

## **Appendix 1 – Potential WOC Deliverables**

### **Option 1 – Acquisition of residential property (income generation and creation of quality rented stock)**

- Council purchases properties on open market (either new build or existing open market stock)
- Refurbish properties as required in readiness for letting
- Fund acquisitions from New Homes Bonus, s106 monies, borrowing or available capital (NB: borrowing reduces income potential).
- Leases properties to Council's wholly owned company (operating lease)
- Wholly owned company rents properties either at market or sub-market rates (NB: renting at sub-market rates will reduce income earned)

If required:

- Council is responsible for refurbishment works where required = raising standards and can reclaim VAT on works completed.
- Maintenance and/or Renovation works carried out either in-house or through an 3<sup>rd</sup> party local contractor

#### **Advantages:**

- ✓ Can help to increase quality of available rented stock
- ✓ Creates an asset and income stream for the Council

#### **Disadvantages:**

- ✗ Limited benefit as doesn't create new housing stock & little need across district
- ✗ Income stream likely to be fairly low, given cost of property

### **Option 2 – Council develops new housing**

- Council develops new build properties funded from New Homes Bonus grants, s106 contributions, borrowing or available capital (NB: borrowing will reduce income potential and creates a funding issue during design & build period).
- Once complete, the council can dispose at either market or sub-market rates, let at market or sub-market rates or any combination of these options.
- Lettings could be conducted as per option 1 (i.e. requirement for a Wholly Owned Company)
- Management, Maintenance and/or Renovation works carried out either in-house or through an 3<sup>rd</sup> party local contractor during property life

#### **Advantages:**

- ✓ Will increase availability of properties in specific towns and parishes, for both sale or rent
- ✓ Council can influence rent or purchase price levels and access to properties those with local connections or those identified as key workers
- ✓ A discount to market price can be enforced into perpetuity for those with local connections or key workers (criteria to be determined)
- ✓ Creates an asset and income stream for the Council

**Disadvantages:**

- ✗ Council owns limited land, so land will need to be identified, acquired and planning permission sought
- ✗ Land and property prices in district are very high
- ✗ Timing – process between decision to proceed and new homes being ready for occupation could take 2 – 5 years
- ✗ Income stream likely to be fairly low, given cost of land acquisition, planning and construction process – however any housing strategy should be seen as a community benefit / place shaping rather than an income generator in the short term

**Pre-requisites (things that will need to be resolved):**

- Need set-up of company & be formally constituted
- Governance arrangements to be agreed – recommendation that members are not directors, following LACC & Altair advice. Members (Council) retain control through share-holding (ownership)
- Whether right to buy applies
- Company will incur running costs and must pay corporation tax on any profits made
- Properties will need to be actively managed, with voids, marketing and maintenance all reducing net income. This is not currently resourced within the council
- Increased level of stamp duty payable increasing acquisition costs

**Option 3 – Council develops an open market shared ownership scheme**

- Detail to be provided