

HIGH PEAK BOROUGH COUNCIL

Report to Housing Select Committee

4th May 2016

TITLE:	Buxton Housing Market Intervention Project
EXECUTIVE COUNCILLOR:	Councillor McCabe – Executive Councillor for Housing Services
CONTACT OFFICER:	Pranali Parikh – Regeneration Manager
WARDS INVOLVED:	Buxton Wards

1. Reason for the Report

- 1.1 To update Councillors on the progress of the Buxton Housing Market Intervention Project and to formally request that the project on completion of Peveril House be closed.

2. Recommendation

- 2.1 The councillors note the outcomes of the Buxton Housing Market Intervention Project.

3. Executive Summary

- 3.1 The Council identified a number of empty properties in or adjacent to Buxton which required action to bring them back into use. In response the Council developed the Buxton Housing Market Intervention Project which is funded through the S106 commuted sums budget.
- 3.2 The project was launched in 2012, to date 2 properties have been purchased, renovated and re-let to residents from the councils housing register, a further property has been re-developed into 8 apartments and based on current estimated completion date a further 11 apartments will be ready to let in October 2016.

4. How this report links to Corporate Priorities

- 4.1 This report relates to the corporate priority of providing fit for purpose housing stock that meets the needs of tenants

5. Options and Analysis

5.1 There are no specific options to consider

6. Implications

6.1 Community Safety - (Crime and Disorder Act 1998)
None

6.2 Workforce
None

6.3 Equality and Diversity/Equality Impact Assessment
This report has been prepared in accordance with the Council's Equality and Diversity Policies

6.4 Financial Considerations
None directly as a result of this report. £922,447 was transferred from the Commuted Sums budget to Peaks and Plains Housing Trust in 2012 to deliver the project.

An additional £58,665 Right to Buy funding and £9,335 Commuted sums was transferred to Peaks and Plains on the 31st March 2016.

6.5 Legal
None

6.6 Sustainability
None

6.7 Internal and External Consultation
Not applicable

6.8 Risk Assessment
None directly as a result of this report

Name of Executive Director
Job Title of Executive Director

Web Links and Background Papers

Name of any papers

Location

Council building or web hyperlink

Contact details

Name of Postholder
Job Title
Contact Email address
Contact Telephone No.

7. Background and Detail

- 7.1 The Council commissioned Peak and Plains Housing Trust in 2012 to purchase empty properties in the Buxton area and bring them back into use as affordable housing. The aim of the Buxton Housing Market Intervention project was to utilise the commuted sums budget £922,447 to deliver affordable housing and intervene where normal housing market activity was failing to enable longstanding empty properties to be improved and occupied.
- 7.2 Funding for the project was taken from the commuted sums budget. A commuted sum is paid by developers in exceptional circumstances. A developer will make a financial off-site contribution in lieu of providing affordable housing on site. The funding is secured through a S106 agreement which can place restrictions on spending. As funding for the BHMI project was secured through the Otterhole Farm development in Buxton this means that the funding is ring-fenced to the Buxton area. The S106 agreement also stated that it should be only used for the provision of affordable housing by a registered provider by means of a subsidy enabling the sale price or rental to be lower than the prevailing market prices or market rents.
- 7.3 On commencement of the project, officers worked with Peaks Plains Housing Trust to identify appropriate vacant properties and evaluate their potential using a financial appraisal that would take into account the acquisition cost and likely refurbishment costs. Council tax records indicated there were 174 vacant properties in Buxton and it was originally envisaged that the funds could be used to bring around 35 properties back into use.
- 7.4 Interest from property owners was significantly lower than expected and where owners were willing to progress to sale it was a struggle to make the scheme stack up financially. Peaks and Plains did carryout feasibility work on a number of individual properties but due to high open market values or in some cases 'hope value' they have been unable to make the majority of potential redevelopment schemes financially viable.
- 7.5 In order to move the project forward, Peaks and Plains Housing Trust looked for an innovative solution. The idea was to purchase larger properties with the potential for conversion.
- 7.6 In total the project will have delivered 21 units of accommodation, with the majority of these being one bedroom apartments. The need for smaller units of accommodation has increased greatly in the High Peak due to the impacts of the welfare reforms and the spare room subsidy. Historically there has also been a shortfall in this type of accommodation and this project will have gone some way to meeting this need

Address	No. of units	Property type
1 Cross Street, Fairfield	1	house
10 Edale Way, Fairfield	1	house
26 St Johns Road	8	apartments
Peveril House,	11	apartments

West Road		
Total	21	

7.7 It was initial envisaged that all the properties would be purchased from the open market. This has been the case in all but one of the properties, Peveril House.

Peveril House

7.8 Peveril House was a council-owned building that was part of the Housing Revenue Account. The property was originally used as temporary accommodation for homelessness people. Due to the increased need for major refurbishment the decision was taken to stop allocating new tenants and decant any remaining residents from the property.

7.9 After carrying out an options appraisal the decision was taken by the Council to transfer the property to Peaks and Plains Housing Trust as part of the Buxton Housing Market Intervention Project. The property was formally transferred at nil value on the 12 August 2014. The total scheme cost for renovating this property is £955,466. It is important to remember that this figure does not any property purchase cost and nearly 1 million pounds is being sent on purely bringing the property back up to decent homes standard.

Outcomes

7.10 The project has met its original aims and has brought 4 empty properties back into and has delivered 21 affordable homes. There have also been some unintentional outcomes as well. The property on St John Road is in a key tourist location opposite the Pavilion Gardens complex. Before it was purchased by Peaks and Plains it was a poor state of repair and detracted from the street scene of the conversation area. By renovating this property it has been beautifully restored and now positively contributes to the area. Peveril House, once renovated will also positively contribute to the street scene of West Road.

7.11 Although the Council contributed £922,477 of the grant funding to the project a significant amount of funds had to be found by Peaks and Plains themselves. Through the course of the project this amounted to over 1.2 million pounds of investment into Buxton.

Property	10 Edale Way	1 Cross Street	St John's Rd	Peveril House	Total Spent
TSC	£104,763.00	£123,608.00	£1,038,200.00	£955,466.00	
Grant	£39,815.00	£59,000.00	£493,632.00	£330,000.00	£922,447.00
Loan	£64,948.00	£64,608.00	£544,568.00	£625,466.00	£1,299,590.00
Grant as % of TSC	38%	47%	47%	34%	

- 7.12 Bringing empty properties back into use also generates income for the council through Council Tax and positively contributes to the calculation for New Homes Bonus.
- 7.13 On an annual basis the 21 properties developed as part of this project will generate £19,912 Council Tax of which High Peak Boroughs Council share of Council Tax collectible is between 12-13% which equates to an income of £2,114.

Right to Buy Receipts

- 8.1 Officers have been working with Peaks and Plains Housing Trust to find a suitable property to purchase from the open market to utilise the first tranche of Right to Buy funding.
- 8.2 Given the tight timescales involved, the decision was made to work with Peaks and Plains Housing Trust because they are already under contract with the Council to deliver the Buxton Housing Market Intervention Project. By entering into a contract variation this would remove the need to carry out a protracted procurement exercise. A copy of the contract variation can be found in appendix 1.
- 8.3 Peaks and Plains are delivering a number of affordable homes at a s106 site in Chapel en le Frith and are under contract with the developer Barratt Homes. Although new properties do sell for a premium price, purchasing one of the open market units on this site was the only way to guarantee that the initial tranche of Right to Buy receipts would be spent by the 31st March.

Property	3 bed property at Octavia Gardens
TSC	£195,550
Grant RTB & commuted sum	£68,003
Peaks and Plains internal funding	£127,547
Grant as % of TSC	35%