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| To: | Cabinet Member for Housing and Communities  |
| Date: | 11 September 2024 |
| Report of: | Executive Director – Development & Development Board |
| Title of Report:  | **Acquisition of Social Rent properties at Barton Park into the Council’s Housing Revenue Account.**  |

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| Summary and Recommendations |
| Purpose of report: | To approve the acquisition of 10 properties at Barton Park (Phase 3) by the Council directly into the Housing Revenue Account (HRA), charging the cost to the HRA capital code for 'Purchases of properties from OX Place' |
| Key decision: | Yes |
| Cabinet Member: | Councillor Linda Smith, Cabinet Member for Housing and Communities |
| Corporate Priority: | More Affordable Housing and Meeting Housing Needs |
| Policy Framework: | Corporate Strategy 2024-28 |
| Recommendation(s): That the Cabinet Member resolves to: |
| 1. Approve the acquisition of 10 new affordable homes at Barton Park (Phase 3) direct into the Housing Revenue Account (HRA). These units (listed in Appendix 1) will be retained in the HRA, removing OCH(I)L from any involvement with these properties.  |
| 2. Approve that the charging of these purchases (at the value shown in Appendix 2) is to the allocated HRA Captial budget for ‘Purchases of Properties from OX Place’, until such time as Council may allocate a special budget for the purpose of acquiring the Social Rent homes at Barton Park into the HRA.  |
| 3. Delegate authority to the Executive Director - Development, in consultation with the Cabinet Member for Housing and Communities; the Head of Financial Services/Section 151 Officer; and the Council’s Monitoring Officer, to:i. Agree the terms of the acquisition of the freehold interest relating to the ten properties and any associated land subject to it meeting Existing Use Value for Social Rent (or an equivalent valuation methodology); ii. Agree to the purchase of the ten Social Rented properties and any associated land from Barton Park in accordance with the agreement with Barton Oxford LLP and Oxford City Council dated December 2014;iii. Enter into all agreements necessary, for which powers are not already delegated under the scheme of delegation, to facilitate the transfer of the properties at i and ii above, including but not limited to, any documentation necessary to transfer the benefit of any continuing warranties and guarantees relating to the properties to the Council. |

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|  Appendices |
| Appendix 1  | Schedule of ten Phase 3 (Redrow) (Social Rent) properties forecast to complete between September and November 2024 proposed to be purchased into the HRA. |
| Appendix 2 | Information relating to property valuation and cost (**not for publication** – Information relating to the financial or business affairs of any particular person (including the authority holding that information)) |

# Introduction and background

1. In 2013 the Council took a decision to enter a legal agreement with Barton (Oxford) LLP to purchase all the Social Rent homes developed on Barton Park (40% of the development up to 354 homes). This agreement was signed in December 2014.
2. The City Executive Board and the OCHL Shareholder subsequently approved the purchase from the Council by OCH(I)L of the social rented homes being developed at Barton Park. This programme of acquisition was expected to comprise 354 homes (all at Social Rent) across all phases of the scheme.
3. A report is being prepared for October Cabinet and November Council in relation to this site, to propose that the properties held by OCH(I)L are transferred back to the Council, and that future homes completed by the developer are retained by the Council in the HRA, rather than to continue to be sold to the housing company.
4. This report seeks to secure Council-side approvals, budget and delegations to enable the acquisition of 10 properties on Barton Phase 3 (Redrow) development.
5. The ten properties referred to in this report are Phase 3 (Redrow) units scheduled for handover between September and November 2024. They have not yet been acquired by OCH(I)L. The timing of these completions is ahead of November Council, so a Single Member Decision is proposed to allocate existing HRA capital budget for this purpose to facilitate retaining them in the HRA, rather than sell and then purchase back later. This will ensure that the Council avoids duplicative costs as there would then be two additional transfers and associated legal costs if they are transferred to from the developer to OCC, from OCC to OCH(i)L and later back to OCC.

**Proposal for the acquisition of future homes in the HRA**

1. It is proposed that the Council should acquire these 10 units directly into the HRA. Details of properties to be acquired are listed in Appendix 1. These properties will be retained in the HRA and not be sold on to OCH(I)L removing OCH(I)L involvement in these units.
2. Acquiring the properties directly into the HRA means the properties can be let quickly to Council tenants as well as saving money in Stamp Duty Land Tax, that would have been payable by OCH(I)L.
3. Future tenants will be offered standard Council Secure Tenancy agreements (or Introductory Tenancies as appropriate) for these new homes let at Social Rent.
4. The Council will need to allocate sufficient future capital budget in the HRA for this purpose in future years, amending the HRA business plan and revenue budgets accordingly.

**Financial implications**

1. The addition of all of the Barton Park Social Rented homes into the HRA is manageable. Whilst HRA debt increases, this is serviceable, and additional homes in the HRA has a number of benefits, including supporting the HRA to share overhead costs over a larger asset base.
2. It is proposed that these two tranches, of five houses each, can be charged to the HRA capital code for 'Purchases of properties from OX Place' by a single member decision. This change, albeit temporary until the full report has been presented to Council, can be accommodated using para 18.13 of the Constitution:

*Where monies cannot be vired from other schemes or the overspend is* *in excess of £250,000 the projected overspend must be reported to the Cabinet and subsequently Council requesting a supplementary estimate if required. Where a scheme is within the capital programme and it is not possible for it to progress in a particular year or where it is progressing faster than anticipated, the Head of Financial Services in conjunction with the Development Board can move the approved capital budget for a scheme between financial years across the Medium Term Financial Strategy providing that the overall budget for the scheme is not exceeded and capital financing resources are available to finance the scheme*

1. In addition, paragraph 8.7.4 of the Councils capital strategy agreed at Cabinet in February 2024 states

*Where capital projects are developed in year, i.e. after the approval at full Council in February of the budget and Capital Programme, Cabinet may approve any capital project for which there is funds within the approved capital budget as approved by full Council*

1. This has been discussed and proposed in consultation with the Cabinet Member for Finance and Asset Management who supports the proposals.

# Legal issues

1. The City Council entered into an overarching agreement with Barton (Oxford) LLP in 2014, under which the Council agreed to acquire the 354 social rented homes being delivered at the site as part of the consent for up to 885 homes. This obligation is on the Council to accept the transfer of the properties, which does happen into the General Fund with a back-to-back transfer to OCH(I)L at present. There is however no obligation on the Council to transfer the houses on to OCH(I)L, nor for OCH(I)L to have the right to the properties. It is therefore permissible for the Council to accept transfer and retain the properties.
2. In the financial issues section, the enabling provisions to allow for acquisition into the HRA ahead of any allocation of a specific budget by Council is outlined. Council has the responsibility and power to set the budget however Cabinet has the responsibility and power to determine how that budget it spent. This means the decision to acquire can be taken provided there is remaining budget in the overall HRA capital budget.
3. This report relates to activity for the purpose of acquiring affordable housing, the principle of which has already been approved and the acquisition of which approved on the authority to enter into the agreement concerning the development. Such acquisitions are within the Council’s statutory powers. The properties will be subject to all the usual provisions of the HRA as with any other Council house, upon acquisition and letting.
4. **Level of risk**
5. Any risks inherent in this programme are already identified elsewhere, with actions to mitigate these detailed in the OCHL and HRA Business Plans and the Council’s Medium Term Financial Plan.
6. A more detailed risk register in relation to the acquisition of all the Barton Park homes into the HRA will form part of the Cabinet report in October 2024.

**Equalities impact**

1. It is considered that there are no adverse impacts in undertaking this activity, with the potential to improve provision for persons in housing need, through the extension of additional tenancy rights to tenants as provided for through tenancy agreements with the Council.

# Carbon and Environmental Considerations

1. There are no carbon or environmental considerations in relation to the acquisition and appropriation to the HRA of these homes.

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