

OFFICER DECISION RECORD SHEET

Name of decision maker: Darren Welsh

Service Area: Strategic Director, Housing and Property Services

Title of Decision:

Officer Decision Record Sheet – 16 Briery Way – Approval of Sale 21.5.24

PART II

PART II reason:

This part report contains information relating to the financial or business affairs of the Council.

Local Government Act 1972, Schedule 12A, Part 1, paragraph 3

Decision made and reasons:

Decision: The homeowner of 16 Briery Way, Hemel Hempstead, HP2 7AP, who originally acquired the property through the Right to Buy scheme, is now seeking to sell it back to Dacorum Borough Council.

After conducting a thorough review and evaluation, including a condition survey, market valuation, and community safety assessment, it is recommended that the Council makes a formal offer of £445k to purchase the property and start the conveyance process.

Since the offer is below £500,000, it falls within the delegated authority of the Strategic Director, Housing and Property Services for approval.

Please note:

- 40% of the purchase will be funded through the Department for Levelling Up, Housing and Communities (DLUHC) LAHF-R2 grant. Following acquisition, the property will go into general stock to substitute a High Town unit used to accommodate an afghan family during summer 2023.

Reason: Securing 16 Briery Way, Hemel Hempstead, HP2 7AP aligns with our strategic objective to bolster our general needs housing portfolio over the long term, and it addresses our immediate commitments under DLUHC's LAHF2 scheme.

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Background

We recently assessed 16 Briery Way, Hemel Hempstead, HP2 7AP, following a Right of First Refusal offer, which was received on 21 Feb 2024.

The owner asked for £465K for the four bed property.

Our assessment of the property included:

- A determination of the costs for bringing the home up to a lettable standard. The inspection revealed minimal issues, and the estimated cost for bringing the property to our empty homes standard is approximately £8-12K.
- A formal Royal Institution of Chartered Surveyors (RICS) Red Book valuation was conducted by our suppliers, Brasier Freeth LLP, which assessed the Market Value of the leasehold interest in 16 Briery Way, Hemel Hempstead, HP2 7A to be £445K.
- Community Safety completed checks for reports of crime and Anti-Social Behaviour (ASB) connected with or adjacent to the address, including any risk factors associated with occupants of these addresses (police checks). There was no information which would represent a conflict for potential acquisition.
- A workshop involving colleagues from Asset Management and Empty Homes Inspection was conducted at this property. The consensus was that acquiring this property would align with our strategic asset management objectives and raise no concerns.

Following negotiations with the seller, we agreed an offer of £445K, which is the assessed market value, and 20K less than the original asking price of £465K.

Based on these findings, this report requests approval to 16 Briery Way, Hemel Hempstead, HP2 7AP, utilising the allocated budget for the acquisition of Right to Buy properties for £445,000.

Reports considered: Royal Institution of Chartered Surveyors (RICS) Red Book valuation report.

Officers/Councillors/Ward Councillors/Stakeholders Consulted:

Natasha Beresford - Assistant Director Housing Operations and Safe Communities
David Barratt - Assistant Director Strategic Housing and Delivery
Mark Pinnell - Assistant Director of Property
Dan Thurlow – Head of Asset Management, Property and Place
Lesley Jugoo – Empty Homes Lead Officer
Richard Doran - Community Safety Coordinator, Community Safety
Mandy Peters – Humanitarian Response Programme Manager

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Joe Bowen – Trainee Accountant, Financial Planning and Analysis
Emma Lauzse – Conservation

Financial Comments:

The council has an annual budget of £1m for property acquisitions under the Right to Buy buyback policy.

£225.5K was carried over from 2023/24, following the drop out of a seller for 27 Sheepcote Road, which was a RTB buy back approved during Dec 23.

The total budget for 2024/25 is 1.225m.

Please note:

- There is a separate Officer Decision Record Sheet requesting approval to purchase
 - 23 Widmore Drive Hemel Hempstead HP2 5JJ for £220k. This purchase is also to be made utilising the RTB buyback budget.
 - 19 Typleden Close, Hemel Hempstead, HP2 5YL for £425k. This purchase is also to be made utilising the RTB buyback budget.
 - The total purchase value for 23 Widmore Drive, 16 Briery Way, and 19 Typleden Close is £1,090m. This amount falls within the available RTB buyback budget, which currently stands at 1.225m.

Monitoring Officer Comments:

There are no adverse legal implications for the Council in proceeding with this purchase. As the Council will be free to use the property in conjunction with its housing function.

S151 Officer Comments:

This purchase supports the councils key housing strategy and is within approved budgets, whilst also assisting with the utilisation of the LAHF 2 grant.

Implications:

Value for Money:

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16 Briery Way - 4 Bed	
Weekly Rent	£171.82
Monthly Rent	£687.27
Annual Rent	£8,247.18
Full Purchase Cost	£445,000
Cost of Borrowing pa (5%)	£22,250.00
Gross Rent Yield	1.85%
Pay Back (Years)	54
Financing	
HRA	£267,000
Grant	£178,000
Cost of Borrowing pa (5%)	£13,350.00
Gross Rent Yield on Cost to HRA	3.09%
Pay Back (Years) - HRA Funded	32

The purchase would be financially viable, considering that the Department for Levelling Up, Housing and Communities is providing match funding for 40% of the purchase cost.

Reasons considered for rejection: None



Officer Signature:

Date: 28th June 2024