



Sandwell Metropolitan Borough Council

Action Taken Under Delegated Powers

Report to the Executive Director Resources to enter into formal legal negotiations to acquire properties using outstanding 1-4-1 Right To Buy receipts

1 Summary Statement

- 1.1** The Council has committed to retain the current level of Council stock provision by safeguarding against the impacts of the Right to Buy.
- 1.2** Officers have identified a number of properties and completed assessments of condition, required investment, current demand and projected income to determine the potential value for money of completing each purchase. Further details are shown at appendix A.
- 1.3** The valuation of each property has been carried out by the Council's Principal Asset Surveyor except in cases where a potential conflict of interest has been identified. In these instances, the valuation has been carried out by an external Chartered Surveyor.
- 1.4** Based on the assessment by officers these properties would be considered suitable additions to the Council's housing stock and officers are satisfied that the offer prices demonstrate best value.
- 1.5** The total purchase cost will be funded with 30% from 1-4-1 RTB receipts and the remainder from the Housing Revenue Account.

2 Recommendation

- 2.1** That the Council enter into formal legal negotiations to acquire the properties as listed at appendix A at the purchase prices indicated for each.

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In accordance with the authority delegated to Chief Officers to act on matters within the authority delegated to them under Part 3 of the Council's Constitution, I intend to take the action(s) recommended above.

I ~~do~~/do not have an interest to declare in this matter.


Executive Director Resources

Date 18-7-19

I confirm that I have been consulted on the above proposals and have no objection to their proceeding.


Director of Regeneration and Growth

Date 23/07/2019

I confirm that I have been consulted on the above proposals and have no objection to their proceeding.


Director of Law and Governance and Monitoring Officer

Date 18/7/2019

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I confirm that I have been consulted on the above proposals and have no objection to their proceeding.


Director Housing and Communities

Date 17.07.19

Contact Officer

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3.0 Background Details

- 3.1 The scheme of delegations gives a Category A delegation to the Section 151 Officer to "To acquire and dispose of land and property in consultation with the Director – Regeneration and Planning and Director of Law and Governance and Monitoring Officer on terms to be agreed in accordance with authority delegated to him/her and being satisfied that all necessary statutory or other authorities in connection with the acquisition or disposal have been agreed in accordance with the Disposal of Council-Owned Land and Buildings Protocol 2016"
- 3.2 The sale of properties under Right-to-Buy enables the council to keep part of the proceeds from the sale to fund future investment in replacing the stock lost through the RTB scheme.
- 3.3 This underpins the Councils commitment made in its Changing the Housing Landscape Report (October 2014) where it

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committed to retain the current level of Council stock provision by safeguarding against the impacts of the Right to Buy.

- 3.4 Right to buy receipts are time limited and must be spent within 3 years of the quarter they were received.
- 3.5 The receipt can only be utilised to fund some 30% of the total scheme costs and can only be expended on replacement stock.
- 3.6 While the main focus of the stock replacements is targeted at new build developments, funding secured from Homes England during the last 12 months and delays to one of the larger projects that 1-4-1 receipts were allocated to has led to concerns that the RTB receipts due to be expended before 31st December 2019 may not be achieved.
- 3.7 Therefore it has become necessary to look at other ways we can utilise these receipts on stock replacement to ensure we do not have to pay them back to government, with interest.
- 3.8 The properties identified will address specific areas of need within the housing list which will in turn help to reduce the pressure on temporary accommodation, whilst assisting some of our most vulnerable families.
- 3.9 From a strategic perspective, this proposal will help to fulfil a number of the objectives set out in the report referred to above, in particular by transferring the ownership of existing housing stock into the Council portfolio.
- 3.10 The properties have been identified and taking into account factors such as location, condition and expediency the purchase price will be negotiated to reflect their market value, such properties to be acquired through private treaty agreement or potentially via mortgage rescue schemes or auction (suitable auction properties were inspected, valued and legal packs checked prior to auction with authorisation reports agreed by Directors in advance of any bids being placed).

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3.11 In order to demonstrate value for money a number of assessments have been completed.

3.11.1 Valuation – the property value and rental income have been assessed taking into account local sales and lettings information.

3.11.2 Letting Demand – consideration has been given to any factors that could affect demand for this particular type of property, and has included historical Choice Based Lettings bid history, any anti-social behaviour and local lettings policy and any factors relevant to this particular case.

3.11.3 Condition & Investment – the present property condition has been assessed and an estimate of likely future spend prepared.

3.12 Officers from Housing & Communities, Strategic Finance and Strategic Assets & Land have met to discuss all necessary factors that have determined the recommendation to acquire the properties identified.

3.13 A Declaration of Interest has been completed by the seller of 19a Gate Street and an issue regarding the seller being previously employed by the Council has been declared. All necessary actions to ensure that a potential conflict is dealt with appropriately have been complied with.

3.14 A Declaration of Interest has been completed by the seller of 47 Handley Street and there are no issues to report regarding the seller being employed or previously employed by the Council or any other related agency or that the seller is related to anyone employed by the authority or any Council member.

Source Documents

Scheme of Delegations to Officers 2018/19.

Appendix A – details of Properties recommended for purchase

Address	Property type	Bedrooms	Valuation	Valuer	Est cost of repair	Rental value
19a Gate Street, Tipton	Detached house	5	£185,000.00	A Jones	£1,500.00	£560.00
47 Handley Street, Wednesbury.	Semi Detached	3	£155,000.00	A Jones	£6,800.00	£500.00