

CORPORATE DIRECTOR DECISION

Decision: To Re-purchase Anne Street property					
Type of Decision: Director		Key	N	Non-Key	
Portfolio Area that decision relates to:					
Leader (in Policy & S&P)	<input type="checkbox"/>	Finance & Performance	<input type="checkbox"/>		
Deputy Leader & Transport	<input type="checkbox"/>	Culture, Leisure & Comm	<input type="checkbox"/>		
Environment & Climate C	<input type="checkbox"/>	Children & Young P & Edui	<input type="checkbox"/>		
Economy & Strategic Plan	<input checked="" type="checkbox"/>	Health Adult Social Care	<input type="checkbox"/>		
Housing & Safety Neigh	<input type="checkbox"/>				
<p>Background One of CYC's Second Hand Shared Ownership properties has been repossessed by the lender. CYC currently own 45% of the property. If CYC acquire the remaining equity the property will be re-advertised as a shared ownership home which ensures it is retained as affordable housing. It is determined that there is likely to be significant demand for shared ownership. CYC own the remainder of the apartment block which the property is situated in and therefore from a management perspective it is preferable that CYC retain the interest in the property .</p> <p>The property has been valued at £150,000 without any remedial works being undertaken. The money required to purchase the remaining equity (55%) and cover legal costs would be £86k. A surveyors report indicates that the property needs around £15k- £20k of works to bring it back up to saleable shared ownership standard. The total costs to acquire the remaining 55% equity share and to improve the home will be up to £106k.</p> <p>The valuer has stated that once the works are complete that the property will be worth around £165-170k, meaning the costs of the works would be recovered in property value.</p> <p>If sold as a shared ownership property, it is assumed that a customer will buy 40% of the equity. This would equate to approximately £66k of sales receipts. The customer would pay an annual rent of approximately £2.7k. The sales plus the rent will have repaid the investment within 15 years.</p> <p>The implications of not buying the property back would be the loss of an affordable home. Financially it would result in a sales receipt of around £82,500 but no ongoing income stream. In terms of both the provision of affordable housing and from a financial perspective, the purchase, improvement and then re-sale option to a shared ownership customers meets priorities.</p>					
Implications: Crime & Disorder	<input type="checkbox"/>	Equalities	<input type="checkbox"/>	Other:	
Human Resources	<input type="checkbox"/>	Legal	<input type="checkbox"/>	Highways	<input type="checkbox"/>
Financial	<input checked="" type="checkbox"/>	ITT	<input type="checkbox"/>	Property	<input checked="" type="checkbox"/>
Decision Date: 22 November 2022					

Wards Affected:

All Wards	<input type="checkbox"/>	Fishergate	<input type="checkbox"/>	Holgate	<input type="checkbox"/>	Rural West York	<input type="checkbox"/>
Acomb	<input type="checkbox"/>	Fulford & Heslington	<input type="checkbox"/>	Hull Road	<input type="checkbox"/>	Strensall	<input type="checkbox"/>
Bishopthorpe	<input type="checkbox"/>	Guildhall	<input type="checkbox"/>	Huntington & New Earswick	<input type="checkbox"/>	Westfield	<input type="checkbox"/>
Clifton	<input type="checkbox"/>	Haxby & Wigginton	<input type="checkbox"/>	Micklegate	x	Wheldrake	<input type="checkbox"/>
Copmanthorpe	<input type="checkbox"/>	Heworth	<input type="checkbox"/>	Osbalwick & Derwent	<input type="checkbox"/>		<input type="checkbox"/>
Dringhouses & Woodthorpe	<input type="checkbox"/>	Heworth Without	<input type="checkbox"/>	Rawcliffe & Clifton	<input type="checkbox"/>		<input type="checkbox"/>

Comments/Observations:

The need for homes across all affordable tenures remains high. This property is within a block which is significantly owned by CYC and there are asset benefits of retaining a stake in this property. Based on the valuations given it is expected that this additional investment would secure our revenue rental income, with the HRA capital one-off house purchase budget initially being used to purchase the remaining equity pending the re-sale of the equity share. This secures this property as a CYC shared ownership dwelling.

Finance Comments

Budget is available in the one-off house purchase capital scheme to cover the purchase of the equity share in this property, pending re-sale as a shared ownership scheme. In addition, approval has been received to utilise the ringfenced Recycled Capital Grant Funding (RCGF) from Homes England, as such of the £106k initially required, £55k will be funded from RCGF and £51k from HRA receipts.

Upon receipt of an equity share sale, £55k will be required to be placed back in to the RCGF ring-fenced funding to be used for future affordable home sales.

Decision Made by: Neil Ferris, Corporate Director of Place

Contact Details: Directorate of Place, West Offices

Email: neil.ferris@york.gov.uk

On behalf of: Corporate Director of Place

To be implemented by: Sophie Round

On Completion – Signed off by:

Date: 22 November 2022



Neil Ferris

Corporate Director of Place