

Report of Housing Growth Team

Report to Director of Environments and Housing

Date: August 2016

Subject: Right to Buy Replacement Programme Funding - Habinteg

Are specific electoral Wards affected? If relevant, name(s) of Ward(s): Armley	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
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 checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number: 10.4 (3)	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

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 RP & 3rd Sector organisations to support the delivery of additional affordable housing for the city
2. The Director of Environments and Housing in January 2015, January and May 2016 approved the uses of over £2.5m worth of RTB funding to organisations to support the development of new Affordable Housing across the city.
3. Habinteg have submitted an application to request grant funding from the RTB programme to develop a scheme of 14 Affordable properties. The details of which are listed in confidential appendix one.

Recommendations

4. It is recommended that the Director of Environments and Housing approves and authorises the release of Right to Buy Replacement Programme funding, detailed in confidential one, to Habinteg .

1 Purpose of this report

- 1.1 To seek approval and authority from the Director of Environments and Housing to release funding from the Right to Buy Replacement Programme to Habinteg to support the development of 14 properties. The details of which are listed in confidential appendix one.

2 Background information

- 2.1 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.
- 2.2 CLGs funding regulations stipulate that the receipts may only be used to fund a maximum of 30% of total scheme costs. Providers are required to lever in the remaining scheme costs via their own resources.
- 2.3 The funds must also be spent within a 3 year timescale of their receipt or be returned to CLG.
- 2.4 The Director of Environments and Housing has previously approved the use of over £2.5m worth of RTB funding to 5 organisations to support the development of Affordable Housing across the city.
- 2.5 Planning Permission is already in place to develop the 14 Affordable Housing units.

3 Main issues

- 3.1 Habinteg have approached the council seeking to utilise its RTB funding to facilitate the subject development
- 3.2 The scheme will consist of 11 Affordable Houses and 3 Affordable Bungalows which will be built to Lifetime Homes Standards.
- 3.3 The Council will receive 100% nomination rights on first allocation and 75% nomination right on all subsequent relets.
- 3.4 Habinteg have confirmed that the properties will be let at Affordable Rent levels
- 3.5 As part of the monitoring and criteria for being able to obtain RTB funding Habinteg will be required to both sign a Legal Agreement and submit quarterly monitoring reports to ensure that delivery timescales and quality targets are being met.
- 3.6 Habinteg are also a signatory to the council Nomination Agreement.

- 3.7 Should the agreed timescales or quality targets not be met the council has the options within the Legal Agreement to recoup any grant already paid out.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 Consultation has been undertaken with Local Ward Members who are supportive of the proposal.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 As the proposed schemes will deliver additional Affordable Housing it is envisaged that the scheme will have positive implications for equality groups who are economically disadvantaged
- 4.2.2 Habinteg have confirmed that 100% of first and 75% of subsequent allocations will be made to people from the Leeds Housing Waiting List. This will be secured via a Nomination Agreement.

4.3 Council policies and Best Council Plan

- 4.3.1 In agreeing to this proposal the council will help to achieve its targets as set out in the 2016/2017 Best Council Plan Priorities by *'providing enough homes of a high standard in all sections.'*

4.4 Resources and value for money

- 4.4.1 Because Habinteg are required to provide the majority of the development costs (see points 2.1 and 2.2) in line with CLG funding regulations this programme will maximise the impact of the available resources and levers in significant investment to the city.
- 4.4.2 Habinteg have advised that they have sufficient capacity to obtain the additional resources required to make the scheme successful via loans and their own reserves.
- 4.4.3 However should Habinteg not conform to the conditions set out and agreed there is the potential within the grant agreement to enforce the repayment of the grant.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 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).

4.6 Risk Management

- 4.6.1 If this report is approved Habinteg 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.
- 4.6.2 Habinteg will be monitored and asked to report progress on a quarterly basis against agreed milestones. Ultimately if they do not perform or meet the agreed milestones the legal agreement gives the council the opportunity to enforce the refund of the grant funding.
- 4.6.3 Should the council not utilise its RTB funds within a 3 year timescale of their receipt CLG funding regulations stipulate that the funds must be returned to central government.

5 Conclusions

- 5.1 Habinteg has a proven track record of successfully developing good quality and sustainable Affordable Homes as well as providing good tenancy management.
- 5.2 If approved this scheme will help the council to increase the number of Affordable Homes within the city as well as helping to meet a number of council priorities set out in 4.3 Council policies and Best Council Plan of this report.
- 5.3 The Director of Environments and Housing in January 2015, January and May 2016 has approved the use of RTB grants to support the development of other Affordable Housing schemes across the city.

6 Recommendations

- 6.1 It is recommended that the Director of Environments and Housing approves and authorises the release of Right to Buy Replacement Programme funding, detailed in confidential one, to Habinteg

7 Background documents¹

¹ 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.