



Report to: Full Council  
Date of Meeting: 27 July 2006  
Report From: Director of Community Services  
Title of the Report: Right to First Refusal – 38 Lyne Close,  
Perkinsville  
Agenda Item Number: **9**

**1. Purpose of the Report**

1.1 The purpose of this report is to inform Full Council that the Leader of the Council has made a decision using the urgent powers procedure as set out in Part 4D paragraph 4 of the Council's Constitution (a copy of the relevant extract of the Constitution is attached to this report).

**2. Consultation**

2.1 The following Service areas and stakeholders have been consulted in connection with this report:

1. The Director of Resources.
2. The Head of Legal and Democratic Services.

**3. Corporate Plan and Priorities**

3.1 This report does not directly support any of the Corporate priorities although it will increase the supply of affordable rented accommodation in the District in an area of high demand.

**4. Implications**

4.1 Financial

4.1.1 The property was valued at £72,000 and was sold to the current owners for £50,000, as the purchaser was able to secure a discount (30.5%) under the Right to Buy regime.

- 4.1.2 The property has recently been re-valued at £95,000. The property has increased in value as a result of recently completed improvement works.
- 4.1.3 In re-purchasing this property from the current owners the Council will be entitled to pay the full market value less 30.5%, ie the Council obtains the same percentage discount as the original purchaser.
- 4.1.4 The Council has to return 75% of all proceeds from Council house sales to the Department for Communities and Local Government, under what is known as the “pooling” arrangement. The Council can offset the cost of purchasing this property against its “pooling” total for the year. This means that there is no cost to the Council in re-acquiring this property. Even the legal and administrative costs can be deducted from the “pooled” receipt before being returned to the Department for Communities and Local Government
- 4.1.5 The Council has made no provision in the 2006/2007 Housing Revenue Account budget to cover acquisition costs. The costs of acquiring this property will be offset against Right to Buy receipts during 2006/2007.
- 4.2 Legal
- 4.2.1 The legal power to acquire former council houses sold under the Right to Buy rules was first introduced under the Housing Act 2004 (the 2004 Act). These provisions came into force in late 2005.
- 4.2.2 The 2004 Act now provides that all houses sold under the Right to Buy provisions must first be offered back to the Council if the property is put up for sale within 10 years of being purchased from the Council.
- 4.2.3 The Council can re-purchase properties under this scheme and obtain the same percentage discount as the original purchaser.
- 4.2.4 Properties have to be valued at the time they are offered to the Council, so if property improvements have been carried out by the owner and as a result the value has increased, then the Council will pay a higher price for the property than the original sale price.
- 4.2.5 This is the first time a property has been offered back to the Council under the new 2004 Act provisions.
- 4.3 Personnel
- 4.3.1 There are no Personnel implications associated with this report.
- 4.4 Other Services
- 4.4.1 There are no “Other Services” implications associated with this report.

#### 4.5 Diversity

4.5.1 There are no diversity implications associated with this report.

#### 4.6 Risk

4.6.1 There are no risk issues to consider with this report.

#### 4.7 Crime and Disorder

4.7.1 There are no crime and disorder issues associated with this report.

#### 4.8 Other Implications

4.8.1 There are no "other" implications associated with this report.

### **5. Background, Position Statement and Option Appraisal**

#### 5.1 Background

5.1.1 38 Lyne Close is a 3 bed link house at Perkinsville. The property was purchased from the Council under the Right to Buy provisions in September 2005. The property was valued at £72,000 at the point of sale. As the owners had lived at the property for some time, they were able to receive a 30.5% discount of the market value.

#### 5.2 Position Statement

5.2.1 The current owner has an ongoing neighbour dispute with the adjoining owner and wishes to sell the property and move to another house. The current owner has improved the property since she purchased the property from the Council; by installing double glazing, patio doors and a new kitchen.

5.2.2 The property is now valued at £95,000. The Council will receive a 30.5% discount against this amount less any costs incurred by the owner for improvements when the re-purchase takes place.

5.2.3 The property is located in a high demand area. There are currently up to 100 households seeking 3 bedroom accommodation in this area. Potential applicants would need to have more than 36 points to be eligible to be re-housed in this property in this area.

5.2.4 The buy back procedure required the Council to serve a formal Notice on the current owner before Friday 30 June 2006 indicating whether it wishes to exercise its buy back powers.

- 5.2.5 The reason the Leader of the Council was requested by officers to authorise the re-purchase of this property, using the urgent powers procedure, was the statutory time period within which the Council had to make a decision on this matter prevented a quorate meeting of the Council being convened to consider the matter.
- 5.2.6 In making the decision to re-purchase this property the Leader of the Council consulted with:
1. Councillor Gordon Kerr, the Chair of the Health and Safety Overview and Scrutiny Panel.
  2. Linda Chambers, the Director of Resources.
  3. Chris Potter, Head of Legal and Democratic Services.
  4. The Director of Community Services.
- 5.2.7 A formal meeting was convened by the Head of Legal & Democratic Services, which was held on Tuesday, 28 June 2007, when this matter was considered by the Leader of the Council.
- 5.2.8 The Leader of the Council agreed to the re-purchase of the property and all relevant notices have been issued by officers.
- 5.2.9 The urgent powers procedure requires any decision taken under Part 4D of the Constitution to be reported to the next available meeting of the Full Council.

### 5.3 Option Appraisal

- 5.3.1 There are no options to appraise in relation to this matter.

## **6. Recommendations**

- 6.1 It is recommended that Full Council:
1. Note that the urgent powers procedure has been initiated by the Leader of the Council under Part 4D of the Constitution.
  2. Formally endorse the actions taken by the Leader of the Council.

## **7. Background Papers/Documents Referred To**

7.1 There are no background papers in relation to this matter.

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