

STROUD DISTRICT COUNCIL

HOUSING COMMITTEE

TUESDAY, 5 DECEMBER 2023

Report Title	Affordable Homes at Brimscombe Port, Brimscombe			
Purpose of Report	To seek approval from Housing Committee for the purchase of the affordable homes at Brimscombe Port from St Modwen Homes as part of the delivery of the redevelopment project.			
Decision(s)	Housing Committee RESOLVES to: a) commit to the purchase of the affordable homes at Brimscombe Port from St Modwen Homes and to include them within the New Homes programme, subject to funding from Homes England, budget being approved and subject to contract; b) delegate authority to the Head of Property Services in consultation with the Strategic Director of Resources and Chair and Vice Chair of Housing to agree the Forward Purchase Agreement with St Modwen Homes setting out the mechanism for the calculation of the purchase price.			
Consultation and Feedback	Consultation has taken place with the Chair and Vice Chair of Housing Committee and with the ward councillor.			
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Options	The council could decide to take first refusal on the purchase of the affordable homes once the sale of those units has been offered by St Modwen Homes or decide not to take the affordable homes on the site and leave another Registered Provider to purchase the homes.			
Background Papers	None			
Appendices	None			
Implications (further details at the end of the report)	Financial	Legal	Equality	Environmental
	Yes	Yes	No	Yes

1. INTRODUCTION

- 1.1 Following a competitive dialogue tender process, in July 2022 the council selected St Modwen Homes as the developer to work with the council to bring forward the redevelopment of Brimscombe Port.
- 1.2 One of the requirements within the Output Specification, which was the key document for the tender process setting out the council's vision for the Port, is the delivery of 30% affordable homes as part of the mix of properties across the site.

- 1.3 At the time of tendering, bidders were informed that the council wished to have first refusal on the affordable homes. It is now proposed that the council makes a commitment to St Modwen Homes to purchase the units by entering into a Forward Purchase Agreement and include them within the New Homes Programme with budget to be approved through the current budget setting round.

2 THE PROPOSAL

- 2.1 The proposal is for the council to commit to the purchase of the affordable homes on the Brimscombe Port redevelopment and enter into a Forward Purchase Agreement with St Modwen Homes setting out the mechanism for agreeing the purchase price, rather than wait to be offered first refusal at a later stage.
- 2.2 The council, as landowner, is committed to the delivery of 30% affordable homes on the development with a split of 50% rent and 50% shared ownership and this has always been a requirement of the project. The proposed scheme submitted by St Modwen Homes has not yet been submitted for planning permission and so the final number and mix of property types and how the affordable homes will be treated in the section 106 agreement has not been determined. The Forward Purchase Agreement will set out the mechanism for calculating the price to be paid for the affordable homes once planning permission has been received and will be based on a percentage of market value.
- 2.3 A commitment at this stage, subject to contract and subject to grant funding from Homes England as required, enables the council to agree a budget for inclusion within the New Homes programme to enable the Forward Funding Agreement to be signed with St Modwen Homes and provides St Modwen Homes with certainty over the funding of these units and, therefore, assists, the project's viability and cashflow.
- 2.4 A figure of just over £7.5 million has been included in the budget for the New Homes Programme for 30% of the homes based on the Local Plan allocation and is shown in the budget paper for approval at this meeting.
- 2.5 Once planning has been achieved and the final figures have been calculated at the appropriate time in the developer's programme, a further report will be submitted to Housing Committee as part of the New Homes Programme.

3. IMPLICATIONS

3.1 Financial Implications

This report sets out the commitment to purchase homes from the Brimscombe Port development and add to the Council's stock within the HRA. There would be a mix of affordable rented properties, which would be added to the general needs stock, and also some shared ownership.

The current estimate of the cost of this acquisition is £7.535m, although it should be noted that this amount is subject to change based on the final plans for the site. Any additional budget request would return to Housing Committee.

It is set out in para 2.3 that the subsidy needed to bring the purchase forward (ie the difference between the cost of the purchase, less the capital receipts from the shared ownership sales and any borrowing that can be paid off from the associated rental income) is to be requested from Homes England as grant funding. This will ensure that the acquisition of this new housing would not negatively impact on the financial position of the HRA or services to existing tenants.

The capital budget relating to this decision is currently included within the budget setting figures being presented to this Committee. Should the decision be made not to commit to these acquisitions at this time the budget will be removed from the proposals put forward to Strategy and Resources Committee.

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3.2 Legal Implications

Under section 9(1) of the Housing Act 1985, the Council may provide housing accommodation-

- (a) by erecting houses, or converting buildings into houses, on land acquired by them for the purposes of that part of the Act, or
- (b) by acquiring houses.

Section 3(3) of that Act provides that these powers may equally be exercised in relation to land acquired for the purpose-

- (a) of disposing of houses provided, or to be provided, on the land, or
- (b) of disposing of the land to a person who intends to provide housing accommodation on it.

This means that the Council has the power to be able to acquire the houses and to subsequently dispose of them as affordable homes as set out in this report.

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3.3 Equality Implications

There are not any specific changes to service delivery proposed within this decision.

3.4 Environmental Implications

All the properties to be delivered on the Brimscombe Port development are to be developed to high energy efficiency levels in accordance with the council's Output Specification for the site. Purchasing these properties to add to the council's housing stock is a positive step towards meeting the targets set out in SDC's Carbon Neutral 2030 Strategy.