

Key Decision Required:	Yes	In the Forward Plan:	Yes
------------------------	-----	----------------------	-----

CABINET

9 OCTOBER 2020

REPORT OF THE HOUSING PORTFOLIO HOLDER

A.2 HOUSING ACQUISITIONS & DEVELOPMENT POLICY

(Report prepared by Tim Clarke & Peter Russell)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To recommend a Housing Acquisitions & Development Policy for adoption by the Council.

EXECUTIVE SUMMARY

The Council's Housing Strategy 2020-2025 "*Delivering Homes to Meet the Needs of Local People*" was adopted by Full Council on 15th September 2020.

One of the key priorities in the strategy is to deliver a Housing Acquisitions and Development Policy to provide a pathway towards the delivery of additional council housing in the district. In September 2019, Cabinet agreed an aspiration to deliver up to 200 additional council homes and the policy sets out how and where these homes will be delivered.

RECOMMENDATION(S)

It is recommended that Cabinet:

- **Adopts the Housing Acquisitions and Development Policy; and,**
- **Delegates authority to the Housing Portfolio Holder to make updates or amendments to the policy, if required, after it is adopted.**

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

The decisions will contribute to the following priorities in the Corporate Plan 2020-2024:

Community Leadership Through Partnerships

The policy will contribute to the overall aims of the Housing Strategy by enabling the delivery of additional council housing in the district and will help to deliver jobs and infrastructure as well as tackling homelessness and improving the lives of households in need of high quality, sustainable, affordable housing

Building Sustainable Communities for the Future

The policy will play a key role in enabling and delivering additional council housing. Good quality housing contributes to positive health and wellbeing that are the key foundations of a sustainable community.

FINANCE, OTHER RESOURCES AND RISK

Finance and other resources

Following the relaxation of borrowing headroom arrangements for the Housing Revenue Account (HRA) (these were the capping rules put in place following the changes to the HRA subsidy system) Councils are now in a position to, in theory, borrow above their previously capped limit.

At present the council's HRA borrowing headroom is around £20m if the government's business plan methodology is applied and whilst this methodology is fairly conservative in terms of its risk profile, straying too far from that risk profile would not be prudent given the recent record of government intervention in the Council's ability to raise income from rents to repay any loans.

As Members will appreciate, the Council would not borrow capital to acquire existing property or to build out any specific scheme until such time as it was required and as such detailed financial breakdowns would be brought forward as and when decisions are sought on specific building projects as interest rates, income profiles, etc. will change over time as will potentially the source and terms of such loans.

This means that individual reports will come to Members for decision on any proposal to build or acquire homes in any location in advance of any new development or acquisitions coming forward. However, based on prevailing Public Works Loan Board (PWLB) interest rates, development land already owned by the Council and stable build costs the construction of 200 new homes at a build out rate averaged at 20 per year is achievable.

One of the complicating factors in considering overall viability is the Right to Buy. Whilst the application of the "cost floor" (over the first 15 years after the build the Council can recover the capital cost of building the property) does protect the Council to some extent, if there are no changes to the current discount levels or other scheme parameters the Council will lose capital on every new unit if it is purchased.

Risk

The policy sets out criteria that must be applied before a decision is made to develop or acquire homes and sets out how the Council will manage and mitigate risks. Right to buy levels and discounts are variables over which we have little control and so the best we can do is to make estimates of sales based on historic rates and projects of house prices utilising analysts such as Savills.

Members should note that the Government is currently consulting on reforms to the planning system which, if enacted, may impede the Council's ability to purchase discounted homes for rent through Section 106 agreements.

LEGAL

The Council has the necessary powers which enable it to build new Council housing and the powers to sell a limited number, currently up to five per year. Part A of the General Housing Consents 2013 provides consent for the disposal of land held for housing purposes within the HA 1985. Under A3.3.1 a local authority may dispose of an unoccupied dwelling house to a person who intends to use it as their only or principal home subject to paragraphs 3.3.2 to 3.3.4

Where a person (a) is not a secure tenant ... the local authority may dispose of the unoccupied dwelling house at a price which is not less than an amount equal to the purchase price defined in section 126 (right to buy purchase price) to which the minimum discount, as provided for by section 129, has been applied.

The commentary to the General Consent provides some further explanation for each part and states at clause 3:

“paragraph 3.3 permits local authorities to dispose of dwellings at discounts equivalent to the Right to Buy discount to existing council tenants and others who, the local authority has decided, need help accessing home ownership in the area (for example, key workers or ex-military personnel, although that is for the local authority to decide).”

If the Council has to acquire land to build new homes Section 17 of the HA 1985 (the 1985 Act) provides the principal power for acquisition of land for housing purposes (as defined in Section 9 of the 1985 Act) including land as a site for the erection of houses.

Section 9 of the Housing Act 1985 states a housing authority may provide accommodation for housing purposes by with erecting or converting buildings into houses, on land acquired by them or by acquiring houses..

Section 12 Local Government Act 2003 empowers the Council to invest if the purpose is relevant to its functions and consistent with the prudent management of its financial affairs.

OTHER IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

Crime and Disorder/Equality and Diversity/Health Inequalities/Consultation/Public Engagement

Crime and Disorder

Consideration has been given to the Crime and Disorder Act 1998. There are no direct implications.

Equality and Diversity

The policy, at Section 1.4, contains a statement on equality and diversity

Health Inequalities

The delivery of new, affordable, sustainable homes will help to address health inequalities in the District.

Ward

All wards are covered by the policy

PART 3 – SUPPORTING INFORMATION

Background

The Council adopted its Housing Strategy 2020-2025 in September 2020 and one of the key priorities is to deliver a Housing Acquisitions & Development Policy to facilitate the delivery of additional council housing in the district. The policy sets out the demand for housing in the district, the various mechanisms through which the Council can develop or acquire homes and where the Council intends to deliver these homes. The policy sets out the criteria that must be followed before deciding to develop or acquire homes and the risks involved and how these risks can be mitigated.

The Council has traditionally delivered housing through its Housing Revenue Account (HRA) and it is the largest provider of social housing in the District. The Council has and can deliver Council Housing via the Housing Revenue Account and there are a multitude of mechanisms which can be deployed to develop and acquire homes but homes delivered through the HRA or via the General Fund will be subject to the provisions of the Housing Act 1985 so tenants will have the various rights (such as the Right to Buy) and obligations enshrined in that Act.

One of the key considerations and costs for any new build property is land and in particular the cost and location of such land. Members will be aware that as one element of the Jaywick Sands housing led renewal process, the Council purchased approximately 30Ha of mainly greenfield land within the Jaywick sands settlement. Clearly, delivering the Council's ambition to deliver 100 new homes for local people in Jaywick Sands can be accommodated, notwithstanding technical and logistical challenges, on this land. However, the Council does hold within the Housing Revenue Account parcels of land across the district, many of which are suitable for development and will provide opportunities for residents to be accommodated in areas across the district where there is currently no housing available. Many of these sites will provide challenges to bring them forward for development.

Whilst focusing on the Council's ambition to deliver two hundred additional homes it would be useful to also identify that the Council will also bring into its stock a further approximately 180 new build homes when these are gifted to the Council under historic s106 agreements. These gifted homes are in addition to the aspiration to deliver 200 Council homes. Members may recall that in response to a very low take up by Private Registered Providers of affordable housing units which were offered as part of s106 agreements (this followed following changes to rent controls in social housing), the Council developed a unique gifting solution to bring forward affordable housing units but without placing an unsustainable financial burden on the Council. The gifting solution was a time bound arrangement until financial circumstances changed and has now been withdrawn from use other than in exceptional circumstances.

The Council has been recognised as "Housing Business Ready" following an audit by the Housing and Finance Institute and it is essential to build upon the good foundations already established within the Council to influence the market and deliver new homes ourselves.

The proposed Acquisitions and Development Policy recognises that building new homes is only one way in which the Council can increase its housing stock. Given the need to deliver homes at relative pace it is likely to some existing homes will be bought from the private market or other social/affordable housing providers. The Council will therefore focus efforts on a number of delivery methods in order to maximise delivery.

The Policy does not make any changes to the existing constitutional arrangements around property acquisition and the Property Dealing Procedure although changes may be considered in future under a separate report if it is believed they will be beneficial.

FURTHER HEADINGS RELEVANT TO THE REPORT

None

BACKGROUND PAPERS FOR THE DECISION

None

APPENDICES

Housing Acquisitions & Development Policy
