

## CABINET

25 FEBRUARY 2022

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

#### A.8 FREEHOLD SALE OF A RESIDENTIAL PROPERTY IN HARWICH

(Report prepared by Heidi Foster)

#### PART 1 – KEY INFORMATION

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

To seek approval from Cabinet for the freehold sale of a five bedroom residential property in Harwich requiring substantial maintenance work.

##### **EXECUTIVE SUMMARY**

In November 2021 authority was obtained to commence the Property Dealing Procedure and list for open market sale a five bedroom residential property in Harwich requiring substantial maintenance work.

An offer has been received and Cabinet approval is now sought to enter into a contract to dispose of the property on the terms set out in the Part B report.

##### **RECOMMENDATION(S)**

It is recommended that:

- Cabinet authorises, in principle, the terms for the freehold sale of the property; 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 sale of the property as set out in the report in Part B of this report. However, should this sale fall through, the Corporate Director for Operations and Delivery may continue to accept offers £10,000 above or below the sale price or to go to auction via the recommended reserve price.

##### **REASON(S) FOR THE RECOMMENDATION(S)**

Officers believe that it will be more cost effective to invest funds in a more suitable alternative property in the area rather than invest in this property due to its high ongoing maintenance costs.

##### **ALTERNATIVE OPTIONS CONSIDERED**

To invest significant funds into bringing the property back to a decent standard. Due to the nature and age of the house the maintenance and running costs are high and selling the property will avoid the Council having to spend upwards of £75,000 in capital works.

The use of the receipts can be added to funds already held from Right to Buy and/or S106 receipts and be used purchase or develop a more suitable additional dwelling/s.

## PART 2 – IMPLICATIONS OF THE DECISION

<b>DELIVERING PRIORITIES</b>			
<p>The Corporate Plan priorities include building sustainable communities for the future - Building and managing our own homes and also to use assets to support priorities.</p> <p>A capital receipt to the Housing Revenue Account offers potential to contribute to the investment in acquiring an additional, more suitable property in the Tendring area.</p>			
<b>OUTCOME OF CONSULTATION AND ENGAGEMENT</b>			
<p>Consultation has been undertaken with:</p> <p>The Building Services Manager and Housing Solutions Manager, who both support the sale of this property.</p> <p>The Chair of the Tenants' Panel who agreed to the principle of selling properties that require significant and expensive works to maintain at a decent standard.</p>			
<b>LEGAL REQUIREMENTS (including legislation &amp; constitutional powers)</b>			
<b>Is the recommendation a Key Decision (see the criteria stated here)</b>	<b>YES/NO</b>	<b>If Yes, indicate which by which criteria it is a Key Decision</b>	<input type="checkbox"/> <b>Significant effect on two or more wards</b> <input checked="" type="checkbox"/> <b>Involves £100,000 expenditure/income</b> <input type="checkbox"/> <b>Is otherwise significant for the service budget</b>
		<b>And when was the proposed decision published in the Notice of forthcoming decisions for the Council (must be 28 days at the latest prior to the meeting date)</b>	25 January 2022
<p>Disposal of a property held within the Housing Revenue Account is restricted by Section 32 of the Housing Act 1985 and can only be made with consent of the Secretary of State. Consent is governed by Section 34 of the 1985 Act and the current consent is contained within the General Consent for the Disposal of Land held for the purposes of Part II of the Housing Act 1985 – 2013, which came into force on 11 March 2013.</p> <p>In accordance with the General Consent, Section A – paragraph 3.1.1, a local authority may, subject to paragraph 3.1.2, dispose of land for a consideration equal to its market value. “Land” is defined as including buildings (which could include dwelling-houses, houses and flats) and other structures.</p> <p>“Market value” means the amount for which a property would realise on the date of the valuation on a disposal between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing where the parties had each acted knowledgeably, prudently, and without compulsion and where the market value is assessed not earlier than 3 months before the buyer applies or agrees to an offer in writing.</p>			

**The Monitoring Officer confirms they have been made aware of the above and any additional comments from them are below:**

Although the property is no longer required by the Council for housing purposes, its disposal must be for a consideration equal to market value, to enable the Council to rely on the General Consent Order for Housing Purposes and hold the receipt in the Housing Revenue Account for future housing stock”.

**FINANCE AND OTHER RESOURCE IMPLICATIONS**

**Finance and other resources**

Due to the nature and age of the house the maintenance and running costs are high and selling the property will avoid the Council having to spend upwards of £75,000 in capital works. The use of the receipts could be added to funds already held from Right to Buy and/or S106 receipts and used to bring a more suitable additional dwelling/s into the Housing Revenue Account.

**Risk**

Officers have not identified any significant risk associated with the proposals. Further detail is set out in the Part B report.

**The Section 151 Officer confirms they have been made aware of the above and any additional comments from them are below:**

There are no additional comments over and above the financial information / commentary already set out elsewhere in this report.

**USE OF RESOURCES AND VALUE FOR MONEY**

The following are submitted in respect of the indicated use of resources and value for money indicators:

<p>A) Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;</p>	<p>Due to the nature and age of the house the maintenance and running costs are high and selling the property will avoid the Council having to spend upwards of £75,000 in capital works to solve dampness and structural problems. The use of the receipts could be added to funds already held from Right to Buy and/or S106 receipts and used to bring a more suitable additional dwelling/s into the Housing Revenue Account.</p>
<p>B) Governance: how the body ensures that it makes informed decisions and properly manages its risks, including; and</p>	<p>Refer to legal requirements</p>
<p>C) Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.</p>	<p>See financial sustainability</p>

**MILESTONES AND DELIVERY**

Subject to Cabinet approval, anticipated completion in April / May 2022. Subject to resources the transaction is to be completed by TDC’s Legal Services or an external firm of solicitors.

**ASSOCIATED RISKS AND MITIGATION**

The predominant risk associated with this proposal is that the purchaser withdraws their offer. The mitigation that has been built into the recommendations is that the Corporate Director for

Operations and Delivery be authorised to accept alternative offers £10,000 above or below the current offer. Alternatively, he will be authorised to dispose of the property via an auction.

**EQUALITY IMPLICATIONS**

The proposal does impact on the protected characteristics of any individuals

**SOCIAL VALUE CONSIDERATIONS**

None identified

**IMPLICATIONS FOR THE COUNCIL’S AIM TO BE NET ZERO BY 2030**

The sale 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. This property is regarded as hard to treat with respect to energy efficiency improvements and as such the property would be costly and difficult to retrofit to higher energy performance. Funds from the sale will be used to fund the purchase of an inherently more energy efficient property.

**OTHER RELEVANT CONSIDERATIONS OR 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.

<b>Crime and Disorder</b>	<b>None noted</b>
<b>Health Inequalities</b>	<b>None noted</b>
<b>Area or Ward affected</b>	<b>Harwich and Kingsway Ward</b>

**PART 3 – SUPPORTING INFORMATION**

**BACKGROUND**

The property is a non-traditional Council house in need of substantial maintenance work and has been identified as surplus to requirements.

The property has been on the market with a local Estate Agent for a number of weeks and an offer has been received in line with the valuations. The offer has been provisionally accepted subject to the decision recommended in this report.

The offer accepted is equal to the market value of the property as determined by the valuations obtained and as such the disposal will be in accordance with the General Consents Order.

**PREVIOUS RELEVANT DECISIONS**

Initiation report published 25 January 2022.

**BACKGROUND PAPERS AND PUBLISHED REFERENCE MATERIAL**

None

**APPENDICES**

None

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