

MAIDSTONE BOROUGH COUNCIL

RECORD OF DECISION OF THE PROPERTY ACQUISITION FOR 1,000 AFFORDABLE HOMES PROGRAMME

Decision Made: Wednesday 27 July 2022

Property Acquisition for 1,000 Affordable Homes Programme

Issue for Decision

1. That the financial returns for the proposed acquisition as shown in Appendix 1, which is part 2 of the report, which support the Housing Development and Regeneration Investment Plan and the overall Development Strategy, are approved;
2. That the site acquisition in line with 2.6 of the report is approved;
3. That the Director of Finance and Business Improvement is granted delegated authority to:
 - 3.1 negotiate terms for the purchase of the proposed acquisition for the sum as referred to in the Part 2 report, subject to the site securing planning consent;
 - 3.2 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 a suitably qualified Employers Agent and Contractor; and
 - 3.3 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;
4. That the Head of Mid Kent Legal Services is authorised to appoint the solicitors required to negotiate and complete the necessary contract documentation, deeds and agreements associated with the purchase of the site and the procurement and appointment of contractors and consultants on the terms as agreed by the Director of Finance & Business Improvement; and
5. Post completion of the procurement process a contractor be appointed to bring forward for approval a detailed project delivery and investment plan (prior to the development itself commencing).

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Reason for Decision

- 2.1 A planning application has been submitted by the vendor, and the decision is pending, to build 28 apartments, together with associated parking and cycle storage. The site lies within the urban boundary of Maidstone.**
- 2.2 The site is near to Maidstone Town Centre. One of the mainline train stations are within close proximity. The site is well placed for transport links and easily accessible by road and public transport. Residents will have good access to the rest of Kent and London by road and public transport. There are bus stops with regular services connecting the site with the town centre.**
- 2.3 The proposed acquisition will deliver 28 apartments in total comprising of 1 and 2 bed apartments. The planning site layout for this development is shown in Exempt Appendix 2.**
- 2.4 The development will be delivered as 100% affordable housing, comprising of 18 one bed and 10 two bed apartments, with lift access over 4 floors. There are 14 car parking spaces and cycle storage. The**

scheme has been designed to national space standards. The homes will be built to MBC standard specification for Affordable Rent.

2.5 The Councils offer for the proposed acquisition for the freehold of the site, has been accepted (subject to committee approval, satisfactory contract, grant receipts, surveys and RIC's Valuation). The offer was based on valuation provided by local surveyors on Values and Market rents.

2.6 A full schedule of accommodation along with the estimated market rent per unit, per calendar month (PCM) and subsequent total gross market rent per unit, per annum, is summarised below:

Accommodation	No	Unit size sq./ft	Market rent per unit (PCM)	Total Gross rent per unit (PA) capped at LHA rates
1bed 2p flat	18	538	£900	£8,060.76
2bed 3p flat	3	710	£1075	£8,810.59
2bed 4p flat	4	753	£1075	£8,810.59
2bed 4p flat	3	861	£1100	£8,810.59
Total	28			

2.7 All affordable housing will be let as Affordable Rented Homes with rents set at 80% of market rent but capped at the local housing allowance as shown in table above. The homes will be let for Affordable Rented Housing to households on the Councils Housing register in accordance with allocations scheme policy.

2.8 The site is within a resident parking zone N, where residents can apply for parking permits, however there are no resident parking bays on Granville Road, and so parking under the resident parking scheme will be displaced during operational hours (8am to 6.30pm) to other residential roads in the area which are already at capacity. Due to the nature of the road (mostly commercial) there are no restrictions to parking in Granville Road. due to the nature of the road. Applicants for the properties will apply via the Kent home choice scheme for properties which will have been advertised with relevant information including parking provision so applicants will have the choice as to bid for properties suitable for their needs. There is also anticipated to be demand from applicants on the housing waiting list who would take a home without requiring a parking space. Relevant information regarding parking will be provided and enforced within the tenancy agreement.

2.9 Procurement options for contractor to build out the scheme are to be agreed with the Procurement Team.

2.10 An Employers Agent will be appointed to act on behalf of the Council, to administer the contracts, including checking progress and quality of works on site, validating and certifying payments and monitoring compliance with the Councils requirements.

2.11 The total Gross Rent for the Scheme and subsequent total Net rent for the scheme after the deduction of allowance (before inflation and interest) is £219,570 and £190,347 respectively. The Part 2 Appendix 1 shows the relevant scheme financial summary.

2.12 The overall returns are reasonable, especially in terms of affordable housing. However, the costs ration is significantly above the required level mainly due to the unprecedented increase in build costs seen recently in the Southeast.

2.13 It is proposed that part of the Total Scheme Cost will be funded by MBC applying for grant from Homes England as part of the Continuous Market Engagement bid process for the Affordable Homes programme 2021 - 2026. The remainder of the estimated Total Scheme Cost would be funded from the existing approved capital programme to support the delivery of affordable housing.

2.14 The acquisition is financially viable and meets the Councils minimum internal financial parameters. It will provide much needed affordable homes in the area.

2.15 These properties will be managed by MBC Housing Management Team, which is within the Housing and Community Services Department. The team will be responsible for all tenant contacts including repairs, voids, maintenance compliance and rent management.

2.16 Timescales: -

Acquisition Completion	09/2022
Procurement of Consultant EA	09/2022
Procurement of Contractor	12/2022
Start on site	02/2023
Practical Completion	07/2024

3. Consultation Results and Previous Committee Feedback

3.1 Previous committee feedback has expressed the desire for MBC to acquire potential housing led sites within the Maidstone borough to deliver housing for social housing purposes for the benefit of the local community. This proposal achieves that intention.

3.2 This report was considered by the Corporate Services Policy Advisory Committee on 13 July 2022 the Minutes of that meeting are included in part I of the agenda.

Alternatives considered and why rejected

4.1 **Option 1: The Executive approves the purchase of the proposed acquisition subject to it gaining full planning consent on the agreed terms and procures the Employers Agent and Contractor to help deliver the scheme. This site when built would assist with housing provision for single persons and families in need of affordable housing and**

contributing towards delivering the Development Strategy of 1,000 affordable homes.

- 4.2 Option 2: The Executive could choose not to approve the purchase of the proposed acquisition. The Council would however lose an excellent opportunity to purchase a site with full planning permission close to the town centre, public transport, local amenities to add to its affordable housing stock. It will assist towards much needed accommodation in the Borough and contribute towards the Council Targets of 1,000 Affordable Homes.**

Background Papers

I have read and approved the above decision for the reasons (including possible alternative options rejected) as set out above.

Signed: _____

Full details of the report for the decision and any consideration by the relevant Policy Advisory Committee can be found at the following area of the [website](#).

Call-In: Should you be concerned about this decision and wish to call it in, please submit a call-in form signed by any three Members to the Proper Officer by: **5pm 4 August 2022**