

Notice of Meeting

Council

A meeting of the Test Valley Borough Council will be held on

Date: Wednesday 21 November 2018

Time: 4.00 pm

Venue: Upper Guildhall, High Street, Andover, Hampshire SP10 1NT

when your attendance is required to consider the business set out in the agenda.



Head of Legal and Democratic Services

For further information or enquiries please contact:

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Legal and Democratic Service

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PUBLIC PARTICIPATION SCHEME

If members of the public wish to address the meeting they should notify the Legal and Democratic Service at the Council's Beech Hurst office by noon on the working day before the meeting.

Membership of Council

MEMBER

WARD

Councillor I Carr (Chairman)

Charlton;

Councillor M Hatley (Vice-Chairman)

Ampfield & Braishfield;

Councillor N Adams-King

Blackwater;

Councillor N Anderdon

Chilworth, Nursling & Rownhams;

Councillor I Andersen

Andover (St Mary's);

Councillor G Bailey

Blackwater;

Councillor D Baverstock

Romsey (Cupernham);

Councillor A Beesley

Valley Park;

Councillor C Borg-Neal

Andover (Harroway);

Councillor P Boulton

Broughton & Stockbridge;

Councillor A Brook

Andover (Alamein);

Councillor Z Brooks

Andover (Millway);

Councillor J Budzynski

Andover (Winton);

Councillor P Bundy

Chilworth, Nursling & Rownhams;

Councillor D Busk

Broughton & Stockbridge;

Councillor D Drew

Harewood;

Councillor J Cockaday

Andover (St Mary's);

Councillor C Collier

Romsey (Abbey);

Councillor M Cooper

Romsey (Tadburn);

Councillor S Cosier

North Baddesley;

Councillor D Denny

Andover (St Mary's);

Councillor A Dowden

Valley Park;

Councillor C Dowden	North Baddesley;
Councillor B Few Brown	Ampport;
Councillor A Finlay	Chilworth, Nursling & Rownhams;
Councillor M Flood	Anna;
Councillor P Giddings	Bourne Valley;
Councillor K Hamilton	Andover (Harroway);
Councillor S Hawke	Andover (Millway);
Councillor I Hibberd	Romsey Extra;
Councillor A Hope	Over Wallop;
Councillor P Hurst	Romsey (Tadburn);
Councillor I Jeffrey	Dun Valley;
Councillor A Johnston	Romsey Extra;
Councillor P Lashbrook	Penton Bellinger;
Councillor J Lovell	Andover (Winton);
Councillor C Lynn	Andover (Winton);
Councillor P Mutton	Penton Bellinger;
Councillor J Neal	Andover (Millway);
Councillor P North	Andover (Alamein);
Councillor B Page	Andover (Harroway);
Councillor T Preston	Andover (Alamein);
Councillor J Ray	Romsey (Cupernham);
Councillor I Richards	Romsey (Abbey);
Councillor G Stallard	Anna;
Councillor A Tupper	North Baddesley;
Councillor A Ward	King's Somborne & Michelmersh;

Council

Wednesday 21 November 2018

AGENDA

**The order of these items may change as a result of members
of the public wishing to speak**

- 1 Prayers**
- 2 Apologies**
- 3 Public Participation**
- 4 Declarations of Interest**
- 5 To approve the minutes of the meeting of the Council
held on 5 September and 10 October 2018**
- 6 Mayor's Announcements**
- 7 To receive and adopt Committee reports **6 - 19****

To receive and, where necessary, adopt reports of
Committees.
- 8 Questions on resolved items - Rule 11.1**
- 9 Questions under Rule 11.2**
- 10 Notice of Motion - Rule 12**
- 11 Property Purchase under Head of Estates Delegation **20 - 22****

To receive information related to property purchase
approved by the Head of Estates in consultation with the
Member Panel for Property Investment.

12 **Exclusion of the Public** **23**

The following item is confidential.

13 **Property Purchase under Head of Estates Delegation
(Confidential Annex)** **24 - 43**

Confidential information in relation to item 11.

ITEM 7 To receive and, where necessary, adopt the following reports of Committees:

To receive and, where necessary, adopt the following reports of Committees:

(Some reports may involve the disclosure of exempt information. If the Council wishes to debate them, for each individual case the Council will need to adopt a suitable motion).

7.1 To receive the minutes of the following meetings:

- 7.1.1 Northern Area Planning Committee – 23 August 2018
- 7.1.2 Southern Area Planning Committee – 28 August 2018
- 7.1.3 Cabinet – 12 September 2018
- 7.1.4 Northern Area Planning Committee – 13 September 2018
- 7.1.5 Southern Area Planning Committee – 18 September 2018
- 7.1.6 Overview and Scrutiny Committee – 19 September 2018
- 7.1.7 Southern Area Planning Committee – 25 September 2018
- 7.1.8 Northern Area Planning Committee – 4 October 2018
- 7.1.9 Southern Area Planning Committee – 9 October 2018
- 7.1.10 Special Council – 10 October 2018
- 7.1.11 Cabinet – 10 October 2018
- 7.1.12 Planning Control Committee – 16 October 2018
- 7.1.13 Overview and Scrutiny Committee – 17 October 2018
- 7.1.14 Northern Area Planning Committee – 25 October 2018
- 7.1.15 Southern Area Planning Committee – 30 October 2018
- 7.1.16 Planning Control Committee – 6 November 2018
- 7.1.17 General Purposes Committee – 7 November 2018
- 7.1.18 Cabinet – 7 November 2018
- 7.1.19 Overview and Scrutiny Committee – 14 November 2018

7.1.20 Northern Area Planning Committee – 15 November 2018

7.1.21 Southern Area Planning Committee – 20 November 2018

(Note: in relation to 7.1.15, 7.1.16, 7.1.17, 7.1.18, 7.1.19, 7.1.20 and 7.1.21 these minutes are not included in the minute book and will be presented at the next Council meeting but members are able to ask questions on resolved items.)

7.2 To adopt recommendations from the following:

7.2.1 Cabinet – 12 September 2018

7.2.1.1 Designated Protected Area (APPENDIX A)

The report of the Housing and Environmental Portfolio Holder provided background to the Designated Protected Area (DPA) waiver process and the Council's role within it. It set out proposed procedures, and requested the granting of delegated authority to apply to Homes England for waivers in specified circumstances when Housing Association(s) and/or Developer(s) ask the Council to submit requests for waivers to Homes England to exempt shared ownership homes from the DPA grant conditions.

The report further requested that Cabinet approve a DPA waiver request on behalf of Sage Housing (housing association) for the shared ownership homes at Picket Twenty Extension (16/03130/FULLN) and on behalf of Sovereign Housing Association for the shared ownership homes at Land West of Cupernham Lane, Romsey Extra, (17/02183/OUTS) to be exempted from DPA grant conditions.

Members attention was drawn to an amendment to the figures shown in paragraph 6.1 and 6.2 to the report, which provided housing association figures for shared ownership stock in Test Valley, the updated figures reflected the national average.

Resolved:

1. **To delegate authority to:**
 - a. **the Head of Housing and Environmental Health;**
and
 - b. **the Head of Housing and Environmental Health in consultation with the Portfolio Holder for Housing and Environmental Health to approve requests for Designated Protection Area ('DPA') waivers in the circumstances set out at Annex 2 to this report.**

- 2. That support for the applications to Homes England for 'DPA' waivers in as set out in paragraphs 1.4 and 1.5 of this report is approved.**

Recommended to Council:

- 3. That the Constitution be amended to reflect the delegations of authority described in paragraph 1 above.**

7.2.2 Southern Area Planning Committee – 30 October 2018

Recommendations to follow (if any)

7.2.2 Planning Control Committee – 6 November 2018

Recommendations to follow (if any)

7.2.3 General Purposes Committee – 7 November 2018

Recommendations to follow (if any)

7.2.4 Cabinet – 7 November 2018

Recommendations to follow (if any)

7.2.5 Overview and Scrutiny Committee – 14 November 2018

Recommendations to follow (if any)

7.2.6 Northern Area Planning Committee – 15 November 2018

Recommendations to follow (if any)

7.2.7 Southern Area Planning Committee – 20 November 2018

Recommendations to follow (if any)

Report to Cabinet – 12 September 2018

APPENDIX A

ITEM Designated Protected Areas

Report of the Housing and Environmental Health Portfolio Holder

Recommended:

1. **To delegate authority to:**
 - a. **the Head of Housing and Environmental Health; and**
 - b. **the Head of Housing and Environmental Health in consultation with the Portfolio Holder for Housing and Environmental Health to approve requests for Designated Protection Area ('DPA') waivers in the circumstances set out at Annex 2 to this report.**
2. **That support for the applications to Homes England for 'DPA' waivers in as set out in paragraphs 1.4 and 1.5 of this report is approved.**

Recommendation to Council:

3. **That the Constitution be amended to reflect the delegations of authority described in paragraph 1 above.**

SUMMARY:

- This report provides background to the Designated Protected Area (DPA) waiver process and the Council's role within it.
- The report sets out proposed procedures, and requests the granting of delegated authority to apply to Homes England for waivers in specified circumstances (see Annex 2) when Housing Association(s) and/or Developer(s) ask the Council to submit requests for waivers to Homes England to exempt shared ownership homes from the DPA grant conditions.
- Finally, the report further requests Cabinet approves a DPA waiver request on behalf of Sage Housing (housing association) for the shared ownership homes at Picket Twenty Extension (16/03130/FULLN) and on behalf of Sovereign Housing Association for the shared ownership homes at Land West of Cupernham Lane, Romsey Extra, (17/02183/OUTS) to be exempted from DPA grant conditions.

1. Introduction

- 1.1 It is evident for some areas in the borough, which are covered by the Designated Protected Area (DPA) status, the policy aim of retaining stock is less of an issue than in others. For example, planned urban extensions such as Picket Twenty demonstrate levels of existing or proposed development that indicate shared ownership would not be hard to deliver.

- 1.2 It is also recognised that whilst there are lenders who will lend for restricted shared ownership, these are quite limited and will only lend on a proportion of the shared ownership homes on any given site. This can make it challenging for people seeking finance to purchase a share in these homes.
- 1.3 It is proposed that where shared ownership retention is a less significant issue due to the nature of the development site, the Council can support the application for a waiver to Homes England where it is considered appropriate, as detailed in the Options section of this Report.
- 1.4 Sage Housing (housing association) has requested the formal support of the Council for a DPA Waiver for the shared ownership homes at Picket Twenty Extension (16/03130/FULLN). The recommended mix is 73 shared ownership and 135 affordable rent. Lenders are unlikely to be willing to lend funds on this number of restricted shared ownership homes.
- 1.5 Sovereign Housing Association has requested the formal support of the Council for a DPA Waiver for the shared ownership homes at Land West of Cupernham Lane, Romsey Extra (17/02183/OUTS). The recommended mix is 9 shared ownership and 20 affordable rent.
- 1.6 Both of the above sites are within urban extension areas and Lenders are unlikely to be willing to lend funds on this number of shared ownership homes.

2 Background

- 2.1 Designated Protected Areas (DPAs) came into force 7 September 2009 with two principle policy objectives;
 - (a) to remove the risk of enfranchisement for shared ownership houses where staircasing is restricted and
 - (b) to ensure retention of shared ownership homes in areas where it would be hard to replace if lost to the affordable housing sector through 100% staircasing.
- 2.2 The regulations require housing associations to include in shared ownership leases the DPA conditions that either:-
 - (a) Restrict the leaseholders equity share to a maximum of 80% or
 - (b) Ensures once the leaseholder has acquired 100% share of the house, that when it becomes available for resale it is sold back to the Housing Association (or a designated alternative landlord).
- 2.3 The Protected Areas and Leasehold Enfranchisement: Explanatory Notes December 2016, states the Regulations and Order apply to England only and are applicable regardless of whether the homes have received grant funding from the HCA or otherwise.

The Lenders Perspective

- 2.4 Difficulties and barriers associated with DPA restrictions have been recognised by the Council of Mortgage Lenders (CML). In October 2016, the CML referred to risks and valuation consequences when rural staircasing restrictions applied:-

'However, in spite of recent moves to simplify eligibility rules, a number of factors can make the resale process more complex and therefore riskier. These may arise as a consequence of a condition of planning permission (Section 106 Agreements) and can include limits on buyers' incomes, previous tenure, local connection or housing need. Clauses added in rural areas to prevent staircasing to 100% (in order to preserve the property in perpetuity for those unable to afford market housing) often include restricting resales to people with a local connection in the first instance. If a property cannot be sold on the open market, then its value as security for a loan is less certain.'

Waivers

- 2.5 Housing associations developing grant funded shared ownership housing where staircasing is restricted can sometimes be affected by the limited availability of mortgages for purchasers; also many providers have raised concern over their financial stability to guarantee they will buy back properties, as required by the shared ownership lease, if the leaseholder wishes to sell.
- 2.6 In response, the government regulator, Homes England (formerly known as the Homes & Communities Agency) is able to waive the grant conditions relating to DPA status under certain conditions. This would enable providers to develop grant funded shared ownership stock on these sites allowing buyers to staircase to 100% without an obligation on the provider to buy back the property if the leaseholder wishes to sell.
- 2.7 To consider the request for the waiver, Homes England requires the support of the local authority (LA). If the LA considers that a particular site to be developed does not meet the criteria set out in the original classification of why an area should be protected, or has another reason(s) why they think that grant funded shared ownership stock does not need to be protected in perpetuity, they can approach Homes England to request that the conditions of the grant pertaining to DPA status be removed.
- 2.8 The relaxation specifically relates to Homes England's conditions of grant for shared ownership homes developed in DPAs. It is not related to rural exception sites or S106 Agreements. If the Council has imposed conditions within a S106 Agreement, these cannot be waived by Homes England.
- 2.9 At present, the Head of Housing & Environmental Health and the Portfolio Holder for Housing & Environmental Health do not have delegated authority to support such a waiver and any request would be required to go to Cabinet for consideration. In some instances, the decisions are relatively straightforward and could be expedited through delegated authority within an agreed framework. This approach has been adopted by a number of neighbouring Hampshire districts. Annex 1 sets out the procedures from other Hampshire authorities regarding how they consider any request for a waiver.
- 2.10 Four out of five of the local authorities have approved recent requests to support DPA waivers. The decision making arrangements vary between the councils from delegated powers to the Head of Service and Portfolio Holder to Cabinet reports being required for each request.

- 2.11 Two of the five councils confirmed that DPA restrictions are endorsed in S106 Agreements. One LA incorporates flexible wording to enable shared ownership homes to be exempt from DPA restrictions if a waiver is granted by Homes England, thereby removing the need for a Deed of Variation should a waiver be granted.

3 Corporate Objectives and Priorities

- 3.1 Live: where the supply homes reflect local needs.
- 3.2 The Council needs to be in a position to respond to the changes in the housing market, lender requirements and the availability of public subsidy and national housing policy.
- 3.3 It has become apparent that there are unintended consequences of the 2009 legislation and Homes England are now willing to grant waivers on a case by case basis subject to the support of the Local Authority.

4 Consultations/Communications

- 4.1 To review best practice, five Hampshire local authorities have been consulted (Basingstoke & Deane, East Hants, Eastleigh, Winchester and Hart) on how they process DPA waiver requests in their respective areas. Their responses are contained at Annex 1.
- 4.2 Heads of Service have been consulted on the contents of this report.
- 4.3 Sage Housing and Sovereign Housing Association have submitted formal requests for support for a DPA waiver for the shared ownership homes on Picket Twenty Extension and Land West of Cupernham Lane.

5 Options

- 5.1 It is proposed that where shared ownership retention is a less significant issue due to the nature of the development site, the removal of the conditions helps applicants obtain a mortgage, when the housing association brings forward a waiver request, the Council can support the waiver to Homes England, where it is considered appropriate. Annex 2 sets out the proposed framework in which decisions may be taken to provide formal approval to waiver requests.
- 5.2 The framework sets out clearly the type of request which the Council will or will not support. Where a request is to be considered on a site by site basis, consultation will take place with the Parish Council to help inform the Head of Housing and Environmental Health and Portfolio Holder for Housing and Environmental Health's decision.
- 5.3 The proposed delegation will enable a timely response to the housing association so they can submit a bid to a developer to purchase the affordable homes and have certainty of whether a waiver would be supported.

- 5.4 The framework also provides transparency for the housing association and Parish Council to understand when support for a waiver would be approved or refused and confirmation of the consultation process.
- 5.5 The requests for formal support from Sage Housing and Sovereign Housing Association for the shared ownership homes at Picket Twenty Extension an Land West of Cupernham Lane are recommended as approved within the process set out at Annex 2, as this site is within an urban expansion area and further shared ownership homes are likely to be forthcoming. These requests has been made recently and hence Cabinet are being asked to consider this specific request as part of this report.
- 5.6 The other option is to do nothing and each time a request for support is received from a housing association, a report is prepared for Cabinet to consider on a site by site basis. This would take time and there will be requests for which it is unlikely to be in the Council's strategic interests to refuse to support the request.
- 5.7 If the request for formal support submitted by Sage Housing and Sovereign Housing Association are refused, this will affect the financial offer for the affordable homes and could cause a viability issue for the delivery of affordable homes on these sites.

6 Option Appraisal

- 6.1 There are limited national statistics on the number of households who staircase to 100% ownership. The National Housing Group publish nationwide data on shared ownership and their data for 2015/16 has been included in the table below, alongside data for the past 5 years provided by housing associations with shared ownership stock in Test Valley:

	No of shared ownership homes	No of shared owners stair casing to 100%	Time Period	Percentage
National Housing Group – nationwide data	97,501	1,990	2015 - 2016	2%
Aster – Test Valley	110	13	Past 5 years	8%
Vivid – Test Valley	176	15	Past 5 years	9%
Sovereign – Test Valley	Unable to provide due to merger with Spectrum			

- 6.2 This would suggest a rate of 1.7% OR 2.8 units per year for Test Valley which reflects the national average. However, this stock includes both urban and rural areas and it was not possible to breakdown these figures further to reflect just the rural dimension.
- 6.3 There are risks, if a DPA waiver is granted, that an element of shared ownership homes in rural areas would be lost over time. However, housing associations are required to reinvest the capital receipt into the provision of affordable housing, albeit this could be anywhere in their areas of operation and cannot be ring-fenced to Test Valley. National and locally sourced data suggests that the number of homes actually staircased to 100% is minimal.
- 6.4 DPA restrictions have an impact on housing associations at an organisational level and some registered providers have made a business decision not to pursue any developments where shared ownership homes are subject to restricted staircasing.
- 6.5 DPA restrictions not only present difficulties for buyers in terms of finding mortgage lenders, they also have negative effects on RPs own collateral/security value.

7 Risk Management

- 7.1 A risk assessment has been completed in accordance with the Council's risk management process and has identified no significant (Red or Amber) residual risks that cannot be fully minimised by existing or planned controls or additional procedures.

8 Resource Implications

- 8.1 There are no direct resource implications arising from this decision, however, if a decision is taken to refuse support, the Section 106 Agreements could be challenged with associated costs.

9 Legal Implications

- 9.1 The Statutory Instrument 'Housing (Right to Enfranchisement (Designated Protected Areas) (England) Order 2009 No 2009/2098 sets out the areas covered in the legislation which includes the majority of the villages in Test Valley including Romsey Extra and Smannell. In the main, these were rural settlements with a population of less than 3,000.
- 9.2 Although the Regulation is secondary legislation, the decision-taking step to issue a waiver rests with Home England. The role of the Council is one of providing support to the Registered Provider/Developer within the application.

10 Equality Issues

- 10.1 There are no equalities implications arising from this decision.

11 Other Issues

11.1 The majority of wards and communities are affected by the recommendations.

11.2 Conclusion and reasons for recommendation

11.3 Some housing associations have adopted policy positions not to develop shared ownership in DPAs primarily as their Boards do not want to take on the risk of either unsold homes resulting from the scarcity of mortgage lending, or because they do not want to accept the open ended liability the repurchase clause would entail.

11.4 To mitigate against this risk, it is recommended that Cabinet support the request for delegated authority in accordance with the Delegation Framework (Annex 2) to enable certain sites to be granted a waiver to ensure funding will be available and residents will be able to access a mortgage.

11.5 It is recommended that Cabinet approves formally supporting the applications for DPA waivers requested by Sage Housing and Sovereign Housing Association for the shared ownership homes in Picket Twenty and Land West of Cupernham Lane as these are no longer within a rural designated area but an urban extension area covered by Planning Policy Com 7 where the shared ownership homes would not normally be restricted. The national DPA regulations were not drafted in such a way that they can take account of settlements exceeding, through growth, the threshold of 3,000 population.

11.6 The Delegation Framework (Annex 2) would provide the Council with the procedure to provide formal support for a DPA waiver in a timely, efficient, consistent and transparent way. It has been proposed in a way that seeks to balance the need to ensure affordable homes in perpetuity in areas where any lost units would be difficult to replace, whilst providing a responsive and clear process for housing association partners bringing forward DPA waiver requests. There has been a precedent set by other local authorities who have agreed delegated authority to key members and officers.

<u>Background Papers (Local Government Act 1972 Section 100D)</u>			
<u>Confidentiality</u>			
It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972, as amended, and can be made public.			
No of Annexes:	2	File Ref:	
(Portfolio: Housing & Environmental Health) Councillor Philip Bundy			
Officer:	Jane Windebank	Ext:	8620
Report to:		Date:	12 September 2018

LOCAL AUTHORITIES IN HAMPSHIRE WITH DPA DESIGNATION

	East Hants	Basingstoke & Deane	Eastleigh	Winchester City Council	Hart District Council
Have you had any recent requests to support DPA waivers? And if so, how many?	Yes, 2 approved by HCA last month	Yes, 3 we have supported 3 waivers recently	No	Yes, we have supported 3 waivers recently	Over the past 5 years we have agreed 3 waivers, (2 in Hartley Wintney and 1 in Odiham), but only for larger settlements where there is a likelihood of more developments with affordable housing.
Do you have a policy regarding DPA Waivers, and if so, what is the mechanism to consider these?	Yes - Housing policy approved by Cabinet. Delegated authority given to Head of Service (Housing) and Portfolio Holder.	No policy – Cabinet report required each time to seek decision.	No policy - Cabinet have given delegated authority to Head of Housing Services	No policy - each scheme considered on its merit. Require a Portfolio Holder Decision Notice.	No policy – Cabinet has delegated decision to Portfolio Holder for Housing and Portfolio Holder for Planning.
Where there is no policy, do you differentiate in any way between sizes and types of rural settlements, or scales of development?	N/A	Each application considered on a site by site basis.	Reviewed on a case by case basis.	Will consider a waiver on larger sites (around 12 affordable homes upwards) in larger villages (over 3000) where there is likely to be further development of schemes and therefore if shared ownership homes are lost to the affordable sector, further homes will remain or become available.	Each application and circumstances considered on a site by site basis following discussion with the Portfolio Holders but generally, if it's a small settlement we are less likely to agree to a waiver than if it's a larger settlement.

				All the recent waivers have been in one of the 8 larger settlements of the District that have a target to provide either 250 or 500 new homes during the Local Plan period	
If you have refused any requests, what were the consequences? (Did the RP successfully sell the units).	As a matter of course, we will support our RP's requests for waivers, including on rural exception sites, leaving it to their discretion on whether they feel it is necessary. RP's will take a different approach, Hastoe for example, will not seek waivers where others would. The local Ward Cllr and Parish Council are both consulted as part of our approval process. RP's are required to complete a detailed application, plus submit SO leases.	N/A	N/A	I'm aware of one refusal but the scheme is still on site (it is a small scheme of 8 units in a small village)	We have refused requests for some smaller areas and there haven't been any problems selling units. However, we have found that the DPA restriction only applies to the units that are funded using public funds or subsidies and also bizarrely we have been advised that they only apply to houses and not flats. (There's some reference to properties that are horizontally divided and not vertically divided). RP's have found their way around this by not using public funds and subsidies on the shared ownership units so the DPA doesn't apply.

<p>As a general rule, does your LPA seek to include clauses in 'threshold' S106 agreements that highlight DPA restrictions for shared-ownership?</p>	<p>No mention of this in our s106's.</p>	<p>No mention of this in our s106's</p>	<p>N/A</p>	<p>Yes. We include a clause which restricts the RP to using the HCA lease for DPAs – restricting the leaseholder to acquire no more than 80% or if allowed to acquire more requiring the RP to buy back the unit</p>	<p>We have a clause that we include in the S106 as a standard if the site is within a DPA area. To avoid complexities later if there is a waiver granted we have added a final sentence to say that if a waiver is granted in the future then that clause doesn't apply and also that the restriction only applies to units funded with public subsidy.</p>
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ANNEX 2

Delegation Framework for formal support for DPA Waiver			
Type of Scheme	Decision	Reason	Delegated to
HARAH and Rural Exception Sites	Refuse	COM8 seeks affordable homes in perpetuity.	Head of Housing and Environmental Health
COM 9 sites (Community Led Development)	Refuse save in exceptional circumstances where it can be agreed SUBJECT TO inclusion of rural buy back clause upon stair-casing to 100% to the Council or its nominated provider.	COM9 seeks affordable homes in perpetuity but consideration to be given to availability of mortgage funding and viability of scheme	Head of Housing and Environmental Health in consultation with Portfolio Holder and Parish Council
MDA sites and Planned Urban Extension (e.g. Picket Twenty, Smannell) [previously designated as rural and included in DPA but now classed as urban where these restrictions would not apply]	Agreed	Planned urban extension – proposed development indicates shared ownership could be re-provided.	Head of Housing and Environmental Health
Permitted development sites in Rural Villages	Review on a site by site basis	COM7 – no requirement for perpetuity but consideration to be given to availability of further affordable homes, availability of mortgage funding and viability of scheme.	Head of Housing and Environmental Health in consultation with Portfolio Holder and Parish Council
Resale of existing restricted shared ownership home	Review on case by case basis	Ability of shared owners to sell the property at the restricted percentage and availability of mortgage funding	Head of Housing and Environmental Health in consultation with the Portfolio Holder and Parish Council
Any other requests for exemptions other than above	Review on a site by site basis	Consideration to be given for the reason for the request, availability of future affordable homes, mortgage funding and viability of scheme	Head of Housing and Environmental Health in consultation with Portfolio Holder and Parish Council

ITEM 11 Property Purchase under Head of Estates Delegation

Report of the Finance Portfolio Holder

Recommended:

- 1. That the decision to pursue the purchase of the properties identified in the Confidential Annex, to the report, be noted.**
- 2. That, following completion of the purchases, the budget for property investments be re-established in the Council's Capital Programme at £3M, with the additional sum to be financed from the Capital Receipts Reserve.**

SUMMARY:

- In November 2015, Council approved a delegated authority to the Head of Estates, in consultation with a Member Panel, to purchase property investments where the timing of the normal Council approval process would reduce the Council's ability to complete the purchase.
- The Head of Estates, after consulting the Panel, has recently exercised his authority to progress the purchase of two properties in Andover.
- In accordance with the original delegated authority, this report is presented to update Council on the details of the purchases.

1 Introduction

- 1.1 The Council's Medium Term Financial Strategy (MTFS) 2019/20 – 2021/22 sets out that the Council will continue to seek out new investment opportunities through Project Enterprise.
- 1.2 The property investments included in this report will help to achieve that objective.

2 Background

- 2.1 In recognition of the fast pace of the local property market, Council has approved a delegated authority to the Head of Estates, in consultation with a cross-party Member panel, to purchase property investments from a pre-approved capital budget. A sum of £3M was approved for this purpose.
- 2.2 The panel consists of Cllrs North, Giddings, Hurst, Stallard and Ward.
- 2.3 The panel was established as a means of enabling approval of property investments where the timing of the traditional Council approval process would reduce the Council's ability to complete the purchase. The reason for the use of the Panel is set out in section 6 of the Confidential Annex.

2.4 A requirement of setting up the panel was that the details of any property approvals would be reported to the next Council meeting. The panel has recently confirmed its support for a report that recommended the purchase of two houses in Andover.

2.5 The purpose of this report is to update Council on those approvals.

3 Corporate Objectives and Priorities

3.1 Project Enterprise has been established to support the objectives of the MTFS, by increasing the Council's income in order to reduce its reliance on government support. The income generated from the investments approved by the Member Panel will work towards achieving this objective.

3.2 The properties considered by this report will also help to deliver the Corporate Plan objective of, Live where the supply of homes reflects local needs.

4 The Properties

4.1 The properties were the subject of a report to the Member panel on 1st November 2018. A copy of the report and the marketing details for the properties are attached in the Confidential Annex.

4.2 Should either of the purchases be completed, it is expected that the Council will lease the houses to Valley Housing Ltd (the Council's 100%-owned property management company) for future management and letting.

4.3 Both houses are three-bedroom former Council-owned properties located in Andover.

4.4 Further to the consultation with the Member panel, a purchase price has been agreed with the vendors of both properties within the recommended budget limit.

4.5 The building surveys have yet to be undertaken. Should any excessive works be identified that will cost more than the budgeted amount to rectify, the purchase price can be re-negotiated or the Council can withdraw without penalty.

5 Risk Management

5.1 An evaluation of the risks associated with the matters in this report indicates that further risk assessment is not needed because the issues covered do not represent significant risks.

5.2 The risks associated with the purchases are explained in section 8 of the Confidential Annex.

6 Resource Implications

6.1 The business case for each of the purchases is shown in more detail in section 4 of the Confidential Annex.

- 6.2 The total amount approved to complete the three purchases is £405,000 and will be financed from a pre-approved budget of £3M in the Council's Capital Programme.
- 6.3 If both properties are completed in line with the approved budget, this would leave a balance of £2.595M in the Capital Programme for property acquisitions.
- 6.4 It is recommended that this budget be re-established at £3M after the completion of the purchase, with the additional amount to be financed from the Capital Receipts Reserve.

7 Legal Implications

- 7.1 The legal work required to complete the property purchase will be carried out by the Council's Legal & Democratic Services team.
- 7.2 Delegated authority is already in place for an onward lease from the Council to VHL for future management of the properties.

8 Conclusion and reasons for recommendation

- 8.1 The Head of Estates has exercised his delegated authority to progress the purchase of three houses after consultation with the cross-party Member panel established for that purpose.
- 8.2 This report provides Council with the details of that decision and the progress made since the decision was taken.

<u>Background Papers (Local Government Act 1972 Section 100D)</u>			
None			
<u>Confidentiality</u>			
<u>Report</u>			
It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972, as amended, and can be made public.			
<u>Annex</u>			
It is considered that the annex contains exempt information within the meaning of paragraph 3 of Schedule 12A of the Local Government Act 1972, as amended. It is further considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information because the information relates to the financial or business affairs of both the Council and third parties.			
No of Annexes:	1	File Ref:	N/A
(Portfolio: Finance) Councillor Giddings			
Officer:	Carl Whatley	Ext:	8540
Report to:	Council	Date:	21 November 2018

ITEM 12

Exclusion of the Public

Recommended:

That, pursuant Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting during consideration of the following annexes on the grounds that it involves the likely disclosure of exempt information as defined in the following Paragraphs of Part 1 of Schedule 12A of the Act, as amended, indicated below. The public interest in maintaining the exemption outweighs the Public interest in disclosing the information for the reason given below:

**Property Purchase under Head of Estates Delegation
(Confidential Annex)**

Paragraph 3

It is considered that this report contains exempt information within the meaning of paragraph 3 of Schedule 12A of the Local Government Act 1972, as amended. It is further considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information because the information relates to the financial or business affairs of the Council and third parties who are necessarily identified, which information is commercially sensitive and which by its disclosure would have an adverse effect upon the interests of those third parties and the Council as they seek to settle agreed terms of business.