

Key Decision Required:	YES	In the Forward Plan:	YES
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## CABINET

### JOINT REPORT OF THE PORTFOLIO HOLDER FOR CORPORATE FINANCE & GOVERNANCE AND THE PORTFOLIO HOLDER FOR HOUSING

17 DECEMBER 2021

#### A.7 FREEHOLD PURCHASE OF A RESIDENTIAL PROPERTY IN CLACTON-ON-SEA

(Report prepared by Matthew Wicks)

#### PART 1 – KEY INFORMATION

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

To seek approval, in principle, from Cabinet for the leasehold purchase of a three bedroom residential property in Clacton on Sea to meet local housing needs.

##### **EXECUTIVE SUMMARY**

The Council has a target to bring 200 additional homes into the council housing stock in order to meet rising demands for high quality, affordable housing in the District. These homes will be acquired or built via a range of approaches.

This proposal is in respect of an opportunity to purchase a vacant three bedroom ex-Council house that is currently for sale on the open market in Clacton-on-Sea.

For a number of years the Council has had a strong demand for three bedroom houses and this property meets the criteria set out in the Housing Acquisitions and Development Strategy.

In October 2021 Portfolio Holder approval was obtained to initiate the Council's Property Dealing Procedure, to obtain an independent valuation of the property and to negotiate a price with the owners.

An independent market valuation has now been obtained and negotiations with the owner have been completed satisfactorily, to enable the purchase to be progressed to a conclusion. Purchasing this property will add an additional property to the Council's housing stock in the Housing Revenue Account in an area of high demand.

Part B refers to the detail of negotiations.

##### **RECOMMENDATIONS**

**It is recommended that Cabinet:**

- **Authorises, in principle, the terms of the freehold purchase of the property for inclusion into the Council's housing stock; and,**
- **Subject to its decision on terms, authorises the Corporate Director for Operations and Delivery to enter into a contract and transfer deed to complete the purchase of the property as set out in the report in Part B of this agenda.**

**PART 2 – IMPLICATIONS OF THE DECISION**

**DELIVERING PRIORITIES**

Our priorities include providing decent affordable housing and to ensure all our residents live in high quality housing which meets local needs. The Council’s Housing Strategy adopted in October 2020 has delivering homes to meet the needs of local people as one of its key strategic priorities. Since the Housing Strategy was adopted, an additional 17 dwellings have been added to the Council’s housing stock through acquisitions on the open market or through S106 agreements.

Supporting the supply of affordable housing and to add additional properties to the Council’s own housing stock – working towards the 200 home target. Managing public money effectively meaning value for money principles are embedded in the delivery of all our services.

**FINANCE, OTHER RESOURCES AND RIS,**

**Finance and other resources**

The purchase of properties carry a financial cost but would bring an additional dwelling into the Housing Revenue Account that could immediately begin generating a return. The purchase is to be wholly funded by section 106 agreements for affordable housing. Further detail is set out in the Part B report.

Balance of S106 receipts as at 1/04/2021	£1,444,655
Expenditure incurred in 2021/22	£ 185,400
Purchase of Property in Question	£ 205,000
Other Commitments	£ 420,000
Balance remaining	£ 634,255

There is also £359,548 available of pooled capital receipts available to fund future acquisitions or development.

**Risk**

Officers have not identified any significant risk associated with the proposals other than the risk associated with the Right to Buy – a financial risk that is inherent to almost all Council owned housing. Since the adoption of the Housing Strategy, 12 homes have been sold to tenants exercising theory right to buy.

**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.

Section 17 of the Housing Act 1985 provides the principal power for the acquisition of land for housing purposes, including land as a site for the erection of houses; this includes the

power to acquire land for the purposes of disposing of the land to a person who intends to provide housing accommodation on it.

Pursuant to Section 9 of the Housing Act 1985 (“the 85 Act”), a local housing authority may provide housing accommodation by acquiring houses. Section 24 of the 85 Act provides that the Council acting as a housing authority may make such reasonable charges as they may determine for the tenancy or occupation of their houses.

#### **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.

**Ward** Coppins Ward, Clacton-on-Sea

#### **Climate Impacts**

The purchase of this property does not present a direct impact on the Council’s target for net zero greenhouse gas emissions from its business operations by 2030. It does however present an opportunity to improve the energy efficiency of the property as part of the refurbishment process and thereby reduce the greenhouse gas emissions generated by the eventual tenants. The aim will be to improve the energy performance of the property as much as reasonably possible.

### **PART 3 – SUPPORTING INFORMATION**

#### **BACKGROUND**

For a number of years the Council has had a very strong demand for three bedroom houses in Clacton on Sea. However our stock has dwindled and turnover of tenancies is very slow.

Officers have sourced a vacant three bedroom ex-Council house in a fair condition that is currently for sale on the open market. The property has been viewed by the Development & Building Manager and Housing Manager and have been identified as a property of high demand and the construction is known to the Building Services Team. It is located within a road where the Council owns most of the properties.

The property is located in Clacton-on-Sea which is a priority area for acquisitions as set out in the Housing Acquisitions and Development Strategy adopted by Cabinet in October 2020.

#### **CURRENT POSITION**

The Housing Tenancy Management and Building Services Teams have viewed the property and carried out a full assessment. In October 2021 Portfolio Holder approval was obtained to initiate the Property Dealing Process and an independent valuation was undertaken.

<b>FURTHER HEADINGS RELEVANT TO THE REPORT</b>
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None
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<b>BACKGROUND PAPERS FOR THE DECISION</b>
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None
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<b>APPENDICES</b>
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None
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