

**Housing and Community
Cohesion Policy Advisory
Committee**

**10th of September
2024**

Property Acquisition for Council House Building Programme

Timetable	
Meeting	Date
Housing and Community Cohesion Policy Advisory Committee	10th of September 2024
Cabinet	18 th of September 2024

Will this be a Key Decision?	Yes
Urgency	Not Applicable
Final Decision-Maker	Cabinet
Lead Head of Service	Philip Morris – Head of New Business and Housing Development
Lead Officer and Report Author	Philip Morris – Head of New Business and Housing Development
Classification	<p>Public Report with Exempt Private Appendices 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.
Wards affected	Penenden Heath Ward

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 on 19th January 2022, and the proposals within this report are consistent with delivering that strategy.

Purpose of Report

For Consideration and Recommendation to Cabinet

The Housing and Community Cohesion Policy Advisory Committee make the following recommendations to 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 Appendices 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.
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.
4. Procure and appoint a suitably qualified Planning consultant and then in conjunction with the project team and consultation with the Portfolio Holder submit a planning application in respect of the redevelopment of the site for the preferred scheme detailed in this report and to deal with all associated planning matters.

5. Agree, post completion of the procurement process, to appoint a contractor for the works cost detailed in the financial summary at Exempt Appendix 3. If in the event tenders for the works cost are in excess of the agreed sum, then officers will return to the Committee/Cabinet to seek further approval prior to the development itself commencing.
 6. That the Head of New Business & Housing Development will, post-acquisition of the site, use reasonable endeavours to bring forward a scheme that will include (at least) some houses and homes for social rent on a financially sustainable basis, subject to the availability of favourable Social Housing Grant funding from Homes England, in consultation with the portfolio holder.
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Property Acquisition for Council House Building Programme

1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	Accepting the recommendations will materially improve the Council's ability to achieve: <ul style="list-style-type: none"> • Embracing Growth and Enabling Infrastructure; Homes and Communities.	William Cornall - Director of Regeneration & Place
Cross Cutting Objectives	The project will support the cross-cutting objectives: <ul style="list-style-type: none"> • Health Inequalities are Addressed and Reduced • Deprivation and Social Mobility is Improved • Biodiversity and Environmental Sustainability is respected. 	William Cornall - Director of Regeneration & Place
Risk Management	Already covered in the risk section.	William Cornall - Director of Regeneration & Place
Financial	Funding for this project is included within the capital programme. The projected rate of return on the project is subject to a number of variables and additional revenue funding may need to be identified in order to complete the development.	Director of Finance, Resources and Business Improvement
Staffing	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.	Philip Morris Head of New Business and Housing Development
Legal	Under s1 of the Localism Act 2011 the Council has a general power of competence which enables it to do anything that individuals generally may	Deputy Head of Legal

	<p>do.</p> <p>Under section 111 of the Local Government Act 1972 the Council 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>The Council has the power to acquire properties by agreement under the Local Government Act 1972, section 120.</p>	
Information Governance	The recommendations do not impact personal information (as defined in UK GDPR and Data Protection Act 2018) the Council processes.	Information Governance Team
Equalities	We recognise the recommendations may have varying impacts on different communities within Maidstone. Therefore, we have completed an Equalities Impact Assessment responding to the needs of the community.	William Cornall - Equalities & Communities Officer
Public Health	We recognise that the recommendations will not negatively impact on population health or that of individuals. Doing the schemes will reduce health inequalities by bolstering the supply and availability of good quality affordable housing.	William Cornall - Senior Public Health Officer
Crime and Disorder	The recommendation will not have a negative impact on Crime and Disorder.	Philip Morris Head of New Business and Housing Development
Procurement	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	Philip Morris Head of New Business and Housing Development

	procedure rules.	
Biodiversity and Climate change	<p>Providing new affordable 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>Special attention is needed in regard to the implications of the following to action of the Biodiversity and Climate Change Action plan:</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 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 (e.g. 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>	<p>William Cornall - Biodiversity and Climate Change Manager</p> <p>All new homes will be built to the Future Homes Standards</p>

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

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 site with access to good transport links and amenities to add to its affordable housing stock. It will assist towards much needed affordable accommodation in the Borough and contribute towards the Council House Building Programme delivery target.
- 3.2 Option 2: The Committee recommends to Cabinet that the purchase of the proposed acquisition is approved on the agreed terms based on the delivery of either option outlined above and procure the professional consultants in order to work up a planning application. That post acquisition funding options are explored with Homes England around increased level of funding to deliver a housing and flatted scheme, however if this is not available then a flatted scheme will be delivered in consultation with the portfolio holder. That post planning approval and completion of the procurement process to appoint a contractor for the works cost detailed in the financial summary Exempt Appendix 3. If in the event tenders for the works cost are in excess of the agreed sum then officers will return to the committee to seek further approval prior to the development itself commencing. This site when built would assist with affordable housing provision, contributing towards delivering the much needed affordable homes.
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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 represents a good investment opportunity which supports the Affordable Homes development strategy.
- 4.2 The acquisition will look to deliver a number of new houses, subject to grant funding, within a residential location, and in close proximity to the town centre, making a valuable contribution to the borough's identified affordable housing need.

5 RISK

5.1 Please see exempt appendix 1.

6 CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

6.1 The issue will be considered by the Housing and Community Cohesion PAC on 10th of September 2024 with a view to the outcome being reported to Cabinet on 18th of September 2024.

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 contract. Alongside the acquisition, officers will work with the appointed Employers Agent to source a suitable planning consultant to work up the preferred planning application. Post planning approval a procurement exercise will be undertaken to source a suitable contractor to deliver the project, and will return to Committee/Cabinet, as per point 4 of the recommendations, should there be any variance to the works cost provided in Exempt Appendix 3.

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