

18th September 2018

KEY DECISION? YES/NO

**DEPLOYMENT OF RIGHT TO BUY (RTB) RECEIPTS -
NORTH TOWN PHASES 5 & 6**

SUMMARY AND RECOMMENDATIONS:

The Right to Buy Agreement between Rushmoor Borough Council and Vivid forms part of the Large Scale Voluntary Transfer agreement of 1995; it sets out the mechanism for utilising the capital generated from the sale of Vivid properties, previously owned by Rushmoor Borough Council. Since 2012, £2,105,899 of Right to Buy Capital has been reinvested in phases 1-4 of the regeneration of North Town, one of the council's strategic housing sites.

The amount of Capital currently available for deployment is £366,722.80. The funding enables the Council to meet identified housing needs over and above the agreed affordable housing allocation at North Town to meet specific housing need, in particular, securing a four-bed house at a social rent and four flats for temporary accommodation.

RECOMMENDATION:

Cabinet is asked to approve the deployment of Right to Buy Capital of £366,722.80 to Vivid for the delivery of affordable homes in the final two phases (5 & 6) at North Town.

1. INTRODUCTION

- 1.1 The regeneration of North Town is a strategic housing priority for the Council and the local Housing Market Area. Since 2011, the programme has delivered 456 homes in phases 1-4. This includes a mix of social rent, affordable rent, shared ownership and outright sale. Negotiations are now under way for the development of phases 5 & 6.
- 1.2 The Council has assisted Vivid to secure £7,262,507 of grant funding from Homes England through its commitment to deploy the Right to Buy receipts fund, ring fenced for the provision of affordable housing.

2. BACKGROUND

- 2.1 Since November 2011, the regeneration programme has demolished 332 social rented two-bedroom properties, replacing them with 456 new homes for social and affordable rent; or to buy through shared ownership or

outright sale. To date, £71 million of capital funding has supported the delivery of this regeneration programme.

- 2.2 The final tenure mix for phases 5&6 are still to be determined. This funding will secure the delivery of one 4-bed house for a social rent and four flats for general needs temporary accommodation (with no support) in phase 5 to meet identified housing needs in the borough. The remaining units will be a mix of affordable rent and shared ownership.
- 2.3 The reason the 4-bed unit is at social rent (50% of market rent at around £700 per month) rather than an affordable rent (80% of market rent at around £1120 per month) is so that an in-work household are able to afford the property without having to claim housing benefit. The temporary accommodation supports the council in the delivery of its Temporary Accommodation Strategy 2019-2022. Phase 6 will deliver an additional 215 mixed tenure homes.
- 2.4 Right to Buy receipts support the delivery of affordable homes for rent in phases 5 & 6 and will enable the council to secure accommodation to meet specific evidenced housing needs; in this case the 4 bed social rent and the temporary accommodation.

The following Right to Buy receipts have been invested in the scheme:

Year	Amount	In support of:
2012/13	£1,209,077	Phase 1
2013/14	£137,000	Phase 3 & 4
2014/15	£302,046	Phases 5 & 6
2016/17	£457,776	Phase 5 & 6
Total	£2,105,899	

Looking forward, contributions to the regeneration of North Town are:

Year	Source	Amount	In support of:
2018-2020	Requested amount for Right to Buy receipts deployment from RBC	£366,722.80	Phases 5 & 6
2018-2020	Vivid private financial contribution	Circa £4.5m	Phases 5 & 6
2018-2020	Homes England	To apply for grant funding following agreement from RBC to deploy Right to Buy receipts.	Phases 5 & 6

- 2.5 The Council's contribution and commitment so far has helped to secure £7,262,507 in grant funding from Homes England. The use of this additional sum of £366,722.80 will support Vivid in further grant funding bids. Vivid have indicated that, depending on the level of grant funding offered by Homes England, there may be further requests to use Right to Buy receipts at North Town to complete phases 5& 6.

- 2.6 Vivid have generated the remaining £61 million of funding through a combination of private finance and capital receipts generated through the sale of shared ownership and outright sale homes.

3. DETAILS OF THE PROPOSAL

- 3.1 The Right to Buy Agreement forms part of the 1995 Large Scale Voluntary Transfer Agreement. Vivid hold the Right to Buy receipt account, the council is required to approve the deployment of capital as follows:

Clause 4 of the Right to Buy Agreement states that:

- The capital will be used for the provision of affordable housing in the borough of Rushmoor.
- Capital will be used in accordance with the priorities and targets set out in the Council's housing strategy.
- Vivid will consult the Council on the deployment of the capital and will seek its approval, such approval not to be unreasonably withheld.

Alternative Options

- 3.2 The Council could request this fund is used for other housing projects however; our challenge is to find suitable sites to develop affordable housing. The deployment of the fund to North Town allows the Council to secure strategic housing targets quickly.

Consultation

- 3.3 This is a contractual arrangement between the Council and Vivid as set out in the Right to Buy agreement.

4. IMPLICATIONS

Risks

- 4.1 Vivid are committed to the delivery of phases 5 & 6; they would be disadvantaged in their bids for Homes England Capital Funding without it as Local Authority funding demonstrates continued commitment to this strategic housing site. The consequence would be delayed delivery of 250 units over the two phases for which the council would have nomination rights to the rented units and/ or issues with viability.

Legal Implications

- 4.2 The Right to Buy Agreement states that the Council's approval to deploy the receipts should not be unreasonably withheld. Should the Council elect not to approve this deployment, it may be subject to challenge from Vivid.

Financial and Resource Implications

- 4.3 Finance have been consulted; there are no direct financial implications to the Council. Deployment of the receipts to North Town enables regeneration work to continue in phases 5 & 6.

Equalities Impact Implications

- 4.4 There are no equalities issues arising from this report.

Other

- 4.5 N/A

5. CONCLUSIONS

- 5.1 The Council's investment in the regeneration of North Town has played a significant role in securing private finance from Vivid and grant funding from Homes England. The Council's agreement to deploy Right to Buy capital of £366,722.80 towards the North Town regeneration will support Vivid in their funding bids and the viability of the remaining regeneration work.
- 5.2 Cabinet have approved previous Right to Buy deployment to North Town to ensure the delivery of strategic housing objectives in Rushmoor; agreeing to the deployment of this funding endorses the Council's continuing commitment and strategic approach to delivering affordable homes to rent and buy for Rushmoor residents.

6 BACKGROUND DOCUMENTS:

Rushmoor's Housing and Homelessness Strategy 2017-22

7. CONTACT DETAILS:

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