

Staircasing of shared equity property – Ashburton Close, Wells-next-the-Sea

Summary: The Council is the freeholder of a number of shared equity properties which it acquired through provisions of S106 agreements. The leaseholder of the property can after a 5 year period serve notice on the Council to staircase the lease. The Council has received notice in relation to a property at Ashburton Close, Wells-next-the-Sea and this report provides information and seeks approval regarding the staircasing proposal.

Options considered: No alternative options are available.

Conclusions: The Leaseholder of the property has the legal right within the lease to be able to staircase after a 5 year period. They have served notice on the Council as the freeholder of their intention to fully staircase the lease and acquire the remaining percentage so that they own the property outright.

Having had an independent valuation undertaken Officers seek approval from Cabinet to complete the transaction which will result in the Council received a capital receipt of £102,300.

Recommendations: **Officers seek authority from Cabinet to complete the transaction as outlined in section 2 of the report.**

Reasons for Recommendations: The Council is bound by the terms within the lease that allows the leaseholder to staircase the lease.

LIST OF BACKGROUND PAPERS AS REQUIRED BY LAW

(Papers relied on to write the report, which do not contain exempt information and which are not published elsewhere)

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Cabinet Member(s) Cllr E Seward	Ward(s) affected Wells-next-the-Sea
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1. Introduction

- 1.1 At the 3rd March 2014 Cabinet meeting, a report was presented regarding affordable housing provision within S106 planning agreements. It highlighted that there were provisions within these agreements where the Council could acquire shared equity dwellings and affordable dwellings for rent at nil cost.
- 1.2 The report included a range of affordable housing ownership options for the Council to consider and approval was gained to take ownership of the freehold and unsold share of shared equity dwellings along with affordable rent dwellings if they were offered to the Council.
- 1.3 The Council currently has 33 shared equity properties in its ownership in Cromer, Sheringham and Wells-next-the-Sea. It holds a range of equity stakes within these properties.
- 1.4 This report seeks Cabinet approval for the lease of one property to be staircased which will result in the leaseholder acquiring the remaining percentage.

2. The Proposal

- 2.1 The property is a modern shared equity home in Wells-next-the-Sea.
- 2.2 Lease dated 16th December 2016 for a term of 125 years.
- 2.3 The premium paid by the Leaseholder in 2016 was £135,150.30 which was a 69% share of the market value. The Councils share is 31% which was acquired for £1.
- 2.4 There is a staircasing provision in the lease which gives the Leaseholder the right after a 5 year period to serve notice on the Council to staircase the lease and acquire the remaining percentage.
- 2.5 The leaseholder of the property gave notice to the Council (December 2021) confirming they wished to fully staircase and acquire the property outright.
- 2.6 As part of the requirements of the lease an independent market valuation was undertaken by an RICS accredited valuer. They assessed the current market value of the property, which on the 5th January 2022 was £330,000.
- 2.7 With the equity share of the property being 69% this equates to the leaseholders share being valued at £227,700 resulting in the remaining "portioned percentage" of 31% being the Councils share valued at £102,300.

3. Corporate Plan Objectives

- 3.1 This proposal supports the Councils Corporate Plan objective; Local Homes for Local Need.

4. Medium Term Financial Strategy

4.1 An independent valuation of the property has been undertaken and gives a total 100% market value of £330,000.

4.2 The proportioned percentage due to the Council as a capital receipt will be £102,300

5. Financial and Resource Implications

5.1 There will be a small level of transactions costs incurred which will be offset by the capital receipt. Estates and Eastlaw resources are required to complete the proposal.

6. Legal Implications

6.1 There is a lease in place that details how staircasing is to be completed and Eastlaw are advising and acting for the Council with this transaction.

7. Risks

7.1 There is a risk that the transaction does not complete, for example if the Leaseholder wishes to remain with the current shared equity lease arrangement.

8. Sustainability

8.1 No direct impact caused by this transaction.

9. Climate / Carbon impact

9.1 No direct impact caused by this transaction.

10. Equality and Diversity

10.1 No direct impact caused by this transaction.

11. Section 17 Crime and Disorder considerations

11.1 No direct impact caused by this transaction.

12. Conclusion and Recommendations

12.1 The Leaseholder of the property has the legal right within the lease to be able to staircase after a 5 year period. They have served notice on the Council as the freeholder of their intention to fully staircase the lease and acquire the remaining percentage so that they own the property outright.

12.2 Having had an independent valuation undertaken Officers seek approval from Cabinet to complete the transaction which will result in the Council received a capital receipt of £102,300.