Public Document Pack

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31 January 2019

Dear Councillor

NOTICE OF DELEGATED DECISION – (DD24 18) PURCHASE OF PROPERTY IN DOVER

Please find attached details of a decision taken by Mr Mike Davis, Strategic Director (Corporate Resources), to purchase Balfour House at Balfour Road, Dover.

The deadline for call-in of this decision is **10.00am** on **Wednesday, 6 February 2019.**

If call-in is not activated, the implementation date for this decision will be noon on 6 February.

Members of the public who require further information are asked to contact Kate Batty-Smith on 01304 872303 or by e-mail at democraticservices@dover.gov.uk.

Yours sincerely

Kate Batty-Smith

Democratic Services Officer

ENCL

1 **NOTICE OF DELEGATED DECISION - (DD24 18) PURCHASE OF PROPERTY IN DOVER** (Pages 2-5)

Decision Notice

Delegated Decision

Decision No:	**DD24**
Subject:	**PURCHASE OF BALFOUR HOUSE, DOVER**
Notification Date:	**31 January 2019**
Implementation Date:	**3 January 2019**
Decision taken by:	**Mike Davis, Strategic Director (Corporate Resources)**
Delegated Authority:	**Authority delegated by Cabinet at its meeting held on 5 February 2018 (CAB 139(c)(v)) to: 'Director of Finance, Housing and Community, in consultation with the Portfolio Holder for Corporate Resources and Performance, the power to acquire freehold or leasehold residential properties and to agree terms and conditions in connection therewith'.**
Decision Type:	**Executive Non-Key Decision**
Call-In to Apply?	**Yes *(call-in will expire at 10.00am on 6 February 2019)***
Classification:	**Unrestricted**
Reason for the Decision:	A block of four flats at Balfour House, Dover has come onto the market. A decision is necessary in order to take advantage of the opportunity to purchase the property which will add to the Council's social housing stock.
Decision:	To purchase Balfour House, Dover.

1. **Consideration and Alternatives** ***(if applicable)***

1.1 See attached report.

2. **Any Conflicts of Interest Declared?**

2.1 None.

3. **Supporting Information** ***(as applicable)***

4. See attached report.

Subject:	**PURCHASE OF BALFOUR HOUSE, DOVER**
Date:	**3 January 2019**
Decision to be taken by:	**Mike Davis, Strategic Director (Corporate Resources)**
Report of:	**Rebecca Champion, Valuation Officer**
Portfolio Holder:	**Councillor Michael Conolly, Portfolio Holder for Corporate Resources and Performance.**
Decision Type:	**Executive Non-Key Decision**
Classification:	**Unrestricted**
Delegated Authority:	**Authority delegated by Cabinet at its meeting held on 5 February 2018 (CAB 139(c)(v)) to: 'Director of Finance, Housing and Community, in consultation with the Portfolio Holder for Corporate Resources and Performance, the power to acquire freehold or leasehold residential properties and to agree terms and conditions in connection therewith.'**
Purpose of the report:	A block of flats known as Balfour House in Balfour Road, Dover recently came onto the market. A decision is necessary in order to take advantage of the opportunity to purchase the property which will add to the Council's social housing stock.
Recommendation:	To purchase Balfour House, Dover.

1. Summary

1.1 At its meeting held on 1 March 2017, Cabinet agreed that the Director of Finance, Housing and Community, now the Strategic Director (Corporate Resources), should be authorised to purchase properties on the open market or at auction, in consultation with the Portfolio Holder for Corporate Resources and Performance, providing they represent good value for money. This was affirmed when Cabinet approved the draft Council budget and Medium-Term Financial Plan on 5 February 2018.

1.2 A block of four flats, Balfour House, in Balfour Road, has become available on the market and it is considered that the Council should attempt to purchase it.

2. Introduction and Background

2.1 The Council (and Cabinet) approved a recommendation within the Budget 2015/16 and Medium-Term Financial Plan 2015/16–2017/18 to purchase properties through normal sale/negotiation, submission of bids or bids at auction as and when they arise, subject to them representing good value for money or otherwise improving the housing stock. On the basis that market opportunities to purchase these properties are likely to arise at short notice, Cabinet also agreed in March 2017 to delegate to the Director of Finance, Housing and Community, now the Strategic Director (Corporate Resources), in consultation with the Portfolio Holder for Corporate Resources and Performance, the approval of offers, tenders or bids for the purchase of properties on the open market or at auction.

2.2 This was affirmed by Cabinet on 5 February 2018 when, in approving the draft Council budget 2018/2019 and Medium Term Financial Plan 2018/19-2021/22, Cabinet agreed to:-

"Delegate to the Director of Finance, Housing and Community, in consultation with the Portfolio Holder for Corporate Resources and Performance, the power to acquire freehold or leasehold residential properties and to agree terms and conditions in connection therewith."

2.3 Balfour House is a block of four 1 bedroom flats that recently came onto the market. An officer from the Council's Property Services Team carried out a survey of the property and confirmed it would meet the Council's requirements. Following consultation with the Portfolio Holder for Corporate Resources and Performance, an offer of £460,000 was made and subsequently accepted by the vendor. The Estate Valuation Manager considers the price offered represents good value for money. Once purchased the intention is to let the property.

2.4 The cost of purchasing the property will be met from a combination of Housing Initiative Reserve (HIR) funds (within the Housing Revenue Account (HRA)) and excess RTB receipts which are ring-fenced for 'one for one' affordable housing replacement. This will help to ensure that the Council maximises the expenditure of RTB receipts before their 'use by' date. The rental income from the property will be credited to the Housing Revenue Account (HRA).

3. Identification of Options

3.1 Option 1: To purchase Balfour House, Dover

3.2 Option 2: Not purchase Balfour House, Dover

4. Evaluation of Options

4.1 Option 1 is the recommended option. The purchase price represents good value for money compared to the cost of a new build property and will increase the Council's Housing stock to meet housing need.

4.2 Option 2 is not recommended as it fails to take advantage of a good opportunity to increase the housing stock to help meet housing need.

5. Resource Implications

5.1 The cost of purchasing the property will be met from a combination of HIR funds and the excess Right to Buy receipts which are ring-fenced for 'one for one' affordable housing replacement. This will help to ensure that the Council maximises the expenditure of RTB receipts before their 'use by' date. The rent income from the property will be credited to the HRA.

5.2 It is expected that the property will generate a gross rental income of £18,399.68 per annum and on this basis the investment should be repaid within 25 years.

6. Corporate Implications

6.1 Comment from the Section 151 Officer: "Accountancy has been consulted in the writing of this report and have no further comment to make (AC)."

6.2 Comment from the Solicitor to the Council: "The Solicitor to the Council has been consulted in the preparation of this report and has no further comments to make."

6.3 Comment from the Equalities Officer: "This report does not specifically highlight any equality implications however in discharging their duties members are required to comply with the public sector equality duty as set out in Section 149 of the Equality Act 2010 http://www.legislation.gov.uk/ukpga/2010/15."

6.4 Other Officers (as appropriate): None received.

7. Appendices

None.

8. Background Papers

Relevant papers on file.

Contact Officer: Rebecca Champion, Valuation Officer