

# Council Housing Growth Programme: Off the Shelf New Build Property Acquisition

Date: 28<sup>th</sup> August 2024

Report of: Council Housing Growth Team / Property Acquisitions Programme

Report to: Chief Officer of Asset Management and Regeneration

Will the decision be open for call in?  Yes  No

Does the report contain confidential or exempt information?  Yes  No

## Brief summary

The purpose of this report is to obtain Authority to Purchase and Authority to Spend from the Director of City Development to enable additional *Off the Shelf New Build* to be progressed through the Council Housing Growth Programme. Details of the property to be purchased and the costs associated with this acquisition is contained in Confidential Appendix A due their commercial sensitivity.

## Recommendations

The Chief Officer of Asset Management and Regeneration is recommended to:

- a) Grant Approval to Purchase the property detailed in Confidential Appendix A and authorise the property to be added to council housing stock.
- b) Authorise the required expenditure to enable the programme to progress the property acquisition detailed in Confidential Appendix A. This property acquisition will be funded from the Council Housing Growth Programme budget via a combination of Housing Revenue Account (HRA) borrowing and Right to Buy receipts.
- c) Note that Executive Board granted Authority to Spend for the programme on 24<sup>th</sup> July 2019.

## What is this report about?

- 1 To seek Authority to Acquire and Authority to Spend from the Chief Officer of Asset Management and Regeneration to enable a further 'Off the Shelf' new build property to be progressed by the Council Housing Growth Programme. Details of which are included in **confidential Appendix A** due the commercial sensitivity.
- 2 The property shall contribute towards the Councils target to increase the number of affordable homes in the city and support sustainable and inclusive growth.
- 3 This 'Off the Shelf' initiative provides a further opportunity for the Council Housing Growth Programme to support the Council's Best City aspirations and to deliver regeneration

objectives and much needed affordable housing, including in areas where there may be no land available for new build council schemes.

- 4 This and further property acquisitions shall make the best use of Government flexibilities to maximise Right to Buy replacements, combining higher level of Right to Buy receipts with possible Section 106 contributions.

### **What impact will this proposal have?**

- 5 The purchase of this property will help to achieve our aim to deliver 1,230 new homes by March 2025.
- 6 The acquisition of this new council home directly contributes to delivering the Leeds Best City Ambition pillars of Health & Wellbeing and Zero Carbon by:
  - Providing housing of the right quality, type, tenure and affordability in the right places.
  - Minimising homelessness through a greater focus on prevention.
  - Addressing the challenges of housing quality and affordability, tackling fuel poverty and creating vibrant places where residents have close access to services and amenities.
- 7 The programme will also directly contribute to ensuring that “everyone can have a home which supports good health, wellbeing and educational outcomes” which is key focus under the Health and Wellbeing pillar of the Best City Ambition.
- 8 The Council Housing Growth Programme evaluation assesses whether the property is one which the council would wish to see back in housing stock and includes consideration of the following factors:
  - Housing Management priorities.
  - Whether the property is in an area of housing need - where council housing stock is low and demand for council housing is high.
  - Whether the property is of a type and size which is in demand and will be easily let.
  - The property will normally be a former council property within an area of council housing, or within a regeneration area in the city.
- 9 Value for Money (VfM): The programme considers whether a property represents a viable investment in terms of how long it will take to repay the associated borrowing based on assumed income generation/savings and VfM. The VfM assessment considers the purchase price and includes consideration of potential rent level.
- 10 Having conducted an Equality and Diversity screening, the programme has concluded that a full assessment is not required. The screening form is attached at Appendix B to this report.

### **How does this proposal impact the three pillars of the Best City Ambition?**

Health and Wellbeing

Inclusive Growth

Zero Carbon

- 11 As part of the acquisition assessment, the Council considers the scale and type of housing need and how proposals can contribute towards supporting the Councils Best City Ambition.
- 12 The scale of housing need is great and, even though the Housing Growth programme is progressing well, and has begun handing over homes at pace, there is an inevitable lead time with new build. In the intervening period there are opportunities to secure some early wins through the acquisition of new build ‘off the shelf’ properties on development sites across the city.

- 13 It is important to note that where the Council acquires new build properties from a developer via this project, these will be in addition to the affordable housing provision already required by planning for the site and will also ensure that these targeted acquisitions do not undermine our other programmes to promote regeneration and tenure diversification.
- 14 As the Council's substantial development programme gains more attention in the city and amongst developers, and through continued partnership working across the Council Housing and Regeneration services, we are forging new relationships and identifying new opportunities to deliver affordable housing for the city. Future opportunities could include a range of tenures including shared ownership and outright sale, as well as affordable rent.
- 15 Further details of how the programme aligns with the pillars of the Best City Ambition can be found in the **What impact will this proposal have** section above.

### What consultation and engagement has taken place?

Wards affected:		
Seacroft & Killingbeck		
Have ward members been consulted?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

16. The Chief Officer (Housing) confirmed support of the acquisition on 13<sup>th</sup> August 2024.
17. As part of the established process for this programme the Council Housing Growth Programme engaged with Housing Management, Housing Finance, Legal services, Procurement & Commercial, Land & Property and other internal stakeholders prior to making an offer of purchase for this property.
18. Regular updates on progress across the whole programme are provided to the Affordable Housing Delivery Board; last update 4<sup>th</sup> July 2023.
19. Local Ward Members are updated on any acquisitions in their ward areas, as they progress.

### What are the resource implications?

20. On 26<sup>th</sup> February 2020 Full Council approved a further capital injection of £116m into the Council Housing Growth Programme, taking the overall funding injected and available for the Programme to £328m.
21. £30m of this is set aside to support the 'Off the Shelf' property acquisitions programme. Spend to date is contained in Confidential Appendix A.
22. The funding for the property via use of RTB receipts and HRA borrowing. The payback period falls well within the 40-year maximum.
23. Rent shall be set an affordable level of market rent which reflects the quality of the property whilst maintaining a reasonable pay-back period which makes the acquisition a viable investment and reflects value for money. Rent level contained in Confidential Appendix A.

24. The value of the property has been supported by Land & Property team. The purchase price reflects the market value and compares favourably with other new homes currently available.

### **What are the key risks and how are they being managed?**

25. The Council Housing Growth Programme is delivered using the Council's agreed project management methodology. A programme risk log will be maintained, and risks managed, monitored and escalated through the governance process as necessary.

26. Delivery of the proposals set out in this report will contribute to mitigating one of the Council's corporate risks around the failure to meet additional housing supply targets and the consequent lack of homes for people in Leeds.

27. An initial risk assessment of the 'off the shelf' acquisitions programme has identified the following risks, which are being managed at programme level and are not corporate risks at present:

- a) **Property specification and climate emergency** – the programme team will carefully assess the specification of any homes to be purchased to ensure that they support the Council's activities to address the climate emergency and will decline to purchase, or seek to improve homes after acquisition, to ensure that achieve energy efficiency standards comparable with those being delivered in line with the Leeds standard through the Council Housing Growth Programme.
- b) **Property values or acquisition terms** – the Programme team will take advice from colleagues in Land & Property to confirm that any proposed purchase prices agreed with developers are not in excess of the current market values of similar houses in the vicinity. Likewise, Legal Services colleagues will provide support to ensure that acceptable contract terms can be secured for the purchase of properties.

### **What are the legal implications?**

25 This is a Publishable Administrative Decision and as such is not eligible for call in.

26 Appendix A to this report has been marked as exempt under Access to Information Procedure Rules 10.4 (3) on the basis that it contains information relating to the financial or business affairs of any person (including the authority holding that information) which, if disclosed to the public, would, or would be likely to prejudice the commercial interests of that person or of the Council. The information is exempt if and for so long as in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information. In this case the report author considers that it is in the public interest to maintain the exemption.

### **Options, timescales and measuring success**

#### **What other options were considered?**

28. Alternative methods of acquiring property have been considered and are being utilised alongside these 'off the shelf' purchases, e.g. identify further sites for inclusion in the new build programme both in Council and private, buying ex Council / targeted homes, working with a range of partners to purchase more 'Off The Shelf'.

#### **How will success be measured?**

29. The purchase of these properties will help to achieve our aim to deliver 1,230 new homes by March 2025.

30. Against relevant Housing Growth programme objectives; and

31. Against specific 'Off the Shelf' Housing Growth Acquisition programme service plan priorities.

**What is the timetable and who will be responsible for implementation?**

32. The property is expected to be complete and ready for occupation in late September / early August 2024.

33. The property will be handed over to Housing Management for letting on the day of legal completion and in accordance with the Councils handover requirements.

**Appendices**

34. Appendix A: Confidential appendix containing information regarding the purchase(s) proposed in this report.

35. Appendix B: Equality, Diversity, Cohesion and Integration Screening

**Background papers**

36. None