

EXETER CITY COUNCIL

EXECUTIVE
18 SEPTEMBER 2012

ACQUIRING S106 AFFORDABLE HOMES

1 PURPOSE OF THE REPORT

- 1.1 To seek approval for the purchase of 16 new build affordable homes on two separate development sites in the city at a total cost of £212,546.

2 BACKGROUND

- 2.1 The 16 new affordable homes would be secured on sites at Dean Clarke House, Southernhay and the former Royal Naval Stores Depot, Topsham Road.
- 2.2 Dean Clarke House: This site forms part of the phased development of the former NHS buildings in Southernhay including Dean Clarke House and the Victoria Wing. Despite viability issues on the site, the council has secured five two-bedroom flats on a 125 year lease, as the affordable housing provision on the site. Of the five flats, four will be fully wheelchair accessible.
- 2.3 This site has very recently been sold to a different developer, and it is expected that they will want to make some minor amendments to the design. It is expected that the conversion will start on site in late 2012/early 2013 and the flats will be completed in late 2013, if the developer continues with the current scheme.
- 2.4 Royal Naval Stores Depot: Following the renegotiation of Phase 7 of this development, the council has secured eleven new homes as the affordable housing provision for this phase. These properties would be obtained on a freehold basis and the mix is as follows: 2 one-bedroom flats, 4 two-bedroom flats, 2 two-bedroom houses, 2 three-bedroom houses and 1 four-bedroom house. The one-bedroom flats, 3-bedroom houses and 4-bedroom house, 5 in total, will all be built to full wheelchair accessible standards. To date, 68 affordable homes have been provided on this site and transferred to Housing Associations.
- 2.5 The properties at Royal Naval Stores Depot are all currently on site with completion expected in stages from early October 2012 through to early January 2013.
- 2.6 During the affordable housing negotiations on both of these sites the opportunity presented itself for these 16 properties to be secured for the Council rather than being transferred to Housing Associations. These properties represent affordable housing provision under the S106 agreement on each site.
- 2.7 Nine of the 16 properties will be built to full wheelchair accessible standards; presenting a unique opportunity to acquire these much needed properties for the Council and giving the Council much greater control over the use of them.

- 2.8 Once purchased these properties would be owned by Exeter City Council, they would sit within the HRA in a separate ring-fence and would be let at social rent levels to those on the Housing Register using Devon Home Choice.

3 FINANCIAL IMPLICATIONS

- 3.1 The 11 properties on Phase 7 of the Royal Naval Stores Depot site have an agreed purchase price of £1 per property, a total of £11.
- 3.2 The five Dean Clarke House flats have an agreed purchase price of £42,507 per property, a total of £212,535. This cost is derived from the Exeter Homes Partnership approved transfer values for affordable housing on S106 sites. It represents excellent value for money in comparison to other ways in which the council could increase its housing stock.
- 3.3 The acquisition of these properties will be reflected in the HRA Capital Programme as the 16 properties will be added to the Council's existing stock for social housing. The capital cost will be met by the HRA making a revenue contribution to capital.
- 3.4 Once acquired these properties would sit within the HRA and would be let out at Target (Social) Rent levels, generating additional revenue income into the HRA.

4 RISKS

- 4.1 There is potential that in the future tenants could apply to purchase these properties under right to buy. The legislation suggests that the wheelchair accessible homes would be excluded from RTB, but the other 7 standard properties would be at risk.

5 CONCLUSIONS

- 5.1 The purchase of these 16 affordable homes presents an excellent opportunity for the Council to increase its housing stock for an average investment of only £13,284.13 per new home.
- 5.2 This purchase would secure 9 new fully wheelchair accessible homes for the city, under the control of the Council, which is a key action in the Council's Corporate Plan.

6 RECOMMENDED

- 6.1 That the purchase of 16 new affordable homes at Dean Clarke House and the Royal Naval Stores Depot be approved at a cost of £212,546 to be met from the HRA Capital Programme.

SARAH WARD
ASSISTANT DIRECTOR HOUSING AND CONTRACTS

Local Government (Access to Information) Act 1985 (as amended)
Background papers used in compiling the report:

None