

Decision details

Authority for the acquisition of housing for temporary accommodation - OCT19/CMDN/45

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Decision Maker: Cabinet Member for Housing, Culture and Recreation

Decision status: Item Called In

Is Key decision?: Yes

Is subject to call in?: Yes

Purpose:

There is an exempt annex attached to this report that is NOT FOR PUBLICATION by reason of paragraph 3 of Schedule 12A of Part 1 of the Local Government Act 1972 because it contains commercially sensitive information. The public interest test has been applied to the information contained within this exempt annex and it is considered that the need to retain the information as exempt outweighs the public interest in disclosing it. To release the business case for the acquisition with financial assessment would jeopardise negotiations which are ongoing.

The Cabinet Member for Housing Culture and Recreation and the Cabinet Member for Strategic Planning and Commercial Strategy and Investments:

1. Approved the freehold purchase of St Michael's Gate at £13.38m – consisting of 72 properties used for temporary accommodation.
2. Approved the associated professional fees.
3. Approved the capital expenditure for upgrading the windows.

Reasons for the decision:

Removing a major risk of households being made homeless in the future.

The acquisition protects the council from future rent increases and allows outgoings to be reduced.

The opportunity to acquire housing which can be held within the council's Housing Revenue Account. Once the temporary housing situation improves these properties can be used for social rented accommodation.

Alternative options considered:

Option 1- Renew the lease for St Michael's Gate for a period of 5 years

This option has been discounted. Leasing would only be appropriate if the council wanted to retain the property in the short term – say for the next five years. As this is a longer term hold, purchasing the property will be more economic.

Option 2 – Acquire the freehold of St Michael's Gate (recommended option)

Buying in the freehold offers benefits in terms of annual run rate savings for the council.

It protects the council from further rental increases and gives the council complete control of a block of property which offers practical and economic advantages in terms of management.

Option 3 – Renew the lease for a period of 3-5 years during which the council acquires additional freehold properties (of an equivalent value) to be used for TA

There will be dual costs payable as the council continues to lease the existing properties and finds more property to purchase. It will not be possible to buy 72 properties in one go and so those dual costs would continue for an extended period of time until the council was ready to move the tenants from St Michael's Gate into newly acquired properties. As finding 72 properties together would prove difficult, it is more likely the council would obtain 72 properties spread out over the authority. Whilst the cost of leasing these would be lower, the management over a disparate area would be

more difficult and the savings would likely be eroded by higher fees.

Interests and Nature of Interests Declared:

None.

Background Documents:

None.

Publication date: 10/10/2019

Date of decision: 10/10/2019

Issue status: The decision is currently being reconsidered

This decision has been called in by:

- [Councillor Mohammed Jamil](#) who writes Reasons for Call-in. 3. Decision does not follow principles of good decision-making set out in Part 2, Article 11 (Decision Making) of the Council's Constitution: 3 (f) Follow procedures correctly and be fair."
- [Councillor Ikra Yasin](#) who writes Reasons for Call-in. 3. Decision does not follow principles of good decision-making set out in Part 2, Article 11 (Decision Making) of the Council's Constitution: 3 (f) Follow procedures correctly and be fair."

Accompanying Documents:

- [St Michael's Gate CMDN - PUB](#)  PDF 246 KB