

DECISION-MAKER:	CABINET
SUBJECT:	HOUSING REVENUE ACCOUNT LAND SALES
DATE OF DECISION:	13 FEBRUARY 2012
REPORT OF:	CABINET MEMBER FOR HOUSING
STATEMENT OF CONFIDENTIALITY	
Not applicable.	

BRIEF SUMMARY

The policy around disposal of small (typically garden sized) Housing Revenue Account (HRA) land was last reviewed in December 1996.

The outcome of that review was to adopt a default position that the sale by freehold or leasehold of HRA land would only be permitted in exceptional circumstances. Where use of HRA land has been permitted this has generally been facilitated through the grant of a lease rather than disposal of the land.

This paper deals with a proposal to change the default position. Subject to any impact on future development it is proposed that the authority will generally seek to sell such land rather than just granting a lease. The option to grant a lease or licence would still be available as an alternative where it is not in the authority's best interests to sell the land.

Land can be sold only to freeholders or leaseholders. Council Tenants can only hold licenses as they do not own land to which other land can be attached.

RECOMMENDATIONS:

- (i) Where requests to purchase HRA land are received the authority will seek, wherever possible and in its best interests, to sell the land rather than to grant a lease or licence.
- (ii) The existing mechanism of granting a lease or licence will be retained for situations where sale of the land would not be in the authority's best interests, for instance, where this might prejudice a subsequent development.

REASONS FOR REPORT RECOMMENDATIONS

1. The disposal of land to enable residents to improve their home or immediate environment and empowers local residents and will contribute to happy, sustainable communities.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. The Council could continue to adopt a position of leasing smaller packages of HRA land to applicants and not give the option of buying, except in exceptional circumstances as per existing policy. This approach is not preferred as it limits residents' ability to improve their home and immediate environment. There is also a loss of potential income to the HRA if this approach is adopted.

DETAIL (Including consultation carried out)

3. The Council has, for many years, allowed tenants, leaseholders and property owners on Council estates to acquire interests over infill pieces of Housing Revenue Account (HRA) land to:
 - Improve access to their property, both for pedestrians and motor vehicles;
 - Increase the security of their property
 - Extend their property boundaries.

4. Occupiers can currently negotiate short term (typically monthly to five year) licenses which can be renewed as required.
 - The chief advantage of this approach is that the authority retains control and ownership of the land giving it a greater range of options in relation to subsequent development.

The disadvantages are:

- It is unpopular with homeowners who are seeking ownership of the land which can be sold on with the property (garden extensions etc).
 - Because householders do not have permanent or long term rights under a license, the provision of off road parking or garden extensions may therefore be of lesser quality, as occupiers will be reluctant to invest in land over which they have only a license.
5. The Senior Manager Housing Services and Head of Valuation and Estate Management have delegated authority to dispose of such assets.
 6. When deciding whether to sell HRA land a range of considerations will apply. This will include the following :
 - Issues raised by existing usage or right-of-way.
 - Whether the land is a green space which is a landscaping feature of the local environment, or is designated public open space.
 - Whether sale of the land would incur any additional costs for the Council (for example, the re-siting of lamp posts or telephone cables) and whether the applicant is willing to finance the additional costs.
 - Instances where the land has been identified for future regeneration or development by the Council, or another development partner, or the disposal of the asset may prejudice future development by the Council.
 - Consultation with internal departments has revealed management or other issues that would cause inconvenience if the land was to be sold.
 7. The negotiation of licenses or the sale of HRA land, which will be lead by the council's business partner Capita under a service level agreement, requires consultation between several departments of the Council (and sometimes with external agencies and neighbours) which is time consuming and costly. In the majority of cases planning permission is also required for a change of land use.

8. Changes to policy would mean adapting existing administrative processes and all associated documentation currently undertaken by Capita. Any increasing costs associated with such changes would be passed onto applicants. All applicants pay an initial and non-refundable fee of £25 for the Council to process an application. An additional £175 to cover the Council's administration costs is charged to complete a license agreement. It is anticipated that the cost of purchasing land would require the same application fee with an additional administration cost of £250 to cover the more complex requirements of a sale and a further £350 to cover the councils' conveyancing costs. Actual costs will be determined if this policy is adopted. None of the costs include any planning application fees which are charged separately.
9. Consultation has been carried out with Capita, Housing Investment, Legal Services and Planning Services.

RESOURCE IMPLICATIONS

Capital/Revenue

10. The HRA receives an annual revenue income from some 300 licensees of about £6,000 annually.
11. Garden land sales typically generate a capital receipt to the HRA of between £1200 and £1500 per transaction. Revenue income from an average of 20 new licenses each year is about £850 per year.
12. It is anticipated that a change in emphasis from lease to sale would encourage a greater number of applications and a subsequent increase in capital receipts. However, any increase is likely to be limited due to the low level of applications.

Property/Other

13. The Housing Investment Team makes the final decision on whether HRA land is licensed or sold to an applicant.
14. The Council has a service level agreement with Capita to administer HRA land sales and changes to policy would be likely to incur additional costs in terms of processing a larger number of applications, changing current procedures and greater liaison with applicants.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

15. The Council has the power to dispose of Council land under section 32 Housing Act 1985 and the General Housing Consents 2005.
16. The Council has no statutory obligation to dispose of assets, other than under the Right to Buy

Other Legal Implications:

17. Whether selling or leasing HRA land, planning permission is needed for any change in land use with the implementation of core strategy CS21 (Protecting & Enhancing Open Space).

POLICY FRAMEWORK IMPLICATIONS

18. These proposals are in accordance with the Housing Strategy (inc HRA Business Plan).

AUTHOR:	Name:	David Jones	Tel:	023 8083 2042
	E-mail:	david.a.jones@southampton.gov.uk		

KEY DECISION? No

WARDS/COMMUNITIES AFFECTED:	All
------------------------------------	-----

SUPPORTING DOCUMENTATION

Non-confidential appendices are in the Members’ Rooms and can be accessed on-line

Appendices

1.	None
----	------

Documents In Members’ Rooms

1.	RIGHTS OF ACCESS AND GARDEN LAND SALES
----	--

Integrated Impact Assessment

Do the implications/subject of the report require an Integrated Impact Assessment (IIA) to be carried out.	No
--	----

Other Background Documents None

Integrated Impact Assessment and Other Background documents available for inspection at:

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
------------------------------	--

1.	None	
----	------	--