

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 18 March 2024

Portfolio:	Housing
Subject:	Multi-dwelling unit acquisition for affordable housing purposes
Report of:	Director of Housing
Corporate Priorities:	Providing Housing Choices

Purpose:

To enable the acquisition of a multi-dwelling unit (block of flats) close to Fareham Town Centre for the purpose of providing additional affordable homes by Fareham Housing.

Executive summary:

An unusual opportunity has arisen for the Council (in its role as housing provider) to acquire the freehold of a Multi-Dwelling Unit (MDU) block, with vacant possession.

The site is well located, close to the town centre, shops, facilities, and public transport. The properties within the MDU are ready for occupation and finished to a good standard.

The acquisition can be funded through HRA borrowing, together with either Homes England Grant or 1-4-1 receipts, and it will provide a positive return to the Housing Revenue Account over the medium/long term. In the immediate/short term the acquisition would boost the provision of affordable homes for the benefit of Fareham Housing customers.

Recommendation:

It is recommended that the Executive:

- (a) agrees the principle of the acquisition for the value set out in the Confidential Appendix to this report, subject to the completion of due diligence by Officers; and
- (b) delegates authority to the Director of Housing, following consultation with the Executive Member for Housing, to agree the final terms of the purchase and to complete the acquisition.

Reason:

To enable the Council to proceed with the acquisition of a Multi-Dwelling Unit which will positively contribute to the affordable housing provision in the Borough.

Cost of proposals:

The acquisition cost, together with further detail about the sources of funding, are explained further in Confidential Appendix A to this report.

Appendices: *Confidential Appendix A – Acquisition cost and funding details

* Commercially exempt from publication

It is not in the public interest to publish this information as disclosure of any details prior to any exchange of contracts may result in a weak negotiating position for the Council and potentially jeopardise the successful completion of the transaction as other parties would then become aware of the acquisition opportunity.

Background papers: None

Reference papers: None

FAREHAM

BOROUGH COUNCIL

Executive Briefing Paper

Date:	18 March 2024
Subject:	Multi-dwelling unit acquisition for affordable housing purposes
Briefing by:	Director of Housing
Portfolio:	Housing

INTRODUCTION

1. There continues to be an on-going need for more affordable homes in the Borough. It is unusual for a vacant, freehold, Multi Dwelling Unit (MDU) to become available. Even more so when that MDU is well located, with shops, services, and public transport easily available for occupants.
2. Some short-term additional provision of affordable homes, to be owned and managed by Fareham Housing, will be beneficial for customers on the Council's Housing Register. It could allow for some immediate relief to pressures on temporary housing and emergency accommodation in the Borough.

BACKGROUND

3. As a snapshot, at the beginning of March 2024 there were 581 households on the Council's Housing Register and nearly 200 households in accommodation classed as temporary or emergency.
4. Although there are many new affordable homes on the horizon, both in terms of provision directly by the Council and also new homes provided by Registered Providers, there remains a benefit from a short-term boost in further affordable home supply, particularly when it is in a highly accessible location such as near Fareham town centre.

THE PROPERTY

5. The property that has become available is a project completed by an owner/developer. The original intention of the owner had been to sell the flats individually, or a lease arrangement with properties for rent. With wider market changes there is now a unique opportunity for the Council to acquire the entire block of flats, including the freehold for the site.
6. The individual flats are well appointed and meet national space standards. Many of the flats would suit those with mobility issues, and some could be easily altered in the future to be wheelchair accessible. All flats are EPC B or C and could be upgraded to EPC A

& B in due course (subject to funding) through the provision of additional photovoltaics. The flats include triple glazing, heat pumps and electric heaters, and there is good amount of car parking as part of the plot.

7. Officers will undertake appropriate due diligence before any exchange of contracts, obtaining external input when required. This will include matters such as ensuring the planning permission was adhered to/conditions discharged, appropriate certification on building safety matters, that all other appropriate warranties and certification are in place, and that all legal/land matters are appropriate.
8. The flats would most likely be provided at Affordable Rent (capped at Local Housing Allowance). Social Rent (the most affordable rent level) will only be possible should a substantial grant from Homes England be possible. Officers will continue to have dialogue with Homes England on this matter, but Affordable Rent is the most likely tenure.

COSTS

9. Further detailed information relating to the acquisition costs, and the means of funding the purchase, is provided at Confidential Appendix A.
10. The Council's finance team have been involved, and are satisfied that when considering rent levels, acquisition/borrowing costs, and ongoing running costs, the acquisition would return a positive contribution to the HRA within industry expected timescales.

CONCLUSION

11. There is a continued need for more affordable homes for customers in the Borough. This unusual opportunity to purchase a completed, ready to use, freehold MDU in an accessible location will be beneficial in helping to address affordable housing need whilst also being a sound financial decision. The ability to occupy these homes so swiftly will support affordable housing need and potentially contribute to reducing the pressures on available temporary and emergency accommodation.
12. The Executive is asked to agree the principle of this acquisition, and to delegate authority to Officers to undertake due diligence around the purchase and to conclude the acquisition as per the detail contained in Confidential Appendix A.

ENVIRONMENTAL CONSIDERATIONS

13. There are not anticipated to be any detrimental environmental considerations in relation to the proposed property acquisition subject of this report. The property has a good EPC value and is heated in a modern, energy efficient, and environmentally sensitive way.

Enquiries:

For further information on this report please contact Robyn Lyons (01329) 824305