

APPENDIX J

WAVERLEY BOROUGH COUNCIL

EXECUTIVE – 2 JULY 2013

Title:

**HOUSING DELIVERY BOARD FRAMEWORK FOR THE PURCHASE OF LAND
OR PROPERTY**

[Portfolio Holder: Cllr Mike Band]

[Wards Affected: All]

Note pursuant to Section 100B (5) of the Local Government Act 1972

An annexe to this report contains exempt information by virtue of which the public is likely to be excluded during the item to which the report relates, as specified in Paragraph 3 of Part I of Schedule 12A to the Local Government Act 1972, namely:-

Information relating to the financial or business affairs of any particular person (including the authority holding that information).

Summary and purpose:

This report seeks to establish a framework for the timely purchase of property and land that will enable the delivery of more affordable homes in the Borough.

How this report relates to the Council's Corporate Priorities:

Affordable Housing: Waverley is a strategic housing authority and one of the Council's corporate priorities is investing extra money in building new affordable housing and improving our existing housing stock. In approving the Affordable Homes Delivery Plan in July 2012, the Council reinforced its intention to deliver affordable homes as quickly as possible. Agreeing delegated authority in this report will facilitate that delivery process.

Financial Implications:

In October 2012, the Executive approved use of up to £62,000 from the New Affordable Homes reserve in order to fund estimated pre-development and preliminary costs in 2013/14. A working budget for preliminary costs in 2013/14 has recently been approved as part of the budget setting process.

Legal Implications:

Purchases can be funded from the new affordable homes reserve from resources that are not committed for council new build. There is a low level of risk associated with the purchase of land and property. The key risks are as follows:-

Property risk – mitigate by carrying out surveys and local searches
Land risk – mitigate by talking to planners and being aware of local planning policy
In all cases there is the risk that feasibility costs will not necessarily result in a purchase but a thorough initial investigation can mitigate against significant costs being incurred prior to securing agreement to purchase.

Introduction

1. The Council's Business Plan currently provides in excess of £240m for new affordable homes over the next 30 years. This will be delivered by building new homes, buying existing properties and acquiring additional land to build on or to reserve for future use. To enable acquisitions to be facilitated in a timely manner, this report proposes giving various delegated authorities to enable officers and the Housing Delivery Board to act on the Council's behalf.
2. A series of flow charts are attached at Annexe 1 which set out the various steps that will be followed in purchasing properties or land and which have been devised to ensure a consistent approach is taken when opportunities for acquisitions arise, and also to help identify which delegations are required to enable a sale to proceed as timely as possible. They are specifically for the processes involved in
 - i. buying back a former Council property (or share of)
 - ii. purchasing a property on the open market; and
 - iii. purchasing land (with a view to immediate development).
3. It is likely that in the longer term the Council will be interested in purchasing parcels of land that can be banked for future development and the appropriate process for facilitating this will be developed in due course.
4. Council authority would normally be required for the acquisition of land and property. However, with there being only five decision-making Council meetings each Council year, this could result in missed opportunities and this report, with the suggested framework, proposes suggested delegations with levels of spending that the Executive is asked to give approval to and recommend to the Council. If approved, these delegations, set out at Annexe 2 and (Exempt) Annexe 3, will then be included in the Council's Scheme of Delegation.

Criteria

5. In all eventualities, the processes refer to criteria which will need to be applied to every opportunity to purchase land or property to ensure that investment in the Council's stock is appropriate for housing need, in the correct locations and value for money.
6. In addition to building new homes, the Council is likely to want to consider property buy-backs and purchase of properties on the open market. Before pursuing such purchases, the following criteria should be met:-

- Making a business case for each potential purchase demonstrating financial viability. This should have regard to the initial capital outlay, potential ongoing costs and the future income stream
- Any property should require no more than £20,000 initial spend on works, to be established through a structural survey commissioned from an external surveyor with professional indemnity
- The property should help meet local housing need and be suitable for social housing
- If considering open-market property purchases, regard should be had to construction type and the potential of on-going maintenance
- A property that would provide an affordable home but in an isolated location should not be considered
- A property outside of the Borough should not be considered

7. For land purchases the following criteria should be met:

- Making a business case for each potential purchase demonstrating financial viability.
- The purchase price should have regard to prevailing land prices as advised by the council's valuer and external advisor drawn from the standing list, in order to demonstrate the land is unencumbered
- A minimum plot size that would facilitate a viable scheme
- The land should be capable of acquiring planning permission
- The land should be located in an area of housing need
- The land should be free from major constraints

Review

8. The Housing Delivery Board has endorsed this framework and recognises the need for it to be kept under close review. Experience from operating the processes in practice is likely to advise us of any amendments that need to be made and any changes to delegation levels that may be required. Should this be necessary, a report will be brought back to a future meeting of the Executive for recommendation to the Council.
9. In addition, there are multiple opportunities factored into the process whereby any proposals that do not meet the set criteria or which form an exception can be referred by the Housing Delivery Board to the Executive and/or Council for consideration. The Executive will also be given regular update reports on outcomes of purchases that are delivered through the agreed framework.
10. This item was deferred at the Executive meeting on 9 April 2013 to enable officers to clarify the levels of delegation required and ensure that levels of expenditure were open and transparent. This has now been achieved, as set out in Annexe 2, and it is further recommended that authority be delegated to the Housing Delivery Board to determine appropriate maximum amounts on an annual basis, based on property sizes.
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Conclusion

11. For the first time in many years Waverley has the resources to provide additional new affordable homes. Establishing this approved framework to take advantage of timely opportunities that arise and ensuring that actions can be taken promptly when necessary should facilitate effective provision that will increase housing supply.

Recommendation

It is recommended to the Council that

1. the principles of this report, along with the detailed processes involved in the framework and the set criteria for purchasing land and property, be endorsed;
2. the scheme of delegation be amended to include the delegations set out at Annexe 2 and (Exempt) Annexe 3 to this report; and
3. authority be delegated to the Executive to review and determine appropriate maximum amounts of expenditure for purchasing property or land on an annual basis.

Background Papers

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

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