

CABINET

25 MARCH 2022

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

A.6 FREEHOLD PURCHASE OF A RESIDENTIAL PROPERTY IN CLACTON-ON-SEA

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

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

EXECUTIVE SUMMARY

- This proposal is in respect of an opportunity to purchase a two bedroom ex-Council house that is currently offered under the Right of First Refusal buy back period in Clacton on Sea.
- For a number of years the Council has had a strong demand for two bedroom houses and this property meets the criteria set out in the Housing Acquisitions and Development Strategy.
- In January 2022 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 Councils housing stock in the Housing Revenue Account in an area of high demand.

Part B refers to the detail of negotiations.

RECOMMENDATION(S)

It is recommended that:

Cabinet authorises, in principle, the freehold purchase of the property.

REASON(S) FOR THE RECOMMENDATION(S)

Officers believe that whilst the purchase of the property carries a financial cost it will bring an additional dwelling into the housing stock that will meet a local housing need and would immediately generating rental income.

ALTERNATIVE OPTIONS CONSIDERED

To not purchase the property. Given the nature of the property and the conditions under which it has been offered to the Council this option has not been considered any further.

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

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.

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.

Managing public money effectively meaning value for money principles are embedded in the delivery of all our services.

OUTCOME OF CONSULTATION AND ENGAGEMENT

Consultation has been undertaken with:

The Building Services Manager and Housing Solutions Manager, who both support the purchase of this property.

The Chair of the Tenants' Panel who agreed to the principle of purchasing properties that meet the acquisition priorities.

LEGAL REQUIREMENTS (including legislation & constitutional powers)

Is the recommendation a Key Decision (see the criteria stated here)	YES/NO	If Yes, indicate which by which criteria it is a Key Decision	<input type="checkbox"/> Significant effect on two or more wards <input checked="" type="checkbox"/> Involves £100,000 expenditure/income <input type="checkbox"/> Is otherwise significant for the service budget
		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)	10 February 2022

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.

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

FINANCE AND OTHER RESOURCE IMPLICATIONS

Finance and other resources

The purchase of properties carry a financial cost but would bring an additional dwelling into the Housing Revenue Account that, once let, will immediately begin generating a return once.

The purchase is to be wholly funded by section 106 agreements for affordable housing. Details of the proposed transaction are in Part B.

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 their right to buy.

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:

A) Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;	Refer to finance and other resource implications
B) Governance: how the body ensures that it makes informed decisions and properly manages its risks, including; and	Refer to legal requirements
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.	Refer to finance and other resource implications

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	
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 their right to buy.	
EQUALITY IMPLICATIONS	
The proposal does not 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 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.	
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.	
Crime and Disorder	None noted
Health Inequalities	None noted
Area or Ward affected	Bluehouse Ward, Clacton-on-Sea

PART 3 – SUPPORTING INFORMATION

BACKGROUND
<p>The Council has a target to bring 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.</p> <p>For a number of years the Council has had a very strong demand for two bedroom houses in Clacton on Sea. However our stock has dwindled and turnover of tenancies is very slow.</p> <p>Officers have an opportunity to purchase a two bedroom ex-Council house that is currently offered under the Right of First Refusal buy back period in a fair condition. Under the Right to Buy there is a covenant in the conveyance to have to offer the Council the opportunity to buy back the property within 10 years of the sale, should they wish to sell the property on.</p>

The property has been viewed by the Development & Building Manager and Senior Tenancy Management Officer 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.

PREVIOUS RELEVANT DECISIONS

Initiation report published 25 January 2022

BACKGROUND PAPERS AND PUBLISHED REFERENCE MATERIAL

None

APPENDICES

None

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