

## PORTFOLIO HOLDER DECISION RECORD SHEET

<b>Name of decision maker:</b>	<b>Margaret Griffiths</b>
<b>Portfolio:</b>	<b>Housing</b>
<b>Date of Portfolio Holder Decision:</b>	<b>11 February 2013</b>

<b>Title of Decision:</b>	<b>Approval to sell a shared ownership property at Warranty House, Wigginton</b>
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<p><b>Decision made and reasons:</b> To approve the sale of the shared ownership property at Flat 1, Warranty House, Fieldway, Wigginton to a person that has a local connection with Wigginton or Dacorum or is a member of the Armed Forces.</p> <p>This property was purchased by the Council with the intention to sell on a shared ownership basis to a household with a local connection to Wigginton or the Borough of Dacorum as set out in the s106 agreement made pursuant to the planning permission at Warranty House, Wigginton</p>
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<p><b>Reports considered: ( here reference can be made to specific documents)</b> <b>Cabinet Agenda Item 11 – Capital Strategy Steering Group Report – CA/100/12</b></p>
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<p><b>Officers/Councillors/Ward Councillors/Stakeholders Consulted:</b> Corporate Director for Housing and Regeneration Assistant Director for Housing Asset Team Leader Group Manager – Strategic Housing Housing Development Manager</p>
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<p><b>Monitoring Officer comments:</b></p>	<p>The Council is currently restricted by the terms of a section 106 agreement from selling this property on the open market. The Council can only sell the property to a purchaser who can satisfy the local connection qualification as defined in the section 106. Agreement.</p>
<p><b>Deputy S151 Officer comments:</b></p>	<p>The sale of this property under the terms proposed would not have a detrimental effect on the HRA business plan.</p>

<p><b>Implications:</b></p>	<p>.</p>
<p><b>Risk:</b></p>	<p>There is a small risk that no buyer will be found for the property, however this is mitigated by the use of Lea Valley Homes as the agent for the sale of the unit.</p>
<p><b>Value for Money:</b></p>	<p>The cost of purchasing this unit was £110k. If the property can be sold for £110k this will make the purchase cost neutral in the short term, and will generate a surplus in the medium term, as the buyer will pay rent to the Council on unsold equity, and should eventually purchase the remainder of the unit.</p>

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**Options Considered and reasons for rejection:**

The unit is currently vacant and cannot be sold on the open market due to the restrictions in place through the s106 agreement that runs with the property. The Council could apply to vary the terms of the s106 agreement to allow for the provision of rented accommodation at this unit. However there is demand within the Borough for shared ownership, and the property is of sufficient specification to sell to the shared ownership market. Until authorisation is given to use this unit for affordable housing, the property will remain vacant.

**Portfolio Holders Signature:****Date:****Details of any interests declared and any dispensations given by the Standards Committee:****For Member Support Officer use only**

Date Decision Record Sheet received from portfolio holder: 07/02/13

Date Decision Published: 11/02/13

Decision No: PH/006/13

Date of Expiry of Call-In Period: 18/02/13

Date any Call-In received or decision implemented:

The Council acquired the 2 bedroom maisonette at Warranty House, Fieldway, Wigginton, on the 24<sup>th</sup> December 2012, pursuant to the approval of Cabinet in September 2012. The report to Cabinet included the recommendation of acquiring this unit to sell on a shared ownership basis. The property is accounted for within the Housing Revenue Account.

It is now necessary for approval to be given by the Portfolio Holder for Housing to sell this property on a shared ownership basis at a minimum 25% share of the RICS red book valuation of £220,000. The Council will charge rent of 2% per annum on the unsold equity. The purchaser will be liable for all the maintenance costs to the unit.

The purchaser will have the option of purchasing at any time the remaining unsold equity in the property at future market values. This allows the Council to potentially realise a capital gain from any market rises in the future. The Council will receive a rental stream until such time as the purchaser buys the unit outright.

An illustrative example is shown below to highlight the affordability of Shared Ownership. The average monthly rent for a 2 bed property in Dacorum is around £800pcm.

**Purchase of 25% initial share for £55,000:**

Buyers 10% Deposit -	£5,500
5% APR 25yr Mortgage -	£49,500
Mortgage Repayments -	£295pcm
Rent on unsold equity (2% of £165k) -	£275pcm

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Service Charge & Ground Rent -	£75pcm
<b>Total Monthly Outgoings -</b>	<b>£645pcm</b>

**Purchase of 50% initial share for £110,000:**

Buyers 10% Deposit -	£11,000
5% APR 25yr Mortgage -	£99,000
Mortgage Repayments -	£585pcm
Rent on unsold equity (2% of £110k) -	£183pcm
Service Charge & Ground Rent -	£75pcm
<b>Total Monthly Outgoings -</b>	<b>£843pcm</b>

All shared ownership sales must go through the Zone Agent for Hertfordshire, which is Lea Valley Homes. Lea Valley Homes have viewed the unit with the Housing Development Manager and have advised that they are confident it can be sold relatively easily.

The s106 agreement states that the unit should be sold to a person with a local connection to Wigginton. Lea Valley Homes and the Council will write to every household in Wigginton advertising the unit to attempt to find a household with a local connection to Wigginton. Those in the Armed Forces must be treated as having a local connection, so would also qualify in the first instance. A local connection to Wigginton will be classed as:

- At least 6 months permanent residence in Wigginton Parish, or
- Permanent employment of at least 16 hours per week in Wigginton Parish, or
- Parents, Grandparents, Children or Siblings with at least 6 months permanent, or residence in Wigginton Parish, or
- Member(s) of the Armed Forces

If, after marketing the unit for 2 months, a person with this local connection cannot be found, the criteria will be extended to include:

- Households with a local connection to Dacorum (i.e. defined as 6 months residence or permanent employment of at least 16 hours per week)