

OFFICER DECISION RECORD SHEET

Name of decision maker:	Nigel Howcutt
Service Area	Finance & Operations

Title of Decision:	Disposal of 20 Ritcroft Close, Hemel Hempstead, HP3 8PB
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If Part II, reason:

The report contains information relating to the private financial or business affairs of particular persons (including the authority holding that information) Local Government Act 1972, Schedule 12A, paragraph 3).as amended by the Local Government (Access to Information) (Variation) Order 2006

Decision made and reasons:

Decision:

Approve the sale of: 20 Ritcroft Close, Hemel Hempstead, via the open market.

Reasons:

1. This property, due to its location and type would command a higher than average market value (Acquisitions (Right to Buy: Buy Back) and Disposals Policy 2024 item 7.3).
2. The property is in need of work to remove any Health and Safety rating system hazards or asbestos containing materials that require a high level of ongoing management in conjunction with extensive works to comply with Decent Homes provision i.e rewire, heating upgrade and void repairs. The main cost of the works to be undertaken is the underpinning as detailed in the Schedule of works report tab QUOTE.
3. This property, was built in 1953 due to the age of the property and location is expected to command a high average market value if sold and DBC will be unable to recover the associated costs over the 30 year Business Plan (Acquisitions (Right to Buy: Buy Back) and Disposals Policy 2024 item 7.3)

Reports considered: (here reference can be made to specific documents)

Independent RICS valuation report - Appendix A x 2 reports
Schedule of works carried out by Surveyor, Property Services – Appendix B
ARK Strategic Asset Performance Model Financial Appraisal – Appendix C
Energy Performance Certificate – Appendix D

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Officers/Councillors/Ward Councillors/Stakeholders Consulted:

In accordance with the Council's Financial Regulations, the Portfolio Holder for Housing and the ward Councillors have been consulted on this decision.

Officers consulted are:

Surveyor Valuation & Estates, Assistant Director (Property Services)

**Monitoring
Officer
comments:**

Marketing of the site on the open market should ensure that best consideration is received for the property, and this will discharge the Council's statutory duty to obtain best consideration.

**Deputy Chief
Financial Officer
comments:**

The option proposed demonstrates best consideration for capital receipt of the house identified that will reduce expenditure on remedial works to ensure compliance with Health and Safety and Decent Homes requirements. By statute, the receipts from these sales can only be used for a) repayment of borrowing b) affordable housing c) regeneration. The application of receipts generated from this type of sale against the new build programme helps increase available resources for the improvements programme.

**Implications/
Risk/ Value for
Money**

In 2012 the first version of the Council's HRA Business Plan following Self Financing made assumptions of the disposal of certain types of stock at void time in order to raise approximately £1million per year. This assumption has since been removed following the annual reviews of the HRA. However, in view of challenges faced by the HRA a new target for volumes of property disposals is now being reconsidered.

At the current time, the receipts from this proposed sale would be an unbudgeted addition to the HRA would assist in reducing the impact of the current year rent cap and the challenges of funding needed to achieve EPC level C, and to continue to keep the ageing housing portfolio maintained in good condition.

A financial appraisal has been carried out using ARKs Strategic Asset Performance Model (Appendix C) this shows that to re-let the property at social rent following the necessary works would result in a 30 year NPV of negative -£39,224 as detailed in scenario 1, versus a cash receipt of between £150,000 (reserve price) to £325,000 for outright sale. (Please note we have two property valuations from different agents as per appendix A which recommendations on how to market the property) It is therefore recommended to proceed with outright sale.

A policy was agreed in order to assess properties against a criteria.

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This property matches the following criteria in the Housing Disposals Policy:

1. The property is in need of major works to return the property to a habitable condition
2. The property is in need of major work to remove any Health and Safety rating system hazards or asbestos containing materials that require a high level of ongoing management in conjunction with extensive works to comply with Decent Homes provision i.e. installation of a central heating system, rewiring, asbestos removals new kitchen and bathroom.
3. Properties which due to their age, design and location command a higher than average market value, which due to their age and condition will incur higher than average costs to maintain over the 30 year Business Plan.
4. Properties which due to their original design, location and designation are no longer fit for purpose and have associated level of difficulty re-letting. These criteria may affect more than one property, for example those contained in a Cat 2 sheltered schemes, and therefore would be considered on a scheme by scheme basis rather than individually.

Options Considered and reasons for rejection:

This property has an estimated valuation of £150,000 to £325,000.

It is a three bedroom semi-detached house. Estimated costs required to bring it up to the lettable standard are £77,754, which include the estimated costs due to the underpinning.

Officer Signature:

Nigel Howcutt – Corporate Director (Finance and Operations)

Date: