

Report to: Cabinet

Date of Meeting: 1st August

Report Title: York Buildings

Report By: Andrew Palmer, Assistant Director Housing & Built Environment

Purpose of Report

To provide an update on the Council's Grant Agreement with Homes England for the delivery of Affordable Rent housing at 12/13 York Buildings.

To advise members of the key conditions relating to its role as a residential landlord.

Recommendation(s) that:

1. The Council renews its role as a Registered Provider directly delivering affordable, social housing.
2. The Council proceeds to drawdown funding through the Affordable Homes Programme 2021-2026 to deliver Affordable Rent housing at 12/13 York Buildings.

Reasons for Recommendations

1. The delivery of Affordable Rent at 12/13 York Buildings will provide six permanent homes to people on the Council's Housing Register and directly support the Council's Affordable Housing targets and its 500 Affordable Rented Homes Programme.
2. The development of 12/13 York Buildings is being financed by borrowing from the Public Works Loan Board and the Affordable Housing grant reduces the borrowing requirement by circa £300k. The lower borrowing costs will be capable of being funded by the rental income.
3. The Council will be able to more easily bring forward Affordable Housing in the future through its own developments or the acquisition of Section 106 units. There are more direct delivery opportunities available to the Council as a Registered Provider and a Homes England Investment Partner.

Background

1. The Council completed a Large Scale Voluntary Transfer (LSVT) of its housing stock in 1996. Since that time, the Council has not directly delivered new Affordable Housing.
2. The Council is once again able to deliver Affordable Housing as it has reactivated its Registered Provider status. It can also take up new Affordable Housing funding opportunities as it has become a Homes England Investment Partner.
3. Up to 200 homes can be acquired before the Council is required to reopen a Housing Revenue Account (HRA). The HRA would be a ring-fenced account and require the Council to account for council housing expenditure separately from other General Fund activities.
4. The Council has completed the development of six self-contained one bedroom flats at 12/13 York Buildings. The property is a grade II listed building which consists of retail on the ground floor with the newly developed flats repurposing the upper floors which had been empty for many years.
5. A report was taken to Cabinet on 7th March 2022 which recommended that the Council let the flats as Affordable Housing. This supports local housing need, the Council's commitment to delivering 500 Affordable Rent homes and also enabled the Council to lever in Affordable Housing grant funding in the sum of £303,910.
6. This report provides further information on the requirements of delivering Affordable Housing and the potential implications.

Affordable Rent at York Buildings

7. The Council has been awarded funding of £303,910 through the Affordable Homes programme to deliver the units at York Buildings as Affordable Rent. Once accepted, this will place a restriction on how the properties can be used.
8. Delivering Affordable Rent is a new direction in housing provision for the Council. The Council will need to finalise a set of policies and procedures to ensure that all requirements linked to the provision of Affordable Rent as a Registered Provider are met.
9. These policies will provide the blueprint for further development and acquisitions taken forward by the Council.
10. The Council's Housing Management Team is already managing Council owned temporary accommodation and properties which are leased through the Social Lettings Agency. Processes would need to be updated to reflect Registered Provider requirements.
11. While there isn't a requirement to open a HRA, the Council will need to obtain a direction from the Secretary of State to request the units be held outside of a HRA. We are advised that this is largely a formality.

12. The allocation of the properties for Affordable Rent will provide six new homes to people on the Council’s Housing Register and support our Affordable Housing targets.

Right to Buy

13. Council tenants on a secure tenancy are eligible for Right to Buy if they’ve had a public sector landlord, such as a Council or Registered Provider, for 3 years; this does not need to be consecutive.

14. The Right to Buy provides tenants with an opportunity to purchase their home at a discounted rate, which could potentially present a financial risk to the Council. However, there are measures within the legislation and guidance which mitigates the risk to some extent.

15. Appendix 1 sets out further information regarding the potential financial risk posed by Right to Buy at York Buildings. The exact risk cannot be quantified as we cannot predetermine the take-up. The research and modelling highlights the following:

- The risk in the first 10 years is minimal. At worst there would be a requirement to sell the flats to tenants for approximately £160,000 which is their estimated market value at present.
- The financial risk increases in year 11 and, if no further works were carried out and the tenant was eligible for the maximum entitlement, the flats could have to be sold for a significant discount.
- Based on take-up in other areas, the risk of Right to Buy on 6 units would equate to 0.02 units annually. However, the risk of Right to Buy in Hastings is not comparable with stock holding authorities who have an historic tenant base.
- The Affordable Housing grant provides significant mitigation against the potential impact of the Right to Buy.

Timetable of Next Steps

16. Please include a list of key actions and the scheduled dates for these:

Action	Key milestone	Due date (provisional)	Responsible
Enter into Grant Agreement with Homes England	Grant Agreement reviewed by Legal and signed by HBC	August 2022	Assistant Director, Housing and Built Environment / Housing Development Manager

Produce tenancy templates and policies and procedures needed to meet requirements of delivering Affordable Rent as a Registered Provider	Obtain legal advice setting out requirements to deliver Affordable Rent	August 2022	Assistant Director, Housing and Built Environment
Let units as Affordable Rent	Allocate homes to people on the Council's Housing Register and enter into tenancy agreement	September 2022	Assistant Director, Housing and Built Environment

Wards Affected

Insert the list of wards affected

Implications

Relevant project tools applied? Yes

Have you checked this report for plain English and readability? 26.6

Climate change implications considered. Yes

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness Y
 Crime and Fear of Crime (Section 17) N
 Risk Management Y
 Environmental Issues N
 Economic/Financial Implications Y
 Human Rights Act N
 Organisational Consequences Y
 Local People's Views N
 Anti-Poverty Y

Additional Information

Officer to Contact

Officer Name: Susan Hanson
 Officer Email Address: shanson@hastings.gov.uk
 Officer Telephone Number: 01424 451328