

**Report Title: Acquisition of strategic Housing site in South Herefordshire**

**Decision maker: Cabinet Member Commissioning, Procurement and Assets**

**Decision date: 12 December 2022**

**Report by: Senior Project Manager, Programme Management Office**

## **Classification**

Part Exempt

This report is open but appendices A and B are exempt by virtue of the paragraph 3 (below) from the Schedule 12A of the Local Government Act 1972, (as amended) and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Information relating to the financial or business affairs of any particular person (including the authority holding that information).

## **Decision type**

Key

Notice has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

## **Wards affected**

Ross East

## **Purpose**

To approve the strategic purchase of a property in the Ross East ward within a defined budget and to authorise officers, following appropriate consultation and due diligence, to proceed with the acquisition.

## **Recommendation(s)**

**That:**

- a) The Cabinet Member agrees to the purchase of a freehold property as set out in appendix A and subject to completion of all the due diligence process and the Director of Resources and Assurance being satisfied that the purchase provides value for money;**
- b) A budget of up to £1,120,000 is agreed to complete the purchase, all other associated fees and refurbishment; and**
- c) The Corporate Director, Economy & Environment, following consultation with the Cabinet Member Commissioning, Procurement and Assets, be authorised to take all operational decisions to complete the purchase and undertake subsequent improvement works.**

## **Alternative options**

Not to proceed with the purchase. The option is not recommended as the council has a number of statutory duties to meet in relation to the accommodation of vulnerable groups such as homelessness, people with learning disabilities and children that the council is responsible for looking after as a Corporate parent.

## **Key considerations**

1. The proposed purchase will be a strategic acquisition which supports the council's aspiration to create a pipeline of affordable housing and accords with the council's County Plan 2020-2024. The property would assist in addressing the housing need for one of the council's priority groups.
2. The property has been identified as appropriate to provide supported living accommodation in a central market town location, subject to completion of necessary due diligence and any necessary improvement works or refurbishment.
3. The published Housing Market Area Needs Assessment (HMANA) has identified a housing need of 111 affordable dwellings in the Ross Housing Market Area annually, 86 of which require an affordable rented housing tenure. Home Point data indicates a need on the current waiting list for 101 general needs rental properties in the Ross area. There is also an identified need for key worker accommodation and specialist accommodation for vulnerable groups such as people with learning disabilities and mental health problems.
4. In the County Plan 2020 – 2024 the council has expressed an ambition to protect and improve the lives of vulnerable people and to reduce the number of people in Herefordshire identified as homeless, and to develop its own housing stock. The purchase and development of this property as supported living accommodation would contribute to achieving these ambitions.
5. The opportunity is for the council to invest in existing residential properties, such as this one, to ensure that they are retrofitted using a whole building approach that minimises existing carbon emissions. The Energy Performance Certificate of the property will be

reviewed as part of the due diligence and opportunities explored for increased insulation levels, use of renewables and control of heating systems.

6. On completion of the purchase and prior to any subsequent development, local registered providers will be approached to provide housing management and maintenance services to the property. A contract will be entered into in line with the council's contract procedure rules for any long-term management requirements of the property.
7. The council is currently in dialogue with Homes England regarding available grant funding for the property. Early discussions have suggested a percentage of the overall improvement/development costs could be bid for as grant. A bid submission cannot be made until the costs of improvement/development and timescales are known, these will be identified once a contractor has been procured to undertake the works. It is likely that a bid submission will be made by the end of the year, however the purchase and improvements to the property are not dependent on the result of this application.
8. A Home Buyer's report was commissioned and is attached in Appendices B as well as particulars for the property (Appendix A),
9. The commissioned valuation report supports the council's offer for the property of £560,000.

## **Community impact**

10. The County Plan 2020 - 2024 aims to shape the future of Herefordshire and encourage and strengthen communities whilst creating a thriving local economy and protecting and enhancing the environment to ensure Herefordshire remains a great place to live, visit, work, learn and do business.
11. Delivering housing to help address the shortage of affordable housing in the County is intrinsically linked to the ambitions of the County Plan 2020 – 2024.
12. The published HMANA dated July 2021 has identified a need for all tenures within the county. Increasing the number of available properties will contribute to a balanced community providing additional accommodation of an alternative tenure to meet a wider cohort of residents in the county.
13. Section 9 of the Housing Act 1985 (the 1985 Act) is the key power for councils to provide housing accommodation. It includes two sets of acquisition provisions: Sections 9(1)(b) and 9(2) - a local housing authority (LHA) may acquire houses – and alter, enlarge, repair or improve a house so acquired; Section 9(3) – a LHA can exercise the Section 9 powers to provide housing accommodation "in relation to" land acquired for the purpose of (a) disposing of houses provided, or to be provided, on the land or (b) disposing of the land to a person who intends to provide housing accommodation on it.

## **Environmental Impact**

14. The proposal for the council to advance the delivery of housing in the County and have at least an element of control over design/retrofit helps deliver the council's Environmental Policy commitments and aligns to the following success measures in the County Plan 2020 - 2024:
  - a. Reduce the council's carbon emissions – seeking high levels of sustainability and energy efficiency in the construction and operating costs of new homes delivered.
  - b. Work in partnership with others to reduce County carbon emissions – working with partners to minimise our carbon footprint in terms of methods of construction and in seeking the use of local materials and labour wherever possible.
  - c. Improve the air quality within Herefordshire – supporting the development, where appropriate, of car free schemes in new developments and making provision for safe cycling and walking spaces.
  - d. Increase the number of short distance trips being undertaken by sustainable modes of travel; walking, cycling, and public transport and promoting access to sustainable modes of transport in the master-planning of larger scale developments.
  
15. The central location of the property to the market town would allow individuals the opportunity to travel more sustainably via walking, cycling or use of public transport. This in return would help to reduce carbon emissions and improve the air quality.

## **Equality duty**

16. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to:

  - a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
  - b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
  - c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

17. There is also an identified need for key worker accommodation and specialist accommodation for vulnerable groups such as people with learning disabilities and mental health problems.
18. In the County Plan 2020 – 2024 the council has expressed an ambition to protect and improve the lives of vulnerable people and to reduce the number of people in Herefordshire identified as homeless, and to develop its own housing stock. The purchase and development of this property as supported living accommodation would contribute to achieving these ambitions.
19. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying ‘due regard’ in our decision making in the design of policies and in the delivery of services. Our providers will be made aware of their contractual requirements in regards to equality legislation.
20. The purchase of the property will add to the County’s housing stock and will be affordable in perpetuity allowing future households who share protected characteristics to have access to appropriate accommodation. The decision will support the council in discharging its equality duty.

## **Resource implications**

21. Section 106 monies will be used to contribute towards the purchase of the property. These relate to planning application P153511/O – Proposed outline consent (including details of access) for the erection of up to 38 dwellings on land adjacent to the B4222, Lea, Ross on Wye. The section 106 agreement dated 14 September 2016 requires the monies to be used for the delivery of a flood attenuation system in Lea or to the extent that the monies are not required for his purpose, towards the provision of Affordable Housing in the Ross on Wye Market Housing Area. The monies were received on 8 June 2021 and need to be spent by 8 June 2026. The flood alleviation scheme has been delivered in Lea and therefore, in accordance with the section 106 agreement, these monies can be used to deliver the affordable housing being proposed.
22. The council will also look to secure grant funding towards the purchase of the property through Homes England.
23. The project will utilise capital from the Development Partnership Activities- Strategic Housing Development budget for any remaining purchase and refurbishment costs.
24. The improvement works to the property will be procured and contract managed in accordance with the council’s contract procedure rules.
25. On completion of the improvement works the property will be leased to a provider on a full repairing lease for a minimum of 6 years, therefore mitigating against any ongoing repairs or maintenance required on the property. The council will be in receipt of a

peppercorn rent, this will not be sufficient to cover the repayment of borrowing. On completion the project will provide supported accommodation for children services, enabling young adults to remain in the County at a reduced cost to the council. This development can be seen as a spend to save project and the reduction in costs on childrens services would ensure the cost benefit for the borrowing costs.

26. Resource implications to the council will be met through existing officer time and will be supported by the Housing Delivery Manager and Senior Project Manager in the corporate Programme Management Office.

<b>Capital cost of project</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>Total</b>
Purchase of 6 bed property (including conveyancing, due diligence and ancillary costs)			£570,000	0	£570,000
<i>Refurbishment costs</i>			0	£500,000	£500,000
<i>Project Management Costs</i>			0	£50,000	£50,000
<b>TOTAL</b>			£570,000	£550,000	£1,120,000

<b>Funding streams (indicate whether base budget / external / grant / capital borrowing)</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>Total</b>
<i>CM7302 Strategic Housing Development</i>			£391,000	£231,278	£572,278
<i>Section 106 monies</i>			£179,000	£318,722	£497,722
<b>TOTAL</b>			£570,000	£550,000	£1,120,000

## Legal implications

27. Section 120(1) Local Government Act 1972 provides a specific power to acquire by agreement, any land inside or outside its area for the purposes of any of its statutory functions or the benefit, improvement or development of its area. In addition section 1 of the Localism Act 2011 conferred a power of competence on the council to do anything that any individuals may generally do.
28. The council may use these powers in support of reasonable and accountable decision making to deliver services in an innovative and collaborative way, amongst other things to promote social and economic wellbeing, sustainable economic growth and development, equality, inclusion, and improve the quality of the local environment.

## Risk management

Risk / opportunity	Mitigation
Cost of improvement works could escalate and cause an overspend if unforeseen problems occur	Improvement works budget to be regularly monitored by PMO officers, reported via Verto and project management process.
Approval to purchase the accommodation is refused. This will have an implication on the council's budgets relating to support of vulnerable groups due to further cost of temporary accommodation solutions.	Approval is sought for the purchase of the property to support vulnerable groups, therefore reducing the need for temporary accommodation as well as providing them with the support needed to transition into independent living. This is likely to reduce revenue on support costs in the future.
Failure to successfully obtain Homes England funding will result in a 40% increase in forecast costs.	Due diligence being undertaken to ensure that value for money is maintained even at full market value. Council officers to explore other grants to try and further mitigate cost increase.
Ongoing maintenance and future improvement works cost	Any future costs would be mitigated by bringing on a Registered Provider (RP) and having a full repair and housing management lease.

29. These risks will be managed at project and service level and reviewed via monthly project meetings.

## Consultees

30. The project proposal has been developed by the Programme Management Office and Strategic Housing.

31. The Cabinet Members for Commissioning, Procurement and Assets (lead) and Housing, Regulatory Services & Community Safety have been briefed on the project and are supportive of the proposals.
32. All Ross-on-Wye Ward members and members of the Housing Working Group have also been made aware of the proposals and were supportive but had nothing else to add.
33. The Political group consultation took place on 26 October 2022 and Members were widely in support of the proposals.

## Appendices

Appendix A – Property Particulars/Brochure (exempt)

Appendix B – Home Buyers Survey (exempt)

## Background papers

Housing Market Area Needs Assessment- Final Report

## Report Reviewers Used for appraising this report:

Governance	John Coleman	Date 17/01/2022
Finance	Karen Morris	Date 09/11/2022
Legal	Alice McAlpine	Date 12/10/2022
Communications	Luenne Featherstone	Date 15/09/2022
Equality Duty	Carol Trachonitis	Date 13/10/2022
Procurement	Lee Robertson	Date 16/09/2022
Risk	Kevin Lloyd	Date 19/09/2022

Approved by Ross Cook, Corporate Director Economy & Environment Date 29/11/2021

**Please include a glossary of terms, abbreviations and acronyms used in this report.**