

Agenda Item No:

Report author: W Sharman

Tel: 77880

Report of : Land and Property Services
Report to : Chief Asset Management and Regeneration Officer
Date: 11 August 2014
Subject: 38 Atha Crescent, Beeston, Leeds, LS11 7DB

Are specific electoral Wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, name(s) of Ward(s):	Beeston & Holbeck	
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, Access to Information Procedure Rule number:	10.4 (3)	
Appendix number:	1	

Summary of main issues

1. The subject property was built by the Council in the 1980's and sold on an equity shared basis. Equity shared properties were acquired by individuals buying a minimum 25% share and then being able to acquire further 25% shares and ultimately the freehold.
2. The Council currently holds a 75% share in the subject property which has been repossessed by the mortgagee and the 25% which is held by them has been offered back to the Council.
3. The property is currently vacant, in a tired condition and in need of improvement works. Property Services have prepared a valuation to determine the current market value of the property and reported this information back to Environments & Housing to enable them to negotiate terms with the mortgagee for the acquisition of the remaining 25% share.
4. On 25th July 2014 the Director of Environments & Housing gave approval to the acquisition of the leaseholders share in the subject property.

Recommendations

4. It is recommended that approval is granted for the Council to accept the surrender of the lease for the subject property and acquire the 25% share of the property from the mortgagee for a consideration approved by the Chief Asset Management and Regeneration Officer.

1 Purpose of this report

- 1.1 The purpose of this report is to seek approval to enable Environments & Housing to acquire the 25% share of the subject property from the mortgagee in possession for a consideration approved by the Chief Asset Management and Regeneration Officer.

2 Background information

- 2.1 The Council built a number of properties in Beeston, LS11 in the mid 1980's which were to be sold on an equity shared basis. These properties were to be acquired by individuals buying a minimum 25% share and then being able to acquire further 25% shares and ultimately the freehold at future dates.
- 2.2 The majority of the properties have been sold. However, the Council retains a share in 13 properties including the subject property. The Council currently holds a 75% share of this property.
- 2.3 The lease is a full repairing and improvement lease resting with the leaseholder. The leaseholders are required to pay a rent for that part of the property which they do not own.
- 2.4 The subject property has been repossessed by the Leeds Building Society (LBS) and their 25% share has been offered to the Council.
- 2.5 Property Services have prepared a valuation to determine the current market value of the property and reported this information back to Environments & Housing to enable them to negotiate terms with the mortgagee for the acquisition of the remaining 25% share.
- 2.6 On 25th July 2014 the Director of Environments & Housing gave approval to the acquisition of the leaseholders share in the subject property.

3 Main issues

- 3.1 The property is located in Beeston, LS11 and is a two bed brick built semi-detached house of traditional build. The property is in a tired condition and in need of improvement works.
- 3.2 The mortgagee has a 25% share in the property with the Council retaining a 75% share. The lease agreement provides that surrender of the lease will be made to the Council in the first instance unless transferred by Will or intestacy. Where the Council declines the surrender of the lease the leaseholder may dispose of their interest in the property and/or acquire the remaining share of the property referred to as staircasing.
- 3.3 The options open to the mortgagee in possession are:-
- 1) Surrender their share of the property to the Council at market value.
 - 2) Sell the 25% share held on the open market.
 - 3) Sell the 25% share held by the mortgagee, staircasing to acquire the full share of the property and then sell it.

- 3.4 The mortgagee has made a written offer to the Council offering its 25% share of the property. The lease provides that the Council has 8 weeks from the date of the notice of the offer which allows acquisition to be completed by mid- August 2014.

These options are to be provided in order that the property does not remain unoccupied for an extended period of time and reduces the debt due to the Council in respect of rent and service charge payable.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 Environments & Housing have advised that Housing Leeds have been made aware of the possibility of acquiring the property and has provided an estimate for the decency works.

- 4.1.2 Under the terms of the Equity Share Transfer, the occupier (in this case the mortgagee in possession) is legally obliged to offer the equity share back to the Council. In this case Environments & Housing has decided that this is a good opportunity to add this house back to the HRA Housing stock and consultation with Ward Members by Property Services is considered to be unnecessary.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 There are no equality issues arising from this proposal.

4.3 Council Policies and City Priorities

- 4.3.1 The acquisition will assist in meeting the Council's priorities through the provision of additional affordable accommodation.

4.4 Resources and Value for Money

- 4.4.1 Provision for acquiring the 25% share of the property will be met from the Housing Capital Programme. This will provide an additional 2 bed house which can be let.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 Under Part 3 Section 3E Paragraph 2(a) of the Council's Constitution (Officer Delegation Scheme (Executive Functions)) the Director of City Development has authority to discharge any function of Executive Board in relation to the management of land (including valuation, acquisition, appropriation, disposal and any other dealings with land or any interest in land) and Asset Management.

- 4.5.2 The Chief Asset Management and Regeneration Officer has authority to take the decisions requested in this report under Executive functions 1 and 10 (specific to the Director of City Development) of the Director of City Development's sub delegation scheme.

- 4.5.3 The proposal constitutes a significant operational decision and is therefore not subject to call in.

- 4.5.4 The Head of Land and Property confirms that in his opinion the terms offered to the Council represent a fair market price for the purchase of the equity stake in the property.

4.5.5 The information contained in the Appendix to this report relates to the financial or business affairs of a particular person, and of the Council. This information is not publicly available from the statutory registers of information kept in relation to certain companies and charities. It is considered that since this information was obtained through one to one negotiations for the purchase of the land/property referred to then it is not in the public interest to disclose this information at this point in time. Also the release of such information would or would be likely to prejudice the Council's commercial interests in relation to and undermine its attempts to acquire by agreement similar properties in the locality in that owners of other similar properties would be aware about the nature and level of consideration which may prove acceptable to the Council. It is considered that whilst there may be a public interest in disclosure, much of this information will be available from the Land Registry following completion of the purchase and consequently the public interest in maintaining the exemption outweighs the public interest in disclosing this information at this point in time. It is therefore considered that this element of the report should be treated as exempt under rule 10.4.(3) of the Access to Information Procedure Rules.

4.6 Risk Management

4.6.1 Should the property remain empty for an extended period of time it is likely to become subject to vandalism, causing a nuisance to the local community and potentially a financial loss to the Council.

5 Conclusions

5.1 The property is held by the Council and the leaseholder on a ratio of 75% - 25% respectively.

5.2 The purchase of the leaseholder's share will be met from the Housing Capital Programme. The acquisition will provide an additional 2 bed house and can be recommended for approval.

6 Recommendations

6.1 It is recommended that approval is granted for the Council to accept the surrender of the lease for the subject property and acquire the 25% share of the property from the mortgagee for a consideration approved by the Chief Asset Management and Regeneration Officer.

7 Background documents¹

7.1 None.

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.