

**Property Acquisition**

<b>Timetable</b>	
<b>Meeting</b>	<b>Date</b>
Housing, Health, and Environment Policy Advisory Committee	13 <sup>th</sup> June 2023
Cabinet	28 <sup>th</sup> June 2023

<b>Will this be a Key Decision?</b>	Yes
<b>Urgency</b>	Not Applicable
<b>Final Decision-Maker</b>	Cabinet
<b>Lead Head of Service</b>	Philip Morris – Head of New Business and Housing Development
<b>Lead Officer and Report Author</b>	Rachael Bennett – Development Project Manager
<b>Classification</b>	<p>Public Report with Exempt Private Appendices</p> <p>The information contained within the Appendices has been considered exempt under the following paragraph of part 1 of schedule 12A to the Local Government Act 1972:-</p> <p>3 = Information relating to the financial or business affairs of any particular person (including the authority holding that information)</p> <p>Public Interest Test</p> <p>On applying the public interest test, the public interest in non-disclosure of the report outweighs the public interest in disclosing this information. The reasons in favour of disclosure are the public interest in ensuring value for money and the reasons against disclosure are the harm to the Council's financial position in respect of a commercial transaction. Any disclosure of such information may compromise the negotiating position of the Council. Keeping</p>

	the information exempt is therefore in the public interest.
<b>Wards affected</b>	High Street

### **Executive Summary**

The Council has an ambitious housebuilding programme that is funded via the Council's adopted Capital Programme. This housebuilding programme encompasses homes for; Affordable Housing (AH), Private Rented Sector Housing (PRS) and on occasion a limited amount of exposure to Market Sale (MS) Housing too. The development strategy for this programme was approved by the Policy & Resources Committee in January 2022, and the proposals within this report are consistent with delivering that strategy.

### **Purpose of Report**

For Decision

### **That the Cabinet:**

1. Approve the financial returns for the proposed acquisition as shown in Exempt Appendix 3 of this report, which supports the Housing Development and Regeneration Investment Plan and overall Development Strategy.
2. Give delegated authority to the Director of Finance, Resources and Business Improvement to:
  - a) Negotiate terms for the purchase of the proposed acquisition for the sum as shown in the Exempt Appendix 3 of this report.
  - b) Procure and enter into all such deeds, agreements, contracts and documents which may be required to facilitate the purchase of the site, and the subsequent redevelopment works required to deliver the scheme referred to in this report. Including (but not limited to) any related appointments such as suitably qualified consultants and a Contractor.
  - c) Subject to satisfactory conclusion of all due diligence to negotiate and finalise and complete all legal formalities, deeds and agreements which may be required to facilitate the purchase.
  - d) Negotiate and agree any lease between The Council and Maidstone Property Holdings.
3. Authorise the Head of Mid Kent Legal Services to appoint the Solicitors required to negotiate and complete the necessary contract documentation, deeds and agreements associated with the purchase and construction works on the terms as agreed by the Director of Finance, Resources & Business Improvement.

# Property Acquisition

## 1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
<p><b>Impact on Corporate Priorities</b></p>	<p>The four Strategic Plan objectives are:</p> <ul style="list-style-type: none"> <li>• Embracing Growth and Enabling Infrastructure</li> <li>• Safe, Clean and Green</li> <li>• Homes and Communities</li> <li>• A Thriving Place</li> </ul> <p>Accepting the recommendations will materially improve the Council’s ability to achieve its strategic objectives of Embracing Growth and Enabling Infrastructure and Homes and Communities.</p>	<p>Philip Morris Head of New Business and Housing Development</p>
<p><b>Cross Cutting Objectives</b></p>	<p>The four cross-cutting objectives are:</p> <ul style="list-style-type: none"> <li>• Heritage is Respected</li> <li>• Health Inequalities are Addressed and Reduced</li> <li>• Deprivation and Social Mobility is Improved</li> <li>• Biodiversity and Environmental Sustainability is respected</li> </ul> <p>The report recommendations support the achievement of the Council’s cross cutting objectives to reduce Deprivation and improve Social Mobility by delivering a high-quality development of affordable homes.</p>	<p>Alison Broom Chief Executive</p>
<p><b>Risk Management</b></p>	<p>Already covered in the risk section.</p>	<p>Philip Morris Head of New Business and Housing Development</p>
<p><b>Financial</b></p>	<p>Monies are allocated in the capital programme for Private Rented Sector housing. This scheme would draw upon</p>	<p>Paul Holland Senior Finance</p>

	those resources already allocated, subject to the risks set out in this report and to the initiatives described in the report to close any potential viability gap.	Manager – Client Accountancy
<b>Staffing</b>	We will deliver the recommendations with our current staffing. However, we will employ external consultants to help facilitate and oversee the redevelopment works with the appointed contractor.	William Cornall Director of Regeneration & Place
<b>Legal</b>	<p>MBC has statutory power under section 1 of the Localism Act 2011 to do anything that individuals generally may do and under section 111 of the Local Government Act 1972 MBC has power to do anything (whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions.</p> <p>S120(1)(2) of the 1972 Act also enables MBC to acquire land to be used for the benefit, improvement or development of their area or for the purpose of discharging MBC’s functions.</p> <p>MBC must follow its internal procurement rules as detailed in the Constitution and comply with all legal requirements as may be applicable from time to time.</p> <p>Acting on the recommendations is within MBC’s powers as set out in the above statutory provisions.</p>	Robin Harris Interim Team Leader (Contentious and Corporate Governance)
<b>Information Governance</b>	The recommendations will impact personal information (as defined in UK GDPR and Data Protection Act 2018) the Council processes.	Lauren Connett & Georgia Harvey Information Governance Team

<b>Equalities</b>	The recommendations do not propose a change in service and therefore will not require an equalities impact assessment.	Nicola Toulson Equalities & Communities Officer
<b>Public Health</b>	We recognise that the recommendations will not negatively impact on population health or that of individuals.	Philip Morris Head of New Business and Housing Development
<b>Crime and Disorder</b>	The recommendation will not have a negative impact on Crime and Disorder.	Philip Morris Head of New Business and Housing Development
<b>Procurement</b>	On accepting the recommendations, MBC will then follow procurement exercises for commissioning consultancy advice to secure the works contract. We will complete those exercises in line with financial procedure rules.	Philip Morris Head of New Business and Housing Development
<b>Biodiversity and Climate change</b>	<p>Providing new affordable and market rent homes will have a significant impact on the Council's carbon footprint and 2030 Net Zero commitment. Highly thermally efficient, low carbon heating, and climate adapted housing, as well as consideration for shared heating solutions, renewable energy, active travel, and biodiversity enhancements as part of the development strategy will ensure alignment with the Biodiversity and Climate Change Action Plan.</p> <p>Inline with the Biodiversity and Climate Change Action Plan, two particular actions should be considered as part of the developments:</p> <p>Action 9.3 Deliver Policy that ensures sustainability criteria is used for all Maidstone Borough Council construction of new buildings (offices, housing, leisure facilities) and</p>	<p>James Wilderspin - Biodiversity and Climate Change Manager</p> <p>Philip Morris Head of New Business and Housing Development</p>

	<p>sustainability criteria is part of decision-making process for all Maidstone Borough Council building acquisitions, to ensure buildings owned by the council are sustainable, future proofed, and align with our net zero commitment.</p> <p>Action 9.4 Establish criteria for investment in climate change and biodiversity and invest to save schemes (eg. renewables, heat networks). These will consider relative impact in terms of carbon reduction and ease of delivery, such that expenditure is focused on deliverable, affordable initiatives that maximise impact on the carbon reduction targets.</p>	
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## 2 INTRODUCTION AND BACKGROUND

2.1 When appraising new housing development opportunities, the New Business and Housing Development Team consider proposals against the following standard risk headings: -

- Site location and ownership.
- Town Planning Status.
- Schedule of accommodation, tenure mix and parking ratio.
- Quality – Maidstone Building for Life 12.
- Housing Management.
- Deal structure.
- Contractor procurement.
- Financial viability.
- Delivery programme.
- Professional team.

2.2 The acquisition opportunity proposed in this report is fully appraised against these standard risk headings in the exempt Appendix 1.

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## 3 AVAILABLE OPTIONS

3.1 Option 1: The Committee could choose not to recommend the approval of the purchase of the proposed acquisition to Cabinet. The Council would however lose an excellent opportunity to purchase a completed block of 25 units. Although some of the individual units fall under the national space guidance the site is shown to be a profitable asset for the council and Maidstone Property Holdings in the appraisal of the financial viability that has been undertaken. Having a central location, the site is close to amenities and develops a previously derelict area which will help improve

the aesthetics of the Town Centre South Conservation Area and aid in the prevention of crime by the addition of population.

- 3.2 Option 2: The Committee recommends to Cabinet that the purchase of the proposed acquisition is approved on the agreed terms and subsequently leased to Maidstone Property Holdings. This site will be a profitable asset to MBC and assist with much needed housing provision and contribute towards delivering MPH target. Having a central location, the site is close to amenities and develops a previously derelict area which will help improve the aesthetics of the Town Centre South Conservation Area and aid in the prevention of crime by the addition of population.
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#### **4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS**

- 4.1 Option 2 is the recommended option. A significant amount of work and negotiation has been completed by officers to reach this accepted offer stage with the vendor. The scheme is completed block of 25 flats and represents a good investment opportunity which supports Maidstone Property Holdings in their delivery target.
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#### **5 RISK**

- 5.1 Please see exempt appendix 1
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#### **6 CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK**

- 6.1 HHE PAC considered the issue on the 13 June 2023 and recommended approval by the Cabinet.
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#### **7 NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION**

- 7.1 The next steps, subject to the decision made by Cabinet, will be to secure the site with exchange and completion of contracts on the terms as agreed by the Director of Finance, Resources and Business Improvement, subject to RICS valuation, and satisfactory due diligence report and contract.
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#### **8 REPORT APPENDICES**

The following documents are to be published with this report and form part of the report:

- Exempt Appendix 1: Risk Assessment
- Exempt Appendix 2: Site Layout
- Exempt Appendix 3: Financial Viability Outputs

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## **9 BACKGROUND PAPERS**

Policy and Resources Committee Report "Affordable Housing Delivery by the Council" and Minute (No.157) of 19 January 2022