



Notice of Non-key Executive Decision

Subject Heading:	14 Maygreen Crescent, Hornchurch, RM11 1EJ Housing Scheme for the buy-back of ex-council properties in Regeneration Estates
Cabinet Member:	Damian White - Cabinet Member for Housing
CMT Lead:	Neil Stubbings – Interim Director of Housing Services.
Report Author and contact details:	Ian Nolan Tel: 01708 431 217 Email: ian.nolan@havering.gov.uk
Policy context:	The purchasing of this property will contribute to the London Borough of Havering's Housing Strategy, and will support the Council's vision of Putting Our Residents First.
Financial summary:	The use of the Housing Revenue Account to buy back ex council properties sold under the Right to Buy (RTB) provisions; The purchase of existing housing will guarantee that the RTB receipts are used within three years lest they be handed back to government with an interest rate at 4 % over the current base rate according to the governments Right to Buy Policy.
Relevant OSC:	Towns and Communities OSC
Is this decision exempt from being called-in?	Yes it is exempt, as it is a Non-Key Decision by a Member of Staff

The subject matter of this report deals with the following Council Objectives

Havering will be clean and its environment will be cared for
People will be safe, in their homes and in the community
Residents will be proud to live in Havering

Part A – Report seeking decision

DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION

The London Borough of Havering is operating a Buy Back scheme under the approval of the Cabinet following the Cabinet 23 September 2015 report "Housing Scheme for the buyback of ex-council properties".

14 Maygreen Crescent, Hornchurch, RM11 1EJ has been identified as a property to repurchase under the scheme, exercising our right of first refusal. It is a 1 bedroom split-level maisonette located in the Hylands Estate. The property meets criteria as set by the report and Buy Back scheme procedure, an area identified for regeneration. The purchase of this property now enables the Council to use the property for temporary accommodation and prevents the need for a Compulsory Purchase Order (CPO) later.

After consideration of an independent valuation report and knowledge and expertise of the councils property services and legal services it has been recommended to proceed with the purchase of the property at the purchase price of £227,000. This price has been negotiated within the valuation recommendation of £222,500 - £232,500 as advised by Kemsley LLP, Surveyors.

The recommended action is:

1. To note that a purchase price of £227,000 (excluding all standard additional costs) has been successfully negotiated for the acquisition of the leasehold interest in the property and that the price is within the price range parameters of £222,000 to £232,000 advised by the independent valuation report.
2. To agree to proceed with the recommendation to purchase the leasehold interests in the property referred to above at the agreed price.
3. To note also that external legal advisers will be instructed to prepare and complete the legal documents which will enable the purchase to be completed.

AUTHORITY UNDER WHICH DECISION IS MADE

As outlined by the 23rd of September 2015 cabinet report the decisions are to be made by the Group Director for Children, Adults and Housing. These decisions are now made by the Interim Director of Housing in line with the revised management structure.

"Delegates to the Group Director, Children, Adults and Housing, authority to purchase properties, agree any necessary purchase prices and/or parameters and any other property transactions or decisions required to effectively implement the Scheme"

STATEMENT OF THE REASONS FOR THE DECISION

The purchasing of 14 Maygreen Crescent, Hornchurch, RM11 1EJ will have the following benefits for the Housing Revenue Account (HRA):

- Provide additional units of temporary accommodation to house those in need.
- The council can apply some of the time limited retained Right to Buy receipts
- Reducing the need for CPO's for Maygreen/Park Lane Estate regeneration.

OTHER OPTIONS CONSIDERED AND REJECTED

Option: To not exercise our right of buying back the property and moving resident on a timely basis.

Reason for Rejection: This has been rejected as not purchasing on a timely basis may result in having to evoke CPO which may cause delays and additional costs and will not enable us to apply a proportion of the retained right to buy receipts.

PRE-DECISION CONSULTATION

The following have been consulted over the proposed transfers & easements -

Legal Services and Property Services.

NAME AND JOB TITLE OF STAFF MEMBER ADVISING THE DECISION-MAKER

Name: Kevin Hazlewood

Designation: Property & Land Services Manager

Signature:



Date:

Part B - Assessment of implications and risks

LEGAL IMPLICATIONS AND RISKS

Under section 156A of the Housing Act 1985 (as amended by the Housing Act 2004) as from 10th August 2005, for any property sold via the Right to Buy scheme, the leaseholder or freeholder is required by the terms of the sale to comply with the Housing (Right of First Refusal) (England) Regulations 2005.

In summary, the requirement is that, during the first ten years after purchase, before being permitted to dispose of the property (unless the disposal is an exempted one, for example disposals to certain family members) the owner must first offer the property in accordance with those regulations to the relevant former landlord as prescribed by the regulations, for purchase at full market value.

The 2005 Regulations set out the procedures for owners to follow in offering their properties to the relevant former landlord, and also by the former landlord in accepting or refusing such offers.

The Council has the power to acquire houses and land under section 17 of the Housing Act 1985. The power does not preclude the repurchase of former council properties.

Non-Key Executive Decision (by a Member of Staff)

It is understood that external solicitors will be instructed to deal with the procedure under the 2005 Regulations and the conveyancing.

The purchase will be subject to the necessary legal due diligence taking place.

Janet Isaacs – Senior Solicitor

23.02.2017

FINANCIAL IMPLICATIONS AND RISKS

This purchase will enable the use of retained Right-to-Buy receipts which could otherwise become repayable to the Department for Communities and Local Government - thereby avoiding an interest charge of 4% plus base rate being borne by the HRA. The current cost floor mechanism, if maintained by central Government, will prevent any sale of repurchased properties to future tenants for less than the purchase price, or prevailing market value if lower, for a period of fifteen years.

As this is a replacement home the Council can use the retained RTB receipts to part finance the acquisitions. The application of net RTB receipts is usually limited to 30% of the cost of replacement homes, but Housing Finance regulations allow this to be increased to 50% in the case of ex-council properties, subject to a cap of 6.5% of the overall net receipts. The balance not covered by the RTB receipts, will utilise HRA resources and borrowing as required, with the necessary funding assumptions already built into the existing HRA MTFs and business plan.

The total scheme costs for this repurchase are inclusive of fees which are eligible costs when calculating the total amount of expenditure under the Right to Buy Agreement.

The total scheme cost is:

£ 227,300.00	purchase cost
£ 22,730.00	10% compensation (agreed by Neil Stubbings due to redevelopment)
£ 2,000.00	professional fee (£1500 Kemsley acquisition fee & £500 KSA survey fee)
£ 3,500.00	legal fees for sale and purchase of new property*
£ 6,250.00	stamp duty land tax for purchase of new property*
£ 10,203.00	stamp duty land tax for buy back*
£ 1,900.00	removals to new property
£ 700.00	survey fee on related purchase
£ 1,300.00	Mortgage Fees
£ 270.00	land registration fee*
£ 276,153.00	

Of which £82,846.00 is to be met by the application of Right to Buy receipts and the balance of £193,307.10 is to be met by HRA resources approved at Cabinet on 18th November 2015 in the "Housing Revenue Account Affordable Housing Development Programme – Phase 3" report

Note *

Legal Fees, Land Registry Fees, Stamp Duty Land Tax and Removals quoted are those currently applicable however the rates payable will be those current on the date of completion

Comie Campbell – Strategic Business Partner (Finance)

24.02.2017

Non-Key Executive Decision (by a Member of Staff)

**HUMAN RESOURCES IMPLICATIONS AND RISKS
(AND ACCOMMODATION IMPLICATIONS WHERE RELEVANT)**

No human resources implications or risks have been identified.

Cheryl Graham – Strategic Business Partner (HR)
20.02.2017

EQUALITIES AND SOCIAL INCLUSION IMPLICATIONS AND RISKS

It is not considered necessary to enter into an Equalities Impact Assessment in relation to buying this property. The purchase will be completed after the standard property purchase negotiations using standard a contract format, undertaken with the expressed consent of the owner; therefore an EIA is not considered relevant.

Diane Egan - Community Safety and Development Manager
17.02.2017

BACKGROUND PAPERS

~~Cabinet Report 23rd September 2016~~ NONE

Exempt Appendix (not for disclosure)

Appendix 1 Valuation report for 14 Maygreen Crescent
Appendix 2 Land Registry for 14 Maygreen Crescent

Part C – Record of decision

I have made this executive decision in accordance with authority delegated to me by The Leader of the Council and in compliance with the requirements of the Constitution.

Decision

Proposals agreed

Details of decision maker

Signed:



Name:

Neil Stubbings

Title:

Interim Director of Housing Services

Non-Key Executive Decision (by a Member of Staff)

Date: 8th March 2017

Lodging this notice

The signed decision notice must be delivered to the proper officer, Andrew Beesley, Committee Administration Manager, in the Town Hall.

For use by Committee Administration

This notice was lodged with me on 16/3/17

Signed 