

Report of Housing Growth Team

Report to Director of Environments and Housing

Date: 27th February 2017

Subject: Right to Buy Replacement Programme Funding Request – Baileys Hill, Seacroft.

Are specific electoral Wards affected? If relevant, name(s) of Ward(s): Killingbeck and Seacroft,	<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: 10.4(3) Appendix number: 1	<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. Since 2015 the Director of Environments and Housing has previously approved the use of over £3m worth of RTB funding to members of the Leeds Affordable Housing Framework to support the development of new Affordable Housing across the city.
3. The Council has received an application from Affinity Sutton Homes Limited who are part of the Clarion Housing Group seeking grant funding from the councils RTB replacement programme to develop a scheme of 10 new Affordable Housing units on the former Baileys House Adult Residential Centre Baileys Hill Seacroft Leeds LS14 6PS.

Recommendations

4. It is recommended that that the Director of Environments and Housing approves and authorises the release £420,000 of Right to Buy Replacement Programme funding to Affinity Sutton Homes Limited to facilitate the development of 10 New Affordable Housing units.

1 Purpose of this report

- 1.1 To seek approval and authority from the Director of Environments and Housing to release £420,000 of funding from the Right to Buy Replacement Programme to Affinity Sutton Homes Limited to support the development of 10 Affordable Housing units.

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 £3m worth of RTB funding to support the development of Affordable Housing across the city.
- 2.5 Clarion Housing Group were created following a merger of Affinity Sutton Homes Limited & Circle Housing Group in November 2016.
- 2.6 Affinity Sutton Homes Limited are registered as an Affordable Housing provider with the Homes and Communities Agency as well as being a member of the Leeds Affordable Housing Framework

3 Main issues

- 3.1 A planning application has been submitted by Affinity Sutton Homes Limited in November 2016 seeking approval to develop 10 Affordable Housing units on the former Baileys House Adult Residential Centre Baileys Hill Seacroft Leeds LS14 6PS.
- 3.2 The Chief Officer Economy and Regeneration in December 2016 approved a recommendation and terms to dispose of the subject site to Affinity Sutton Homes Limited.
- 3.3 As part of the terms for disposal the Council will receive nomination rights on first allocation and subsequent relets and both organisation have confirmed that the properties will be let at Affordable Rent levels

- 3.4 Affinity Sutton Homes Limited will be required to sign a Legal Agreement before any grant is paid and also be required to submit quarterly monitoring reports to ensure that delivery timescales and quality targets are being met.
- 3.5 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.
- 3.6 The council will pay 90% of the grant at Start on Site and retain 10% percentage so that at the end of the project council officers can review the scheme, ensure it met the principles agreed and that the scheme demonstrates value for money before the remainder of the grant is paid.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 Executive Members for Communities and Transport, Economy & Regeneration have been consultation and are supportive of the proposals.
- 4.1.2 Local Ward Members are also supportive of the proposals.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 As the proposed schemes will deliver 10 additional Affordable Housing units it is envisaged that the scheme will have positive implications for equality groups who are economically disadvantaged
- 4.2.2 The Council will receiving nomination rights on first and subsequent lets which will be secured by the Nomination Agreement.

4.3 Council policies and Best Council Plan

- 4.3.1 This proposal shows the Council to be enterprising and compassionate by utilising its Right to Buy Receipts in a proactive and efficient way to facilitate the delivery good quality, affordable homes.
- 4.3.2 Increasing Housing Growth and standards in all sectors is one of the Council's 8 Cross Cutting Breakthrough projects.
- 4.3.3 The proposal also helps to support Economic Growth which is a priority in the Council Best Council Plan

4.4 Resources and value for money

- 4.4.1 As Affinity Sutton Homes Limited 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 Affinity Sutton Homes Limited have confirmed 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 they not conform to the conditions agreed there is the potential within the legal 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 Affinity Sutton Homes Limited 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 They 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 As part of the grant agreement a 10% Grant retention will be held until the scheme is completed and officers have reviewed the scheme in detail to protect the council's interest.

4.6.4 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 Scheme proposals have been submitted by Affinity Sutton Homes Limited seeking £420,000 grant assistance from the Councils RTB replacement programme to develop 10 Affordable Housing schemes on the former Baileys House Adult Residential Centre Baileys Hill Seacroft Leeds LS14 which subject to planning will aim to deliver 10 New Affordable Homes.

- 5.2 Affinity Sutton Homes Limited will be required to sign a Legal & Nomination agreement to ensure that the council's position is protected
- 5.3 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.
- 5.4 Since 2015 the Director of Environments and Housing has approved the use of £3m worth of RTB grants to support the development of other Affordable Housing schemes across the city.

6 Recommendations

- 6.1 It is recommended that that the Director of Environments and Housing approves and authorises the release £420,000 of Right to Buy Replacement Programme funding to Affinity Sutton Homes Limited to facilitate the development of 10 New Affordable Housing units.

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.