



## Notice of Non-key Executive Decision

<b>Subject Heading:</b>	1 Tolbut Court, Lennox Close, Romford, RM1 2DY  Authorisation to agree to extend the lease term in accordance with statutory provisions.
<b>Cabinet Member:</b>	Cllr Joshua Chapman Cabinet Member for Housing
<b>SLT Lead:</b>	Patrick Odling-Smee – Director of Housing
<b>Report Author and contact details:</b>	Jane Shaw – Home Ownership Manager Jane.shaw@havering.gov.uk
<b>Policy context:</b>	Home Ownership
<b>Financial summary:</b>	The leaseholder will pay a premium of £3,050.00 and the other associated costs in connection with extending the lease term.
<b>Relevant OSC:</b>	Towns and Communities OSC
<b>Is this decision exempt from being called-in?</b>	Yes, this is a non-key decision by a member of staff.

Non-key Executive Decision

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

Communities making Havering	[X]
Places making Havering	[X]
Opportunities making Havering	[X]
Connections making Havering	[X]

## Part A – Report seeking decision

### DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION

#### Background:

The property is a ground floor two bedroom flat which is located within a purpose built three storey block. The property is accessed via an internal communal hallway and staircase.

The property was originally sold under the Right to Buy on a long lease in March 2002. The lease was originally granted for 125 years but due to the number of sales which have taken place within the block there is currently 88 years remaining on the lease.

The right provided by the Leasehold Reform Housing and Urban Development Act 1993 (as amended) (hereinafter referred to as "1993 Act") is for the grant of a new lease for a term of 90 years, plus the present unexpired term, all at a peppercorn rent (that is, rent free).

the legislative requirements for the terms on which the new lease is to be granted:

- To be at a peppercorn rent (i.e. no rent) for the whole of the term (the 90 years plus the present unexpired term);
- To be on the same terms as the existing lease, subject to minor modifications and certain statutory exclusions and additions:
- Modifications – to take account of any alterations to the flat, or the building, since the grant of the existing lease (e.g. reference to gas lighting or coal stores), or to remedy a defect in the lease.
- Exclusions – since the 1993 Act provides a right to perpetual renewal of the lease, any existing clauses relating to renewal pre-emptions or early termination are to be excluded.
- Additions – a requirement not to grant a sub-lease of sufficient length so as to confer on the sub-lessee a right to a new lease under the Act.
- The landlord's redevelopment right – the new lease must also contain a clause giving the landlord the right to repossession of the flat for the purposes of redevelopment.

#### Valuation Commentary:

To obtain a valuation of the premium which is attainable following the Statutory route and is in accordance with Schedule 13 of the Leasehold Reform etc Act 1993.

The Landlord is entitled to compensation for the loss in the value of the present and reversionary interest, together with an equal share of any enhancement to the value of the flat upon extension of the lease, if appropriate (called marriage value). Marriage value is only attributable when leases have an unexpired term of less than 80 years and in this case therefore has not been applied as part of the valuation.

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- The Leaseholder has served a notice dated 8<sup>th</sup> April 2019 in which they have stated that they are prepared to pay a premium of £2,750.00 for the extension to the Lease
- The Council's Surveyor has valued the premium as £3,349.00 and the Council's counter notice has stipulated this amount.
- The Council and Leaseholder have now reached an agreement on a premium figure of £3,050.00
- The Leaseholder will be responsible for the Council's reasonable Legal and Surveyor's fees.

### **AUTHORITY UNDER WHICH DECISION IS MADE**

#### **3.8.2 Assistant Director of Housing**

(dd) To carry out the following functions:

(i) To undertake management responsibility for the Council's freehold interest where property has been disposed of on a leasehold basis under the right to buy legislation. This includes:

- enforcing covenants
- carrying out repairs
- recharging liabilities
- consulting with and involving leaseholders and their management organisations as necessary.

(ii) To manage the Council's housing stock and authorise action to obtain possession of council housing accommodation and recover rent arrears, including the service of all necessary notices and action (including applying for injunctions) to enforce or vary the Council's tenancy agreement

### **STATEMENT OF THE REASONS FOR THE DECISION**

The Leaseholder has a statutory entitlement to extend the lease pursuant to the provisions of the Leasehold Reform Housing and Urban Development Act 1993

### **OTHER OPTIONS CONSIDERED AND REJECTED**

None as statutory requirements apply.

### **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: Jane Shaw

Designation: Home Ownership and Leasehold Manager

Signature:



Date: 10/10/2019

## **Part B - Assessment of implications and risks**

### **LEGAL IMPLICATIONS AND RISKS**

The Leaseholder has entitlement pursuant to the Leasehold Reform Housing and Urban Development Act 1993 to an extension of the lease for a period of 90 years at a peppercorn rent in addition to the unexpired term of the lease. The provisions and requirements and timetable are set out in the 1993 Act.

Failure to comply with the statutory provisions and timescales can mean the leaseholder could commence action against the Council in the First Tier Tribunal (Lands Chamber) under the 1993 Act and seek appropriate redress. The Council would in addition be liable for all associated costs in this regard as well.

### **FINANCIAL IMPLICATIONS AND RISKS**

The Council's Surveyor has valued the premium for the lease extension at £3,050.00. This figure has been agreed with and is payable by the Leaseholder, in addition to any other associated costs in connection with extending the lease term.

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

The recommendations made in this report do not give rise to any identifiable HR risks or implications that would affect either the Council or its workforce.

### **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.

### **BACKGROUND PAPERS**

**None**

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**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**

Proposal agreed

**Details of decision maker**

Signed:



Name: Patrick Odling-Smee

Cabinet Portfolio held:

CMT Member title: Director of Housing

Head of Service title

Other manager title:

Date: 11<sup>th</sup> October 2019

**Lodging this notice**

The signed decision notice must be delivered to the proper officer, Debra Marlow, Principal Democratic Services Officer in Democratic Services, in the Town Hall.

**For use by Committee Administration**

This notice was lodged with me on 5/11/19

Signed A-H-S