

Key Decision Required:	Yes	In the Forward Plan:	Yes
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CABINET

12 JULY 2013

REPORT OF THE FINANCE AND ASSET MANAGEMENT PORTFOLIO HOLDER AND HOUSING, REVENUES & BENEFITS AND SPORTS FACILITIES PORTFOLIO HOLDER

A.8 PROPOSED ACQUISITION: A BLOCK OF SIX FLATS, WALTON ON THE NAZE (Report prepared by Paul Price)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To approve the acquisition of a block of six flats, Walton-on- the-Naze, as shown on the attached plan (Appendix A).

EXECUTIVE SUMMARY

- Following changes to the financing of council housing within the Housing Revenue Account (HRA), it is now financially viable for local authorities to add to their existing stock through acquisition or new build.
- Tendring District Council was approached last year by a local developer, having seen press coverage about the Council’s desire to add to its portfolio of property, to determine whether the Council would be interested in acquiring some units which it had been unable to sell due to the market conditions.
- The Council has a recognised housing need for units within the Walton area and having negotiated suitable terms with the vendor the properties could be let and managed within the HRA with minimal additional cost.
- Officers have considered the items set out in the Property Dealing Policy and are satisfied that the acquisition of the site would enable the HRA to acquire these flats whilst not exposing the Council to any unnecessary risks.
- Therefore it is proposed that, subject to vacant possession, Cabinet approves the acquisition of the site. The terms of the acquisition are to be considered in part B of this agenda.

RECOMMENDATION

That Cabinet approves the acquisition of these units, subject to its decision on the terms in Part B of this agenda.

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

The Council is committed to delivering “Local Homes for Local People” and the acquisition of these flats directly addresses this commitment.

The acquisition of the properties would help to meet housing need in the area and helps to achieve one of the Council's objectives of delivering at least five units of accommodation of council housing.

FINANCE, OTHER RESOURCES AND RISK

Finance and other resources

Budgetary provision of £1 million has been set aside within the Housing Revenue Account for the acquisition or building of council properties in 2013/14. Part of the funding will also come from s106 contributions for off site development.

The detailed financial implications are considered in the report in Part B of this agenda.

Once purchased the properties will provide an ongoing revenue stream to the HRA.

LEGAL

This action proposed is within the Council's discretionary powers.

OTHER IMPLICATIONS

Crime and Disorder / Equality and Diversity / Health Inequalities / Area or Ward affected / Consultation/Public Engagement.

The provision of good quality, affordable housing will assist in meeting the Council's objectives in respect of reducing health inequalities.

Area or Ward Affected

Walton on the Naze

PART 3 – SUPPORTING INFORMATION

BACKGROUND

Following changes to the financing of council housing within the Housing Revenue Account in April 2012, it is now financially viable for local authorities to add to their existing stock through acquisition or new build. Prior to this date councils could build and/or acquire property but they may have been financially penalised through the HRA subsidy system if they did so.

If councils wish to add to their stock with grant there are a number of conditions which they would need to comply with to satisfy the Homes and Communities Agency grant regime, such as adopting the Affordable Rent regime, but if no grant is required the programme can be undertaken in accordance with the local authorities own requirements.

Tendring District Council was approached during 2012 by a local developer, having seen press coverage about the Council's desire to add to its portfolio of property, to determine whether the Council would be interested in acquiring some units which it had been unable to sell due to the market conditions. These properties are contained within a block of six flats built around three years ago and had been let on short tenancies whilst the developer attempted to sell them. They comprise three, two bedroom flats and three, one bedroom flats. The developer had previously built a similar block of six flats adjacent to the subject flats and had sold these prior to the property market downturn.

The Council has a recognised housing need for units within the Walton area and it is therefore proposed that TDC acquires these units and takes them into its housing stock.

CURRENT POSITION

The Council's agents have negotiated with the vendor and have agreed terms, including vacant possession, subject to approval and contract.

Further detail on the nature of the terms is included in the report in part B of this agenda.

FURTHER HEADINGS RELEVANT TO THE REPORT

None

BACKGROUND PAPERS FOR THE DECISION

None

APPENDICES

Appendix A – Plan indicating the location of the site.