

AGENDA ITEM No. 6

CABINET

HEAD OF ENVIRONMENTAL HEALTH & HOUSING

7TH FEBRUARY 2017

REPORT NO. EHH1703

KEY DECISION: YES

DEPLOYMENT OF RIGHT TO BUY CAPITAL RECEIPTS TO THE NORTH TOWN REGENERATION SCHEME

SUMMARY AND RECOMMENDATIONS:

Cabinet is asked to approve the deployment of Right to Buy receipts, including all interest accrued to the sum of £457,775.67 in support of the North Town regeneration scheme.

1. INTRODUCTION

- 1.1 The regeneration of North Town is a strategic housing priority for the Council and for the wider North Hampshire Housing Market Area. Since 2011, the programme has delivered 243 homes in phases 1 and 2. This includes a mixture of tenures including social rent, affordable rent, shared ownership and outright sale. Work is now underway on phases 3, 4 and 6 to deliver a further 215 homes as affordable rent, shared ownership and outright sale, with negotiations taking place in respect of phase 5.
- 1.2 The Council has been instrumental in assisting First Wessex Housing Association (FWHA hereafter) to secure match funding from the Homes and Community Agency through its commitment by deploying its Right to Buy receipts fund, which is ring fenced for the provision of affordable housing.
- 1.3 This is a key decision as the amount for deployment is £457,775.67.

2. BACKGROUND

- 2.1 Since November 2011, 326 properties have been demolished and replaced with 456 new homes to rent and buy meeting the housing needs and aspirations of the local community.
- 2.2 A total of £71 million has already been invested in the delivery of phases 1-4 providing 456 homes. Phase 5 will deliver a further 26 homes for rent and phase 6 will deliver an additional 215 mixed tenure homes.

The Council's contribution to the regeneration of North Town to date

- 2.3 To date a total of £1,639,000 Right to Buy receipts have already been deployed to the scheme:

Year	Amount	In support of:
2012	£1.2 million	Phase 1
2013	£137,000	Phase 3 & 4
2014	£302,000	Phases 5 & 6

- 2.4 Looking forward, contributions to the regeneration of North Town are forecast as follows:

Year	Source	Amount	In support of:
2018-2020	Requested amount for Right to Buy receipts deployment from RBC	£457,775	Phases 5 & 6
2018-2020	First Wessex private financial contribution	Circa £4.5m	Phases 5 & 6
2018-2020	Home & Communities Agency contribution	To apply for grant funding following agreement from RBC to deploy Right to Buy receipts of £457,775	Phases 5 & 6

- 2.5 The Council's contribution and commitment so far has helped to secure £7,262,507 in grant funding from the Homes and Community Agency and, by deploying this additional sum of £457,775, will support FWHA in further grant funding.
- 2.6 Investment into the regeneration has had a positive impact to the neighbourhood; in 2010, North Town's Denmark Square was classified as one of the 20% most deprived areas in the country. The mixed tenure regeneration work has changed the socio economic make up which has lifted the area out of the Indices of Multiple Deprivation. (Source: RBC Draft Authority Monitoring Report 2016).
- 2.7 The majority of units are let to existing North Town households with the remaining units made available to households in the Housing Allocation Pool. In June 2017, 22 units are allocated for households in the Allocation Pool.
- 2.8 Rushmoor residents have also been able to access home ownership through shared ownership and outright sale, a total of 153 households in phases 1-4.

Private Finance investment into North Town

- 2.9 FWHA have generated the remaining circa £71 million of funding through a combination of private finance and capital receipts generated through the sale of shared ownership and outright sale homes.

The Right to Buy Account and the Right to Buy Agreement

- 2.10 FWHA hold the Right to Buy receipt account and require the Council's approval to deploy the capital as set out in the Right to Buy Agreement.

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.
- FWHA will consult the Council on the deployment of the capital and will seek its approval, such approval not to be unreasonably held.

3. DETAILS OF THE PROPOSAL

General

- 3.1 Deployment of Right to Buy receipts, including all interest accrued to the sum of £457,775.67 in support of the North Town regeneration scheme on Phase 5.
- 3.2 Deploying the capital to North Town meets the legal requirements of the Right to Buy Agreement.

Consultation

- 3.3 This is a contractual arrangement between the Council and FWHA as set out in the Right To Buy agreement.
- 3.4 The Portfolio Holder for Health and Housing has been consulted and is supportive of the proposal.

4. IMPLICATIONS

Risks

- 4.1 Without this additional financial resource, FWHA would be disadvantaged in their funding bids to the Homes and Communities Agency, which would impact on the delivery of affordable housing on Phases 5 and 6.

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 FWHA.

Financial and Resource Implications

- 4.3 There are no direct financial implications to the Council. Deployment of the receipts to North Town enables the regeneration work to continue in phases 5 & 6.

Equalities Impact Implications

- 4.4 A preliminary Equalities Impact Assessment has been prepared and there are no equalities issues arising from this report.

5. CONCLUSIONS

- 5.1 The Council's investment in the regeneration of North Town has played a significant and crucial role in securing private finance from FWHA and grant funding from the Homes and Communities Agency, resulting in a program of 456 new homes over a 10 year period.
- 5.2 The Council's agreement to deploy Right to Buy Capital of £457,775.67 towards the North Town regeneration will support FWHA in their funding bid to the Homes and Communities Agency Affordable Homes Programme 2016-2021 and therefore the viability of the remaining regeneration work.
- 5.3 The delivery of the remaining units at North Town will provide a range of housing products for Rushmoor residents, meeting the housing need and aspiration, playing a part in reducing pressure on the Housing Allocation Pool, supporting a mixed and sustainable local community and contributing towards the economic prosperity of the borough.
- 5.4 Cabinet is asked to agree deploy £457,775.67 of the Right to Buy receipts to First Wessex for the delivery of the affordable homes programme at North Town.

BACKGROUND DOCUMENTS:

Rushmoor's Housing and Homelessness Strategy 2011-16

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