

# New Build Phase 4 Affordable Development Programme

<b>Cabinet</b>	22nd October 2020
<b>Report Author</b>	Bob Porter, Director of Housing and Planning
<b>Portfolio Holder</b>	Cllr Helen Whitehead, Deputy Leader and Cabinet Member for Housing and Community Services
<b>Status</b>	For Approval
<b>Classification:</b>	Unrestricted
<b>Key Decision</b>	Yes
<b>Ward:</b>	All Wards

## Executive Summary:

Funding, totalling £8.822m, has been previously agreed by full council as part of the approved Housing Revenue Account Capital Programme, for phase 4 of the council's housing development programme. It is proposed to deliver the programme by a combination of acquisitions of homes and land for homes and by developing infill sites in council ownership for Affordable Rent.

## Recommendation(s):

Cabinet are asked to agree:

- That the capital funding of £8.822m for the approved phase 4 development programme be allocated as set out in this report at paragraph 2.4.

## Corporate Implications

### Financial and Value for Money

£4.5m has already been approved for the Phase 4 Programme within the HRA Capital Programme in 2020/21. 30% of this budget is made up of 1-4-1 receipts and some of this element of the budget must be expended by December 2020. Therefore it is prudent to pursue with the proposed acquisitions in 2020/21 to ensure compliance with expenditure deadlines and to avoid a loss of capital financing.

All acquisitions undertaken are put through a robust model, to ensure that value for money on each acquisition is achieved over the lifetime of the 30 year business plan.

### Legal

The Council has power under section 9 of the Housing Act 1985 to acquire houses for the purpose of providing housing accommodation. The houses so acquired must then be dealt

with in accordance with the provisions of the Act, and any relevant subsequent legislation and may become subject to Right to Buy.

Right to Buy receipts must be applied in accordance with relevant legislation and guidance and particularly the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (as amended) and the terms of any agreement reached under section 11 (6) of the Local Government Act 2003 modifying the applicability of the regulations.

The National Planning Policy Framework defines affordable housing as social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. *This section deals with any legal implications arising from the report*

## **Corporate**

This proposal supports the Council Corporate Statement 2019-2023 , Communities. Work to prevent homelessness and increase housing options including additional social housing.

## **Equality Act 2010 & Public Sector Equality Duty**

Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to the aims of the Duty at the time the decision is taken. The aims of the Duty are: (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people who share a protected characteristic and people who do not share it, and (iii) foster good relations between people who share a protected characteristic and people who do not share it.

Protected characteristics: age, sex, disability, race, sexual orientation, gender reassignment, religion or belief and pregnancy & maternity. Only aim (i) of the Duty applies to Marriage & civil partnership.

This report relates to the following aim of the equality duty: -

- To eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act.
- To advance equality of opportunity between people who share a protected characteristic and people who do not share it
- To foster good relations between people who share a protected characteristic and people who do not share it.

Once properties are purchased they will be let in accordance with the council's agree allocations policy. This policy has been subject to a full EIA.

## **CORPORATE PRIORITIES**

This report relates to the following corporate priorities: -

- Communities

## **1.0 Introduction and Background**

- 1.1 The council has previously committed capital funding of £8.822m, from the Housing Revenue Account Capital Programme, for the delivery of phase 4 of its affordable housing development programme. This report seeks the agreement of the council's cabinet for the delivery of that programme. A total of 70% of this funding is from the Housing Revenue Account Business Plan, with the balance of 30% funding from retained right-to-buy receipts. It is anticipated that the programme will deliver around 36 new homes for affordable rent for households in housing need on the council's Housing Register.
- 1.2 These additional homes will increase the number of new homes provided by the council as a result of its new build, acquisition and refurbishment programmes to a total of 191 since 2015.
- 1.3 Over the past 5 years a total of 265 affordable homes have been provided by the council and its Housing Association partners. The Strategic Housing Market Assessment completed in 2016 identified a need for 397 affordable homes per year, however, it is anticipated that this figure could rise significantly. New initiatives to increase the supply of new affordable homes are needed and this is recognised in the new Housing, Homelessness and Rough Sleeper strategy, agreed by the council earlier this year.
- 1.4 In addition, the council is facing a rapid growth in the number of homeless households. This has led to an increase in the number of households in temporary accommodation; currently 79 households are living in temporary accommodation provided by the council.

## **2.0 The Use of Right to Buy Receipts**

- 2.1 Right-to-buy receipts are accrued following a sale of a council home to a tenant through the right to buy legislation. A proportion of these receipts are set aside for the provision of new affordable rented homes (1-4-1 receipts), under the terms of an agreement with the government.
- 2.2 Under the terms of the agreement, the council has three years to spend the set aside receipt. If the receipt is not spent within this time then it must be repaid to the government with interest. If the Council considers it is unlikely to spend the receipts in the future, it can return them at the end of the quarter in which they are received with no financial penalty.
- 2.3 The receipts can only be used to fund up to 30% of the cost of providing new affordable homes. This means that the remaining 70% must be funded from an alternative source. The terms of the agreement place restrictions on the remaining funding and projects cannot include any additional government subsidy nor any contributions from planning agreements with private housebuilders. Match funding from the council's Housing Revenue Account has therefore been identified. The funding can be used for land acquisition, but not where the council has an interest in the land; for example it cannot be used to fund a transfer of land from the council's General Fund to the Housing Revenue Account.
- 2.4 The council can use the money to help fund its own projects or alternatively provide grant funding to a Registered Provider. It is anticipated that the available funding can

be effectively used within the council's own development programme, at least until March 2023. The table below details the total spending required each quarter over the coming 30 months.

<b>RTB 1-4-1 Deadline</b>	<b>Spend required</b>
December 2020	2,984,519.50
March 2021	238,589.97
June 2021	0.00
September 2021	203,344.23
December 2021	0.00
March 2022	0.00
June 2022	1,638,064.97
September 2022	1,843,894.07
December 2022	72,510.83
March 2023	1,126,241.73
<b>Total until March 2023</b>	<b>£8,107,163.30</b>

- 2.5 The council also has a number of other housing projects that are contributing to meeting these spending deadlines and it is anticipated that these, together with the proposed programme below will ensure that the deadlines are met.

### 3.0 Proposed Phase 4 Development Programme

- 3.1 In order to meet the required spending deadlines within the RTB 1-4-1 funding agreement with the government, the following programme of acquisitions and development is proposed:

<b>Number of units</b>	<b>Method</b>	<b>Cost</b>	<b>Timescale</b>
Up to 16 two, three or four bedroom homes	Acquisition of existing or newly completed homes.	Up to £4m	2020/21 Completion by December 2020 and March 2021
Around 10 one, two, or three bedroom homes	Construction of new homes on existing TDC HRA sites.	Up to £3m	For completion during 2022
Around 10 one, two, or three bedroom homes	Land acquisition and construction of new homes.	Up to £3m	For completion by March 2023

The total approved budget is £8.822m, and the proposals set out above include some flexibility to accommodate any variations on costs between the proposed elements of the programme.

## **4.0 Alternative Options**

4.1 The restrictions applied to the use of RTB 1-4-1 receipts mean that the council only has a number of options, as follows:

1. Allocate funding to the acquisition of new homes, the acquisition of land for new homes and for construction, as set out above. This option is recommended and is in line with the approved Capital Programme.
2. Use the 1-4-1 receipts to provide grant funding to a Registered Provider (Housing Association) to provide affordable homes. This option is not recommended as sufficient match funding has already been identified and approved within the council's programme. In addition new homes provided within the Housing Revenue Account add value to the council's HRA business plan over the 30 years of its life.
3. Return the RTB receipts to central government with interest at base rate + 4%. This option is not recommended as it would not help increase the supply of new homes locally, would not utilise the previously approved capital programme and would not support the long term sustainability of the council's HRA Business Plan.

Contact Officer: Ashley Jackson, Housing Strategy & Projects Manager  
Reporting to: Bob Porter, Director of Housing and Planning

### **Corporate Consultation**

**Finance:** Chris Blundell, Director of Finance

**Legal:** Tim Howes, Director of Corporate Governance