

## A.2 APPENDIX

# HOUSING ACQUISITIONS & DEVELOPMENT POLICY TENDRING DISTRICT COUNCIL

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## **1.0 POLICY OVERVIEW**

### **1.1 INTRODUCTION**

Tendring District Council is a stock retained landlord holding over 3100 homes in the district for social rent. At a Cabinet meeting held on 11th October 2019, the Cabinet approved in principle to build or acquire 200 additional Council houses on the basis that any proposed specific site development opportunities would be approved by Cabinet on an individual business case and will reflect the overarching direction established by the Housing Strategy. This policy will underpin and compliment the framework for preparation and consideration of business cases.

The demand for socially rented homes remains high in the district. As at 1<sup>st</sup> May 2020, there were **1958** households on the Council's Housing Register. The number registered for housing has increased significantly in the last four years and the number of households on the Housing Register has tripled. There is an increasing demand from households threatened with homelessness and this is likely to increase during and after the Covid-19 pandemic. There remains a high number of households in temporary accommodation who require a stable home.

To supplement the supply of new build homes provided by the private sector and other registered providers, the Council can build homes itself and acquire properties off the open market. This policy has been written to provide a framework around which those developments and acquisitions can be made and to build upon the ad hoc property acquisitions that have been going on over the last few years.

One of the Council's strategic priorities in its Housing Strategy 2020-2025 "Delivering Homes to Meet the Needs of Local People" is to deliver an Acquisitions and Development policy.

### **1.2 AIMS OF THIS POLICY**

The purpose of this Acquisitions and Development Policy ("the Policy") is to set out a framework for the preparation and consideration of the necessary business case which will be applied when considering opportunities to:

- acquire open market homes;
- acquire homes through S106 planning obligations
- buy back former homes sold under the Right to Buy;
- buy back homes that are partly owned through the Councils' shared ownership and equity schemes or;
- acquire and develop land and new homes for rent and sale.

### **1.3 LINKS TO THE COUNCIL'S CORPORATE AIMS**

This policy supports the Council's corporate aims which are set out and can be viewed at [www.tendringdc.gov.uk/council/performance-spending/councils-corporate-plan](http://www.tendringdc.gov.uk/council/performance-spending/councils-corporate-plan)

### **1.4 EQUALITY & DIVERSITY**

The Council is committed to promoting equality of opportunity in all service areas and has procedures in place to ensure all applicants for housing, tenants and leaseholders are treated fairly without unlawful discrimination.

The Equality Act 2010 provides a legislative framework to ensure Council services are not provided in a discriminatory manner by having due regard to eliminating discrimination, harassment and victimisation, advancing equality of opportunity and fostering good relations.

### **1.5 POLICY STATEMENT**

The Council is required to ensure the best use of funds and this applies equally to the Housing Revenue Account and the General Fund. Our role as a Housing Service is to assess investment options to determine the appropriate use of capital and balance investment in existing stock with the acquisition of property and provision of new homes.

One of the core principals of an asset strategy is to provide buildings that are fit for purpose, sustainable, provide suitable access and are appropriate for use to meet the demand for housing within the District.

This policy will be reviewed and updated periodically to ensure it reflects the current position.

## **2.0 ACQUISITION & DEVELOPMENT POLICY DETAIL**

The Housing Service provides services both through the Housing Revenue Account and the General Fund. The Housing Revenue Account is ring-fenced for activity that the Council undertakes as a landlord to both tenants and leaseholders. The General Fund includes housing related services that are not directly provided as a landlord such as the administration of the homelessness legislation, provision of temporary accommodation outside of the Council's stock and the regulation of private sector housing.

The accountancy and financial rules for these functions are separate and therefore appropriate decision-making frameworks must be applied in accordance with the Budget and Policy Framework and the Financial Procedure Rules.

For the purposes of this Policy, an acquisition of land or property is considered to be an outright acquisition if it consists of:-

- A transfer of the freehold of the asset; or

- A transfer of the leasehold interest of the asset for a period in excess of 21 years.

This policy places an emphasis of adopting procedures that are open, transparent and consistent and aims to ensure intended outcomes are met along with the maximum benefit from the effective purchase and subsequent management of the Council's assets. Separate operational procedures will accompany this policy.

Within this framework, this policy will ensure that the Council achieves value for money, that it acts within the appropriate legal framework, and that it acts in a demonstrably fair and open manner.

The framework for decision making will consider whether each opportunity to acquire or develop adds sufficient value to the merit of the required capital investment based on:

- The Council's corporate priorities.
- The current service strategic priorities.
- The demand for homes for social rent and temporary accommodation.
- The financial viability and sustainability of the acquisition/development.

In respect of the last bullet point above, this policy compliments the Council's existing project management processes and Annual Capital and Treasury Strategy. In effect, this policy supports the general requirement to demonstrate that any decision to acquire or develop housing is evaluated/prioritised, prudent and sustainable. If evaluation activity undertaken in accordance with this policy supports the acquisition or development of housing, then its affordability/funding will be considered in line with the Annual Capital and Treasury Strategy and 30 year Housing Revenue Account Business Plan and form part of any associated decision making processes and option appraisal as discussed further on in this policy.

This policy together with the Council's Constitution, scheme of delegation and Property Dealing Procedure are key documents in the overall management of the Council's land and property portfolio.

For the purposes of this policy, an acquisition is defined as the purchase of all land and property for housing purposes (including social housing or temporary residential accommodation) which will take a freehold, leasehold or licence in land and property using the HRA. This plan will not apply to commercial property acquisitions through the General Fund.

## **2.1 DEMAND FOR HOUSING**

The Strategic Housing Market Assessment for the district (published in December 2015) concluded that there is a requirement for the Council to deliver 550 homes per annum, of which 165 should be affordable homes. These numbers have been incorporated into the Council's emerging Local Plan 2013-2033. The Council's Housing Strategy 2020-2025 "Delivering Homes to Meet the Needs of Local People" sets out the demand for housing in the district from households seeking affordable rented homes in the district. Households applying for housing can express choice about where they want to live and this gives an indication of where the greatest demand for housing is in the district. Whilst households can express multiple areas, the preferred area for households applying for housing as at 1<sup>st</sup> May 2020, is as follows:

Clacton-on-Sea*	940 households	48%
Harwich/Dovercourt	293 households	15%
Rural Villages	274 households	14%
Frinton/Walton/Kirby's	235 households	12%
Manningtree/Mistley/Lawford	137 households	7%
Brightlingsea	79 households	4%

\*Clacton-on-Sea also includes the areas of Great Clacton, Holland-on-Sea and Jaywick Sands.

In deciding whether to acquire properties or land for development, the Council will have regard to the demand for housing in the district and the particular needs that properties will meet in those areas.

### **3.0 THE DELIVERY OPTIONS**

#### **3.1 OPPORTUNITIES TO PURCHASE HOMES ON THE OPEN MARKET**

The Council can buy homes on the open market either from an individual seller, another registered housing provider or from a developer. In deciding to purchase open market homes, the Council will have regard to the general criteria that follows in Section 4.1 below. Furthermore, in purchasing an individual property, the Council will also have regard to whether it will meet a critical need for a household on the housing register and the Council will only seek to purchase empty homes with vacant possession.

Open market homes can also be purchased via a partnership with a housing developer or via an up-front commitment to buy "off plan". In these scenarios the Council is able to influence the design of the development and achieve a mix of housing to meet specific needs. In certain circumstances, a partnership may be mutually beneficial for both the Council and the developer in terms of finance and pace of delivery. The land may already be owned by the developer or the Council.

#### **3.2 OPPORTUNITIES TO PURCHASE HOMES THROUGH SECTION 106 AGREEMENTS**

A section 106 agreement is a legal agreement signed between the Council and a developer when planning permission is granted for new homes which specifies certain obligations. The s106 agreement will normally require that a proportion of the new homes are delivered as affordable housing or a financial contribution is made in lieu of on-site provision. The homes are made available to the Council or another registered provider to purchase at a discount for affordable housing. A S106 agreement is a mechanism through which new affordable housing can be purchased. In deciding whether to purchase homes through this mechanism, the Council will have regard to the general criteria set out in Section 4.1 below **and** will consider purchasing homes on sites where the number of affordable homes to be delivered will be 10 or less.

It should be noted that the Government is currently consulting on its White Paper "Planning for the Future". The Government is proposing the scrapping of S106 agreements that developers are required to enter into with local authorities to deliver affordable homes. In their place, it proposed to have an updated version of the Community Infrastructure Levy (a flat rate charge that is calculated based on the floor space of the development). If changes are made to abolish S106 agreements for affordable homes, this could compromise the potential number of homes that can be delivered.

### **3.3 OPPORTUNITIES TO BUY BACK FORMER HOMES PURCHASED THROUGH RIGHT TO BUY**

All properties sold under the Right to Buy (both freehold and leasehold) since 18<sup>th</sup> January 2005 are bound by the covenant of “Right of First Refusal”. If an owner wishes to sell their home within 10 years of purchase, they must first offer the property back to the Council. Additionally, if a property is being sold within 5 years of purchase, the owner must repay a proportion of the discount that was received with the original purchase. The discount to be repaid is set out in the table below:

Property sold after 1 year	100% of discount must be repaid
Property sold during second year	80% of the discount must be repaid
Property sold during third year	60% of the discount must be repaid
Property sold during fourth year	40% of the discount must be repaid
Property sold during fifth year	20% of the discount must be repaid
Property sold after five years	No repayment of discount required

In deciding to purchase a former home sold under the Right to Buy, the Council will have regard to the general criteria set out in Section 4.1 below and will assess if it is pragmatic to purchase a property for tenancy management reasons. The seller must deliver vacant possession to the Council upon completion and will not be permitted to remain in the home as a tenant of the Council.

### **3.4 OPPORTUNITIES TO BUY BACK HOMES THAT ARE PARTLY OWNED THROUGH THE COUNCIL’S SHARED OWNERSHIP OR EQUITY SCHEMES**

Shared ownership homes are homes where the occupier partly owns the property with the Council and pays a rent calculated on the share of the property that they do not own. The Council currently has an interest in 21 shared ownership homes in the district. Shared equity homes are homes where the occupier owns the property outright and does not pay a rental charge but the Council owns the land on which the property is sited. The Council currently has a stake in 62 shared equity homes.

Given there could be an opportunity to buy back properties at a discounted price, in deciding whether to buy back a shared ownership or shared equity home, the Council will have regard to the general criteria set out in Section 4.1 below.

### **3.5 DEVELOPMENT ON EXISTING LAND AND ACQUISITION OF LAND**

In deciding whether to purchase land for development, the same general criteria as set out in Section 4.2 below will apply with regard to demand and cost. However, the Council already has a register of land that is owned in the Housing Revenue Account and therefore this land could be potentially used to develop new homes without the need to separately purchase new land for development. Within two years of this policy being adopted, the Housing Service will appraise each plot of land owned by the Council in the Housing Revenue Account to assess its suitability for development and if the said development is pragmatic and cost-effective for the Council.

The Council has governance structures in place to acquire assets into the General Fund. The Housing Service may request that acquisitions are considered by the General Fund

where the acquisition will have strategic benefit for the housing service (for example, in order to increase the stock of temporary accommodation and reduce costs therein). This could be achieved through a leasing scheme or an in-house estate agency.

Any decision to build new homes on any land owned by the Council must meet the same criteria as that for acquisitions, taking into account the whole development costs.

### **3.6 DEVELOPMENT AND ACQUISITION OF LAND VIA A THIRD PARTY INVESTOR**

Whilst the Council can acquire homes or land for building on itself, an alternative option exists that gives the Council control and ultimately ownership of the end product.

Working with institutional investors and their intermediaries it is possible to bring significant levels of financial investment into the district without the financial risk and outlay associated with borrowing or funding schemes directly. Working on a leaseback arrangement, investors can purchase or build significant number of homes on the basis that they are leased to the Council for a typical term of 40 years. The Council will manage the homes and pay a proportion of the rental income to the investor. Whilst the financial gains for the Council during the lease term are modest, at the end of the term the ownership of the property transfers to Council at NIL cost and becomes an asset within the Housing Revenue Account.

During the lease term the properties are let on assured shorthold tenancies by the Council and can be allocated in much the same way as traditional council homes. The rents can be set higher than a typical social housing rent, often at around local housing allowance levels.

This option is relatively new and with an increasing number of investors turning to this method of investment, there are a number of options available, some of which are being actively explored along with the associated financial and legal implications.

### **3.7 OTHER OPTIONS**

The Council has considered the establishment of a Wholly Owned Council Housing Company as a body to deliver new development in the district across all sectors. Whilst this has been disregarded as an option for now, Cabinet have agreed to keep this option under review and therefore a separate Wholly Owned Council Housing Company may be an option to deliver new homes in the future

## **4.0 WHAT WILL BE PROVIDED AND WHERE**

The sections above highlight the demand for housing and the various delivery options. As part of the housing led regeneration of Jaywick Sands, there is an intention to provide 100 homes there with the remaining 100 provided elsewhere in the district (proportionally aligned to the demand data) and providing the minimum criteria in Sections 4.1 and/or 4.2 below can be met.

The schedule at Annex A sets out the demand for housing in the key conurbations within the district.

The pace of progress towards meeting the 200 home target is difficult to accurately determine. The wider market and the appetite of investors will determine the pace to some extent, although the Council must demonstrate a strong commitment to delivery. Building

using local contractors will be of strong benefit to the local economy, therefore such wider benefits need to be understood when prioritising sites.

A pragmatic approach will be taken where sites are to be acquired and developed by the Council as to how that development is managed. There will be some in-house design and management of schemes but where it is advantageous both financially and with regard to staffing capacity, external local firms will be engaged where appropriate.

Building design will be modern with interesting architecture that reflects the local area whilst providing inspiring places to live. All development and the finished homes will be as energy efficient as reasonably possible and incorporate appropriate renewable energy technologies. Building firms employed will need to demonstrate that they are striving towards a net zero carbon operation.

#### 4.1 ACQUISITION CRITERIA FOR EXISTING HOMES

The Council acting in its capacities under the Housing Revenue Account will apply set criteria in considering:

- Opportunities to purchase homes on the open market or offered to the Council
- Opportunities to purchase discounted homes through S106 agreements
- Opportunities to buy back former homes sold under the Right to Buy and
- Opportunities to buy back homes partly owned through the Council's shared ownership and equity schemes.

In all scenarios referred to above, any property to be acquired should meet all of the minimum criteria set out and achieve an overall score of 15 points based on the assessment below:-

Criteria	Key Risk(s) Addressed	Minimum	Target/Scoring
There must be a demonstrable need for the property in its location	Lack of demand will lead to extended void periods and rental loss	There must be a minimum of 20 households on the housing register seeking the property in that particular area.	High demand= 5 points Medium demand=3 points Low demand =1 point
The property's location and configuration is attractive from a rentable perspective.	Lack of demand will lead to extended void periods and rental loss.	The property must be in a risk-free location e.g not in a flood zone and the room sizes must meet legal requirements.	Low risk location = 5 points Medium risk location = 3 points High risk location = 1 point
The projected rental yield should represent a rational balance between revenue returns and security.	Security of capital invested and providing value for money	The possible rental yield (based on purchase price and any necessary refurbishment and/or development costs) should fall within a range consistent with the wider social housing sector and that achieved from the existing stock	Low risk investment = 5 points Medium risk investment = 3 points High risk investment = 0 points

<p>The property itself should be in good repair and not pose future concerns that could compromise a tenancy or give rise to maintenance expenditure. .</p>	<p>Unforeseen property or repair costs.  Contamination.</p>	<p>To include 'due diligence' such as:</p> <ul style="list-style-type: none"> <li>a) Buildings to be of robust construction and in sound condition.</li> <li>b) Not potentially polluting.</li> <li>c) Free from onerous planning conditions and land contamination.</li> <li>d) Any financial appraisal for a lower value homes</li> </ul>	<p>Property in sound condition = 5 points Property is reasonable condition = 3 points Property in poor condition = 1 point</p>
<p>The property is in poor condition and of low value but could be brought back to use through renovation (e.g compulsory purchase or properties purchased at auction).</p>	<p>Security of capital invested and providing value for money</p>	<p>The possible rental yield (based on purchase price and any necessary refurbishment and/or development costs) should fall within a range consistent with the wider social housing sector and that achieved from the existing stock</p>	<p>Low risk investment = 5 points Medium risk investment = 3 points High risk investment = 0 points</p>

#### 4.2 LAND PURCHASE AND DEVELOPMENT CRITERIA

As with the acquisition of existing homes the following set criteria will be considered in respect of the acquisition of new land for development or development on existing land owned by the Council.

Any land to be acquired or developed should meet all of the minimum criteria set out and achieve an overall risk/reward score of 20 points based on the assessment below:

Criteria	Key Risk(s) Addressed	Minimum	Target/Scoring
<p>There must be a demonstrable need for housing in the location</p>	<p>Lack of demand will lead to extended void periods and rental loss</p>	<p>There must be a minimum of 20 households on the housing register seeking housing of the proposed type in that particular area.</p>	<p>High demand = 5 points Medium demand=3 points Low demand =1 point</p>

The proposed development location and configuration is attractive from a rentable perspective.	Lack of demand will lead to extended void periods and rental loss.	The development must be in a risk-free location e.g not in a flood zone and be built to an attractive standard.	High demand location = 5 points Medium demand location = 3 points Low demand location – 1 point
The projected rental yield should represent a rational balance between revenue returns and security.	Security of capital invested and providing value for money. The potential for selling some of the homes developed to offset the investment costs will be taken into account.	The possible rental yield (based on purchase price and development costs) should fall within a range consistent with the wider social housing sector and that achieved from the existing stock	Low risk investment = 5 points Medium risk investment = 3 points High risk investment = 0 points
Tenancy management criteria	Ease of management, risks of ASB or other issues in neighbourhood	The development can be designed to reduce these risks to as low as possible – highest score should be achieved.	Low risk property = 5 points Medium risk property = 3 points High risk property = 1 point
Permissibility of development	Likelihood of gaining planning consent	Pre-application advice indicates that granting of consent is likely	5 points available if planning consent likely or already granted. 0 points if unlikely
Ease of development	Particular challenges presented by the development site	Site presents either few challenges or the challenges identified can be readily overcome	No particular challenges = 5 points Some challenges that can be overcome = 3 points Challenges are significant = 0 points

Prior to the purchase of any site or property a full options appraisal including whole life costing will be carried out which will involve an appraisal of all the options for delivery of the final objective. If the total cost exceeds £100,000, permission to proceed with the acquisition will need to be granted by Cabinet. For acquisitions costing less than £100,000, permission to proceed can be granted by the Portfolio Holder for Finance and Governance in consultation with the Portfolio Holder for Housing.

It should be noted that financial assessments related to yield, property costs and costs that are potentially mitigated elsewhere can be complex. As a general rule a property should provide a positive return to the HRA in the absence of any mitigating factors. Such factors might include the provision of specially adapted housing or housing to meet complex needs where other “system” costs such as temporary accommodation fees are being incurred.

All options appraisals should take into account the on-going cost of ownership of the asset over its lifetime and ensure that any decisions to acquire land or assets is informed by both

capital and revenue implications. VAT implications must also be considered as part of the appraisal process prior to any decisions being made to acquire. The Council will take a medium to long-term view when planning delivery of their services and will need to identify any requirements to acquire land and property.

## **5.0 FINANCIAL AND LEGAL CONSIDERATIONS**

The delivery of new homes built or purchased by the Council will be funded through a combination of reserves in the Housing Revenue Account, Right to Buy receipts, financial contributions paid in lieu of on-site affordable housing by developers and prudential borrowing.

Following the relaxation of borrowing headroom arrangements for the Housing Revenue Account, the Council can now borrow more freely for acquisitions and development. The borrowing cap was an arrangement which the Government put in place when the subsidy system was removed to ensure that the Council did not expose its Housing Revenue Account Business Plan to unnecessary risks. Any additional borrowing has got to be prudent and affordable in terms of the Housing Revenue Account's revenue income ability to pay it, together with any interest charges. It is estimated that the borrowing headroom in the Housing Revenue Account is approximately £20m.

The Council will not borrow capital to acquire or build out homes until such time it is required and detailed financial breakdowns and an appraisal have been provided. This means that individual schemes or acquisitions will need to be approved by Members. As land values remain high, it will continue to be challenging for the Council to compete for land to directly deliver new homes. Opportunities that arise should be evaluated including the potential for partnership and joint ventures with other providers.

One of the main barriers to acquiring or developing homes 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 the building or acquiring 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 make a loss on every new unit that is subsequently purchased by the tenant under the Right to Buy scheme until the debt associated with the purchase is paid off.

Before an asset is acquired, the Housing Service will carry out a financial viability appraisal to establish the whole-life financial implications of the acquisition. This will be achieved by rent modelling (with associated void/bad debt costs and stock reduction factor for Right to Buy sales), establishing the cost borrowing and estimating the costs of responsive maintenance, management and major repairs over a 30 year time horizon. Any financial appraisal will need to demonstrate that there will be sufficient surpluses to cover the cost of the associated debt over the 30 year period. The appraisal will also consider the main risk of the loss of surpluses from the Right to Buy by modelling different stock reduction rates and considering how the risk can be mitigated.

Any acquisition will be reflected in the overall Housing Revenue Account Business Plan. The main principle behind appraising acquisitions is that they will not detrimentally impact upon the HRA capital programme or HRA balances. However, the HRA Business Plan does anticipate surpluses over its lifespan which are currently allocated to the Housing

Commitments Reserve which could be reallocated in future years to underwrite the risk of losses due to the Right to Buy. The level of risk exposure should be highlighted to Members with every acquisition appraisal and they can exercise decisions to underwrite future risks..

The values need to be consistent with the Council's Property Dealing Procedure. Legal authority must be sought for all land and property transactions and completed through Legal Services. All acquisitions will require formal third party independent valuation advice such as red book. All acquisitions will be subject to appropriate legal investigations and due diligence (including relevant surveys to de-risk the purchase). If these investigations identify risks which render the acquisition unviable, the transaction will not proceed.

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 17 of the Housing Act 1985, provides the principal power for the acquisition of land for housing purposes including land as a site for the erection of houses.

Provisions within the Housing Act 1985, sections 9 and 56, allow for the Council to designate the building as a hostel for the provision of housing accommodation and therefore, accounted for within the HRA.

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.

## 6.0 MANAGEMENT OF RISKS

The following table sets out the general risks that will be taken into account when considering purchase or development opportunities.

<b>Risk</b>	<b>How Managed</b>
Extended Void Periods/reduction in demand in the medium to long term	Property can be sold and receipts spent elsewhere
Capital investment costs may not be recoverable	The property market can fluctuate and prices can go down as well as up. The long-term forecast suggests that property prices will increase.  As we can sell any homes as necessary, the risk can be controlled.
Impact of Right to Buy	The major risk to deter the Council from acquiring or developing homes is the Right to Buy. The "cost floor" (over the first 15 years after the build, the Council can recover the capital cost of the building or acquisition) does provide some protection.  Each development or acquisition will be subject to a whole life costing assessment which will include the likely impact of the Right to Buy based on historic/projected levels of Right to Buy sales.  The Council will continue to lobby Central Government to extend the cost floor to 30 years.

Potential damage to properties by tenants	New homes will be visited regularly by the Tenancy Management team to ensure tenants are complying with their tenancy agreements. The Council has robust policies and procedures in place to tackle anti-social behaviour and recharge policies to recover the cost of deliberate damage to homes.
Concerns from other local residents	The Council has an excellent reputation as a landlord and has procedures in place to deal with neighbour disputes such as mediation and enforcement powers.
Potential future costs falling on the HRA do not adversely impact on the sustainability of the 30 year HRA Business Plan	Each development or acquisition will be subject to a whole life costing assessment which will include the likely impact of the Right to Buy based on historic/projected levels of Right to Buy sales and risk assessed at different levels and decisions made to mitigate /underwrite the risk.

## 7.0 LINKS TO OTHER COUNCIL DOCUMENTS

- Corporate Plan 2020-2024
- Housing Strategy 2020-2025
- Homelessness Reduction & Rough Sleeping Strategy 2020-2024
- Housing Revenue Account Business Plan
- Strategic Housing Market Assessment (published December 2015)
- The Council's emerging Local Plan 2013-2033
- Housing Revenue Account Assets Register
- General Fund Assets Register
- Annual Capital and Treasury Strategy

This policy will be reviewed annually and amended if necessary in consultation with the Portfolio Holder for Finance and Corporate Governance and the Portfolio Holder for Housing.

## 8.0 MONITORING OF THE EFFECTIVENESS/PERFORMANCE OF THIS POLICY

As mentioned previously, this policy compliments the Annual Capital and Treasury Strategy which sets out key requirements in terms of monitoring performance including the delivery of intended outcomes/benefits.

In accordance with the Annual Capital and Treasury Strategy, key monitoring information will be included within existing financial reporting processes such as in-year financial performance reports and comprehensive budget reports presented to Council in February each year.

## 9.0 SPECIAL CONDITIONS RELATING TO DEVELOPMENT IN JAYWICK SANDS

Development in Jaywick Sands requires a different approach to the assessment of risks to that set out above. Due to ground conditions and the flooding risk in the area it is necessary to build flood resilient homes which by their nature cost more than houses developed in most other areas of the district.

It is therefore likely that developments in Jaywick Sands will achieve a low score when assessing against the criteria set out in Section 4.2. above The development of 10 homes in

the area by the Council over the past few years has demonstrated the difficulties that building in the area presents and the higher costs of doing so.

Development of the 100 homes in Jaywick Sands has therefore to be assessed with the wider regeneration of the area in mind and an acceptance that there will be a greater associated risk. These risks will be clearly laid out in the reports that are brought forward for decisions.

## ANNEX A – WHERE WILL THE HOMES BE DELIVERED

As has been stated earlier in this document, the demand for affordable housing in the district is rising each year and the Council expects that homelessness will increase once some of the measures introduced by the Government during the Covid-19 pandemic are relaxed e.g. the lifting of the ban on landlord's serving notices on private tenancies. Loss of a private rented property is the main cause of homelessness in the district.

It is therefore important that the Council, in its Community Leadership role, enables as much new affordable housing to be delivered either directly as a provider or in supporting other providers and partners to deliver new affordable housing in the district.

The Council's Cabinet aspires to deliver 200 new Council homes in the district over the next 5 years. 100 are proposed to be delivered in Jaywick Sands and a further 100 in other parts of the district. It is important for the Council to set out where it aspires to deliver the 100 homes in other parts of the district and the rationale for its decision.

The following table sets out, on a percentage basis, where the local affordable rented stock is currently located, the percentage of new affordable homes delivered in each area and the current demand for housing.

Area	% of homes in TDC stock	% of homes in other registered provider stock	% of new affordable homes delivered in the last 5 years by area	% demand for housing in area
Clacton-on-Sea	34%	55%	12%	48%
Harwich/Dovercourt	22%	17%	54%	15%
Frinton/Walton/Kirbys	7%	9%	1%	12%
Mistley/M'tree/Lawford	13%	3%	15%	7%
Rural Villages	19%	12%	13%	14%
Brightlingsea	5%	4%	5%	4%
Total	100%	100%	100%	100%

The data above shows that there are some parts of the district that have a higher demand for affordable housing than others with Clacton-on-Sea having a much higher demand than other parts of the district. The table also shows that in recent years, some areas, notably Harwich/Dovercourt, Mistley/Manningtree/Lawford and Brightlingsea have had a percentage of more new affordable homes delivered than the current demand for housing in those areas.

In terms of future delivery of affordable rented homes, both the Council and other registered providers have agreements in place (either S106 agreements or contracts with Homes England and private developers) to deliver new homes in the district. The following number of homes are due to be delivered over the next 5 years:

<b>Area</b>	<b>No. of homes to be delivered by or to TDC</b>	<b>No. of homes to be delivered by Registered Providers</b>
Clacton-onSea	26	0
Harwich/Dovercourt	2	52
Frinton/Walton/Kirbys	45	0
Mistley/Mannngtree/Lawford	19	0
Rural Villages	37	44
Brightlingsea	6	0
<b>Total</b>	<b>135</b>	<b>96</b>

In determining where to deliver additional council housing, the Council has taken into account past delivery and projected future delivery and the demand for housing across the district. It is essential that there is flexibility to deliver new homes in all areas (a flexible quota) as opportunities may arise to acquire or develop homes where the risks in terms of costs are minimal and it is important that all areas of the district are served by the provision of new council housing. However, as a guide, the Council will seek to deliver the following number of new Council homes in each area of the district.

<b>Area</b>	<b>Number of new Homes</b>
Clacton-on-Sea	40
Harwich/Dovercourt	5
Frinton/Walton/Kirbys	10
Mistley/Manningtree/Lawford	5
Rural Villages	5
Brightlingsea	5
Flexible Quota	30
<b>Total</b>	<b>100</b>