

# **BROMSGROVE DISTRICT COUNCIL**

## **CABINET**

**7 NOVEMBER 2007**

### **FEES AND CHARGES FOR LOW COST HOUSING TRANSACTIONS**

Responsible Portfolio Holder	Councillor Smith/ Councillor Whittaker
Responsible Head of Service	Claire Felton (Head of Legal, Equalities & Democratic Services) Dave Hammond (Head of Planning & Environment Services)

#### **1. SUMMARY**

- 1.1 To request Cabinet to authorise the charging of fees for valuations and legal work in connection with low cost housing transactions.

#### **2. RECOMMENDATION**

- 2.1 That the Cabinet approves the fees and charges at Appendix 1; and
- 2.2 That authority be delegated to Head of Legal, Equalities and Democratic Services and Head of Planning & Environment Services to revise the fees and charges from time to time.

#### **3. BACKGROUND**

- 3.1 The Council operates the Bromsgrove Low Cost Housing Scheme which was a scheme devised in the early 1990's to enable Bromsgrove residents to access subsidised housing on 70/30% basis, the 30% being an equity loan facilitated by Bromsgrove Council. Once the property has been purchased, the occupier has the right to purchase outright the remaining 30% share at any time. Alternatively the purchaser can sell at anytime the only restriction being that it is first offered to clients on the Low Cost Housing waiting list.
- 3.2 No fees are charged for the professional officer time or disbursements incurred by Council in relation to the purchase of the initial share, in relation to the purchase of the outstanding 30% in the property or in relation to the sale of the property.
- 3.3 This report does not seek to impose charges on those who are purchasing their initial share in the property as it is recognised that it would be inappropriate to impose barriers enabling them to access the property ladder.

- 3.4 However, there is a significant level of work and expense involved in connection with the subsequent sale or the purchase of the remaining 30% share and it is in relation to this that authority to charge is sought. By way of example, each potential transaction (whether or not the occupier decides to proceed with it) requires a valuation to be carried out. Due to insufficient in-house resources, this is being outsourced at a cost of £120 per valuation which is not currently recovered from the occupier. In addition officers are required to devote time to these processes, legal work is required to be undertaken and no charges are made for this work. Furthermore, in the case of a sale, officers are required to contact and liaise with other potential buyers on the Low Cost waiting list and this is a time-consuming exercise.
- 3.5 In the past, the Council's interest in the low cost housing scheme was protected by a legal charge (similar to a mortgage). If an occupier wishes to re-mortgage the property the Council must again arrange for a valuation to be carried out and then undertake legal work to postpone the Council's legal charge to enable the re-mortgage to proceed. Currently, a charge is being made for the legal work but not for the valuation or other officer time involved.
- 3.6 Therefore authority is sought to charge occupiers for valuations and administrative and legal costs arising from enquiries relating to the purchase of the 30% share, a sale or a postponement of the Council's legal charge, whether or not the transaction proceeds in accordance with the schedule at Appendix 1. These have been calculated to recoup officer time but not make a profit.

#### **4. FINANCIAL IMPLICATIONS**

- 4.1 There is no cost to the Council in implementing the recommendations. However, the Council will recover the costs and expenses it incurs in connection with these transactions.

#### **5. LEGAL IMPLICATIONS**

- 5.1 The Housing Acts governing low cost housing sales enable local authorities, housing associations and other registered social landlords to charge.

#### **6. COUNCIL OBJECTIVES**

- 6.1 Council Objective – Improvement. The recommendation will enable officers to carry out the Council's business in a robust, transparent & efficient manner, making a financial saving in carrying out speculative valuations but still offering a free service to those in most need in accessing intermediate housing.

#### **7. RISK MANAGEMENT**

There are no risks associated with the details included in this report.

**8. CUSTOMER IMPLICATIONS**

- 8.1 The recommendations will impact on external customers ie those participating in low cost housing schemes. However, it will not impact on those striving to start on the property ladder, but on those who have amassed or are seeking to increase equity in their property.

**9. EQUALITIES AND DIVERSITY IMPLICATIONS**

- 9.1 None.

**10. OTHER IMPLICATIONS**

Procurement Issues	No
Personnel Implications	No
Governance/Performance Management	No
Community Safety including Section 17 of Crime and Disorder Act 1998	No
Policy	No
Environmental	No

**11. OTHERS CONSULTED ON THE REPORT**

Portfolio Holder	Yes
Chief Executive	No
Corporate Director (Services)	No
Assistant Chief Executive	No
Head of Service	Yes
Head of Financial Services	No
Head of Legal, Equalities & Democratic Services	Yes
Head of Organisational Development & HR	No

Corporate Procurement Team	No
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**12. APPENDICES**

Appendix 1 Schedule of proposed fees and charges

**13. BACKGROUND PAPERS**

None

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## APPENDIX 1

### Proposed Fees and Charges

In all cases:

Valuation Fees £120

**Plus**

Fees for sale of property under the Low Cost Housing Scheme:

Strategic Housing Officers' fees £100

Legal fees £ 75

Total £175

Fees for purchase of additional 30% share:

Strategic Housing Officers' fees £ 25

Legal fees £ 75

Total £100

Fees for abortive sale/purchase of additional 30% share:

Strategic Housing Officers' fees £10

Fees for preparation of Deed of Postponement:

Strategic Housing Officers' fees £ 10

Legal fees £ 75

Total £ 85