

**Report to** Cabinet

29 July 2020

**Report of** Director of people and neighbourhoods

**Subject** Grant of Right to Buy one for one receipts

**Item**

**6**

## **KEY DECISION**

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### **Purpose**

To consider the granting of right to buy one for one receipts and S106 commuted sums to support the provision of new affordable homes.

### **Recommendation**

To approve:

- 1) the award of retained right to buy one for one replacement receipts to Broadland Housing Association to support the development of 10 affordable dwellings as described in the report and the exempt appendix; and
- 2) the award of retained right to buy one for one replacement receipts and S106 commuted sums held for affordable housing to YMCA to support the provision of 2 affordable dwellings as described in the report and the exempt appendix.

### **Corporate and service priorities**

The report helps to meet the corporate priority Great neighbourhoods, housing and environment.

### **Financial implications**

The financial implications are detailed in the exempt appendix to this report.

The Council has retained £40.496m of right to buy one for one receipts since signing its retention agreement in 2012. These receipts can fund 30% of the cost of building new affordable homes with the remainder being funded by other means. Any receipts not applied within 3 years of retention will need to be passed to the Government with interest.

**Ward/s:** All Wards

**Cabinet member:** Councillor Harris - Deputy leader and social housing

### **Contact officers**

Andrew Turnbull, interim housing development manager      01603 212778

Chris Hancock, housing partnerships officer      01603 212852

Shaun Flaxman, senior finance business partner

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**Background documents**

None

# Report

1. On 7 October 2015 Cabinet approved to:-
  - a) Agree the principle to be adopted for the application of right to buy (RTB) one for one receipts is that we will seek to:
    - I. spend first on the council's own housing capital programme; and
    - II. where we do not expect to be able to spend in full will seek to pass the remainder to Registered Providers (Providers) to develop social rented housing as a first priority and affordable rented housing where this is not possible.
2. Since 2015 the Council has awarded £12.5m in grants to other parties for the provision of new affordable housing.
3. In March 2020 cabinet approved a revised criteria for assessing applications for grant funding. The criteria is now:
  - a. Housing need (30% of the marks) – 30 marks awarded if the scheme fully meets housing need, 15 if it partly meets housing need or 0 if the scheme does not meet a housing need.
  - b. Affordability (30% of the marks) – 30 marks awarded for schemes to be let at social rents and 15 awarded to schemes to be let at 'affordable rent'.
  - c. Standards (30% of the marks) – 30 marks awarded for schemes achieving the Passivhaus standard or Code for Sustainable Homes (CSH) level 5+, 20 marks awarded for schemes achieving CSH level 4, and 10 marks awarded for schemes achieving CSH level 3. The council's adopted environmental strategy seeks to promote energy efficiency with a minimum requirement of CSH level 4 or Passivhaus as the standard for new council homes.
  - d. Nomination Rights (10% of the marks) – 10 marks awarded if a nominations agreement is entered into in perpetuity.
4. Officers have engaged with locally active registered providers of affordable housing and third sector partners to ascertain if they have any current proposals that could be developed if funding was made available.

## Opportunities

5. Two projects are proposed which will provide accommodation for targeted groups.
6. The first is an opportunity has arisen for a project to provide accommodation and support for people leaving prison.
7. The main driver behind this project is to improve housing outcomes for people leaving prison, particularly those people who revolve around the system struggling to move on in their life in a positive way. The purpose of this project

is to provide a stable home with support networks providing a route out of reoffending making Norwich a better place for everyone to live in. The council's housing partnerships officer has been working with the Office of the Police and Crime Commissioner, National Probation Services and Ministry of Justice and has secured revenue funding for 2 years to provide the support aspect of the project.

8. Broadland housing association have offered to partner with the city council, to provide the accommodation and housing management for the properties, which initially is looking to provide 10 x 1-bedroom self-contained dwellings across the city. The office of the police and crime commissioner, and the Ministry of Justice will provide the funding for the wrap around support aspect of the project. This support will be delivered by the national Probation Service, Norfolk and Suffolk Community Rehabilitation Community (CRC) and St Martins Housing Trust through the following:
  - a. A focus on the client's needs rather than the homelessness process and to identify and respond to support their needs
  - b. Accompany clients to appointments to act as advocate where necessary
  - c. Support with tenancy and life skills, in particular financial planning
  - d. Support clients in accessing the appropriate mental, physical and emotional care that they need
  - e. Encourage clients to engage with statutory services, including Probation, the Department for Work and Pensions and substance misuse provider
  - f. Encourage clients to foster good relationships with family, friends and people they come into contact with
  - g. Provide aid to clients in accessing and participating in purposeful activity for example volunteering, local community groups/clubs and employment
  - h. Provide a role model for referred clients and motivate them on the path to desistance
  - i. Enable clients to access support on a continuing basis where needed
  - j. In addition to the above, the client will be provided with support by other providers including referral to mentoring input, Circles; 180 project and IIRMS (Intensive Intervention & Risk Management Service – for Personality Disorder Service Users) and other offers of additional wrap around support from wider support networks.
  - k. The CRC will be able to offer the support of the responsible officer, mentoring programme and additional support with finance, benefit and debt advice, ETE, family support service. The CRC will contribute to any selection criteria and risk assessment processes to support better outcomes for this hard to reach group
  - l. In addition the client will be able to access wider support networks including CGL (drug and alcohol service) and specialist health care providers within primary care (vulnerable adults service)
  - m. The capital costs and request for funding for the project is outlined in the exempt appendix to this report. 30% will be funded from retained RTB receipts with the remainder funded directly by Broadland HA.
  - n. Work will commence immediately to identify suitable properties available to purchase on the open market
  - o. The dwellings will be let at affordable rent levels

- p. The properties will meet building regulations standard, with a stipulation that they achieve at least a C rating EPC
  - q. This will be accommodation with support provided and referrals made through a combination of all partners to the project including the council.
9. The second proposal, is a project to convert office space for two additional units within the YMCA hostel.
10. The YMCA are working with the city council to deliver a project to convert office space in their hostel building into accommodation that will provide two additional self-contained crash bed spaces.
11. In the last year, (2019/20) the YMCA Central saw 38 young people use the crash bed service. Many of these young people have multiple and complex needs and would have no other accommodation options. 79% of the people who used the beds moved into more permanent accommodation afterwards and therefore reduces the number of young people ending up rough sleeping. YMCA have identified an increased need for this type of accommodation.
12. The total capital cost and request for funding is outlined in the exempt appendix to this report but the proposals covers the following:
- a. Work will commence immediately to prepare plans for the conversion and submit this for planning approval. It is anticipated that if approved the works would commence on approval and be completed within a month.
  - b. The dwellings will be let at affordable rent levels. As this is supported housing there are additional service charges for enhanced housing management.
  - c. The properties will meet building regulations standard.
  - d. This will be accommodation where referrals / nominations are made through a combination of all partners in the Pathways project including the council.
13. The scoring for the two proposals under the criteria to allocate the right to buy (RTB) one for one receipts is as follows:

Site	Housing Need	Affordability	Standards	Nominations	Score (Max 100)
Housing for Prisoner release project	30	15	10	10	65
YMCA	30	15	10	10	65

14. The council currently holds sufficient RTB receipts and S106 commuted sums to fund the requests for the two schemes above.

15. As well as being able to provide much needed housing, the award will also reduce the risk of the council having to pay a proportion of un-used receipts to Government with interest calculated at base rate plus 4% backdated to the date of receipt. In addition the council holds significant S106 commuted sums for affordable housing, some of which are time limited.

In order to mitigate this risk for grant awards such as this, officers have previously engaged Nplaw to draw up a template grant agreement for registered providers. This includes a clause that any grant is subject to the approved programme and any delays will mean a reduction in the grant to cover any payments to Government. Further there is a clause that if the properties are disposed the grant must be returned or recycled into other affordable housing in the city.

## Integrated impact assessment



**NORWICH**  
City Council

The IIA should assess **the impact of the recommendation** being made by the report  
Detailed guidance to help with the completion of the assessment can be found [here](#). Delete this row after completion

### Report author to complete

<b>Committee:</b>	Cabinet
<b>Committee date:</b>	29 July 2020
<b>Director / Head of service</b>	Director of people and neighbourhoods
<b>Report subject:</b>	Grant of Right to Buy one for one receipts
<b>Date assessed:</b>	7 July 2020

	Impact			
Economic (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Finance (value for money)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Provision of more affordable homes, will improve overall affordability of the housing stock in the City. This represents a prudent use of financial resources to meet corporate priorities. Grant funding RTB receipts will also reduce the risk of the council paying receipts to Government with high interest.
Other departments and services e.g. office facilities, customer contact	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ICT services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Economic development	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	These projects will provide employment opportunities, opportunities for local contractors and businesses and will generate local spending for the benefit of the wider economy. Providing more housing is important in supporting sustainable economic growth and prosperity.
Financial inclusion	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Providing additional affordable housing will advance financial inclusion by helping to improve housing affordability.
Social (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Safeguarding children and adults	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Building more affordable supported homes to meet needs will help provide accommodation for vulnerable adults.



	Impact			
<u>S17 crime and disorder act 1998</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The provision of affordable accommodation and support specifically for people being released from prison will reduce incidences of re-offending.
Human Rights Act 1998	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Health and well being	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The provision of sufficient and decent quality housing is essential to ensuring decent levels of health and well being
Equality and diversity (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Relations between groups (cohesion)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Eliminating discrimination & harassment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Advancing equality of opportunity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Environmental (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Transportation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Natural and built environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Waste minimisation & resource use	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

	Impact			
Pollution	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sustainable procurement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Energy and climate change	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
(Please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Risk management	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Providing this grant funding will help to reduce the financial risk of paying RTB receipts with punitive interest to MHCLG

Recommendations from impact assessment	
<b>Positive</b>	
Overall the project will provide more affordable homes in the city which will improve overall affordability of the housing stock. The investment priorities represent a prudent use of financial resources to meet corporate priorities, will minimise the risk of paying receipts to MHCLG with punitive interest and will provide local employment opportunities.	
<b>Negative</b>	
<b>Neutral</b>	

Issues