

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

Timetable	
Meeting	Date
Housing, Health, and Environment Policy Advisory Committee	10 October 2023
Cabinet	25 October 2023

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	Christopher Nixon – Development Project Manager
Classification	<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 Councils financial position in</p>

	respect of a commercial transaction. Any disclosure of such information may compromise the negotiating position of the Council. Keeping the information exempt is therefore in the public interest.
Wards affected	South

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 Consideration and Recommendation to Cabinet

The Housing, Health and Environment 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, are approved.
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 if required.
 - 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>Impact on Corporate Priorities</p>	<p>The four Strategic Plan objectives are:</p> <ul style="list-style-type: none"> • Embracing Growth and Enabling Infrastructure • Safe, Clean and Green • Homes and Communities • A Thriving Place <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>	<p>William Cornall Director of Regeneration & Place</p>
<p>Cross Cutting Objectives</p>	<p>The four cross-cutting objectives are:</p> <ul style="list-style-type: none"> • Heritage is Respected • Health Inequalities are Addressed and Reduced • Deprivation and Social Mobility is Improved • Biodiversity and Environmental Sustainability is respected <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>	<p>William Cornall Director of Regeneration & Place</p>
<p>Risk Management</p>	<p>Already covered in the risk section.</p>	<p>William Cornall Director of Regeneration & Place</p>

<p>Financial</p>	<p>Monies are allocated in the capital programme for Private Rented Sector housing and provision of affordable homes. This scheme would 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. The site will be managed by MBC and an allowance has been allocated in the Appraisal for general upkeep of the site.</p>	<p>Paul Holland & Adrian Lovegrove Senior Finance Manager (Client Accountancy) Philip Morris Head of New Business and Housing Development</p>
<p>Staffing</p>	<p>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.</p>	<p>William Cornall Director of Regeneration & Place</p>
<p>Legal</p>	<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>	<p>Robin Harris (Team Leader Contentious and Corporate Governance)</p>

Information Governance	The recommendations do not impact the personal information (as defined in UK GDPR and Data Protection Act 2018) that the Council processes.	Lauren McNicol & Georgia Harvey Information Governance Team
Equalities	The recommendations do not propose a change in service therefore will not require an equalities impact assessment	Nicola Toulson Equalities & Communities Officer
Public Health	We recognise that the recommendations will not negatively impact on population health or that of individuals.	Philip Morris Head of New Business & Housing Development
Crime and Disorder	The recommendation will not have a negative impact on Crime and Disorder.	Philip Morris Head of New Business & 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 procedure rules.	Philip Morris Head of New Business & Housing Development
Biodiversity and Climate change	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. In line with the Biodiversity and Climate Change Action Plan, two particular actions should be considered	James Wilderspoon Biodiversity and Climate Change Manager

	<p>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 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>	
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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 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 completed development of 13 houses with a good mix of both AR and MR.
 - 3.2 Option 2: The Committee recommends to Cabinet that the purchase of the site and units on a turnkey basis is approved on the agreed terms. It will assist towards much needed affordable accommodation in the Borough and contribute towards the Council 1,000 Affordable Homes delivery 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 once completed would provide 13 new houses (6 x AR and 7 x MR) and represents a good opportunity which supports the 1,000 Affordable Homes Development Strategy.
 - 4.2 The acquisition will also deliver a number of much needed new houses rather than flats 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 The issue will be considered by the HHE PAC on the 10th October 2023 with a view to the outcome being reported to Cabinet on 25th October 2023

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**

8.1 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**

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