

Policy and Resources Committee

29th March 2017

Is the final decision on the recommendations in this report to be made at this meeting?

Yes

Property Acquisitions

Final Decision-Maker	Policy and Resources Committee
Lead Head of Service	Head of Regeneration and Economic Development
Lead Officer and Report Author	Andrew Connors, Housing and Delivery Manager
Classification	Public
Wards affected	All

This report makes the following recommendations to the final decision-maker:

1. That the Director of Finance and Business Improvement is granted delegated authority to conclude negotiations with property owners, and approve on a case by case basis (in consultation with the Chair and Vice Chair of this Committee), the purchase of up to 13 properties, for use as temporary accommodation for homeless persons.
2. That delegated authority is given to the Head of Mid Kent Legal Services to complete the purchases on the agreed terms.
3. That details of any completed purchases are reported back to the next meeting of the Committee following the acquisition(s).

This report relates to the following corporate priorities:

- Keeping Maidstone Borough an attractive place for all - Planning for sufficient homes to meet our Borough's needs by preventing homelessness, securing provision of appropriate accommodation for homeless households and supporting vulnerable people. Encouraging good health and well-being.

Timetable

Meeting	Date
Policy and Resources Committee	29 th March 2017

Property Acquisitions

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This report seeks delegated authority to acquire properties for the provision of accommodation for homeless households in accordance with the approved Temporary Accommodation Strategy.
 - 1.2 An urgent decision is required as the Employers Agent acting on behalf of the Council has identified suitable properties available for purchase and the Council needs to act quickly to finalise negotiations, progress to exchange and completion of each property sale.
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2. INTRODUCTION AND BACKGROUND

- 2.1 A report regarding the Temporary Accommodation Strategy was presented to the Communities, Housing and Environment Committee on the 13th December 2016, which set out the requirement for a range of temporary accommodation including; a small portfolio of 13 units to be bought and retained by the Council. The Committee approved in principal to acquiring through purchase or lease 13 additional units of temporary accommodation to be agreed on a case by case basis, in order to provide a portfolio of temporary accommodation that matches demand.
 - 2.2 The Council have since procured the services of an Employers Agent (Faithorn Farrell Timms) to assist in the delivery of these 13 units under a purchase and repair programme, to include in summary the following tasks.
 - Working with local agents to identify suitable properties as they come onto the market.
 - Arranging viewings of properties to assess their suitability.
 - Specifying any remedial works to bring the properties up to Maidstone Borough Council standards.
 - Take instruction from the lead client at MBC as to whether to proceed or not.
 - Procuring/managing a contractor to undertake any works.
 - Commissioning of all necessary certificates i.e. EPC, Gas and Electrical Safety.
 - Delivering a practical completion (PC) and end of defects service.
 - 2.3 The Employers Agent will submit a report to the Council on each property which will include a full description of the property, the purchase price and estimated cost of repairs (if any) and any future maintenance required. The properties being considered for purchase consist mainly of family sized (two and three bed) accommodation with good public transport links and access to local amenities, and will be compliant with the Council's Temporary Accommodation Standards.
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- 2.4 Due to the urgency to acquire properties as quickly as possible, in order to reduce the cost of temporary accommodation, the Council have set an ambitious timescale for completion and handover of the 13 properties by the end of June 2017. The Council will also be seeking to acquire properties in a highly competitive market and needs to react quickly. Competition can be expected to be strong for a relatively limited supply.
- 2.5 The prospects of negotiating sensible and 'within budget' purchase prices, and securing properties against potentially strong competition, will be enhanced by promoting the Council's ability and willingness to exchange contracts and complete within a short period of time, unencumbered by mortgage or Committee approvals, and buyer chains.
- 2.6 Officers therefore need a property acquisition approval process which is efficient and can respond quickly to market opportunities as they arise, so that undue delays do not occur in the approval process. This will help to forge strong relationships and reputation amongst agents and vendors to establish a 'first in line' commanding position as cash buyer.
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3. AVAILABLE OPTIONS

- 3.1 **Option A:** It is recommended that the Director of Finance and Business Improvement is granted delegated authority to conclude negotiations with property owners, and approve on a case by case basis (in consultation with the Chair and Vice Chair of the Committee), the purchase of up to 13 properties, for use as temporary accommodation for homeless persons.
- 3.2 **Option B:** A report could be taken to Committee seeking approval for each individual property purchase as and when they arise, but this would have a detrimental impact upon the Council's ability to deliver this programme by the end of June 2017. Market opportunities could be lost whilst Officers await the next committee meeting for approval of individual property purchases.
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4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 4.1 It is considered that **Option A** is the best course of action. This will enable Officers to respond quickly to market opportunities and maintain an efficient and positive working relationship with the Employers Agent, Estate Agents and vendors. This will help to give confidence in the sale transaction and maintain regular dialogue with all parties to ensure that the approval and conveyancing process is fast and efficient.
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5. FINANCIAL IMPLICATIONS

- 5.1 There is £3.9m in the Housing Investments Capital budget for this programme, as agreed by Council at its meeting on 1st March 2017. It is anticipated that properties being considered for purchase will fall within the £230,000 to £275,000 range.

- 5.2 Properties will be sought that are in existing satisfactory condition and require a very limited amount of work to restore to a lettable condition in the shortest possible timescale and at minimum cost. In practice, it is estimated that a works budget of no more than £10,000 will be required for each property (on average) given the financial limitations and time scales available to use to deliver this programme. Indeed, suitable properties identified for purchase so far, are well below this figure.
- 5.3 The Employers Agent will monitor budget and continually keep Officers appraised as to where we are in terms of total scheme spend. An opportunity may exist for the Committee to decide to acquire more than 13 properties, if a business case still exists, and the properties so far acquired have 'underspent' in terms of the total budget available for this project.
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6. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 6.1 There have been no public consultations due to the commercially sensitive nature of the proposals.
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7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 7.1 The Council can proceed with the completion of property purchases upon approval of the recommendations.
- 7.2 The relevant searches and due diligence by Mid Kent Legal Services will be carried out to help progress agreement through to exchange and completion of contracts.
- 7.3 The Committee will receive briefings as to progress with the project and a follow up report once the project has completed and the outcomes that have been achieved.
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8. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	The purchase of properties as accommodation for homeless households impacts on the corporate priorities in two ways: <ol style="list-style-type: none">1. Planning for sufficient homes to meet our Borough's needs.2. Encouraging good health and well-being.	Head of Regeneration and Economic Development
Risk Management	The key risks are associated	Head of

	with the property purchases. These will be managed by due diligence before exchange of contracts.	Regeneration and Economic Development
Financial	The financial implications are outlined within this report.	Paul Holland, Senior Finance Manager
Staffing	The work towards completing the property purchases will be established using existing staff resources and the Employers Agent.	Head of Regeneration and Economic Development
Legal	Legal due diligence of the title to the properties by Mid Kent Legal Services to enable negotiation and agreement of documentation for exchange of contracts	Kate Turnham for Mid Kent Legal Services
Equality Impact Needs Assessment	No detrimental impact on the needs of individuals with protected characteristics identified at this time. However, it will be necessary to make an assessment of the types of properties and their suitability for older people, those with mobility issues or a disability.	Equalities and Corporate Policy Officer
Environmental/Sustainable Development	N/A	[Head of Service or Manager]
Community Safety	N/A	[Head of Service or Manager]
Human Rights Act	N/A	[Head of Service or Manager]
Procurement	Contractor for works and management service providers will need to be appointed in accordance with the Council's procurement procedures.	
Asset Management	Appropriate management service provisions will be commissioned ensuring value for money.	

9. REPORT APPENDICES

None.

10. BACKGROUND PAPERS

None.