

To: City Executive Board
Date: 13 February 2018
Report of: Head of Housing Services
Title of Report: Use of Receipts from the Sale of 156 Walton Street (HRA assets)

Summary and recommendations	
Purpose of report:	This report seeks approval for the receipt from the disposal of a HRA property to be used for the purpose of purchasing larger properties to address overcrowding issues.
Key decision:	Yes
Executive Board Member:	Councillor Mike Rowley, Housing Councillor Ed Turner, Finance and Asset Management
Corporate Priority:	Meeting housing needs An efficient and effective Council
Policy Framework:	None.
Recommendation(s): That the City Executive Board resolves to:	
1.	Recommend that full Council include an additional budget in the HRA capital programme of £1,035,000 for the acquisition of social housing properties from the open market, funded by the receipt from the sale of 156 Walton Street; and
2.	Grant delegated authority to the Head of Housing Services to negotiate and agree such transactions, including any works required to any acquisitions, to maximise the benefit of the receipt.

Appendices	
Appendix 1	Risk Register
Appendix 2	Initial Equalities Impact Assessment

Introduction and background

1. City Executive Board agreed on 11 May 2017, to dispose of 156 Walton Street and use the receipt to purchase additional homes in the city subject to a further report on the most expedient route. This report sets out that route.

156 Walton Street

2. The marketing exercise has been successful and a bid of £1,045,000 was accepted for the property. Fees from the sale (agents fees, legal fees and EPC) amounted to £10,000, leaving a net receipt of £1,035,000

Best use of receipts

3. Two options have been explored namely
 - The straight purchase of additional units within the Housing Revenue account for let at social rent
 - The giving of the receipt as a grant to the Council's Housing Company together with the provision of a further loan to allow OCHL to purchase an increased number of units.
4. In conclusion, option one is being recommended as the business case for the second option is dependent on the letting of the properties at above social rent which may then present an affordability issue for these large families given the welfare benefit changes and the overall benefit cap.

Acquisitions

5. There is a specific unmet need on the housing register for family homes of 4 bedrooms or larger with a number of households in high priority bands requiring such accommodation due to serious overcrowding. The need is unmet as there is little social rented stock left of this size and turnover is exceptionally low, especially for 5 bedrooms or larger where lets are extremely rare. It is proposed that acquisitions would be targeted on addressing the acute overcrowding issues currently facing certain households. It is anticipated that the receipt could realise at least 2 larger homes, possibly 3. It is also intended to apply some existing budget for extensions/ conversions as necessary to help deliver some 5-6 bed units if they are not available in the market, (i.e. to purchase smaller properties that are capable of extension, and then to extend them).
6. It is anticipated that this acquisition activity will be undertaken in the 2018/19 year, but the market for suitable larger properties, at an acceptable cost to the Council (and to achieve a replacement ratio of at least 2 for 1), is extremely limited.

Financial implications

7. As the sale of this property is a voluntary disposal i.e. non-Right to Buy the Council does not have to pool the receipts with central government as long as they are used in their entirety on the provision of affordable housing or supporting regeneration activities.
8. The recommendation above to use the receipt for the acquisition of additional HRA properties is effectively "new" capital expenditure and as such is subject to Full Council approving this additional scheme in the Council's capital programme.

Legal issues

9. There are no specific legal considerations

Level of risk

10. Appendix 1 considers the risks.

Equalities impact

11. Appendix 2 details the equalities implications

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Background Papers: None

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