

<b>Key Decision Required:</b>	<b>NO</b>	<b>In the Forward Plan:</b>	<b>NO</b>
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## **CORPORATE DIRECTOR OF OPERATIONAL SERVICES**

**12 MARCH 2019**

### **A) PURCHASE OF THE LEASEHOLD INTEREST IN 9 HOMERTON CLOSE, CLACTON ON SEA**

(Report prepared by Emma Norton)

#### **PART 1 – KEY INFORMATION**

##### **PURPOSE OF THE REPORT**

To seek approval from the Corporate Director, Operational Services, in consultation with the Housing Portfolio Holder, for the purchase of the leasehold interest in 9 Homerton Close, Clacton on Sea.

##### **EXECUTIVE SUMMARY**

The proposal is to purchase the leasehold of the two bedroom property at 9 Homerton Close, Clacton, which is leased under the Council's Do It Yourself Shared Ownership scheme.

In December 2018, Portfolio Holder approval was obtained to initiate the Council's Property Dealing Procedure and to obtain an independent valuation of the property and to negotiate a price with the lessees.

An independent market valuation has now been obtained and an offer of £86,000 has been made by the Council and accepted by the lessees, subject to this approval and contract.

##### **RECOMMENDATIONS**

**That the Corporate Director for Operational Services approves the purchase of the leasehold interest in 9 Homerton Close, Clacton on Sea and authorises the Corporate Director (Corporate Services) to enter into a contract and transfer deed to complete the purchase on the terms set out and subject to such other terms as considered necessary.**

#### **PART 2 – IMPLICATIONS OF THE DECISION**

##### **DELIVERING PRIORITIES**

The leasehold purchase of 9 Homerton Close, Clacton on Sea has potential to contribute to the Council priority to deliver a quality living environment by:

- Supporting the supply of affordable housing.
- Managing public money effectively meaning value for money principles are embedded in the delivery of all our services.

##### **FINANCE, OTHER RESOURCES AND RISK**

###### **Finance and other resources**

The purchase of the property carries a financial cost but would bring an additional dwelling into the housing stock that would meet a local need and would generate future rental income.

The purchase will be wholly funded using Section 106 funding. There will be some subsequent costs to bring the property into line with the Council's Void Letting Standard before it can be allocated as part of the Council's housing stock

**Risk**

There is no recognised risk with the proposed transactions.

**LEGAL**

In coming to decisions in relation to the management or procurement of assets, the Council must act in accordance with its statutory duties and responsibilities. Under case law following Section 120 of Local Government Act 1972, the Council is obliged to ensure that the management of its assets are for the benefit of the District.

**OTHER IMPLICATIONS**

Consideration has been given to the implications of the proposed decision in respect of Crime and Disorder, Equality and Diversity, Health Inequalities, Consultation/Public Engagement and Wards; and any significant issues are set out below.

None

**Ward**

St Johns Ward

**PART 3 – SUPPORTING INFORMATION**

**BACKGROUND**

The proposal is to purchase the leasehold interest in 9 Homerton Close, Clacton on Sea. This two bedroom property was purchased under the Council's Do It Yourself Shared Ownership Scheme on 5 November 1985 with a 25% share in the property being simultaneously leased to a former occupant. The lease was granted for a term of 99 years. The remaining 75% interest in the property was retained by the Council with a weekly rental payable by them in respect of this.

On 4 August 2005, a further share of 25% was purchased by a former lessee and the 50% leasehold interest was subsequently assigned to the current lessees on 4 October 2007.

Due to a change in circumstances, the current lessees approached the Council to ascertain whether they would be interested in buying back their leasehold interest in the property. This is in accordance with the terms of the Council's standard lease agreement and, subsequent to initial discussions, both lessees confirmed in writing that they wished to surrender their lease.

Although not formally required, Portfolio Holder approval was obtained in November 2018 to initiate the Council's Property Dealing Procedure in relation to the potential acquisition of this property.

An independent valuation has been obtained, which valued the full market value of the property to be £172,000. Based upon this, an offer of £86,000 was made by the Council to the lessees, minus a deduction for any amounts owed to the Council in respect of rent, Council Tax, buildings insurance, as well as for any applicable legal costs.

The Council has a strong demand for two bedroom accommodation in the Clacton area and purchasing a part share in a property owned under the DIYSO scheme represents good value for money.

An inspection of the property was carried out in August 2018 by the Development and Building Manager, as part of the periodic inspection regime of DIYSO properties, and this confirmed the property to be in good condition. This was also confirmed during the independent valuation of the property. However, there will be some costs incurred in bringing the property into line with the

Council's Void Letting Standard before it can be allocated to a household in housing need.

#### **CURRENT POSITION**

It is recommended that the Council enters into a contract to purchase the property on the terms set out and subject to such other terms that are considered necessary by the Corporate Director (Corporate Services).

#### **FURTHER HEADINGS RELEVANT TO THE REPORT**

None

#### **BACKGROUND PAPERS FOR THE DECISION**

None

#### **APPENDICES**

None