

PORTFOLIO HOLDER FOR HOUSING AND PLANNING

REPORT OF THE CORPORATE DIRECTOR – OPERATIONS & DELIVERY

20 MARCH 2024

A. PURCHASE OF THE FREEHOLD INTEREST IN A RESIDENTIAL PROPERTY IN MANNINGTREE

(Report prepared by Matthew Wicks)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To seek approval from the Housing and Planning Portfolio Holder for the purchase of a three bedroom property in Manningtree.

EXECUTIVE SUMMARY

The Council is committed to increasing its housing stock in order to meet rising demands for high quality, affordable housing in the district. This commitment is a priority in the Council's Corporate Plan and Housing Strategy. These homes will be acquired or built via a range of approaches.

This proposal is to purchase a three bedroom terraced house in Manningtree. The property is within an area where TDC already own nine properties so this acquisition will add an additional property to our housing stock.

The Council has Section 106 affordable housing contribution capital receipts that will be used for this purchase. The property has scored highly on the acquisition matrix, which forms part of the Acquisitions and Development Policy adopted by Cabinet in October 2020.

In February 2024 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 was subsequently obtained and negotiations with the executor of the estate 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.

Part B of this report refers to the detail of negotiations.

RECOMMENDATION(S)

It is recommended that:

- (a) The Housing and Planning Portfolio Holder authorises, in principle, the terms for the purchase of the property; and,
- (b) subject to his decision on terms and in accordance with the Council's Scheme of Delegation, authorises the Corporate Director (Operations and Delivery), in consultation with the Assistant Director (Governance), to enter into a contract and transfer deed to complete the purchase of the property as set out in Part B of this report.

REASON(S) FOR THE RECOMMENDATION(S)

Although the purchase of the property carries a financial cost, it will provide an additional dwelling for the Council's housing stock to meet local need and generate rental income.

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ALTERNATIVE OPTIONS CONSIDERED
Not to purchase the property has been considered. Given the demand for this type of property as a rental within the Council's own housing stock this option has been discounted.

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES
<p>The purchase of the property has potential to contribute to the priorities in the Corporate Plan for pride in our area and services to residents as well as financial sustainability and openness.</p> <p>The Council's Housing Strategy, adopted in October 2020, also has delivering homes to meet the needs of local people as one of its key strategic priorities.</p>

OUTCOME OF CONSULTATION AND ENGAGEMENT
<p>Consultation has been undertaken with:</p> <p>The Development and Building Manager and Housing Solutions Manager, who both support the purchase of this property.</p> <p>The Chair of the Tenants' Panel who has agreed to the principle of purchasing properties that meet the Council's acquisition priorities.</p>

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)	3 February 2024

<p>Section 17(1)(b) of the Housing Act 1985 provides the principal power for the acquisition of houses, or buildings which may be made suitable as houses, together with any land occupied with the houses or buildings, for housing purposes.</p> <p>In accordance with Section 56 of the Housing Act 1985, "house" includes any yard, garden, outhouses and appurtenances belonging to the house or usually enjoyed with it.</p> <p>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.</p>

<input type="checkbox"/>	The Monitoring Officer confirms they have been made aware of the above and any additional comments from them are below:
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There are no further comments over and above those set out elsewhere in this report.

FINANCE AND OTHER RESOURCE IMPLICATIONS

Finance and other resources

The purchase of properties carries a financial cost but this also results in additional properties being added to the Housing Revenue Account that can generate a return via the future rental income received.

The purchase is to be wholly funded by Section 106 agreements for affordable housing. Further detail is set out in the Part B report.

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.

However, section 131 of the Housing Act 1985 (as amended) limits the Right to Buy discount to ensure that the purchase price does not fall below what has been spent on building, buying, repairing or maintaining it over a certain period of time – known as relevant expenditure. For properties built or acquired before 1 April 2012, this period is 10 years but this period increases to 15 years for those built or acquired after 1 April 2012.

<input type="checkbox"/>	The Section 151 Officer confirms they have been made aware of the above and any additional comments from them are below:
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There are no further comments over and above those 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;	This is set out in the Finance and Other Resource Implications section of this report.
B) Governance: how the body ensures that it makes informed decisions and properly manages its risks, including; and	This is set out in the Legal Requirements section of this report.
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.	This is set out in the Finance and Other Resource Implications section of this report.

MILESTONES AND DELIVERY

Subject to portfolio holder approval, anticipated completion is likely to be in May 2024 and the transaction would be completed by the Council's Legal Service.

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.

However, as stated under Finance and Other Resource Implications, Section 131 of the Housing Act 1985 (as amended) limits the Right to Buy discount to ensure that the purchase price does not fall below what has been spent on building, buying, repairing or maintaining it over a certain period of time – known as relevant expenditure.

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	Lawford, Manningtree & Mistley Ward

PART 3 – SUPPORTING INFORMATION

BACKGROUND
<p>The Council's Housing Strategy include commitments to add further homes to the Council's housing stock.</p> <p>For a number of years the Council has had strong demand for three bedroom properties in Manningtree. However our stock has dwindled and turnover of tenancies is very slow.</p> <p>There now exists an opportunity to purchase a three bedroom property in Manningtree within an area where TDC already own nine properties so this acquisition will add an additional property to our housing stock.</p> <p>The Council has Section 106 and Right to Buy sale capital receipts and by purchasing the property using the Section 106 funds we will be able to add an additional property to our housing stock.</p> <p>The property has been viewed by the Development & Building Manager and has been identified as a property of high demand with a construction type known to the Building Services Team.</p> <p>The Council's Housing Acquisition and Development Policy includes a mechanism for scoring the suitability of a property for acquisition. This scoring matrix has been used to assess this property, achieving an overall score of 23 which exceeds the minimum score of 15 required.</p>
PREVIOUS RELEVANT DECISIONS
Property Dealing Procedure Initiation report published February 2024.
BACKGROUND PAPERS AND PUBLISHED REFERENCE MATERIAL
Published in the Notice of forthcoming decisions for the Council on the 27 th February 2024.

APPENDICES
1) Acquisition Matrix

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