

Report of Richard Marshall

Report to Environment and Housing Decision Panel

Date: 24 March 2017

Subject: Purchase of a property utilising Right to Buy receipts in a regeneration area – 37 Recreation Grove LS11 0AT

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

Appendix 1 to this report has been marked as exempt under Access to Information Procedure Rules 10.4 (3) on the basis that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) which, if disclosed to the public, would, or would be likely to prejudice the commercial interests of that person or of the Council. The information is exempt if and for so long as in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information. In this case the report author considers that it is in the public interest to maintain the exemption.

Summary of main issues

The Council House Growth programme includes an allocation of £2million combining £1.4million of HRA capital resources and £0.6million of Right to Buy (RTB) receipts.

The project will deliver at least 20 properties utilising RTB receipts as part of the Governments one for one replacements in the reinvigorated RTB process.

Since the programme began, Housing Leeds and the Private Sector Housing team have worked closely to identify suitable properties to buy. These are properties that are in designated regeneration areas of the city.

Recommendation

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

- Authorise Richard Marshall of the Housing Growth Team to bid up to the amount shown in the confidential appendix for 37 Recreation Grove Leeds LS11 0AT at the auctionHouse auction 29 March 2017, where the property is lot 45.

If the bid for the property is successful:

- Authorise Richard Marshall to sign the contract for the purchase of the property; and
- complete the purchase of 37 Recreation Grove LS11 0AT with refurbishment costs as part of the purchase scheme. The property will be let at social rent to an applicant from the Leeds Homes Register (LHR).

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 purchase of properties in regeneration areas using RTB receipts, and demonstrates how the purchase of the identified property in this report meets the overall approach.
- 1.2 The report seeks approval for Leeds City Council officer Richard Marshall to bid up to a maximum amount stated in the confidential appendix, at the auctionHouse auction 29 March 2017, for the purchase of 37 Recreation Grove LS11 0AT. If the bid is successful the property will be bought as part of the RTB purchase scheme and refurbished to the Council's letting standard to be let as a council home to an applicant on the LHR.

2 Background information

- 2.1 The Governments reinvigorated RTB scheme, introduced in 2012, committed to replace all social homes sold through the scheme on a one to one basis. The commitment meant the return of a proportion of the RTB receipts from sales to councils that could utilise their own HRA account to fund new homes, which includes the purchase of long term empty properties. The Council has approved a budget of £2million - £1.4million HRA capital funds and £0.6million RTB receipts - to purchase properties under the Repurchase Policy.
- 2.2 Based on the HCA criteria Housing Leeds considered which empty property types should be prioritised for purchase. It was decided to initially consider purpose built former Council homes and properties in regeneration areas of the city.
- 2.3 The Empty Homes Project Group has been established to co-ordinate the delivery of 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 Leeds Neighbourhood Approach area 3 in Holbeck Leeds 11 is designated for high levels of intervention by the Private Sector Housing Team to improve infrastructure and private landlord properties. An agreed method to improve the area is for the Council to attempt to buy long term empty properties within it.

3.2 37 Recreation Grove LS11 0AT is a two bedroom house that is currently empty. The Service Manager of the Private Sector Housing Team referred this property as one to consider purchasing as part of the repurchase scheme. It is in a poor state of repair and has been advertised in a local auction for sale with an estimated price of £35,000 - £40,000.

3.3 Details of the property and how it meets the agreed priorities are outlined below.

Address	Type	Ward
37 Recreation Grove	2 bedroom house	Beeston and Holbeck

3.4 If the Council is successful with the bid and purchase the property will be refurbished to the Council's letting standard. The property will be let as either a Secure or Introductory Tenancy on a social rent.

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

4 Corporate Considerations

4.1 Consultation and Engagement

4.1.1 There has been consultation with the Private Sector Housing Team, Housing Leeds' Housing Management and they support the purchase of the property.

4.1.2 Ward members are aware and supportive of the LNA approach to the Receptions area.

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 long term empty properties brought back into use.

4.4 Resources and value for money

4.4.1 The maximum bid level, 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. The HCA are supportive of this approach.

- 4.4.3 Properties bought utilising RTB receipts are 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 The Council will carry out conveyancing works relating to the purchase, with the costs being chargeable to the programme. Authorised officers from the Council's Legal Services team will sign and seal the contract prior to completion.
- 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 long term empty dwelling represent value for money and will back up the work being carried out in the LNA area 3 by the Private Sector Housing Team.

6 Recommendations

- 6.1 The Director of Environment and Housing is recommended to approve the following:

- Authorise Richard Marshall of Housing Growth Team to bid up to the amount shown in the confidential appendix for 37 Recreation View Leeds LS11 0AT at the auctionHouse auction 29 March 207, where the property is lot 45.

If the bid is successful:

- Authorise Richard Marshall to sign the contract for the purchase of the property; and
- complete the purchase of 37 Recreation Grove LS11 0AT with refurbishment costs as part of the RTB repurchase scheme. The property will then be let to an applicant from the Leeds Homes Register (LHR).

7 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.