

**Decision Session, Executive Leader
(Incorporating Finance & Performance)**

23 July 2018

Report of the Assistant Director Of Housing and Community Safety

Purchase of Elmwood House (Cemetery Road)

Summary

1. This report requests approval for the purchase by Housing Services of four apartments under the council's Shared Ownership Programme.
2. An urgent approval is needed to secure the purchase of the flats and prevent the owner from withdrawing from the sale.

Recommendations

3. The Executive Leader is asked to approve:
 - The freehold purchase of four one and two bedroom apartments at Elmwood House, Cemetery Road, York for £680,000

Reason:

- To enable the acquisition of these dwellings for the council's Shared Ownership Programme and to ensure that the purchase is not delayed and therefore put at risk of the seller withdrawing from an agreement to sell them to the council.
- The purchase of the flats is a Key Decision and therefore cannot be approved under officer delegation

Background

4. In May 2017 the Executive approved the award of £2.76m grant from the Homes and Communities Agency and agreed to match fund this with capital spend to deliver a programme of 65 shared ownership homes by 2020

5. In December 2017 a report to the Decision Session - Executive Member for Housing and Safer Neighbourhoods, setting out the property acquisition strategy for the shared ownership programme, was approved.
6. Specifically, approval was given:
 - For the Assistant Director of Housing and Community Safety in consultation the Director of Customer and Corporate Services to have delegated authority to approve the purchase of homes for the programme.
 - For flexibility on the balance of the programme between homes delivered on new developments and those on the second hand market
 - For dwellings to be purchased by the council in advance of them being marketed and sold on as shared ownership homes.
7. The acquisition strategy ensures a clear and appropriate level of scrutiny before approval is given for purchases of properties whilst also being within a timescale that will not put the council at a disadvantage in purchasing properties in a competitive housing market.
8. In December officers began negotiations with the developer who was converting the former Melbourne pub on Cemetery Road, York into four self contained flats. Agreement on the freehold purchase price for the four flats was agreed and validated by independent market valuation. The flats were due to be completed early in 2018, but have only been fully completed at the beginning of July.
9. Approval to purchase the flats was sought in accordance with the delegated authority and processes contained in the property acquisition strategy.
10. However, because the total purchase price of these four flats is over £500k it is a Key Decision and therefore not one that Executive Member can make. It follows that in this circumstance the Executive Member cannot delegate to an officer a power that he does not have.
11. **Options**
12. Option 1: to approve the recommendation of this report.
 - This is recommended option

13. Option 2: to refuse the recommendation of this report.

Analysis

14. The purchase of these four flats would be the first homes to be sold by Housing Services under the Shared Ownership Programme and enable and affordable home ownership option for first time buyers. They are new conversions of an existing building and are expected to be popular given their price and location within walking distance of the city centre.
15. There are 3 two bedroom flats and 1 one bedroom flat. Individually they are valued between £160k and £175k and £680,000 in total.
16. The flats are now ready for sale and the conveyance work has been completed by the council's solicitor ready for the purchase to proceed immediately. The developer has, understandably, assumed the purchase will go ahead without delay and there is a significant risk that if it cannot that they will withdraw from the sale.
17. If the purchase does not proceed for any reason the council will not be able to draw down approximately £170k of Homes England grant funding. Although that funding would not, at this stage, be at risk it would nevertheless put increase the risk of the council failing to meet the programme delivery timetable agreed with Homes England.

Council Plan

18. The delivery of 65 Shared Ownership homes will meet a number of the council's corporate priorities 2015-19 including:
 - Residents can access affordable homes while the greenbelt and unique character of the city is protected
 - Everyone is supported to achieve their full potential
 - All York residents live and thrive in a city which allows them to contribute fully to their communities and neighbourhoods
 - Every child has the opportunity to get the best possible start in life.

Implications

19. **Financial.** The financial implications of the overall programme were covered in the Executive report in May 2017. There are no immediate financial implications with no completing the purchase of the flats other than officer time and legal expenses to do with the conveyance.

20. **Legal.** Under the Council's Constitution the making of a key decision is generally reserved to the Executive but the Leader may make such a decision where it cannot reasonably await the next meeting. The report provides an adequate explanation for why this decision cannot await the next scheduled meeting of the Executive.

Risk Management

21. The risk management of the programme overall was covered in the May 2017 Executive report and has not changed.

Contact Details

Author:

Tom Brittain
Assistant Director for
Housing and Community Safety
Tel No. 551262

Paul Landais-Stamp
Housing Strategy Manager
Housing and Community Safety
Tel No. 554098

Chief Officer Responsible for the report:

Martin Farran
Corporate Director of Health, Housing and
Adult Social Care

**Report
Approved**



Date 15/7/18

Wards Affected: Fishergate

For further information please contact the author of the report

Background Papers:

Shared Ownership Affordable Housing Programme. Executive, 18 May 2017.

Shared Ownership Programme 2017-21 – Property acquisition strategy.
Decision Session – Executive Member for Housing and Safer
Neighbourhoods. 18 December 2017