

**Report of - Housing Growth Team**

**Report to – Director of Environments and Housing**

**Date: 29<sup>th</sup> January 2015**

**Subject: Right to buy replacement programme**

Are specific electoral Wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, name(s) of Ward(s): <b>Beeston and Holbeck / Bramley and Stanningley / Chapel Allerton / Gipton and Harehills / Horsforth, may also include other wards subject to site availability.</b>		
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, Access to Information Procedure Rule number: 10.4 (3)		
Appendix number: 1		

**Summary of main issues**

- 1 In response to the Department of Communities and Local Government (CLG) “Reinvigorating Right to Buy and One for One Replacement” initiative the Council has established its Right to Buy Replacement Programme which offers grant funding to support the delivery of additional affordable housing for the city.
- 2 The council has received 7 bids for funding from registered providers and 3<sup>rd</sup> sector organisations. An Evaluation Panel has considered the applications and has recommended 5 for approval. This report seeks approval for the release of funds in relation to the 5 successful bids. The remaining 2 require further development before they may be considered supportable and will be the subject of a further report.
- 3 **Recommendations**  
It is recommended that the Director of Environments and Housing approves and authorises the release of £1.57m of funding from the Right to Buy Replacement Programme to 5 organisations listed in confidential appendix 1 to support the development or acquisition of homes for the provision of affordable housing across the city.

## **4 Purpose of this report**

- 4.1 This report seeks approval and authority from the Director of Environments and Housing to release funds from the Right to Buy Replacement Programme to organisations listed at appendix 1 to support the delivery of the proposed affordable housing schemes across the city.

## **5 Background information**

- 5.1 In July 2013, Executive Board approved a proposal to use a proportion of the capital receipts generated by Right to buy (RTB) sales to fund a programme of replacement social housing as permitted by the Department of Communities and Local Government (CLG) "Reinvigorating Right to Buy and One for One Replacement" initiative.
- 5.2 CLGs funding regulations stipulate that the receipts may only be used to fund 30% of either construction or acquisition costs. Providers are required to lever in the remaining 70% of the costs of replacement. The funds must also be spent within a 3 year timescale of their receipt.
- 5.3 The Council has established an Approved Housing Partnership (AHP) Register which providers of social housing are invited to join subject to meeting a specific set of eligibility criteria. Membership of this list opens opportunities to bid for Council funds to support the delivery of affordable housing in Leeds.

## **6 Main issues**

- 6.4 Members of the AHP Register and other delivery organisations were invited to submit an Expression Of Interest (EOI) as the first stage of the application process for grant funding from the Councils Right to Buy Replacement Programme in May 2014. Those bidders not already on the AHP register will need to demonstrate their eligibility to join the register as part of their bid.
- 6.5 Organisations were asked to provide details under the following headings within their EOI:
- i) Scheme Details
  - ii) Value for Money
  - iii) Affordability (tenure mix and rent levels)
  - iv) Details on the strategic fit within Council Priorities.
  - v) Deliverability

vi) Quality of Design

- 6.7 An Evaluation Panel comprising of officers from the Housing Growth Team, Planning, Finance, Asset Management, Regeneration, Housing, and Highways has been established. The panel met in December to consider the 7 grant funding applications submitted against the following criteria:
- i) Housing demand data supporting the proposed development
  - ii) Do rent levels help to address affordability ?
  - iii) Do the proposed developments help to achieve the council's strategic objectives of providing good quality Affordable Homes as well as bringing vacant properties back into use.
  - iv) Does the proposed development meet Local Ward Member aspirations for the site
  - v) Deliverability of the proposed development
  - vi) Does the quality of the scheme help to meet the councils ambition outlined in the Leeds Standard
- 6.8 Following the evaluation process the panel recommends that the 5 schemes set out at appendix 1 as supportable in their current form should be approved and funding released. The applicants have been notified of in principle support subject to formal approval which is sought via this report.
- 6.9 Two of the applicants have been advised of the further work that is required in relation to their schemes. A further report will be submitted seeking approval to progress these schemes once the panel considers that they are sufficiently developed. Confidential appendix 1 details each of the applications and recommendations to approve specific schemes.
- 6.10 Successful organisations will be obliged to sign a legal agreement with the Council before the grant payments are released. The legal agreement mirrors that used by the HCA in relation to funding made available via its Affordable Homes Programme.
- 6.11 Organisation will be monitored and asked to report progress on a quarterly basis against agreed milestones. Ultimately if organisations do not perform or meet the agreed milestones the legal agreement gives the council the opportunity to enforce the refund of the grant funding.

## **7 Corporate Considerations**

### **7.1 Consultation and Engagement**

Consultation will be undertaken with the respective Local Ward Members on the proposed developments prior to the submission of a full planning application.

### **7.2 Equality and Diversity / Cohesion and Integration**

As the proposed schemes will deliver additional Affordable Housing it is envisaged that the developments will have positive implications for equality groups who are economically disadvantaged.

### **7.3 Council policies and City Priorities**

The delivery of affordable housing contributes to one of the Councils breakthrough projects – “Housing growth, and jobs for young people” and supports the Councils aspiration to be the Best city to Live by aiming to “Maximise regeneration investment to increase housing choice and affordability within sustainable neighbourhoods.”

### **7.4 Resources and value for money**

7.4.1 Because applicants are required to provide 70% of the development costs in line with CLG funding regulations this programme will maximise the impact of the available resources and levers in significant investment to the city.

7.4.2 As part of the evaluation process the panel have benchmarked schemes against similar refurbishment and new build developments to confirm that they provide good value for money.

### **7.5 Legal Implications, Access to Information and Call In**

The information contained in the confidential appendix 1 to this report relates to the financial or business affairs of a particular person, and of the Council. This information is not publicly available from the statutory registers of information kept in respect of certain companies and charities. It is considered that since this information was obtained through Expressions of Interest then it is not in the public interest to disclose this information at this point in time. Also it is considered that the release of such information would or would be likely to prejudice the Council’s commercial interests in relation to other similar transactions in that prospective purchasers of other similar properties would have access to information about the nature and level of consideration which may prove acceptable to the Council. It is therefore considered that this element of the report should be treated as exempt under Access to Information Procedure Rule 10.4 (3).

### **7.6 Risk Management**

7.6.1 Failure to spend within CLGs specified deadlines will result in a requirement to repay the resources to the Treasury with interest. This represents not only a financial risk to the Council but also a potential reputational risk. In terms of

deliverability the recommended schemes have been carefully considered by the evaluation panel and are considered to be viable and deliverable within the required timescales.

- 7.6.2 Successful organisations will be obliged to sign a legal agreement with the Council which has been drafted by Legal Services to mirror that used by the HCA in relation to funding made available via its Affordable Homes Programme. The legal agreement sets out a monitoring regime which will require quarterly progress reports as well as additional meetings with Council officers as required. The first tranche payment will be made at start on site and thereafter applications may be made quarterly for payments subject to the Councils satisfaction with progress. It is therefore, considered that processes have been established which will aim to minimise the identified risks to the Council.

## **8 Conclusions**

- 8.1 Bids have been invited from affordable housing providers in relation to grant funding available via the Councils RTB Replacement Programme. An evaluation process has taken place and 5 of the applications are recommended for approval in response to a set of criteria set out at para 3.1 above.
- 8.2 Details of the schemes recommended for approval are set out in confidential appendix 1.

## **9 Recommendations**

It is recommended the Director of Environments and Housing approves and authorises the release of £1.57m of funding from the Right to Buy Replacement Programme to 5 organisations listed in confidential appendix 1 to support the development or acquisition of homes for the provision of affordable housing across the city

## **10 Background documents<sup>1</sup>**

- 10.1 none

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<sup>1</sup> The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.