

THURSDAY, 2 NOVEMBER 2017

**REPORT OF THE PORTFOLIO HOLDER FOR REGENERATION AND PORTFOLIO
HOLDER HOUSING SERVICES****PURCHASE OF NEW BUILD PROPERTIES UNDER THE COUNCIL'S ACQUISITIONS
POLICY****EXEMPT INFORMATION**

N/A

PURPOSE

To update Cabinet on the progress of new affordable housing delivery in Tamworth. To agree appropriate financial arrangements are in place to enable the purchase of 8 units of new build housing from Waterloo Housing Group for use as Council owned and managed accommodation.

RECOMMENDATIONS

It is recommended that £750,000 be transferred from available budget intended for regeneration and new build activity to the acquisitions budget. This is to enable the purchase of 8 residential units for housing from Waterloo Housing Group in line with the Council's Acquisitions Policy.

Furthermore, it is recommended that the Chief Operating Officer and Solicitor to the Council are delegated authority to enter into a contract with Waterloo Housing Group for the purchase of the 8 No dwellings as proposed above.

EXECUTIVE SUMMARY

Tamworth Borough Council has for a number of years been committed to increasing the number of affordable rented homes available for the use of residents. This programme has included the re-development of some garage sites, creating 19 new Council homes and the acquisition of 14 affordable dwellings on two sites from developers. This approach to date has represented value for money and provided an additional option to increase the supply of new affordable housing directly owned and managed by the Council.

A further opportunity has now been identified to purchase an additional 8 dwellings from Waterloo Housing Group at their new build site in Dosthill. In order for this transaction to be successfully completed, it will be necessary to agree the virement of £750,000 from the garage re-development programme budget into the acquisitions programme. This represents excellent value for money and will enable the continuation of the supply of new build Council accommodation going forward. This is especially important whilst the Council reviews the potential for additional garage sites to be redeveloped. It should however be noted that in this instance, Right To Buy (RTB) receipts cannot be utilised to contribute to the purchase of these properties due to Homes and Communities Agency (HCA) grant having been secured to subsidise the cost of the new homes constructed on the site.

The Council is also currently reviewing further opportunities on sites in Tamworth where it may be viable for the Council to acquire additional new build residential units directly from developers. If these opportunities become a realistic proposition then further funds will be required from the garage re-development budget to be utilised in conjunction with available RTB receipts. Further reports to Cabinet will be forthcoming to agree the appropriate use of resources for these purposes.

OPTIONS CONSIDERED

The options below have been considered and have gone to inform the recommendations made in this report:

Options Considered	Benefits	Risks
<p>Option 1: The Council does not proceed with the purchase of the 8 units at Dosthill</p>	<p>Resources conserved for re-development of garage sites for affordable housing to meet specific needs</p> <p>Affordable housing units retained by WHG with TBC having nomination rights to these units</p>	<p>Review of garage site re-development on-going and opportunity lost</p> <p>Opportunity to strengthen TBC asset base with new units of accommodation lost</p> <p>Limited opportunities to purchase new build and potential competition from RPs on larger sites</p> <p>Rental income lost over lifetime of the units</p>
<p>Option 2: Council proceed with the purchase of the 8 units</p>	<p>Effective use of resources to ensure timely outcome whilst garage site review on-going</p> <p>Units available within short time frame to meet local need</p> <p>TBC property portfolio enhanced with new build units</p> <p>TBC full management control of new properties</p> <p>Rental income contributes to HRA / TBC financial stability</p> <p>Partnership with HCA and WHG strengthened and further opportunities explored</p>	<p>New properties may be lost under Right To Buy</p> <p>Diverting resources away from garage site re-development decreases opportunities to build to meet specific need not delivered by the market (e.g. fully adapted bungalows)</p> <p>Strategically, affordable units in Tamworth potentially lost as resources for new build being diverted to purchase units that will remain affordable with associated nomination rights if no purchase is undertaken</p>

RESOURCE IMPLICATIONS

The total capital costs (land, works and on costs) of the 8 residential units at Dosthill is £980,000. However, £237,000 of HCA grant was secured to support the delivery of these homes. Consequently, the cost to the Council to purchase 8 houses will be £743,000 (The request to vire £750,000 takes into account any additional costs incurred although none are currently assumed by WHG).

At an average cost of £93,750 per unit this makes the purchase of the 8 houses good value for money and adds new build homes to the Council's stock with all of the financial benefits this brings over the lifetime of the property. This is especially beneficial over the first 10 years as it is assumed that there will be minimal repairs and investment requirements given these properties are new build units.

As a HCA grant has been utilised to subsidise the capital cost of the development, the Council cannot utilise RTB 1 for 1 receipts to assist in the purchase of these units as this would contravene DCLG / HCA guidance relating to the use of these funds where grant has

been applied.

Subsequently, it is proposed that the resources required to complete the purchase should be released from the existing garage re-development budget into the acquisitions budget. There is currently £3,969,764 available within the re-development budget. As the garage re-development programme is currently under review, no further funds for that purpose will be required in the current financial year.

Given this position, utilising the required £750,000 to purchase these units in Dosthill, in excess of £3m remains in the budget for the most appropriate use – be that garage site redevelopment or the acquisition of further s106 units.

LEGAL/RISK IMPLICATIONS BACKGROUND

The Council has previously completed the acquisition of new build, affordable accommodation from developers on 2 sites in Tamworth. To achieve this, the Council has utilised the services of local solicitors who specialise in property transactions. Learning from those previous acquisitions will be taken into account and the services of fully qualified legal support should help to ensure all legal risks are minimised.

Additionally, the Council has a good working relationship with Waterloo Housing Group and the 2 organisations have worked successfully together over a number of years to deliver both new homes and bring back empty properties into use as affordable accommodation. Internal legal colleagues from both organisations and the use of external support have previously minimised risk to both parties.

Waterloo Housing Group are also subject to the HCA's regulatory frameworks and this relationship and the utilisation of grant on this scheme will necessitate reporting back and seeking to minimise risk where HCA grant has been applied.

SUSTAINABILITY IMPLICATIONS

There are significant beneficial implications of proceeding with the purchase of the 8 units as follows:

1. The excellent quality, new affordable housing acquired will contribute to healthier outcomes and quality lives.
2. The new homes will contribute to a sustainable community environment.
3. The acquisitions will provide suitable housing for households in need and assist in preventing homelessness in line with new legislative requirements.
4. The new homes will support the delivery of Corporate objectives especially "Living a quality life in Tamworth."

The provision of additional new affordable homes will also support strategic housing priorities as set out in the "Strategic Approach to Housing and Wellbeing" and the delivery of housing plans and strategies that will support that approach. A further report to members detailing the strategic approach to housing in Tamworth will be forthcoming in the New Year.

BACKGROUND INFORMATION

Prior to the commencement of the development of 19 new units of Council accommodation on former garage sites, a successful programme of re-development was undertaken with partner Registered Providers (RPs) delivering 54 units of affordable housing between 2011 and 2015 across 14 Council owned garage sites.

In November 2015 Cabinet approved the development of a further tranche of garage sites for new Council owned affordable housing. To date, the re-development programme has been successfully delivered within budget and to agreed timescales. 19 new Council homes, partly funded through the Homes and Communities Agency (HCA) grant programme, are now at completion stage and are in the process of being handed over to the Council. The 19 new Council homes and the 54 Housing Association properties have contributed not only to

meeting housing need and preventing homelessness but have also improved the wider environment, made good use of Council owned land / under-used assets, assisted in tackling ASB and eliminating locations previously blighted by such activity and delivered property types to meet specific housing requirements (e.g. fully adapted bungalows) that are not usually provided by the market.

The delivery of the new Housing Association and Council owned homes has gone to meet the need locally for affordable accommodation and is consistent with emerging national policy initiatives that recognise the failings of the housing market and the need to increase the supply of genuinely affordable homes to meet the needs of those who cannot access the private rented sector or owner occupation.

In addition to the aforementioned new build homes on former garage sites; the Council has recently acquired 14 units of affordable housing on two sites from developers where there was no interest from RPs to purchase these properties. This is largely as a result of RPs changing their business models resulting in them concentrating their activities on larger sites.

This has subsequently provided an opportunity for the Council to assume the role of an RP in negotiations with developers to secure affordable s106 units on smaller sites. This is a new area of business for the Council but learning from the first 2 transactions has resulted in a wider appreciation of the workings of the local housing market and built internal capacity to deal with all aspects of this process from formulating an offer (based on methods deployed by RPs) to agreeing specifications and handover arrangements with developers.

This has represented a value for money, additional option to increase the supply of new affordable housing directly owned and managed by the Council and has complemented the increased in supply via the garage site re-development programme.

A further opportunity has now been identified to purchase 8 units of affordable housing from Waterloo Housing Group at their site in Dosthill. The 8 units consist of:

- 5X 2 bed 4 person house for Affordable Rented Housing
- 3X 3 bed 5 person house for Affordable Rented Housing

These unit types are consistent with those required to meet housing need in Tamworth. Waterloo Housing Group will retain the 5 units of new Shared Ownership accommodation being developed on the site. The build at Dosthill has been undertaken by the same developer who has constructed the 19 Council homes on the former garage sites. As on the garage sites units, the properties at Dosthill have been constructed to a high standard and in reality can be viewed as an addendum to the garage site re-development programme, increasing the number of new, high quality Council homes delivered from 19 to 27.

In order for this transaction to be successfully completed, it will be necessary to agree the virement of £750.000 from the garage re-development programme budget into the acquisitions programme. This again represents excellent value for money and given that the garage site re-development programme is currently under review, will enable the continuation of the supply of new build Council accommodation whilst the review is completed.

Additionally, further opportunities are being pursued on sites in Tamworth where it may be viable for the Council to acquire additional units of new build accommodation directly from developers. One of these may secure a further 7 new properties to be incorporated into the Council's housing stock although in other cases new additions may not be possible due to prohibiting factors such as leasehold arrangements that are in place.

If further identified opportunities become a realistic proposition then further funds will be required from the garage re-development budget to be utilised in conjunction with available RTB receipts (where no HCA grant has been applied). Should these business opportunities materialise then further reports to Cabinet will be forthcoming to agree the appropriate use of

resources for these purposes.

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LIST OF BACKGROUND PAPERS

APPENDICES

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