

Key Decision Required:	No	In the Forward Plan:	No
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LEADER OF THE COUNCIL

21 MARCH 2014

A.2 PROPOSED ACQUISITION: FOUR, FOUR BEDROOMED HOUSES, CLACTON-ON-SEA

(Report prepared by Paul Price)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To approve, in principle, the acquisition of the freehold of four, four bedroomed houses in Clacton-on-Sea, for the purposes of providing housing by the Council within the Housing Revenue Account portfolio.

EXECUTIVE SUMMARY

- Following changes to the financing of council housing within the Housing Revenue Account, it is now financially viable for local authorities to add to their existing stock through acquisition or new build.
- Tendring District Council was approached In January 2014 by a local developer, having seen press coverage about the Council’s desire to increase its property portfolio, to determine whether the Council would be interested in acquiring some units which he was building. The Developer was prepared to offer these at a discounted price to the Council if it was willing to purchase all four units.
- The Council has a recognised housing need for four bed units within the Clacton area.
- Officers have considered the requirements of the Property Dealing Policy and are satisfied that the acquisition of the properties would not expose the Council to any unnecessary risks.
- Therefore, it is proposed that Cabinet approves the acquisition of the properties, in principle, subject to a valuation being obtained as contained in part B of this report.
- The specific terms and conditions for the acquisition would be delegated to Officers to complete the purchase.

RECOMMENDATION(S)

- (a) That Cabinet approves the acquisition of four, four bedroomed properties located at “The Green”, Clacton-on-Sea, for the purposes of providing housing, subject to the Corporate Property Officer (Assets Manager) being satisfied as to the valuation;**
- (b) That, subject to (a) above, Cabinet agrees to use a maximum, as set out in part B, of the Housing Revenue Account to purchase the properties;**
- (c) That Cabinet delegates authority to the Corporate Director (Corporate Services) to agree terms and complete the acquisition of the properties in accordance with the report and other such terms and conditions considered appropriate in consultation with Legal Services Manager.**

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

Acquisition of the properties would assist the Council to meet housing need in the area and to achieve one of the Council's objectives of increasing the housing stock by at least five units of for the purposes of providing housing accommodation.

It would also help to provide local homes for local people.

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 and in 2014/15.

The Developer has valued the properties and has proposed an asking price based on a discount of the valuation for the four properties collectively. The initial view of the Council's Corporate Property Officer (Assets Manager), is that this is a reasonable starting position to initiate the procedure for acquisition.

In accordance with the Council's Property Dealing Policy, a formal valuation is required before the purchase is completed.

LEGAL

The Council has the power under Section 17 of the Housing act 1985 to acquire land, houses or buildings for the purposes of housing.

In accordance with the Constitution Cabinet can authorise the initiation and formal consideration of potential property dealing. This report proposes an in principal decision, subject to the Council's Corporate Property Officer obtaining a valuation and thereafter delegates the completion of the acquisition to Officers on specific terms and conditions.

OTHER IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

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

Area or Ward Affected

Rush Green

PART 3 – SUPPORTING INFORMATION

BACKGROUND

Following changes to the financing of Council housing within the Housing Revenue Account (HRA) 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 Homes and Communities Agency 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. It is unlikely that the Council would wish to use the Affordable Rent model for these properties.

Tendring District Council was approached during early 2014 by a local developer, having seen press coverage about the Council's desire to increase its portfolio of property, to determine whether the council would be interested in acquiring some units which he was building and be prepared to sell at a discount as compared to the market price if the Council wished to purchase all four.

These properties are currently at second fix stage and have been inspected by the Building Services team and meet the Council's requirements. The developer has also agreed, should the Council wish to proceed with the acquisition process, to change some of his fittings to bring them in line with the Council's preferred specification at no cost to the Council, as these are intrinsically cost neutral.

The Council has a recognised housing need for four bedroom units within the Clacton area and it is therefore proposed that these properties are acquired for housing purposes..

CURRENT POSITION

The Council's has negotiated with the vendor and has agreed a price and some terms but further matters are still to be finalised and agreed. Ordinarily a decision on purchasing these units would await the outcome of searches, external valuation and other such matters but in this case the builder has agreed to replace the fixtures and fitting he was going to install with the Council's preferred fixtures and fittings if an in principle decision can be given before he commences installation. As this would save the Council time and expense in fitting our preferred fixtures and as processes can be run in tandem an in principle decision is being sought.

BACKGROUND PAPERS FOR THE DECISION

None.

APPENDICES

Appendix A – location plan (to follow)

NOTICE OF KEY DECISION NOT INCLUDED IN THE FORWARD PLAN
('GENERAL EXCEPTION' PROCEDURE)

I hereby give notice in accordance with Rule 15 of the Access to Information Procedure Rules of the Council's Constitution, that the decision outlined below must be taken by such a date that it is impracticable to defer it until it has been included in the next Forward Plan and until the first month to which the next Forward Plan relates.

Subject	Portfolio and Decision Maker	Date Decision to be Taken*	Expenditure or Saving (£'s Max)	Wards Affected	Consultation (Who / How)	Comments to: Name Telephone E - Mail	Relevant Documents
NEW: To acquire four four-bedroomed properties, Clacton-on-Sea To acquire four four-bedroomed properties in Clacton-on-Sea to be owned and managed within the HRA.	Regeneration Inward Investment & Asset Management Cabinet Service Development & Delivery Committee	March 2014	£720,000	Rush Green Ward	No	Cabinet report to be included on the formal agenda	None

Signed:
 Decision Maker



Dated:
 7-3-14