



DECISION RECORD

Service Reference Number	ADNH-D-2025-039
Decision Maker Assistant Director of Neighbourhoods and Housing	
Delegated Authority Officer exercising delegated powers pursuant to Cabinet Minute 87c of Cabinet 27 th January 2025.	
Decision: To enter into a purchase agreement with Wardolls Limited for the purchase of x7 new 3-bedroom and x2 new 4-bedroom homes on the Lindsey Place site, for a total value (see appendix 2).	
Reasons for the Decision: <p>Good quality affordable housing was shown to be a key priority for the residents of Hull in the Community Plan and Hull's Housing Strategy has responded to this priority by setting a key aim to "Increase the supply of quality affordable housing". The purchasing of these new homes will contribute to the delivery of this key aim.</p> <p>Hull has statistically low household incomes which makes the need for a good supply of affordable housing even more vital. There is huge demand for council housing across the city which is demonstrated by the number of people on Hull's Housing register who are bidding for each available property at one time. The average number of bids per property in the West Area, where the Lindsey Place site is located, rose from 38 in 2019 to 88 in 2024. In 2024, the average number of bids received for a 3-bedroom house in the West Area (excluding Direct Lets) was 224 and has been rising steadily since 2021. Similarly, the demand for 4-bedroom council homes in the West Area is extremely high, with an average of 169.7 bids per 2-bedroom property (as of 2024).</p> <p>More good quality homes, of the right type and in the right locations, are needed in the city. There is an increased need for affordable housing with the Housing Strategy evidencing a need of 540 new homes per year of which 242 should be affordable - calculated using the previous National Planning Policy Framework methodology. The number represented a rise from 23% of new homes needing to be affordable in 2016 to 45% needing to be affordable in 2022. In December 2024, changes to the National Planning Policy Framework and housing allocation methodology meant that Hull's housing target rose from 540 per year to 993, of which, it is likely, a high proportion will need to be affordable.</p>	

The need for affordable housing in Hull aligns with evidence seen by Hull City Council housing staff who are on the frontline of delivering housing and homelessness services to the residents of Hull. The current snapshot (January 2024) shows we have around 1082 people on the Council's housing list who have been awarded a 'priority' for rehousing. It is clear that any additional affordable homes will help to ease the pressure slightly.

As outlined in the recently adopted Growth Plan, the majority of new housing in Hull will be delivered by the private market, however, it is recognised that without intervention from Hull City Council, the market will be unable to deliver sufficient affordable housing to meet projected need. The acquisition of turnkey properties offers an expedient route to add new, high-quality homes to the Council's housing portfolio. Furthermore, these acquisitions help ensure affordable housing need can be met in areas where the Council has had limited land opportunities to directly build new homes.

Turnkey purchases are a lower risk delivery option for the Council, with the Developer taking all planning and construction cost risk. Additionally, there is a lead in time with direct delivery new build projects, the acquisition of turnkey properties enables the Council to efficiently secure new housing on development sites across the city without the active project management required of other delivery routes. The bulk of new build Council house delivery will always likely come via direct delivery and development agreement mechanisms because of the greater degree of control over the final product these routes offer, but in order to deliver the required numbers of Council housing a minority will be delivered via turnkey acquisition.

Nature of Decision:

Non-Key

Exemptions

Is the accompanying formal report (or other documentation where applicable) exempt?
The main DR is not exempt however the appendices are exempt as they contain sensitive financial information.

Background and Supporting Information:

In January 2025, delegated authority was granted to the Assistant Director of Neighbourhoods and Housing, in consultation with Portfolio Holder for Housing and Regeneration, to acquire s.106 homes, new build turnkey opportunities or other land-led opportunities or existing properties – either through RTB buyback process or those generally available on the market, including properties to be used by the Council for providing temporary accommodation – subject to viability and within the agreed five -year HRA Capital Programme (Minute 87c, 27th January 2025).

The Lindsey Place site is a brownfield site, which was formally a Nursery. The site has planning permission for the erection of x9 dwellings and x2, 3 storey buildings to provide 12 self-contained flats, as well as the provision of access roads and parking (24/00100/FULL). The developer, Wardolls Limited, is planning to keep the flats within their own property portfolio. Wardolls Limited are a local SME and through our Housing Growth Plan, identifying and working with local SME's to add value to the local economy is seen as a positive.

The Council was approached by the developer with an offer to purchase the homes on the site and following further discussions and negotiation the developer and the Council have reached

an agreement for the purchase price. In July 2024, the Council's Building and Design Services (BDS) carried out a market valuation report to ensure best value to the Council (see Appendix 1). Purchasing the plots (as per the table at Appendix 2) meets best value, as the negotiated purchase price for all 9 homes is lower than the market valuation.

It is proposed that the rents for all x9 plots are set as Affordable Rent. In this case, the rents would be set at 70% of Market Rent, therefore below the maximum cap of 80% of Market Rent. Setting the rents at this rate, and utilising Right to Buy Receipts, ensures a financially viable position for the HRA. Setting the rents at this rate also ensures affordability for our tenants, which is a high priority.

There is existing budgetary approval within the Council's HRA capital programme to acquire new homes in 2025/26, and the total purchase price fits within the profiled budget provision for this financial year.

The homes will come with a standard Building Warranty (ICW) lasting 10 years from handover. The defects liability period between the developer and the Council will last 12-months from the date of the handover to the Council.

Each home will have integrated solar PV's and will be well insulated with the aim of achieving an EPC rating of A. There will be retrofitting costs to consider in the future, in terms of changing from gas heating to alternative heat sources such as Air Source Heat Pumps. The future retrofit costs linked to these plots will be much lower than in comparison to the Council's older housing stock.

As shown on the Site Plan (see Appendix 3), the site includes a new road which leads into the site. This serves the flats (which are to be owned by Wardolls Limited) and also Plots 5-9. Plots 1-4 are served by the existing and already adopted road – Lindsey Place. Wardolls Limited are looking to build the new road to Hull City Council's adoptable standard and therefore have the authority adopt the road. Where Hull City Council purchase new housing, the Council would expect any associated new estate roads to be adopted. Therefore, should the new highway not be adopted and/or reasonable terms not be agreed between the developer and the Council, then the Council can withdraw from the purchase of all x9 properties and instead look to purchase only the x4 3-bedroom houses which front onto and are accessed via Lindsey Place.

Should approval be sought to purchase the properties on this site, it is proposed that Hull City Council pay a 40% deposit to Wardolls Limited. The deposit would only be paid once the agreement for the adopted road becomes unconditional. The higher deposit payment enables the Contractor, who are a local SME, to expediate works on site and help with their cashflow. The deposit would be covered by a Bond Agreement between the Council and Wardolls Limited, therefore derisking this for the Council. The bond agreement would be subject to confirmation from Hull City Council's Legal and Finance Teams that it is acceptable and meet's the Council's terms.

Options and Risk Assessment

Option 1 – Purchase x9 plots (see exempt appendix 2 for costs) providing the road into the site is adopted

It is proposed that should the Council purchase all x9 houses on the site, 2 separate contracts are entered into:

- **Contract 1 (plots 1-4):** This would cover the purchase of the x4 plots which front onto Lindsey Place.
- **Contract 2 (plots 5-9):** This would be a conditional contract which covers the purchase of the remaining x5 plots on the site, providing Wardolls Limited enter into a s38 highways agreement with Hull City Council for the adopted road.

Providing the s38 agreement is entered into and the road is built to an adoptable standard, entering into a sale agreement with Wardolls Limited for the purchase of x9 homes (x7 3-bed homes and x2 4-bed homes) would enable Hull City Council to secure the delivery of new, high quality Council Houses and will contribute towards the targets as set out in the Housing Growth plan. Utilising Right to Buy receipts would ensure that the acquisition is viable and would lessen the pressure on the Housing Revenue Account.

Option 2 – Purchase x4 plots (see exempt appendix 2 for costs) which are located on and accessed via Lindsey place; an existing and already adopted road

Should the road into the site not be adopted by Hull City Council, the Council could instead look to purchase the plots on the site which are situated onto Lindsey Place, which is an existing and already adopted road. This means the Council would not be subject to a Management Company Fee, as the privately owned road would not serve these x4 plots.

The deposit monies, which would be 40% and covered by a Bond Agreement, would be paid at exchange of contracts.

This option would result in the remaining x5 homes on the site being left to Wardolls Limited, who may approach a Registered Provider for the sale of these plots, or alternatively sell these properties to the market for private sale.

Option 3 – Do nothing

This option would result in the Council not purchasing new Council homes on this site and therefore not adding new, high-quality homes into the Council Housing stock, in a location of high need of affordable housing. Instead, Wardolls Limited may approach a Registered Provider for the sale of the plots on the site, or alternatively sell these properties to the market for private sale.

Appendices:

Appendix 1 – Market Valuation Report (exempt)

Appendix 2 – Financial Details (exempt)

Appendix 3 – Site Plan

Equalities Impact Information:

The report does not have relevance to equality or affect any group with protected characteristics and there should be no impact on staff with different protected characteristics. There should be no adverse effects on

<p>any group with protected characteristics, therefore no actions are required to be identified.</p> <p>The report seeks approval to purchase new properties for affordable or social rent. If approved, there will be a positive impact on lower socio-economic groups through the provision of new, high quality, affordable housing available to let.</p>	NO
<p>Contact Officer:</p> <p>Emma Whittles – Partnerships & Development Team Manager – 01482 612692 Ben Hanson – Head of Strategy, Market Intervention and Growth – 01482 616365</p>	
<p>Chief Officer Comments</p> <p><u>Comments of the Director of Legal Services and Partnerships (Monitoring Officer)</u> The Council have the power under s.120 Local Government Act 1972 to purchase properties. The valuation accompanying the decision shows the properties are to be purchased at 10% below market value, which represents best value to the Council. It is noted that a larger deposit is to be paid on exchange, which could put the Council at risk in the event of the Developer becoming insolvent. This risk has however been alleviated by the condition of the Developer purchasing a bond as a form of insurance. It is also noted that the purchase of the 9 properties is to be divided into two contracts, one being conditional upon the road serving 5 of the properties being adopted. This is a sensible approach and provides comfort that there will be no obligation on the Council if the road is not to be adopted and ensures that the Council will have no potential for ongoing management charges. (EH)</p> <p><u>Comments of the Director of Finance and Transformation (Section 151 Officer)</u> The Director of Finance and Transformation confirms budget provision is available in the capital programme for these acquisitions, to be funded by RTB receipts (SC)</p> <p><u>Comments of the Assistant Director of Organisation Development & Human Resources and compliance with the equality act</u> The content of the report is noted. There are no staffing or equality issues arising for the council from this decision. KH</p> <p><u>Comments of the Portfolio Holder for Regeneration and Housing</u> I support the proposal to purchase the new homes from Wardolls Limited, as these will add to the delivery of much needed new affordable housing for people living in this part of the city. It is important that the Council explores all opportunities to meet its objectives as set out in the Housing Growth Plan and purchasing Turnkey properties are one method.</p> <p><u>Scrutiny Comments</u></p> <p>This decision has not been subject to pre-decision scrutiny. (Sc8680 – AS)</p>	
<p>Exceptional Circumstances</p>	

Is the decision record currently exempt from publication at the point of decision.		No
If yes, what date can the decision record be made public?		
Reason the decision record is exempt from publication at the point of decision:		
Signature of Decision Maker:		
Signed: Signature Confirmed		
Date signed: 27.03.2025		
FOR COMPLETION BY THE SCRUTINY OFFICE:		
Date published on CMIS:		... 28.03.25
Can the decision be called in?		No
Date decision comes into force:	 28.03.25