

**Property Acquisition for 1,000 Affordable Homes Programme**

<b>Timetable</b>	
<b>Meeting</b>	<b>Date</b>
Communities, Housing and Environment Policy Advisory Committee	11 April 2023
Executive	18 April 2023

<b>Will this be a Key Decision?</b>	Yes
<b>Urgency</b>	Not Applicable
<b>Final Decision-Maker</b>	Executive
<b>Lead Head of Service</b>	Philip Morris – Head of New Business and Housing Development
<b>Lead Officer and Report Author</b>	Philip Morris – Head of New Business and Housing Development
<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 appendices 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</p>

	the negotiating position of the Council. Keeping the information exempt is therefore in the public interest.
<b>Wards affected</b>	North Ward

### **Executive Summary**

The Council has an ambitious housebuilding program that is funded via the Council's adopted Capital Program. This housebuilding program 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 program 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**

Decision

### **This report makes the following recommendations to the Executive to:**

1. Approve the financial returns for the proposed acquisition as shown in Exempt Appendix 3 of this report.
2. Agree that the Director of Finance, Resources and Business Improvement is granted delegated authority 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 a suitably qualified consultants and 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. Agree 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 and construction works on the terms as agreed by the Director of Finance, Resources & Business Improvement.
4. Agree that post 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 Executive to seek further approval prior to the development itself commencing.

# Property Acquisition

## 1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
<b>Impact on Corporate Priorities</b>	<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>The purchase of the homes described in this report supports the Councils Development Strategic plan in building 1,000 Affordable Homes, within the agreed capital spend of £200m.</p> <p>Accepting the recommendations will materially improve the Council's ability to achieve and support Embracing Growth and Enabling Infrastructure and Homes and Communities.</p>	Director of Regeneration & Place
<b>Cross Cutting Objectives</b>	<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 Deprivation and Social Mobility is improved cross cutting objective by delivering a high-quality development of affordable homes.</p>	Director of Regeneration & Place
<b>Risk Management</b>	Already covered in the risk section.	Director of Regeneration & Place

<b>Financial</b>	Development of the site is not currently included in the draft capital programme, with monies allocated for indicative schemes. This scheme would therefore draw upon 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.	Adrian Lovegrove and Paul Holland Section 151 Officer & Finance Team
<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.	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 and the Council's constitution.</p>	Rob Harris- (Contentious and Corporate Governance)
<b>Information Governance</b>	The recommendations will impact personal information (as defined in UK	Georgia Harvey-

	GDPR and Data Protection Act 2018) the Council processes.	Policy and Information Team
<b>Equalities</b>	The recommendations do not propose a change in service therefore will not require an equalities impact assessment	Nicola Toulson - Policy & Information Manager
<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
<b>Crime and Disorder</b>	The recommendation will not have a negative impact on Crime and Disorder.	Philip Morris -Head of New Business
<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
<b>Biodiversity and Climate change</b>	Providing 1,000 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.	James Wilderspin - Biodiversity and Climate Change Manager

## 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 program.
- Professional team.

2.2 The 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 the Executive. The Council would however lose an excellent opportunity to purchase a site with full planning permission 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's 1,000 Affordable Homes delivery target.
- 3.2 Option 2: The Committee recommends to the Executive that the purchase of the proposed acquisition is approved on the agreed terms and procures the professional consultants. Following the procurement exercise for a contractor officers will come back to committee to seek approval for the appointment of the preferred contractor to help deliver the scheme. This site when built would assist with affordable housing provision, contributing towards delivering the 1,000 affordable homes target.

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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 has full planning consent on purchase and represents a good investment opportunity which supports the 1,000 Affordable Homes Development Strategy.
- 4.2 The acquisition will also deliver a number of new apartments within a residential location, making a valuable contribution to the borough's identified affordable housing need.

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### **5 RISK**

- 5.1 Please see exempt appendix 1

## **6 CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK**

- 6.1 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.
- 6.2 This matter will be considered by the Communities, Housing and Environment Policy Advisory Committee on the 11 April 2023, with the outcomes to be reported to the Executive at its meeting on the 18 April 2023.
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## **7 NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION**

- 7.1 The next steps, subject to the decision made by the Executive, 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 contractor within a deliverable price and will return to Committee with recommendation for the Contractor to be appointed and confirmed costs for build.
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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**

***None***