

Report of the Deputy Chief Executive

APPLICATION FOR HOMES ENGLAND INVESTMENT PARTNER STATUS AND AMENDMENT TO THE RENT SETTING POLICY FOR THE PURCHASE OF AFFORDABLE HOUSING ON SECTION 106 SITES1. Purpose of report

To seek approval for the Council to submit an application to become an investment partner of Homes England in order to access grant funding and for the Council to charge affordable rents on new homes purchased from house builders through the planning gain/section 106 system, all as set out in appendix 1.

2. Background

The Council is registered with Homes England as a Local Authority Registered Provider and was previously an investment partner. Subject to the approval of this report an application will be made for the Council to reinstate its investment partner status with Homes England. This will allow the Council to access grant funding from the Affordable Homes Programme 2021-2026. It will also allow affordable rents to be charged on homes directly developed by the Council and on homes purchased from house builders through section 106 agreements.

Most Registered Providers let their newly built homes at affordable rent levels. Affordable rents are set at up to 80% of market rent. In order to charge affordable rents Registered Providers must be an investment or strategic partner of Homes England.

The Council has a number of opportunities to work with house builders to purchase affordable housing on larger housing sites. These schemes are normally ineligible for Homes England funding as they are delivered via the planning gain/section 106 system. However, in order for the Council's purchase price to be commercially viable, the Council will need to charge affordable rents instead of social rents for these sites. To charge affordable rents the Council must have investment partner status with Homes England.

By becoming an investment partner of Homes England and entering into the relevant agreements, the Council can access grant funding and charge affordable rents on grant funded schemes and non-grant funded section 106 sites. Amending paragraph 5.4 (and paragraph 5.5 relating to shared ownership rents) of the 2019 approved rent setting policy, as set out in appendix 2, will allow the Council to charge affordable rent on properties delivered through the planning system but which are not eligible for Homes England grant funding.

3. Financial implications

The greater flexibility from being able to charge affordable rents where appropriate should provide additional resources for the HRA and assist with the financing of a proposed development to allow it to become more commercially viable. Any proposed development will be subject to a detailed financial appraisal (including anticipated financing arrangements) before being presented to Members for consideration and approval.

RECOMMENDATION

Committee is asked to,

- 1) RESOLVE to approve the submitting of an application by the Council for Broxtowe to be reinstated as an investment partner of Homes England,**
- 2) RESOLVE to approve amendments to the 2019 rent setting policy, covering affordable and shared ownership rents, as marked in bold on page 5 of appendix 2.**

Background papers: Nil