

Briefing Note

Subject: Housing Acquisition Proposal
Submitted to: Full Council
Date: 8th February 2023
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1. Purpose

- 1.1. The purpose of this Briefing Note is to update Full Council on changes that have been made to the Housing Acquisition Proposal report since Cabinet on 3rd January 2023.

2. Background

- 2.1. Cabinet recommended that Full Council approve the recommendations in the Housing Acquisition Proposal report:
<https://hastings.moderngov.co.uk/ieListDocuments.aspx?CId=130&MIId=4773&Ver=4>
- 2.2. This Briefing Note sets out changes to the Cabinet report resultant from updates to the programme's modelling which have taken place following further discussions with Councillors from all parties and with reference to proposed changes to the Council's Minimum Revenue Provision (MRP) policy.

3. Report Updates

- 3.1. Recommendation 2. The capital budget request has been reduced from £11,865,400 to £11,800,000.
- 3.2. Recommendation 4. This is a new recommendation to establish a cross-party Housing Acquisition Review Group to monitor the programme outcomes.
- 3.3. Reasons for Recommendations; Para 3. Loan period updated from 40 years to 50 years.
- 3.4. Para 26. Loan period updated from 40 years to 50 years.
- 3.5. Para 28. Value of portfolio updated from circa £11.9m to circa £11.8m.
- 3.6. Para 30. The borrowing has reduced from circa £9.5m to circa £9.4m.
- 3.7. Para 31. Repayment of debt updated from 40 years to 50 years.
- 3.8. Para 32. The forecast annual running costs have been updated to take into account updated assumptions, including increasing the void allowance from 2.5% to 4%,

additional costs for essential household items and an additional allowance of £500 per property in Year 1 and £1,000 per property per year thereafter for property maintenance. [The additional allowance of £500 per property per year continues to be factored into the modelling from Year 6.] The Loan Payment has been updated from a 40 year annuity loan at a rate of 5.26% to a 50 year annuity loan at a rate of 5% and the MRP has been reduced in line with proposed changes to the Council's MRP policy.

- 3.9. Para 34. The tables have been updated to reflect a reduction in the annual net cost of delivering the scheme from £395,605 to £172,629 and an increase in the annual forecast savings from £296,540 to £519,516. This table is a simplified version of the modelling; it is based on Year 1 costs but allows for a MRP cost and a full portfolio being acquired.
- 3.10. Para 35. Updated to reflect changes to the tables in para 34, i.e., that the cost of delivering the scheme is circa £173,000 with an annual growing saving in excess of £500,000.
- 3.11. Para 37. Updated from a 40 year annuity loan to a 50 year annuity loan.
- 3.12. Para 50. Updated from PWLB interest rates as at 1st November 2022 to 1st December 2022.
- 3.13. Para 59. Updated to reflect portfolio value of £11,800,000 instead of £11,865,400.