	<p style="text-align: center;">Executive 11 June 2011</p> <p style="text-align: center;">Joint Report from the Director of Regeneration and Major Projects and the Chief Executive of Brent Housing Partnership</p>
Ward Affected:	
<p>58 A&B Palermo Road NW10 5YP – disposal of freehold to BHP at open market value as part of the Settled Homes Initiative</p>	

1.0 SUMMARY

- 1.1 This report seeks the Executive's approval to dispose of 58 Palermo Road NW10 comprising upper and lower self contained flats at open market value to Brent Housing Partnership pursuant to the Settled Homes Programme. The price agreed is £410,000

2.0 RECOMMENDATIONS

- 2.1 That members approve the disposal of the property to Brent Housing Partnership (BHP) at open market value in the sum of £410,000 for the purpose of inclusion within the Council's Settled Homes Programme

3.0 DETAIL

- 3.1 Brent acquired the freehold of the property under the Leasehold Reform Act 1967 for the sum of £222,500 on 23 November 2009. This was pursuant to an initiative in conjunction with the Director of Housing and Community Care which gives the Council as lessee the opportunity to buy in the freehold under statute at a discounted price. The property is a modest terraced former dwelling house which has been converted into two self contained flats and both units are now vacant. Each unit comprises 2 bedrooms, reception room, kitchen and bathroom/wc
- 3.2 The Council has the following options:

- i) dispose of the property with vacant possession at open market value to generate a profit in order to acquire additional properties;
 - ii) dispose of the property to a Registered Provider so that it can be retained as social housing;
 - iii) retain the property and so that it can be let to a secure Council tenant.
- 3.3 There are currently over 16,000 households registered on the Council's waiting lists, of which 19% are homeless households staying in temporary accommodation, and therefore there is a strong need to retain the housing supply to meet this need. However, disposal of the properties would allow the Council to generate a receipt at a gain which could be used to acquire additional properties to meet housing need.
- 3.4 Brent Housing Partnership Limited (BHP) has secured funding from the Homes and Communities Agency (HCA) to acquire properties under the Settled Homes Initiative (the SHI scheme). The SHI scheme aims to maximise the supply of affordable housing and assist the Council in managing homelessness demand. In January 2010, the Executive approved an £8m loan facility to be provided to BHP to allow the acquisition of up to 42 properties under tranche 1 of the SHI scheme. BHP have acquired these properties during 2010/11. The Executive gave delegated authority to the Director of Finance and Corporate Services to approve a further loan facility of £46.4m in order to deliver 244 properties under a second tranche by the end of March 2012. The tranche 2 loan facility is expected to be finalised by the end of May and given this, BHP are in a position to acquire the flats at 58 Palmero Road under the SHI scheme.
- 3.5 The Director of H&CC on 2 February 2011 agreed the option for BHP proceed to acquire the property at open market value as the properties would be retained for social housing use and the receipts generated can be used to increase the overall supply of affordable housing in the borough. Disposal to another Registered Provider is not considered to be feasible in the current climate as the HCA's capital funding budget for 2011-2015 for new housing provision has reduced by over 60% since the previous 3 year period. Given this, the appetite for other Registered Providers to acquire street property has reduced as they are not viable without securing grant subsidy. Given this, officers recommend that the option to dispose of the property to BHP represents the best value option for the Council.
- 3.6 BHP has commissioned a local firm of chartered surveyors Robson Walsh for a survey and valuation report. The firm's Director acts as an independent surveyor as defined in the Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Standards Practice Statement 2.2 for the purpose of providing a valuation report in accordance with the RICS Appraisal and Valuation Standards. The report on open market value in the sum of £410,000 was provided on 7

February 2011. The condition of both units is generally poor and improvement works are estimated to cost £45,000 plus professional and other fees.

- 3.7 BHP has confirmed on 8 February 2011 that it can proceed with an acquisition at the reported open market value of £410,000 and the Assistant Director (Regeneration and Major Projects Property and Asset Management) has confirmed that the reported sum represents open market value.

4.0 FINANCIAL IMPLICATIONS

- 4.1 Members should note that the Local Authority (Capital Finance and Accounting) (England) Regulations 2003 states that capital receipts a local authority derives from the disposal of an interest in other housing land (non Right to Buy) must be “pooled” at a rate of 50%. However, the regulations also state that a local authority can treat such receipts as reduced by an amount up to the value of its available Capital Allowance at the time the specified amount is calculated. For the purposes of these regulations the Capital Allowance is a provision that reflects the authority’s past and current forecast investment in regeneration schemes and the provision of affordable housing. Currently the Council is maintaining a capital allowance significantly in excess of the forecast capital receipt and there will be no requirement to pool any of the derived income if Members elect to dispose of this property. The anticipated capital receipt forms part of the resources to fund the capital programme approved by Council on 28 February 2011.
- 4.2 BHP will be liable for the Council’s legal and surveyor’s costs in the disposal

5.0 LEGAL IMPLICATIONS

- 5.1 Since the acquisition of 58A & B Palermo Road, the Council holds the property under Part II of the Housing Act 1985. The property is vacant.
- 5.2 Where the Council intends to dispose of housing land it requires the consent of the Secretary of State for Communities and Local Government pursuant to section 32 of the Housing Act 1985. The General Consent 2005 issued under the Housing Act 1985 sets out a number of categories of disposal which have deemed consent.
- 5.3 If the purchaser does not fall within the scope of a deemed consent the Council has to make an application for a Special Consent . One of the categories in the General Consent 2005 includes disposing of a property to a Registered Social Landlord.

- 5.4. BHP has been included in the same category of housing providers as housing associations from April 2011. The Housing and Regeneration Act 2008 has changed the status of housing associations from Registered Social Landlords to Registered Providers. BHP was granted Registered Provider status in April 2011 following the Executive's decision at their meeting of 15 March 2011 to approve BHP's application to the Tenant Services Authority to become a Registered Provider and to amend BHP's Memorandum of Association for that purpose.
- 5.5 The Communities and Local Government Department have advised the Council that local authorities should regard the General Consent 2005 as now applying to Registered Providers

Therefore a deemed consent will apply to the disposal to BHP as a Registered Provider provided :

1. the disposal is at best consideration
 2. the dwelling houses are vacant
 3. the dwelling houses are in need of substantial works of repair improvement or conversion and
 4. it is certified that the aggregate number of disposals to BHP do not exceed the ceiling for the current financial year
- 5.6 This property will be subject to a nominations agreement between BHP and the Council which has been stipulated and approved by the HCA as part of the HCA Grant Agreement between the HCA and BHP. The nominations agreement will enable the Council to nominate individuals and their households as this property will be purchased by BHP as part of the Settled Homes Initiative.
- 5.7 BHP will be liable to pay Stamp Duty Land Tax at 1% of the purchase price of the property.
- 5.8 Further details of the Settled Homes Initiative involving BHP are set out in the reports to the Executive meetings of August 2007, February 2008, January 2010 and February 2011.
- 5.9 Navigant Consulting has prepared a report regarding the review and future role of Brent Housing Partnership as the Council's Arms-Length Organisation. The report will be presented to the Executive later this year for their consideration. Members are asked to note that the proposals in this report will not prejudice any actions or decisions which the Executive may make following the Navigant Consulting's review of BHP on behalf of the Council.

6.0 DIVERSITY IMPLICATIONS

- 6.1 None – Impact Needs and Resources Assessment undertaken. This is attached.

7.0 STAFFING/ACCOMMODATION IMPLICATIONS

7.1 None

8.0 BACKGROUND PAPERS

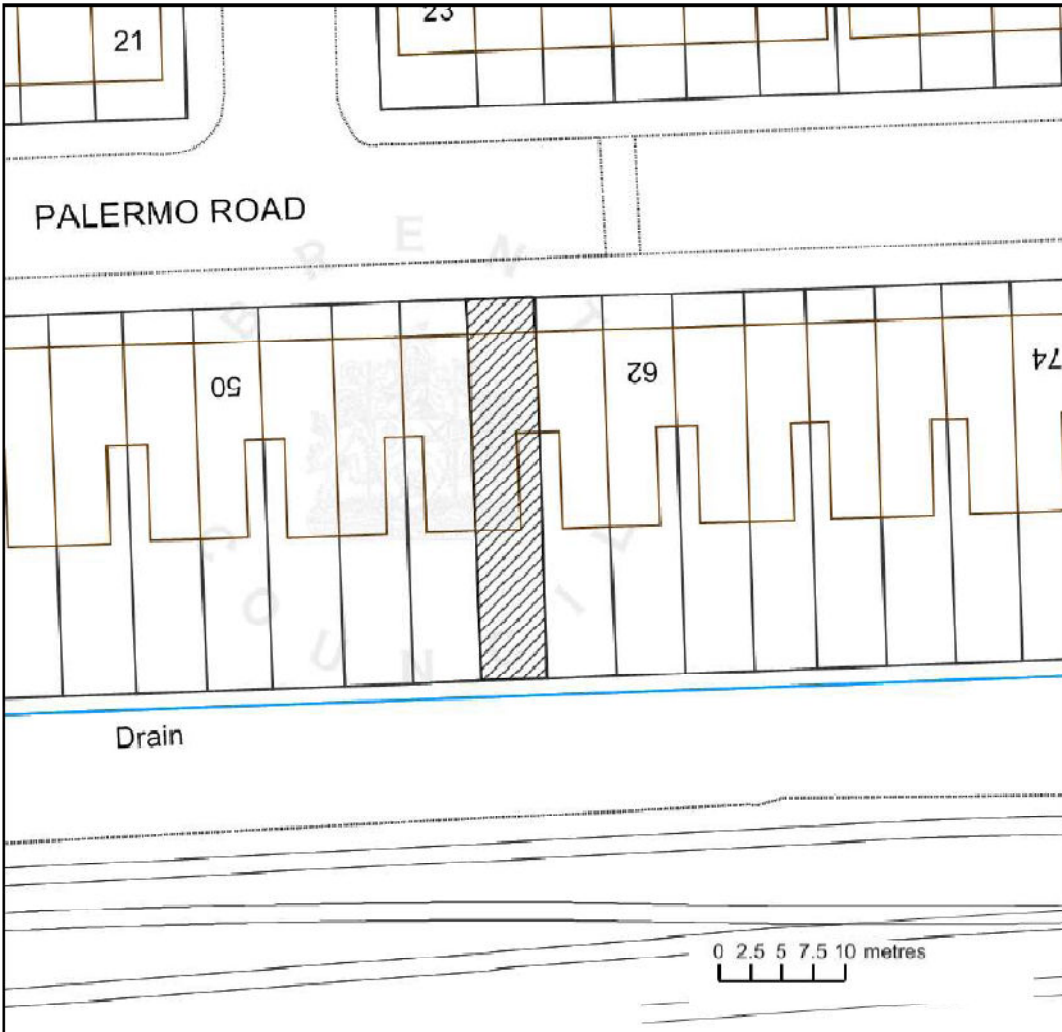
Various papers held in Property and Asset Management and Brent Housing Partnership



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11th June 2011
58A & B Palermo Road NW10 5YP.
Disposal



 **1:500**
Plan for information purposes only. 

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