

# Croydon Council

<b>DELEGATED DECISION REPORT TO:</b>	<b>Cllr Alison Butler Deputy Leader and Cabinet Member for Homes and Gateway Services and Cllr Simon Hall Cabinet member for Finance and Resources</b>
<b>SUBJECT:</b>	<b>Purchase of 9 Homes at Longheath Gardens for retention in the Housing Revenue Account</b>
<b>LEAD OFFICER:</b>	<b>Yvonne Murray Director of Housing Assessment and Solutions</b>
<b>CABINET MEMBER:</b>	<b>Councillor Alison Butler, Deputy Leader and Cabinet Member for Homes and Gateway Services  Councillor Simon Hall, Cabinet Member for Finance and Resources</b>
<b>Ward</b>	<b>Shirley North</b>
<p><b>CORPORATE PRIORITY/POLICY CONTEXT:</b></p> <p><b>Corporate Plan - the proposals presented in this report will:</b></p> <ul style="list-style-type: none"> <li>• <b>Maximise the use of the Council’s assets to deliver new homes, including affordable, private for sale and private rented stock</b></li> <li>• <b>Bring forward the development of key sites across the borough to address key local, national and regional policies</b></li> </ul> <p><b>Community Strategy – Development of sites enables the Council to deliver new homes and increase the supply of affordable homes, a key aspiration of the Community Strategy</b></p>	
<p><b>FINANCIAL SUMMARY:</b></p> <p>The purchase of the 9 Homes will be at a net cost to the Council of £1.28m plus costs as the acquisitions will be eligible for GLA funding of £100,000 per property as these Homes will be held within the HRA as social housing.</p>	
<p><b>FORWARD PLAN KEY DECISION REFERENCE NO.: 1220HGS</b></p> <p>The decision is due to be taken under Special Urgency (notice published on 26 March 2020).</p> <p>The making of this decision is urgent to allow the council to complete the purchases of the various housing units for use as emergency accommodation. This has become more urgent due to the expected increase in homeless individuals and families as a result of hotels closing and people not being able to pay rent. The properties have been completed and are therefore ready for use once we have purchased them.</p>	

The agreement of the Chair of the Scrutiny & Overview Committee has been obtained.

The Leader of the Council has delegated to the Deputy Leader and Cabinet Member for Homes and Gateway Services in consultation with the Cabinet Member for Finance and Resources the power to make the decisions set out in the recommendations below:

## **1. RECOMMENDATIONS**

- 1.1 That the Cabinet agree that the Council acquire 9 residential homes forming part of the Brick by Brick Longheath Gardens development for use as social housing to be retained within the Housing Revenue Account
- 1.2 Note that the purchase of the properties will benefit from GLA grant funding of £100,000 per unit

## **2. EXECUTIVE SUMMARY**

- 2.1 This report recommends the freehold purchase of 9 affordable rented homes which form part of a larger Brick by Brick (BBB) development.
- 2.2 The purchase of these Homes will allow the Council to benefit from GLA funding of £100,000 per unit that has been allocated for the provision of new social housing by the Council.
- 2.3 The residential unit on the site will be completed over the next 4 weeks ready for hand over to the Council.

## **3. BACKGROUND**

- 3.1 This development has utilised surplus land and former garage space within the existing housing estate. The land has been transferred to BBB who obtained planning consent for a mixed development of 53 shared ownership and affordable rented flats contained in 6 blocks (16/06508FUL) The development is now nearing completion and the affordable rented Homes will be ready to hand over at the end of March 2020.
- 3.2 The initial proposal was for the 9 shared ownership Homes to be sold to private purchasers. However, the Council has now secured GLA funding of £100,000 per home for the provision of new social Housing. At present the sale of these Homes by Brick by Brick to private purchasers has been delayed and therefore rather than leave the properties vacant given the urgent need for housing, the Council propose to purchase the Homes and retain them within the HRA. These properties will therefore qualify for GLA funding and will increase the

social housing stock.

#### **4. DETAIL**

- 4.1 The Council secured the grant funding from the GLA following their application under the Building Council Homes for London Programme that was submitted on 31 August 2019.
- 4.2 This funding can only be used by registered providers for the provision of affordable social housing. The GLA have approved the inclusion of these properties as being in line with their funding requirements and were included within the Council's successful grant application.
- 4.3 In assessing the valuation for these homes, consideration has been given to the market value approach for shared ownership properties in line with their planning status. The Council has secured £100k grant per property from the GLA Building Council Homes for Londoners Fund and this enables the Council to let these homes at social rents..
- 4.4 Consideration has also been given to the cost of construction for such Homes to see whether this would offer a more appropriate option rather than purchasing built Homes. The construction costs for these particular properties would suggest that such an approach would not offer any additional financial benefit.
- 4.5 The Council has already committed to purchasing 24 other Homes for retention within the HRA within this development and are looking at purchasing the remaining 20 as part of the Emergency Temporary Accommodation project.

#### **5. CONSULTATION**

- 5.1 No consultation has been undertaken

#### **6 PRE-DECISION SCRUTINY**

- 6.1 The purchase of these Homes has not been referred to Scrutiny.

#### **7 FINANCIAL & RISK ASSESSMENT CONSIDERATIONS**

- 7.1 **Revenue and Capital consequences of report recommendations**  
The purchase will secure 9 further Homes for use as social housing at affordable social rents held within the HRA and will therefore be purchased by borrowing through the HRA rather than general fund.

The homes will offer secure step up accommodation and help reduce demand on more expensive housing options such as temporary and emergency

accommodation. The purchase of a new property has the benefit of a 10 year NHBC certificate to cover any major defects and given the new status of the properties, repair and maintenance costs in the medium term will be considerably less than more traditional housing stock or street properties.

#### **7.2 The effect of the decision**

The purchase of these Homes will improve the housing stock on offer to local residents and offer the opportunity for a secure permanent home.

#### **7.3 Risks**

Consideration has been given to the financial risk around the loss of these units at a discounted price as a result of the Right to Buy. However, under current legislation, the discounts on new build properties are limited. Where the Council has recently purchased or built a property the purchase price including any discount will not be lower than the purchase price paid by the Council or the cost of construction or works carried out by the Landlord in the 15 year period following the Council's acquisition/completion of build. Whilst the Council may therefore have to sell the property it will always receive as a minimum the original price paid for the unit which in this case would be between £220,000 to £260,000 as the cost of the funding would not be taken into account.

There is not considered to be any other risk associated with the purchase of the properties. At the point of purchase the properties will be completed and detailed due diligence checks undertaken (to include Building Control, gas, electric and NHBC certification). It has also been demonstrated that the purchase price, given the availability of the GLA funding, offers value for money.

#### **7.4 Options**

The Council could reject the purchase of these Homes and allow BBB to sell them to the market in due course but this could result in them being vacant for several months.

#### **7.5 Savings/ future efficiencies**

The purchase will provide potential revenue savings as the residents will be relocated from other forms of housing that is likely to cost the Council more in revenue terms although this is difficult to quantify given the variety of potential options

Approved by Lisa Taylor Director of Finance Investment and Risk and S151 Officer

### **8. LEGAL CONSIDERATIONS**

8.1 The Director of Law & Governance comments that the Council is making these acquisitions pursuant to its powers provided by s17 Housing Act 1985. The Council also relies on its general power of competence under s1 Localism Act 2011.

Approved by: Sean Murphy, Director of Law and Governance & Deputy Monitoring Officer

## **9. FREEDOM OF INFORMATION AND DATA PROTECTION CONSIDERATIONS**

- 9.1 Information requested under the Freedom of Information Act 2000 about the negotiations and purchase, which is the subject of this report, held internally or supplied by external organisations will be accessible subject to legal advice as to its commercial confidentiality (or other applicable exemption) and whether or not it is in the public interest to do so.

## **10. HUMAN RESOURCES IMPACT**

- 10.1 There are no Human Resources impacts as a result of this decision

Approved by: Sue Moorman Director of Human Resources

## **11. EQUALITIES IMPACT**

- 11.1 The Council has a statutory duty to comply with the provisions set out in the Equality Act 2010. In summary, the Council must have due regard to the need to comply with the aims of the general equality duty. The Council uses equality analysis as a tool to assess the possible impact of changes on different groups of people, evidence how we arrived at decisions that affect council staff, local people who use our council services and the wider community and help us to comply with the requirements of the Equality Act 2010.
- 11.2 Having undertaken the relevant analysis it has been determined that there is no major change - the Equality Analysis demonstrates that the policy is robust and that the evidence shows no potential for discrimination and that all opportunities to advance equality have been taken;

Approved by: Yvonne Okiyo Equalities Manager

## **12. ENVIRONMENTAL IMPACT**

- 12.1 All properties have been constructed in line with current Building Regulation requirements and are therefore more efficient than most of the existing social housing stock.
- 12.2 The day to day energy and water use will therefore be more efficient than older properties through the better use of insulation and technology.
- 12.3 The Council has a commitment to address environmental sustainability as an integral part of all activity. The Green Commitment and Environmental Procurement Policy are key relevant policies.

### **13. CRIME AND DISORDER REDUCTION IMPACT**

- 13.1 These homes have been built on former garage properties that previously attracted a degree of anti-social behavior and fly tipping. The presence of new homes will help improve the local area and improve the safety and security of local residents through the Safer by Design approach adopted as part of the planning process.

### **14. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION**

- 14.1 The purchase of these properties will add additional permanent social housing rather than intermediate or temporary housing solutions providing the next step for families and a more settled home environment with the many benefits that has to offer. The acquisition also allows the Council to secure GLA funding that would otherwise not be available through other routes.

### **15. OPTIONS CONSIDERED AND REJECTED**

- 15.1 The initial proposal was for the sale of the homes as shared ownership properties. However due to the delay in BBB being able to offer these to the market this would result in the properties being left vacant for several months. As the Council have already committed to purchasing 24 Homes for social housing within the scheme, it makes sense to secure further properties now that the opportunity has arisen.

### **16. DATA PROTECTION IMPLICATIONS**

- 16.1 **WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?**

NO

Approved by: S Wingrave on behalf of the Interim Director of Housing and Social Inclusion

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**CONTACT OFFICER:** Steve Wingrave, Head of Asset Management and Estates ext 61512

**BACKGROUND DOCUMENTS:** None