

Report of Richard Marshall

Report to Environment and Housing Decision Panel

Date: 24 November 2016

Subject: Purchase of a Former Right to Buy Property as Part of the Council Housing Growth Programme – 53 Shakespeare Court LS9 7UD

Are specific electoral Wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, name(s) of Ward(s):	Burmantofts and Richmond Hill	
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

The Council House Growth programme includes an allocation of £2m for the purchase of former Council homes. The budget is made up of £1.6 m from the Housing Revenue Account (HRA) capital resources and £600,000 from Right to Buy (RTB) receipts.

The Government has an aim of one for one replacements of council homes sold as a result of the 'reinvigorated' RTB process. Over 100 former council homes are offered back to the city by their owners on an annual basis. To take advantage of the opportunity this provides the Council has set up a scheme to utilise the RTB receipts for buying properties using 30% RTB receipts for each purchase and refurbishment.

The scheme will aim to deliver at least 20 properties to the Council across the city.

Recommendation

The Director of Environment and Housing is recommended to approve the following;

- The purchase and refurbishment of 53 Shakespeare Court LS9 7UD to be let as a council home to an applicant on the Leeds Homes Register.

1 Purpose of this report

- 1.1 The report provides an outline of the approach to identifying suitable properties for purchase as part of the Repurchase programme using RTB receipts to cover 30% of costs.
- 1.2 The report seeks approval to proceed with the purchase of insert address as part of the programme to let as council housing.

2 Background information

- 2.1 The government reinvigorated the RTB process by increasing the level of discount that tenants could receive when making a purchase of their home. The increased discount came with an aim of a one for one replacement of each property sold as a result of the reinvigorated scheme. The Council can retain a proportion of the RTB receipts for each sold home to pay 30% of the scheme costs for replacement social housing in the council area.
- 2.2 The receipts can be used to purchase non council homes to use as social housing. In Leeds the purchase of non Council homes is governed by the Repurchase Policy (June 2015). This policy allows the Council to consider the purchase of purpose built former Council homes as long as they meet the Council's strategic priorities for housing and funds are available for the purchase.
- 2.3 As a result of the Right of First Refusal regulations within the RTB legislation, over 100 properties are offered back to the Council each year. When a property is offered to the Council Housing Leeds consider whether it should be prioritised for purchase. Once a decision to pursue the purchase of a property is made a valuation and repair survey is carried out to assess whether it fits within the scheme budget and then an offer to the owner is made.
- 2.5 The scheme is managed by the Empty Homes Project Group and follows established delivery processes for the programme. All decisions to proceed with a valuation and purchase are made collectively by the Empty Homes Project Group based on clear evidence.

3 Main issues

- 3.1 The property detailed in this report has been valued and considered for purchase as part of the scheme. The owner has accepted the offer and so we are now seeking authority to proceed with the purchase of the properties.
- 3.2 Details of the property and how it meets the agreed priorities are outlined below.

Address	Type	Ward	Pay back period years	CBL bids for similar properties
53 Shakespeare Court	2 msf	Burmantofts and	13	53

		Richmond Hill		
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3.3 The property will be refurbished to the Council's letting standard and let as either a Secure or Introductory Tenancy on a social rent.

3.4 The terms for the acquisition are detailed in the attached confidential appendix.

4 Corporate Considerations

4.1 Consultation and Engagement

4.1.1 Housing Leeds Housing Management officers have identified the property as meeting strategic needs of the Council.

4.1.2 Ward members have been consulted about the purchase and have raised no objections.

4.2 Equality and Diversity / Cohesion and Integration.

4.2.1 An equality, diversity cohesion and integration screening exercise has been carried out. This has confirmed that equality, diversity, cohesion and integration considerations have been effectively considered in relation to this proposal and that a full impact assessment was not required.

4.3 Council policies and City Priorities

4.3.1 The purchase of the properties to relet as affordable housing supports the City Priority 'Best City to Live' to increase the number of high quality affordable homes in the city .

4.4 Resources and value for money

4.4.1 The purchase price, cost of refurbishment and return on the capital investment are shown in Appendix 1. The overall cost of the property fits within the budget of the project and the repayment period for the investment represents value for money.

4.4.2 Properties bought in the scheme will be charged at a social rent where they are within areas of existing Council Housing. This will avoid a situation where tenants living in adjoining properties are being charged significantly different rents.

4.4.3 Properties bought under this scheme will be subject to a 3% charge under the Governments Stamp Duty Land Tax for the purchase of second and all subsequent homes.

4.5 Legal Implications, Access to Information and Call In

4.5.1 There are no legal implications for the purchase of this property. The decision is not subject to call in.

4.5.2 The information contained in the Appendix attached 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 respect of certain companies and charities. It is considered that since this information was obtained through one to one negotiations for the acquisition of the property then it is not in the public interest to disclose this information at this point in time. Also it is considered that the release of such information would or would be likely to prejudice the Council's commercial interests in relation to other similar transactions in that prospective vendors of other similar properties would have access to information 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 publicly available from the Land Registry following completion of this transaction 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 While the property has been surveyed to assess its condition prior to purchase, there is a risk that unforeseen works are required to it which weren't identified during the stock condition survey. A 10% contingency of the refurbishment works has been included within the budget and Value for Money assessment in order to cover any unforeseen works required to the property prior to letting.

5 Conclusions

- 5.1 The repurchase and refurbishment of this former Council home represent value for money and would be an enhancement to the Housing Leeds portfolio.

6 Recommendations

- 6.1 The Director of Environment and Housing is recommended to approve the following;
- The purchase and refurbishment of 53 Shakespeare Court LS9 7UD to be let as a council home to an applicant on the Leeds Homes Register.

Background documents¹

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.