

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

17 DECEMBER 2021

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

A.8 FREEHOLD PURCHASE OF TWO (2 BEDROOM) RESIDENTIAL PROPERTIES IN CLACTON-ON-SEA

(Report prepared by Saira Mahboob, Tim R Clarke and Peter Russell)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To seek approval from Cabinet to agree revised terms for the freehold purchase of two x 2 bedroom bungalows in Clacton from a developer.

EXECUTIVE SUMMARY

In February 2021 Cabinet made the decision to purchase two x 2 bedroom residential properties in Clacton as part of the Council's Housing Acquisitions & Development Policy.

The terms of the purchase are set out in the Part B report.

RECOMMENDATION(S):

It is recommended that Cabinet:

- **Authorises, in principle, the terms for the freehold purchase of the two properties for inclusion into the Council's housing stock; and,**
- **Authorises, in principle, the Corporate Director for Operations and Delivery to enter into a contract and transfer deed to complete the purchase of the properties, including completion of the necessary statutory agreements prior to completion of the purchase and subject to the Cabinet's decision to be taken later in the meeting (following the exclusion of the press and public) in respect of the related Part B report.**

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 is its key strategic priorities. Since the Housing Strategy was adopted, 17 dwellings have been acquired by the Council either from the open market or through S106 agreements.

FINANCE, OTHER RESOURCES AND RISK

Finance and other resources

The properties are newly developed and are currently vacant.

The purchase of properties carries a financial cost but would bring additional dwellings into

the Housing Revenue Account that could immediately begin generating a return.
The purchase will be funded from the s106 Agreement receipts that have been received.

Balance of S106 receipts as at 01/04/2021	£1,444,655
Expenditure incurred in 2021/22	£ 185,400
Purchase of Plots 13 & 14 Melinda Lane	£ 420,000
Other Commitments	£ 205,000
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. However, the properties will be subject to the Right to Buy. Since the Housing Strategy was adopted in October 2020, 12 Council dwellings have been sold to tenants exercising their 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/Climate Impact

Climate Impact

The dwellings are recently constructed and are of traditional build. They meet standards in terms of insulation and double glazing and are energy efficient.

Area or Ward Affect

St. Osyth

PART 3 – SUPPORTING INFORMATION

BACKGROUND

The properties are being delivered to the Council through a Section 106 agreement that was entered into for affordable housing on the site. The developer initially approached another registered provider, Chelmer Housing Partnership (CHP) to purchase the

properties but CHP withdrew as their development pipeline was fully committed. The properties are located in Clacton-on-Sea which is a priority area for acquisitions as set out in the Housing Acquisitions and Development Policy adopted by Cabinet in October 2020. There are currently 105 households on the Housing Register in need of a two bedroom bungalow in Clacton-on-Sea.

The Council's original offer of £188,000 per bungalow (£376,000 in total) was accepted by the developer in October 2020. As completion of the freehold purchase has not taken place within a year of the original offer being accepted, the bungalows have been re-valued and following a significant increase in house prices, the purchase price has now been agreed at £210,000 per bungalow (£420,000 in total). The statutory agreements required to complete the transfer have now been received.

CURRENT POSITION

The Housing Manager and the Development & Building Manager have visited the property and are agreed that it is suitable to bring back into the Council's housing stock.

A Chartered Surveyor valuation has been obtained and a purchase price agreed.

BACKGROUND PAPERS FOR THE DECISION

None

APPENDICES

None