

**Report of** Head of Strategy and Investment

**Report to** Chief Officer Property and Contracts

**Date:** October 2014

**Subject:** Option Appraisal 258 Lidgett Lane, Leeds, LS17 6QE

Are specific electoral Wards affected? If relevant, name(s) of Ward(s): Moortown	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In? No	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number: Appendix II Cost Benefit Analysis	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

### Summary of main issues

1. This report sets out the key issues effecting the sustainability of 258 Lidgett Lane, LS17 6QE, a large Victorian semi-detached property, which vests with Environment and Housing, which has been split in to 4 x bedsits and 1 x 1 bed roomed flat.
2. 258 Lidgett Lane has problems with subsidence, which has caused significant structural issues, which would be costly to address.
3. This report sets out and evaluates a range of options for this property and puts forward a recommended preferred option.

### Recommendations

4. It is recommended that the Chief Officer Property and Contracts agrees to the preferred option of selling 258 Lidgett Lane, on the open market on terms to be agreed by the Director of City Development. This option would generate a capital receipt for the Council and would also mean the investment that would have been spent on this property can be spent on more sustainable housing stock.

## **1 Purpose of this report**

- 1.1 The purpose of this report is to assess a range of options for 258 Lidgett Lane and recommend a preferred option. The objective of the option appraisal is to ensure that there are sufficient resources available to deliver the preferred option outlined in this report and that the preferred option offers value for money and best use of Council stock.

## **2 Background information**

- 2.1 258 and 260 Lidgett Lane are a pair of semi-detached properties, both of which are within council ownership and vested with Environments and Neighbourhoods. These properties were built in 1870 and purchased by the council in 1965 to be let to people on the council's housing waiting list. Given the age of these properties checks have been made to their listed status and Planning Services have confirmed that neither 258 nor 260 Lidgett Lane is listed. These buildings are located in a desirable, high value area of the city. Both 258 and 260 Lidgett Lane have large gardens and 258 Lidgett Lane has an out building and off street parking for five to six cars.
- 2.2 After purchasing these properties the Council undertook works to convert 258 Lidgett Lane in to 4 x bedsits with shared bathing facilities and 1 x one bedroomed flat. 260 Lidgett Lane is also within Council ownership and comprises of 3 x 1 bedroom self-contained flats; this property currently has two tenants and a leaseholder.
- 2.3 A structural survey was undertaken to 260 Lidgett Lane, in August 2013, where no significant structural issues were found with 260 Lidgett Lane. Therefore as there are no structural issues and 260 Lidgett Lane, and all three flats are inhabited, it has been excluded from this option appraisal. However, the structural survey undertaken to 258 Lidgett Lane, showed the property has significant problems with subsidence. The costs of undertaking works to remediate the structural issues highlighted in this report and resolve the causes of subsidence are significant and have been included in the cost benefit analysis.
- 2.4 In 1996, 258 Lidgett Lane, was let to Unipol for student accommodation. The lease to Unipol expired and Unipol handed the property back to the Council with vacant possession in July 2013. Since the return of 258 Lidgett Lane to the Council, it has remained empty due to structural problems with the property.
- 2.5 The Council would as a minimum need either need to bring these properties up to the decent homes standards or look at making the 4 x bedsits in to self-contained flats as bedsits aren't popular and have proved to be unsustainable. The cost of undertaking these conversion works is significant and has been include in the cost benefit analysis.

## **3 Main issues**

- 3.1 258 Lidgett Lane was handed back to the Council with vacant possession in July 2013. The property has remained empty due to the following reasons.

- The property requires expensive underpinning and piling works. This is due to the fact that the basement doesn't extend to the full extent of the property which is one of the causes of the subsidence. As a result the property has dropped at the front bay and at the rear.
- Significant works are required to repair internal damage caused by subsidence which includes large cracks running through the property, repointing.
- Works to remove trees, which may be in part contributing towards subsidence
- Replace cracked land drains, which are contributing towards the subsidence.
- Exterior building work to renew drains, windows and doors, remove hazardous chimney stack and re-render the rear of the property using lime mortar rather than concrete.
- Expensive works to convert in to 3 x 1 bedroomed self-contained flats as bedsits have proven to be unpopular and unsustainable.

3.2 The following options for 258 Liggett Lane have been assessed in detail.

3.3 Option 1 – Undertake structural remediation work and convert in to 3 x 1 bedroomed self-contained flats

- This option would provide three one bedroom flats in a popular, high value area of the city.
- This option is very expensive with conversion costs estimated to be £96K per dwelling. This doesn't include the works required to remediate the subsidence and structural issues.
- Works couldn't start until 2017, at the earliest as we would need to monitor works required to remedy the subsidence over a three year period to establish if they had been successful before starting the conversion works.
- This option doesn't pay for its self over a 30 year payback period.

3.4 Option 2 – Undertake structural and decency works but retain as 4 x bedsits and 1 x 1 bedroom flat

- 4 x bedsit properties with shared bathing facilities would remain. Bedsits and particularly those with shared bathing are unpopular and difficult to let.
- Works required to remedy the subsidence and repair damage done to the property due to the subsidence would be costly. These funds could be spent on more sustainable housing stock.
- Works to remedy the subsidence would require monitoring over a three year period to establish if they had been successful so decency works couldn't commence until 2017 at the earliest.

- There works would pay for themselves in year 26 of the payback period, please see cost benefit analysis. However, the council is aiming to reduce the amount of bedsits it has with the aim of getting rid of them completely as they have proven to be unpopular and unsustainable in the longer term.

### 3.5 Option 3 – Dispose on the open Market in its current condition

- A valuation has been undertaken, which takes in to account the properties current condition.
- 258 Lidgett Lane is currently empty and could easily be sold with vacant possession. As the property is void the Council wouldn't incur costs for "homeless and disturbance" payments.
- The Council would share the structural survey and other information regarding the property with prospective purchasers so they would be able to plan and cost the works required in advance of making a bid.
- The site including surrounding grounds is sizeable at 940 sq. meters, which would make the site attractive to developers. Similar properties in the area have been extended to create additional residential units.
- This option avoids expensive capital investment and would generate a capital receipt for the Council.
- This option doesn't pay for its self over the 30 year payback period due to the estimated loss in rental income. However, this is based income lost for bedsit accommodation which has proven to be unsustainable.

### 3.6 Option 4 – Offer to a Registered Provider (RP)

- This option wouldn't generate a capital receipt for the council.
- PRs would need to spend the same as the council would to address the properties structural problems and create 3 self-contained flats, which would make the cost per residential unit very high.
- It is likely that RPs would be dependent on Homes and Communities Agency (HCA) funding in order to undertake these works. There isn't a guarantee that they would be successful in securing funds, especially as the cost per unit is so high, the HCA may not view such a bid as not being good value for money.
- This option doesn't pay for its self over the 30 year payback period.

## **4 Corporate Considerations**

### **4.1 Consultation and Engagement**

- #### 4.1.1
- Ward Members, Housing Management and Area Management have been consulted and their comments will be fed in to this report.

### **4.2 Equality and Diversity / Cohesion and Integration**

- 4.2.1 An equality, diversity cohesion and integration screening exercise has been carried out. This has confirmed that equality, diversity, cohesion and integration considerations have been effectively considered in relation to this proposal and that a full impact assessment was not required.

### **4.3 Council policies and City Priorities**

- 4.3.1 Option 3 to dispose of 258 Lidgett Lane on the open market offers the best value for money, this option would generate a capital receipt for the council and investment spent on this property can be spent on more sustainable housing stock.

### **4.4 Resources and value for money**

- 4.4.1 The preferred option of selling 258 Lidgett Lane on the open market would generate a capital receipt for the Council and would also mean the investment that would have been spent on this property can be spent on more sustainable housing stock.

### **4.5 Legal Implications, Access to Information and Call In**

- 4.5.1 This report is not eligible for Call in.

### **4.6 Risk Management**

- 4.6.1 There is a risk that the property won't sell quickly due to the amount of works required to resolve the subsidence and repair the damage done by the subsidence. However, the property does have further development potential and its location in a high value area of the city would make it attractive to developers. The Council will provide as much information as we can to prospective purchasers regarding the condition of the property. This will enable prospective purchasers to make an informed bid taking into consideration the cost of remedying the subsidence and structural problems 258 Lidgett Lane.

## **5 Conclusions**

- 5.1 The preferred option of selling 258 Lidgett Lane on the open market would generate a capital receipt for the Council and would also mean the investment that would have been spent on this property can be spent on more sustainable housing stock.

## **6 Recommendations**

- 6.1 It is recommended that the Chief Officer Property and Contracts agrees to the preferred option of selling 258 Lidgett Lane, on the open market on terms to be agreed by the Director of City Development

- 7 Background documents<sup>1</sup>**
- 7.1 Appendix I - Location Plan
- 7.2 Appendix II - Cost Benefit Analysis
- 7.3 Appendix III - Structural Survey

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<sup>1</sup> The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.