

Report to the Council House Building Cabinet Committee



Report reference: CHB-007-2019/20
Date of meeting: 12 March 2020

**Epping Forest
District Council**

Portfolio: Housing and Property Services – Councillor H Whitbread

Subject: Purchase of street Properties

Responsible Officer: Deborah Fenton
Service Manager (01992 564221)

Democratic Services: J Leither (01992 564756)

Recommendations/Decisions Required:

That the contents of this Progress Report on the purchase of 18 street properties be noted and presented to the Cabinet in line with the Terms of Reference of the Council House Building Cabinet Committee.

Executive Summary:

The report sets out progress that has been made in allocating our right to buy receipts in line with the report which was agreed by this committee in July 2015. Offers have been made and accepted on 18 properties across the district. The total spend amounts to £6,374,329m which is made up of 30% Right to Buy Receipts and the remaining funded from the capital house building programme. The financial profiling which is Appendix 1 in this report highlights a positive IRR of 3.46%. Furthermore, our Consultant has taken into account the construction methods, so not to risk increased asset management challenges as is often the case with older properties such as pre-45's. We are working towards an exchange by the end of the financial year to meet Government requirements.

Reasons for Proposed Decision:

To give Cabinet assurance that all of the Councils 1-4-1 Receipts from Right to Buy (RTB) sales are spent within the required three years of receipt, and none are passed on to the Government, with Interest. The Cabinet agreed on the recommendations of the Council House Building Cabinet Committee to delegate the authority to the Service Director to source properties for sale on the open market, make verbal offers to purchase and make recommendations to the Housing Portfolio Holder to agree their purchase.

Other Options for Action:

Not to purchase these properties and pass on the Receipts to Government with interest. This would not be in the best interest of the Council given the local housing need. Also, the strain put on the Council's Housing Revenue Account (HRA) due to the loss of stock under RTB would worsen.

Report:

In July 2015, the Council House Building Cabinet Committee considered a report on accelerating the house building programme to ensure that all 1-4-1 Receipts from Right to Buy sales are spent within the required three years of receipt and none are passed on to the Government, with interest. One of the options agreed was to purchase street properties. The recommendations of Cabinet Committee were later agreed by the Cabinet.

To assist the Council, Steven Tarry (Metaplan – CIHCM Development Director) was appointed by the Council. The instruction included sourcing street properties which were chain free and were not pre – 1945's (the construction method makes them difficult to treat). Also, a financial report be provided based on the income and expenditure profile over the period of the business plan (Appendix 1).

Overview of the properties

While the offers have been accepted, legal searches, property surveys and independent valuation surveys will need to be completed before exchange. Subject to a satisfactory outcome, it is recommended that the Council completes the purchase of these street properties, with a view of letting them at an affordable rent in line with the Rent Policy.

Financial Appraisal

A financial appraisal is attached to this report. It provides information on the financial performance for each property over the period of the business plan. The report shows the level of grant (RTB receipts) and loan. The interest rate for the loan is the current rate provided by the Public Loans Board. The final amount of spend is expected to be £6,374,329. This falls slightly short of the £6.8M planned spend and is due to a seller pulling out at the last minute.

Resource Implications:

The total expenditure amounts to £6,374,329, 30% of this is right to buy receipts and the remaining is from the capital house building fund.

Legal and Governance Implications:

All relevant conveyancing legislation that is applicable along with standing orders and Financial Regulations.

Safer, Cleaner and Greener Implications:

NA

Consultation Undertaken:

Council House Building Cabinet Committee decisions from 4th June 2015 and the subsequent Cabinet Decision on 23rd July 2015.

Background Papers:

Cabinet Decision, 23rd July 2015.

Risk Management:

There is a higher risk of losing Right to Buy receipts if the Council does not complete the purchase of the properties, thus impacting of the future HRA revenue account.

Equality Analysis:

The Equality Act 2010 requires that the Public Sector Equality Duty is actively applied in decision-making. This means that the equality information provided to accompany this report is essential reading for all members involved in the consideration of this report. The equality information is provided as an Appendix to this report.