

Decision under Delegated Powers

Officer Making the Decision

Katie Moore - Head of Strategic Housing

Recommendation

Approval for acquisition of 10 x properties on Oakley Road Shepshed, to be owned and managed within the Housing Revenue Account.

Reason

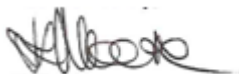
To increase the council's housing stock and contribute to meeting the need for affordable homes for rent within the borough.

Authority for Decision

Section 8.3, of the Constitution gives delegated authority to the Head of Strategic Housing to acquire additional properties for rent via the HRA where approved funding exists within the Capital Plan for the relevant financial year, and where any property acquired is subject to a Condition Survey, an Independent Valuation, Standard Legal checks, and meets identified housing needs (item 23 on page 8-31).

The agreement is to be executed as a Deed by affixing the Council's Common Seal.

Decision and Date



Katie Moore
Head of Strategic Housing
16th December 2024

Background

Fort Estates Limited approached the council about the delivery of 10 x affordable housing units on the Oakley Road development in Shepshed, as they had been unable to secure interest in the units from a Registered Provider.

The units include:

- 4 x 1 bedroom semi-detached houses
 - Plot number 6 – 16 Thimble Mill Close Shepshed LE12 9GF
 - Plot number 6a – 18 Thimble Mill Close Shepshed LE12 9GF
 - Plot number 7 – 20 Thimble Mill Close Shepshed LE12 9GF
 - Plot number 7a – 22 Thimble Mill Close Shepshed LE12 9GF

- 2 x 2 bedroom mid-terrace houses
 - Plot number 4a – 10 Thimble Mill Close Shepshed LE12 9GF
 - Plot number 5 – 12 Thimble Mill Close Shepshed LE12 9GF

- 2 x 2 bedroom semi-detached houses
 - Plot number 4 – 8 Thimble Mill Close Shepshed LE12 9GF
 - Plot number 9 – 26 Thimble Mill Close Shepshed LE12 9GF

- 2 x 3 bedroom semi-detached houses
 - Plot number 5a – 14 Thimble Mill Close Shepshed LE12 9GF
 - Plot number 8 – 24 Thimble Mill Close Shepshed LE12 9GF.

The council has offered to purchase the units, at a discounted rate equivalent to 58% of market value, in order to secure the delivery of the units as affordable housing.

There is a need for additional affordable rental properties within the borough, and a limited supply of affordable rental properties within the council's existing housing stock. The acquisition of the properties will increase the council's housing stock and contribute to meeting the need for affordable rental properties within the borough.

An assessment of property condition and costs has been completed to confirm that the acquisitions represent value for money. The provision of additional non-standard specification items has been agreed to ensure the properties meet the council's letting standard. As the properties are newly built in line with current standards, it is anticipated that they will have lower lifetime maintenance costs than the majority of the existing properties within the council's housing stock.

Independent valuations have been obtained. Legal checks have been satisfactorily completed and no areas of concern have been identified. The properties will be subject to a Defects Liability Period and covered by a warranty.

The properties are expected to be completed and ready for hand over between May and June 2025. The properties will be owned and managed under the Housing Revenue Account and let at social rent levels.

The acquisitions have been discussed with the following council officers:

- Janet Glass, Head of Landlord Services
- Peter Oliver, Director of Housing and Wellbeing
- Rob Mitchell, Chief Executive.

Financial Implications

The total cost to the council relating to the acquisition of the 10 x properties is expected to be £1,249,714.47:

- £1,176,000 total purchase prices
- £22,353.47 total non-standard specification items
- £51,361 total fees (not including VAT).

The breakdown of purchase prices (each unit) is as follows:

- £89,793.10 - plot 6 - 1 bedroom semi-detached house
- £89,793.10 - plot 6a - 1 bedroom semi-detached house
- £89,793.10 - plot 7 - 1 bedroom semi-detached house
- £89,793.10 - plot 7a - 1 bedroom semi-detached house
- £127,448.28 - plot 4a - 2 bedroom mid-terrace house
- £127,448.28 - plot 5 - 2 bedroom mid-terrace house
- £133,241.38 - plot 4 - 2 bedroom semi-detached house
- £133,241.38 - plot 9 - 2 bedroom semi-detached house
- £147,724.14 - plot 5a - 3 bedroom semi-detached house
- £147,724.14 - plot 8 - 3 bedroom semi-detached house.

The breakdown of non-standard specification item costs (across all units) is as follows:

- £9,651.20 - paving to rear gardens
- £3,811.17 - turfing to rear gardens
- £1,200.00 - external taps
- £94.50 - external door numerals

- £195.50 - door stops
- £736.10 - curtain rails
- £1,500.00 - wired carbon monoxide detectors
- £5,040.00 - non-slip flooring
- £125.00 - cooker electric connection plates

The breakdown of fees (across all units, not including VAT) is as follows:

- £15,225 - project management
- £20,580.00 - employers agent
- £7,056.00 - clerk of works
- £2,000.00 - valuation
- £6,500.00 - legals.

The acquisitions will be funded as follows:

- 2 x properties (plots 8 and 9) funded using £301,488.33 Local Authority Housing Fund Round 3 grant awarded for acquisition of properties between 2024/2025 and 2025/2026.
- 8 x properties (plots 6, 6a, 7, 7a, 4a, 4, 5, 5a) funded using £948,226.14 receipts from sales of council dwelling properties under the Right to Buy scheme.

There is an ongoing annual service charge of £272.00 per property to be paid to the site management company for maintenance. This will be funded by the Housing Revenue Account.

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There are no additional financial implications, the acquisitions are to be coded as follows in the current Capital Plan 2024/25 to 2026/27:-

- £301,488.53 to Z851 Z0101 - Acquisition of Dwellings - S106 & Local Authority Housing Fund
- £948,226.14 to Z760 Z0101 - Acquisition of Affordable Housing to meet housing need.

Risk Management

No specific risks have been identified with this decision.

Key Decision

Yes - however exempted from call-in (see agenda item 14 Full Council meeting dated 6th November 2017).

Background Papers

Housing Acquisition Policy - approved by Cabinet May 2018; reviewed and updated June 2019; reviewed and updated September 2021; reviewed and updated July 2024.