and Asset Management:

1. Approves the purchase of the specified property, detailed in Exempt Appendix 1, together with its financial appraisal.

IMPLICATIONS:

1 COUNCIL PLAN OUTCOME

1.1 Providing good quality housing and new affordable homes is a strategic priority for the Council. Effective management of the resources available to the Council enable it to take advantage of new opportunities and ensure that satisfaction levels remain high amongst tenants in relation to their home and community. In particular

1.2 Tackling the Climate Emergency and Creating a Greener District

- a) Carbon Neutrality measures will be implemented across existing housing stock and include within the design and construction of new properties, and feasibility considered in the purchase of any substitute properties

1.3 Homes for all

- a) Assist with the increase of housing property stock across the Winchester district

1.4 Vibrant Local Economy

- a) Deliver affordable accommodation that allows people to live and work in the community and contribute to the local economy.

1.5 Living Well

- a) The wellbeing of residents are considered within the design of new properties and any substitute properties will be viewed accordingly.

2 FINANCIAL IMPLICATIONS

2.1 The purchase of this ex-RTB property requires expenditure of £275k plus costs. It will cost c.£285k including costs and will be funded directly from the £5m unallocated new homes capital budget, within the HRA. The purchase will be partly funded with £85k of RTB 1-4-1 receipts. The net cost to the council is approximately £200k.

2.2 The financial appraisal contained in Appendix 1 confirms that, at an affordable rent, the purchase meets the council's viability threshold and has a positive net present value of £76.3k.

3. LEGAL AND PROCUREMENT IMPLICATIONS

3.1 The Council has power under s.17 of the Housing Act 1985 to acquire properties for the purposes of providing housing accommodation and a general power under s.120 of the Local Government Act 1972 to acquire properties. S.12 of the Local Government Act 2003 gives the Council the power to invest for any purpose relevant to its functions.

3.2 Section 9E of the Local Government Act 2000 allows delegation of the functions of the Cabinet to an officer of the Council. The purchase of a single property such as requested in this decision is able to be taken under paragraph 2.4 of Part 3.2 of the constitution by the relevant portfolio holder, in this matter the Cabinet Member for Housing and Asset Management.

3.3 The report correctly identifies the current difficulties in meeting the 1-4-1 capital receipts agreement in the current market property and land purchases are moving quickly even when funds are within the HRA account.

4 WORKFORCE IMPLICATIONS

4.1 The work involved in acquiring the property can be managed within the existing resources of the Council's Estates, Housing, Legal and Finance teams.

5 PROPERTY AND ASSET IMPLICATIONS

5.1 In order to meet one of the key principles of the Council's strategy, the HRA is required to provide sufficient financial resources to both maintain the Council's existing housing stock to decent homes standard and to enable new affordable housing to be built to help meet local demands.

6 CONSULTATION AND COMMUNICATION

6.1 The paper will be circulated to TACT to note and for their information when the next meeting is scheduled.

7 ENVIRONMENTAL CONSIDERATIONS

7.1 The Housing Service considers environmental and ecological factors when developing new build properties and preparing major works plans including estate improvements, working closely with planning officers and the Council's Landscape Team where appropriate. Additional costs for meeting these responsibilities are included in project appraisals and scheme budgets.

8 EQUALITY IMPACT ASSESSEMENT

8.1 The proposed acquisition is in accordance with current housing policies and strategies which have all been subject to equality impact assessment.

9 DATA PROTECTION IMPACT ASSESSMENT

9.1 None required.

10 RISK MANAGEMENT

Risk	Mitigation	Opportunities
<p><i>Property</i> That Council owned dwellings fail to meet decent home standards</p>	<p>An effective programme of future works and sound financial planning ensures that these standards are met and then maintained.</p>	
<p><i>Timescales</i> Delays to committing Right to Buy receipts may result in uncommitted receipts having to be repaid to Government.</p>	<p>Acquiring properties is an appropriate use of Right to Buy receipts and make a positive contribution to the Housing Strategy and Council Plan.</p>	
<p><i>Project capacity</i> The HRA can borrow funds in addition to utilising external receipts and reserves but it must be able to service the loan interest arising and repay debt in the future.</p> <p><i>Staffing resources (not always in Housing) reduce the ability to push forward new schemes at the required pace.</i></p>	<p>Regular monitoring of budgets and business plans, together with the use of financial assessment tools enables the Council to manage resources effectively.</p> <p>Staffing resources have been reviewed to support the delivery of the enhanced new build programme.</p>	<p>The Council monitor's government announcements on the use of RTB receipts and potential capital grant funding.</p>
<p><i>Financial / VFM</i> Risks, mitigation and opportunities are managed through regular project monitoring meetings</p>	<p>New build Schemes and acquisitions are financially evaluated and have to pass financial hurdles and demonstrate VFM.</p>	
<p><i>Legal</i> The provision of social housing is a statutory requirement. Changing Government priorities place a greater emphasis on social housing which must be monitored and considered within planning of future new build projects.</p>	<p>Government statutory requirements and policy changes are being monitored to identify any new risks or opportunities that they may bring.</p>	<p>To create new housing developments within new guidelines and drawing on innovative thinking.</p>

11. OTHER KEY ISSUES

11.1 None

12. SUPPORTING INFORMATION:

12.1 The property is a 3 bed inner terraced ex RTB house with a small front and rear gardens for which there is a local housing need. The proposed purchase will increase the stock of suitable HRA housing in Bishops Waltham at an affordable rent level below the LHA level for this type of property.

12.2 The financial appraisal contained in Appendix 1 confirms that, at an affordable rent, the purchase meets the council's viability threshold and has a positive net present value of £76.3k. The HRA currently has a £5m capital budget of unallocated funding available in 2020-21 that can contain this spend. In addition it will contribute £85k towards the eligible spend requirement for 1-4-1 RTB receipts.

13. OTHER OPTIONS CONSIDERED AND REJECTED

13.1 Not purchasing this property would mean that other schemes would need to be brought forward to ensure Right to Buy receipts are committed within prescribed deadlines. Failure to commit receipts within the deadline would result in the council having to pass receipts back to the Government.

BACKGROUND DOCUMENTS:-

None

PREVIOUS CABINET/COMMITTEE REPORTS OR CABINET MEMBER DECISIONS:-

CAB3214 (HSG) Housing Revenue Account Budget 2020-21 and Business Plan - 22 January 2020.

CAB3231 (HSG) Housing Revenue Account (HRA) Property acquisitions 11 March 2020

APPENDICES

Exempt Appendix 1 – Details of the Proposed Acquisition