

**Subject:** Purchase of Properties with Restrictive Covenant  
**Date of Meeting:** 29 March 2018  
**Report of:** Executive Director Neighbourhoods, Communities & Housing  
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**Wards Affected:** Queens Park

**FOR GENERAL RELEASE**

***Action Required of the Committee:***

To receive the item referred from the Housing & New Homes Committee for approval:

**Recommendation:** That the following be referred to the Committee for consideration:

That Housing & New Homes Committee recommend to Policy, Resources & Growth Committee that:

- 2.1 The council purchase and refurbish the two properties at in Queens Park ward, Brighton to provide 15 units of accommodation for future use by the council as temporary accommodation.
- 2.2 A budget of £2.040m for the purchase and refurbishment of these two properties is approved, which includes a purchase price of £1.200m.

**BRIGHTON & HOVE CITY COUNCIL****HOUSING & NEW HOMES COMMITTEE****14 MARCH 2018****COUNCIL CHAMBER, HOVE TOWN HALL**

**Present:** Councillor Meadows (Chair) Councillor Hill (Deputy Chair), Councillor Mears (Opposition Spokesperson), Councillor Gibson (Group Spokesperson), Councillors Atkinson, Bell, Druitt, Lewry, Moonan and Wares.

**DRAFT MINUTE****PART ONE****80 PURCHASE OF PROPERTIES WITH RESTRICTIVE COVENANT**

- 80.1 The Committee considered a report of the Executive Director, Neighbourhoods, Communities & Housing which informed members that at Housing & New Homes Committee on 15 March 2017, it was agreed to explore the possibility of purchasing and refurbishing two properties where a restrictive covenant was in place. The covenant provided an opportunity for the council as it lowered the purchase value of the properties. Since March 2017 viability modelling of the proposal had been undertaken and negotiations had been ongoing with a final purchase price now being agreed with Orbit Housing Association (the Registered Provider (RP) as vendor. The report was presented by the Empty Property Officer.
- 80.2 In answer to questions put by Councillor Gibson officers confirmed that the use of the building was discussed at the Estate Regeneration Members' Board. The model used for the rental income was the standard model used by financial services in setting viability. This was at the Local Housing Allowance Rate and would normally include the service charge.
- 80.3 The Director for Neighbourhoods, Communities & Housing explained that there had been discussions with Adult Social Care colleagues, where there was an Accommodation Board. The main reason why these properties were being put forward as temporary accommodation and not supported accommodation was that the council did not currently have a supported accommodation strategy. As a result, officers recommended that the best use of the buildings was as temporary accommodation. The Chair confirmed that the Estate Regeneration Board had discussed and agreed that these properties should be used a temporary accommodation.
- 80.4 The Head of Housing Strategy, Property & Investment stated that the modelling included all the costs for the scheme. This would include all service charges.

- 80.5 Councillor Moonan thanked officers and the Chair for the report and was pleased to see that the recommendations would lead to 15 new units of much needed temporary accommodation within the city at affordable rent levels. The whole project cost about £136,000 per unit which was good value for money.
- 80.6 Councillor Gibson made the following points:
- He supported buying and bringing these properties back into council ownership.
  - He expressed concern that the council were in the position of having to buy back properties that had been sold by the council 20 years ago to a housing association.
  - He expressed concern at the proposed rent levels. There had been a 30% increase, including service charge, since 2015.
  - The council should buy properties from the private sector where the council can offer a rent reduction on those properties.
  - The report did not properly discuss the other options, which could have included general needs housing.
  - The council should not delay in buying these properties, not least that the council would be using up some of the borrowing that it had unused. Concern was expressed that the council had at the beginning of this year £34m unused borrowing. It was predicted that at the end of the year there would still be £28m unused borrowing.
- 80.7 Councillor Mears stated that the properties were sold in 1999, and it should be borne in mind that property prices in the city had risen dramatically since then. Councillor Mears was happy to support the purchase of properties that were already built. She considered this a positive way forward.
- 80.8 Councillor Druitt expressed concern that the properties had previously been sold by the council and requested that there should be agreement that the council should not sell council owned properties. Councillor Gibson stated that he had just carried out a property search on Rightmove for studio and one bedroom flats for less than £100,000 and had found 10 within Brighton & Hove, four in Newhaven and five or six in Shoreham. It was therefore possible to buy properties from the private sector.
- 80.9 The Chair stated that the council could not stop Right to Buy, which was a government initiative.

80.10 **RESOLVED:-**

That Housing & New Homes Committee recommend to Policy, Resources & Growth Committee that:

- (1) The council purchase and refurbish the two properties at in Queens Park ward, Brighton to provide 15 units of accommodation for future use by the council as temporary accommodation.
- (2) A budget of £2.040m for the purchase and refurbishment of these two properties is approved, which includes a purchase price of £1.200m.

