

Time started: 02:01pm  
Time ended: 02:20pm

## **Adults, Health and Housing Cabinet Member Meeting 21 February 2019**

Present: Councillor Webb

In Attendance: Carly Saunt, (Housing Development Officer and Ian Fullagar (Head of Strategic Housing)

### **36/18 Apologies**

There were no apologies for absence.

### **37/18 Late Items**

There were no late items.

### **38/18 Declarations of Interest**

There were no declarations of interest.

### **39/18 Minutes of the meeting held on 4 December 2018**

Item 29/18 – Resolution 4, to request that officers consider whether future reports could include the price the Council originally sold the property for and how long it was then in private ownership. Officers confirmed that this information was now available and that it would be sent to the Cabinet Member.

The minutes of the meeting held on 4 December 2018 were otherwise agreed as a correct record.

### **40/18 Acquisition of a three bedroom former council house in Chaddesden, Derwent Ward**

The Cabinet Member received a report of the Strategic Director of Communities and Place in relation to the purchase of a three bedroom former council house in Chaddesden, Derwent Ward.

It was reported that the acquisition was being proposed in order to increase the supply of larger properties for those in identified housing need. It was noted that the property is a three bedroom semi-detached family home of standard construction located in the Derwent ward of Derby.

It was also reported that as the house was originally sold by the council via the Right to Buy (RTB), the purchase could be subsidised by RTB receipts at a rate of 30% of overall costs.

The agreed purchase price of £103,000 reflects the valuation completed by the Council of £101,000. The council offered this figure as the housing market at the moment is extremely buoyant and to secure a property the Council must offer close to, or in excess of the asking price to stand a chance of securing the property.

It was noted that the property needs modernisation throughout at a cost not expected to exceed £57,000, bringing the total cost of acquisition to £163,437. It was reported that the purchase would be funded from the Housing Revenue Account capital £114,406 and from Right to Buy Receipts at 30% £49,031. For the purposes of the appraisal, Housing Revenue Account capital has been taken to be borrowing at 2.56%. The acquisition will produce an operation surplus from year 14 with breakeven in year 36.

It was noted that the property cannot be sold for less than the value of the cumulative total spend for 15 years from the date of acquisition.

**Resolved:**

- **To approve the acquisition of the property for the agreed purchase price of £103,000.**
- **To approve the subsequent refurbishment of the property by Derby Homes.**
- **To approve the incorporation of the property into the council's affordable housing portfolio to be managed by Derby Homes.**

41/18      Acquisition of a three bedroom former council house in  
Mackworth

The Cabinet Member received a report of the Strategic Director of Communities and Place in relation to the purchase of a three bedroom former council house located to the West of Derby city centre in Mackworth. It was noted that there is high demand for quality, affordable family accommodation in this location from those on the housing register.

It was reported that as the house was originally sold by the council via the Right to Buy (RTB), the purchase could be subsidised by RTB receipts at a rate of 30% of overall costs.

A proposed purchase price of £105,000 had been negotiated, which aligns with the Council's valuation of £105,000. The property requires modernisation throughout to meet the Council's standard, at a cost that will not exceed £35,000, bringing the total cost of the acquisition to £143,497.

It was reported that the purchase would be funded from the Housing Revenue capital £100,448 and from Right to Buy Receipts £43,049. For the purposes of appraisal, HRA capital has been taken to be borrowing at a rate of 2.56%. The acquisition will produce an operational surplus from year 14 with breakeven in year 36.

It was noted that the property cannot be sold for less than the value of the cumulative total spend for 15 years from the date of acquisition.

**Resolved:**

- **To approve the acquisition of the property for the agreed purchase price of £105,000.**
- **To approve the subsequent refurbishment of the property by Derby Homes.**
- **To approve the incorporation of the property in to the council's affordable housing portfolio to be managed by Derby Homes.**

42/18      Acquisition of a three bedroom former council house in Chaddesden

The Cabinet Member received a report of the Strategic Director of Communities and Place in relation to the purchase of a three bedroom former council house in Chaddesden. It was noted that there is high demand for quality, affordable family accommodation in this location from those on the housing register.

It was reported that as the house was originally sold by the council via the Right to Buy (RTB), the purchase could be subsidised by RTB receipts at a rate of 30% of overall costs.

A proposed purchase price of £120,000 had been negotiated. The property requires modernisation throughout to meet the Council's standards, at a cost that will not exceed £51,000, bringing the total cost of the acquisition to £174,947. This will be funded by Housing Revenue Account capital £122,463 and Right to Buy receipts £52,484.

For the purposes of appraisal, HRA capital has been taken to be borrowing at a rate of 2.56%. The acquisition will produce an operational surplus from year 21 with breakeven in year 39.

It was noted that the property cannot be sold for less than the value of the cumulative total spend for 15 years from the date of acquisition.

**Resolved:**

- **To approve the acquisition of the property for the agreed purchase price of £120,000.**
- **To approve the subsequent refurbishment of the property by Derby Homes.**
- **To approve the incorporation of the property in to the council's affordable housing portfolio to be managed by Derby Homes**

## 43/18 Acquisition of a three bedroom former council house in Derwent (1)

The Cabinet Member received a report of the Strategic Director of Communities and Place in relation to the purchase of a three bedroom former council house located in the Derwent Ward of the city. It was noted that there is high demand for quality, affordable family accommodation in this location from those on the housing register.

It was also reported that as the house was originally sold by the council via the Right to Buy (RTB), the purchase could be subsidised by RTB receipts at a rate of 30% of overall costs.

A proposed purchase price of £85,000 had been negotiated. The property requires modernisation throughout to meet the Council's standards, at a cost that will not exceed £70,000, bringing the total cost of the acquisition to £157,842. This will be funded by Housing Revenue Account capital £110,490 and Right to Buy receipts £47,352.

For the purposes of appraisal, HRA capital has been taken to be borrowing at a rate of 2.56%. The acquisition will produce an operational surplus from year 11 with breakeven in year 35.

It was noted that the property cannot be sold for less than the value of the cumulative total spend for 15 years from the date of acquisition.

The Cabinet Member requested figures for the proposed costs for works and the actual cost of works for all houses purchased in this financial year so far.

### **Resolved:**

- **To approve the acquisition of the property for the agreed purchase price of £85,000.**
- **To approve the subsequent refurbishment of the property by Derby Homes.**
- **To approve the incorporation of the property in to the council's affordable housing portfolio to be managed by Derby Homes**
- **That figures for the proposed costs for works and the actual costs of works for all houses purchased in this financial year be provided to the Cabinet Member**

## 44/18 Acquisition of a three bedroom former council house in Derwent (2)

The Cabinet Member received a report of the Strategic Director of Communities and Place in relation to the purchase of a three bedroom former council house located in

the Derwent Ward of the city. It was noted that there is high demand for quality, affordable family accommodation in this location from those on the housing register.

It was reported that as the house was originally sold by the council via the Right to Buy (RTB), the purchase could be subsidised by RTB receipts at a rate of 30% of overall costs.

A proposed purchase price of £94,000 had been negotiated. The property requires modernisation throughout to meet the Council's standards, at a cost that will not exceed £45,000, bringing the total cost of the acquisition to £142,112. This will be funded by Housing Revenue Account capital £99,479 and Right to Buy receipts £42,633.

For the purposes of appraisal, HRA capital has been taken to be borrowing at a rate of 2.56%. The acquisition will produce an operational surplus from year 1 with breakeven in year 32.

It was noted that the property cannot be sold for less than the value of the cumulative total spend for 15 years from the date of acquisition.

**Resolved:**

- **To approve the acquisition of the property for the agreed purchase price of £94,000.**
- **To approve the subsequent refurbishment of the property by Derby Homes.**
- **To approve the incorporation of the property in to the council's affordable housing portfolio to be managed by Derby Homes**

45/18      Acquisition of a three bedroom former council house in Alvaston

The Cabinet Member received a report of the Strategic Director of Communities and Place in relation to the purchase of a three bedroom former council house located in Alvaston. It was noted that there is high demand for quality, affordable family accommodation in this location from those on the housing register.

It was reported that as the house was originally sold by the council via the Right to Buy (RTB), the purchase could be subsidised by RTB receipts at a rate of 30% of overall costs.

A proposed purchase price of £116,000 had been negotiated. The property requires modernisation throughout to meet the Council's standards, at a cost that will not exceed £25,700, bringing the total cost of the acquisition to £145,527. This will be funded by Housing Revenue Account capital £101,869 and Right to Buy receipts £43,658.

For the purposes of appraisal, HRA capital has been taken to be borrowing at a rate of 2.56%. The acquisition will produce an operational surplus from year 9 with breakeven in year 34.

It was noted that the property cannot be sold for less than the value of the cumulative total spend for 15 years from the date of acquisition.

**Resolved:**

- **To approve the acquisition of the property for the agreed purchase price of £116,000.**
- **To approve the subsequent refurbishment of the property by Derby Homes.**
- **To approve the incorporation of the property in to the council's affordable housing portfolio to be managed by Derby Homes**

46/18          Acquisition of a four bedroom former council house in Alvaston

The Cabinet Member received a report of the Strategic Director of Communities and Place in relation to the purchase of a four bedroom house and its proposed conversion to a five bedroom property. It was noted there is a high demand for quality, affordable family accommodation in Alvaston from those on the housing register, particularly larger family homes with four or more bedrooms. It was reported the property is a four bedroom end of terrace house of standard brick and tile construction located in Alvaston. The ample living space, downstairs wc and layout of the property permits the formation of a fifth bedroom by splitting the large master bedroom to provide three double and two single bedrooms. The demand for large family homes has been confirmed with the Council's allocations team.

A proposed purchase price of £125,000 had been negotiated. The property requires renovation to form the fifth bedroom alongside modernisation throughout to meet the Council's standards, at a cost that will not exceed £50,000 bringing the total cost of the acquisition to £179,097. This will be funded by Housing Revenue Account capital £125,368 and Right to Buy receipts £53,729.

For the purposes of appraisal, HRA capital has been taken to be borrowing at a rate of 2.56%. The acquisition will produce an operational surplus from year 1 with breakeven in year 25.

It was noted that the property cannot be sold for less than the value of the cumulative total spend for 15 years from the date of acquisition.

**Resolved:**

- **To approve the acquisition of the property at the agreed negotiated price of £125,000.**

- **To approve the subsequent formation of a fifth bedroom and refurbishment of the property by Derby Homes.**
- **To approve the incorporation of the property in to the council's affordable housing portfolio to be managed by Derby Homes**

#### 47/18 Acquisition of a four bedroom house in Arboretum

The Cabinet Member received a report of the Strategic Director of Communities and Place in relation to the purchase of a four bedroom townhouse in Arboretum that can be converted to a five bedroom family home.

It was reported the property is a four bedroom mid terrace town house of standard brick and tile construction located in Arboretum close to Derby city centre. It was noted that the house was a 4 storey not a 3 storey as stated in the report. The ample living space and layout of the property permits the formation of a fifth bedroom on the ground floors so the property would have 5 good-sized double bedrooms. The demand for five bedroom family homes is high from those on the Housing Register.

It was also reported that as the house was originally sold by the council via the Right to Buy (RTB), the purchase could be subsidised by RTB receipts at a rate of 30% of overall costs.

A proposed purchase price of £177,500 had been negotiated. The property requires renovation to form the fifth bedroom alongside modernisation throughout to meet the Council's standards, at a cost of that will not exceed £15,000, bringing the total cost of the acquisition to £199,222. This will be funded by Housing Revenue Account capital £139,455 and Right to Buy receipts £59,767.

For the purposes of appraisal, HRA capital has been taken to be borrowing at a rate of 2.56%. The acquisition will produce an operational surplus from year 1 with breakeven in year 28.

It was noted that the property cannot be sold for less than the value of the cumulative total spend for 15 years from the date of acquisition.

#### **Resolved:**

- **To approve the acquisition of the property at the negotiated purchase price of £177,500.**
- **To approve the subsequent works to form a fifth bedroom and refurbishment of the property by Derby Homes.**
- **To approve the incorporation of the property in to the council's affordable housing portfolio to be managed by Derby Homes**

MINUTES END