

# Officer Executive Decision

**To:** Monitoring Officer  
Head of Housing Services

**Date:** 15 March 2018

**Report of:** Housing Development and Enabling Manager

**Title of Report:** Transfer by sale of two properties at 16 Sparsey Place and 51 Weirs Lane from Oxford City Council to Oxford City Housing (Investment) Limited (OCH(I)L).

<b>Summary and recommendations</b>	
<b>Purpose of report:</b>	To seek approval under the Officer Executive Decision delegations for the transfer by sale of two properties (16 Sparsey Place and 51 Weirs Lane) from Oxford City Council to Oxford City Housing (Investment) Limited (OCH(I)L).
<b>Decision required:</b>	
1. To authorise the transfer by sale of 16 Sparsey Place and 51 Weirs Lane to Oxford City Housing (Investment) Limited for a consideration of £305,000 in total.	

<b>Appendices</b>

## Introduction and background

1. As part of Oxford City Council's CEB decision on 17 March 2016 to establish Oxford City Housing (Investment) Limited it was also agreed that the Council would sell up to five void properties from the Housing Revenue Account to Oxford City Housing (Investment) Limited (Registered No. 10370637) each financial year. This was in response to Government policy announcements intending to raise a levy from the sale of high value assets to fund the RTB for Housing associations. The cap of 5 is a Government requirement.
2. Five properties were transferred in 2017. The properties were selected to support another policy objective of the Council of producing larger size properties as they are suitable for extension. This investment initiative had been part of the HRA capital programme previously but had to be curtailed when the Government introduced the rent reduction and HVV levy. This year two freehold properties have been identified as suitable for transfer.

## Details

3. The two properties are:

- 16 Sparsey Place, OX2 8NL – 3 bed house in Wolvercote Ward
- 51 Weirs Lane, OX1 4UU – 3 bed house in Hinksey Park Ward

## Valuation

4. A joint valuation exercise has been carried out in March 2018 which confirmed that the properties should be valued at:

- 16 Sparsey Place - £170,000
- 51 Weirs Lane - £135,000

5. The valuation is based upon the homes continuing to be let as affordable housing in perpetuity which significantly reduces their value below that which would apply if they were being sold on the open market.

6. The Council stipulated (CEB 9 February 2016) that the five properties it was transferring to the housing company should be transferred on the condition that they are let at a rent not exceeding the prevailing Local Housing Allowance levels in perpetuity to households nominated by the Council. This is to ensure that the homes remain affordable to future households but allowing the housing company to charge a sufficient rent to fund the extension work required. This is controlled through a restrictive covenant on both properties. It is proposed that this same stipulation should apply to these two properties.

7. The Council is currently using these two properties to accommodate homeless families under licence. Following the transfer to OCH(I)L, it is intended that the properties would be leased back to the Council on a full repairing lease for continued use as homeless accommodation until OCH(I)L was ready for them to be used as general needs lettings along with the 5 properties purchased in 2017 subject to any extension or development work that OCH(I)L wished to carry out on the properties.

## Authority

8. The decision making is set out in the City Council's constitution in section (e) of 19:26 – acquiring and disposing of land and buildings:

“Where the acquisition or disposal of a freehold or leasehold has a consideration or premium up to £500,000 or a lease has a rental value up to £125,000 per annum authorisation must be given by the relevant Head of Service and the Head of Law and Governance.”

The decision is not considered as ‘key’ as it only relates to two individual properties with a total value of £305,000

Section 32 of the 1985 Housing Act allows Councils to dispose of homes held within the HRA but only with Secretary of State consent. In 2013 a General Consent was issued to allow such disposals to take place at market value with a limitation of 5 per year to any organisation in which the Council owns an interest.

## Financial implications

9. The Housing Company will be given a loan at state aid compliant rates for the purchase of the properties detailed in paragraph 3 for the sum of £311,000 inclusive

of costs which will be included in the Council's Capital Programme. In a back to back transaction the housing company will pay the Council a capital receipt of £305,000 and service the resulting debt from net income arising from the properties.

### **Legal issues**

10. The sale of Council-owned properties to OCH(I)L must be at market value, taking into consideration any restrictions or covenants imposed on the property.

### **Level of risk**

11. The significant risk is that the homes are undervalued – this has been mitigated by seeking an external valuation. The risk of losing valuable affordable housing for the Council is controlled by the inclusion of a restrictive covenant requiring the homes to be affordable in perpetuity.

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