

EXECUTIVE BOARD – 18th June 2019

Subject:	Housing Revenue Account Property Acquisitions – Extended Second Tranche
Corporate Director(s)/Director(s):	Chris Henning – Corporate Director for Development & Growth
Portfolio Holder(s):	Councillor Linda Woodings – Portfolio Holder for Housing, Planning & Heritage
Report author and contact details:	Ceri Davies, Housing Strategy Specialist ceri.davies@nottinghamcity.gov.uk 0115876 3530
Subject to call-in: X Yes <input type="checkbox"/> No	
Key Decision: X Yes <input type="checkbox"/> No	
Criteria for Key Decision:	
(a) X Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision	
and/or	
(b) Significant impact on communities living or working in two or more wards in the City <input type="checkbox"/> Yes <input type="checkbox"/> No	
Type of expenditure: Revenue <input type="checkbox"/> Capital X	
Total value of the decision: Exempt	
Wards affected: City wide	
Date of consultation with Portfolio Holder(s): 18 th March 2019 and 6 th June 2019	
Relevant Council Plan Key Theme:	
Strategic Regeneration and Development	<input type="checkbox"/>
Schools	<input type="checkbox"/>
Planning and Housing	X
Community Services	<input type="checkbox"/>
Energy, Sustainability and Customer	<input type="checkbox"/>
Jobs, Growth and Transport	<input type="checkbox"/>
Adults, Health and Community Sector	<input type="checkbox"/>
Children, Early Intervention and Early Years	<input type="checkbox"/>
Leisure and Culture	<input type="checkbox"/>
Resources and Neighbourhood Regeneration	<input type="checkbox"/>
Summary of issues (including benefits to citizens/service users):	
<p>Acquisitions, particularly of second hand properties, present a good value and time efficient way of replenishing the social housing stock, easing pressures on housing provision and avoiding punitive interest repayments.</p> <p>With the amount of RTB replacement receipts available and the lifting of the HRA borrowing cap, the resources and opportunity are available to deliver a significantly expanded programme of acquisitions.</p> <p>The scheme will include acquisitions via the recharge for major works approach (where selling back to the council is an option for some leaseholders), processing of RTB offers of first refusal and work with other service areas where the council purchasing a property and bringing it back into use can have cross cutting benefits – e.g. longer term empty homes.</p> <p>There are other residential acquisition programmes in progress at present and steps are in place to ensure a coordinated approach that optimises engagement with the market to meet housing needs and strategic objectives.</p> <p>The scale of the proposed HRA acquisitions scheme means that dedicated survey and conveyance resource is required to deliver within the period. The employment of two, full time</p>	

officers, one each in legal services and property services, also presents better value for money to the HRA than a per property/transaction fee for the services.

Exempt information:

An appendix to the report is exempt from publication under paragraph 3 of Schedule 12A to the Local Government Act 1972 because it contains information relating to the financial or business affairs of any particular person (including the authority holding the information) and, having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information. It is not in the public interest to disclose this information because it may prejudice the council's negotiating position and therefore the value of the scheme.

Recommendation(s):

- 1 To extend the second tranche of HRA acquisitions (Decision# 3333, 27th November 2018) by 2 years to 2022, and to the extent detailed in this report and to budget detailed in Exempt Appendix 1
- 2 To include in the public sector programme a scheme of HRA acquisitions for use as social housing as per Recommendation 1
- 3 To delegate authority to the Corporate Director of Development & Growth to identify and determine the type of residential properties to be purchased.
- 4 To delegate authority to the Director of Strategic Assets & Property to negotiate and agree individual terms and conditions for aforementioned properties.
- 5 For the HRA to fund 2 full-time officers in property and legal services respectively, for the whole period of the programme

1 REASONS FOR RECOMMENDATIONS

- 1.1 The recommendations present a proven, cost effective and efficient means of delivering additional social housing.
- 1.2 The recommendations make good value use of HRA resources (RTB replacement funds and borrowing) and reduces the burden on the HRA of punitive interest terms repayment terms in respect of returned RTB replacement funds.
- 1.3 Officers' salaries present better value across the programme than per transaction fees.
- 1.4 Replenishing council housing stock and allocating accordingly provides better value to the council and better outcomes for households in need than temporary or acute/responsive provision.

2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

- 2.1 The demand for social and affordable housing has increased and continues to increase, whilst local authority housing stock has been consistently and significantly depleted by the Right to Buy (RTB). This places increasing pressure on the housing stock and consequently on homelessness and other services providing for those in more general and acute housing need.
- 2.2 RTB replacement receipt funds (the proportion that councils can keep from the sales and reinvest in affordable housing delivery) may be used to meet 30% of the

costs of new affordable housing delivery, including acquisitions. These funds continue to accumulate, however if they are not spent within 3 ¼ years, they are reclaimed by MHCLG at base rate +4% interest which is paid from the HRA.

- 2.3 At the meeting of the Executive Board on 21st March 2017 approval was given to amend the Public Sector Housing Capital Programme to include a scheme of 30 property acquisitions that used Right to Buy replacement receipts to provide 30% of the £2.855m value. This scheme delivered to time, target and budget.
- 2.4 A Leader's Key Decision was approved on 27th November 2018 for a second, 2 year, tranche of 50 property acquisitions.
- 2.5 This decision seeks to further extend that second tranche to 320 property acquisitions over 4 years.

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 3.1 Not extending the acquisitions programme: This would fail to maximise the resources available to deliver additional affordable housing at a time when it is most needed and not spending RTB Replacement funds would further harm resources via the interest arrangements for repayment. This option has been rejected.

4 FINANCE COLLEAGUE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY/VAT)

- 4.1 See Exempt Appendix 1

Julie Dorrington – Senior Accountant (HRA) 2 May 2019

5 LEGAL AND PROCUREMENT COLLEAGUE COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)

- 5.1 From the information provided in the reports and following discussions with the author of the report and the Director of Legal and Governance, the proposed decision does not appear to raise any substantive legal issues which should give concern, and is supported. The acquisition of individual properties will all be subject to departmental instructions and the agreement, negotiation and completion of formal legal property contract documentation. The appointment of a legal officer would support the delivery of this programme.

Mick Suggett – Team Leader, Conveyancing Team. 3 May 2019

6 STRATEGIC ASSETS & PROPERTY COLLEAGUE COMMENTS (FOR DECISIONS RELATING TO ALL PROPERTY ASSETS AND ASSOCIATED INFRASTRUCTURE)

- 6.1 Property will continue to support the HRA acquisition programme. The appointment of a Property Officer will ensure adequate capacity within Property to deliver the programme. The indicative cost profile contained within the exempt appendix is in line with acquisitions within the programme that have taken place to date and the current housing market. Flexibility within the cost profile, subject to the total cost

envelope, is important, as this will allow officers to react to changes in the market to mitigate potential risks to the programme.

Rod Martin, Development Manager, Strategic Assets and Property – 03 May 2019

7 SOCIAL VALUE CONSIDERATIONS

- 7.1 This decision does not involve service procurement, however it does present good value to the housing revenue account in terms of affordable housing delivery and in avoiding interest payments being made from the account. The scheme also considers the acquisition of long-term empty homes which are a latent and wasted resource of much needed housing that often blight the communities they are located in.

8 REGARD TO THE NHS CONSTITUTION

- 8.1 Increasing the supply of affordable housing assists in the reduction of general and acute housing need and homelessness and the associated, adverse effects on health. Further, the properties will be brought up to decent homes standard and managed by Nottingham City Homes, therefore reducing the likelihood of poor living conditions that can create or exacerbate ill health. The Care Act (2014) recognises the positive impact that housing can have on restricting and maintaining good health and advocates for coordination between health, housing and social care to deliver better outcomes.

9 EQUALITY IMPACT ASSESSMENT (EIA)

- 9.1 Has the equality impact of the proposals in this report been assessed?

No

An EIA is not required because:
(Please explain why an EIA is not necessary)

Neither the acquisitions scheme or the processes it involves directly affect positively or negatively – any party on the basis of protected characteristics.

Properties acquired will be let in accordance with the Allocations Policy, which is subject to its own EIA.

Yes

Attached as Appendix x, and due regard will be given to any implications identified in it.

10 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT (NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT INFORMATION)

- 10.1 n/a

11 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT

- 11.1 Leader's Key Decision 3333 - Housing Revenue Account Property Acquisition Second Tranche 27th November 2018
- 11.2 Report to Executive Board: Property Acquisition – Use of Right to buy 30% Replacement Receipts - 21st March 2017