

# North Yorkshire Council

## Report to Executive Member for Finance and Resources

3 February 2025

### Acquisition of properties for Local Authority Housing Fund

#### Report of the Corporate Director Resources

This report contains a confidential Appendix A which contains information of the type defined in paragraph 3 of Part 1 of Schedule 12A Local Government Act 1972 (as amended) as it contains information relating to the financial and business affairs of the Council and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information

#### **1.0 PURPOSE OF REPORT**

- 1.1 The purpose of this report is to seek approval to acquire three homes from a private developer at a cost of £976,900 in order to meet the requirements of the “Large Resettlement” element of the Local Authority Housing Fund Round 3 programme.

#### **2.0 BACKGROUND**

- 2.1 In August 2024, the Council approved the acceptance of funding of £1.796 million from the Ministry of Housing and Communities and Local Government, from the Local Authority Housing Fund Round 3 to acquire 13 homes, of which 2 will be for temporary accommodation for homeless households and 11 will be for Afghan families through the Afghan Citizen Resettlement Scheme. A Memorandum of Understanding was signed off by the Council in September 2024 following the approval.
- 2.2 As part of the agreed funding programme, the Council is required to provide 4 homes for larger Afghan families, which forms the “Large resettlement” element of the programme. This report seeks approval to acquire 3 of these properties to help us to meet the specific requirements of the Local Authority Housing Fund.

#### **3.0 PROPOSAL**

- 3.1 The proposal is to acquire 3 x 4 bedroom homes from a private house developer on a site in Selby.
- 3.2 Selby is one of the legacy council housing stock areas within North Yorkshire. As a result, we already have both a landlord management and a housing maintenance service within the locality provided through the wider Housing Service, who will provide management and maintenance services.
- 3.3 The total cost of acquiring the three properties is £976,900, which includes standard legal fees associated with the acquisition of the homes. A RICS based market valuation has been undertaken for the properties, which supports the proposed acquisition cost. Further details regarding the proposal to acquire the three properties is set out at the confidential Appendix A.

#### **4.0 CONSULTATION UNDERTAKEN AND RESPONSES**

- 4.1 Consultation has taken place with the Council's Refugee Resettlement Manager who has confirmed that the properties are suitable for the resettlement scheme and that they are in a suitable location.
- 4.2 Consultation has also taken place with the Council's Property Service, with regards to the acquisition of the properties. Property have approved the independent valuation.

#### **5.0 CONTRIBUTION TO COUNCIL PRIORITIES**

- 5.1 The scheme contributes principally to the following Council priority:
- "Place and Environment: Good quality, affordable and sustainable housing that meets the needs of our communities"

#### **6.0 ALTERNATIVE OPTIONS CONSIDERED**

- 6.1 Other 4 bedroom properties within North Yorkshire have been sourced, but none of the ones identified have proved suitable to purchase for a variety of reasons.

#### **7.0 IMPACT ON OTHER SERVICES/ORGANISATIONS**

- 7.1 The acquisition of additional homes for Afghan refugees will help alleviate pressure on the Council and ensure the Council is playing its part in supporting Government to meet national commitments toward Afghan refugees. The main impact will be on the Council's Housing Options Services and the Council's Refugee Resettlement Manager in ensuring both initial support to the Afghan households in moving to their new homes and accessing services and any on-going support that might be required.

#### **8.0 FINANCIAL IMPLICATIONS**

- 8.1 The total cost of purchasing the three properties is £976,900 including standard legal costs which amounts to £14,400 for the three properties. This represents good value for money, in comparison with the average cost of developing three new 4 bedroom properties, which would be in the region of £1 million including all professional fees.
- 8.2 **CAPITAL FUNDING**

The property acquisition has been appraised using the standard HRA model and will be funded by external funding from the Local Authority Housing Fund (42%) and HRA borrowing (58%).

<b>Capital Funding</b>	<b>£</b>
Borrowing	565,486
Local Authority Housing Fund	411,414
<b>Total Funding</b>	<b>976,900</b>

#### **PERFORMANCE OUTPUT**

	<b>Output</b>	<b>Benchmark</b>	<b>Pass/Fail</b>
40 Year Net Present Value (£)	371,312.92	0	PASS
Payback Year	22	40	PASS
40 Year IRR%	8.72%	5.47%	PASS

8.3 The rents charged for the properties will be set at the Local Housing Allowance rent, which will include a small service charge element.

## 9.0 LEGAL IMPLICATIONS

9.1 In accordance with the Council's Constitution, as the capital cost of acquiring the properties exceeds £500,000, it is a Key Decision. Under the Property Procedure Rules the Executive Member for Finance and Resources may approve any acquisition to and including £1,000.000 in value.

9.2 The Council will also need to undertake the standard legal processes required in the acquisition of the properties and we have advised our in-house solicitors to undertake this work on our behalf.

9.3 The Council would normally be liable for Stamp Duty Land Tax (SDLT) on acquisitions of this nature. However, the advice of the external solicitors who are working on the purchase of the properties is that the Council will be able to claim an exemption to SDLT, which is based on the following grounds:

*Section 71(1) FA 2003 makes provision for an exemption from SDLT for the purchase by "a relevant housing provider" if the transaction is "funded with the assistance of a public subsidy".*

## 10.0 EQUALITIES IMPLICATIONS

10.1 An Equalities Impact Assessment screening form has been attached as Appendix B to this report. The screening assessment has indicated that there are no adverse impacts, so no full assessment is required.

## 11.0 CLIMATE CHANGE IMPLICATIONS

11.1 An initial Climate Change Impact Assessment has been undertaken (see Appendix C) and has assessed that there are no adverse impacts, and a full Climate Change Impact Assessment is not required.

## 12.0 RISK MANAGEMENT IMPLICATIONS

12.1 The key risks with the scheme are as follows:

<b>Risk</b>	<b>Potential Impact</b>	<b>Mitigation</b>
The properties are delayed in being completed	Would mean occupation of the properties would be delayed and result in having to utilise less suitable and more expensive temporary accommodation for longer period	Programme is in hands of developer. The properties are close to completion and will be ready as per developer programme. Further tranche scheduled to be ready as per programme
Properties do not meet required standards	Would result in increased costs to bring properties to required standards	Have selected properties that meet Nationally Described Space Standards. Have also confirmed that specification provided by the developer meets required standards., and this will be included in purchase agreement.

		Have included allowance for extras to ensure that they meet lettable standards
--	--	--------------------------------------------------------------------------------

### **13.0 REASONS FOR RECOMMENDATIONS**

13.1 To enable the Council to purchase 3 x 4 bedroom homes in order to assist in fulfilling our requirements for the “large resettlement” element of the Local Authority Housing Fund Round 3.

### **14.0 RECOMMENDATION**

14.1 That the proposed acquisition should proceed, on terms to be agreed by the Corporate Director of Resources.

### **APPENDICES:**

- Appendix A – Confidential Appendix
- Appendix B – Equalities Impact Assessment
- Appendix C – Climate Change Impact Assessment

### **BACKGROUND DOCUMENTS:** None

Nic Harne  
Corporate Director – Community Development  
County Hall  
Northallerton

Report Author – John Burroughs, Housing Delivery Manager (Major and Complex Projects)   
Presenter of Report – John Burroughs, Housing Delivery Manager (Major and Complex Projects) 

Note: Members are invited to contact the author in advance of the meeting with any detailed queries or questions.