

Report of Richard Marshall

Report to Environment and Housing Decision Panel

Date: 16 January 2015

Subject: The purchase of 12 Raincliffe Street and 24 Raincliffe Road East End Park Leeds.

Are specific electoral Wards affected? If relevant, name(s) of Ward(s): Burmantofts and Richmond Hill	<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?	<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:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

Environment and Housing is going through a housing growth programme and is providing more properties for Council rent than it has for over 25 years. There are a number of streams to the programme including the acquisition of empty properties.

12 Raincliffe Street and 24 Raincliffe Road East End Park are empty properties, built circa 1900, owned by Guinness Partnership (GP) social landlord. They are considered surplus to requirements by GP and are being disposed by them as part of a rationalisation of their stock. They have been valued at £57,000 and £55,000 respectively.

East End Park has seen a high level of public investment in recent years and had licencing of private landlords due to the number and condition of that sector in the area. The Council is currently building properties on East Park Road close to the Raincliffe estate.

A Housing void survey of the properties shows that it would cost £5000 each to bring them to the letting standard for Council homes. The funds for this work are available through the existing void funds.

Officers in Housing Management state that there would be demand for the properties if they were let though the Choice Based Letting process.

Recommendations

The Director of Environment and Housing is asked to approve the purchase of:

12 Raincliffe Street and 24 Raincliffe Road from GNP for £57,000 and £55,000 respectively, with a joint refurbishment cost – to bring them to the Councils letting standard – of £10,000.

1 Purpose of this report

- 1.1 To inform the Director of Environment and Housing of an opportunity to buy two empty properties in East End Park. They are owned by GP who informed the Council about them as part of their property disposal process.
- 1.2 To seek approval to buy the properties from GP at a cost of £112,000 with a further £10,000 to bring them to the letting standard.

2 Background information

- 2.1 The Housing Growth Board is overseeing the delivery of the Council Housing Growth Programme which includes three main work streams: new build, acquisition and refurbishment.
- 2.2 Within the acquisition strand falls the buying of empty properties, in part funded by a grant from the Homes and Communities Agency (HCA). This scheme is only available for privately owned residential properties as the grant requirements specifically exclude those owned by social housing providers. This scheme allocated £100,000 per property for the purchase of privately owned homes.
- 2.3 Grant rates from the HCA to registered providers are decreasing and they are required to fund the majority of new developments themselves. Disposing of existing stock & reinvesting the proceeds of sales into new Affordable Housing developments is a process they follow to increase their growth funds. GP approached the Council in November 2014 seeking permission to dispose of 24 Raincliffe Road & 12 Raincliffe Street, East End Park on the open market. They are both vacant and will remain unoccupied until they are disposed of by GP.
- 2.4 The Council has had the properties valued and assessed for investment need and the total price to buy them and bring them to the letting standard would be £122,000.
- 2.5 East End Park has a high concentration of private rented properties which, due to the poor condition and management of the sector, led to the Councils selective licensing scheme in the area, which came to an end in September 2014. There is still considerable work ongoing to address the conditions and management of the stock. The private rented sector is at the lower end of the rental market with rents amongst the lowest in the city.
- 2.6 There has, also, been considerable regeneration activity within East End Park to improve the area and increase its desirability as a place people choose to live. This has included public funding to help regenerate it: currently there is over £6m being invested there via the Sustainable Community Programme in relation to the stock, the environment and the highway.

3 Main issues

- 3.1 Housing Services officers feel it is a good opportunity for the Council to acquire these units from GP with a view to retaining them as social rented units.
- 3.2 Housing Services state that the properties are in a location that has housing need and demand. They will integrate easily into the local management area as there are other Council owned homes close by.
- 3.3 The Head of Maintenance Operations has stated that the cost of refurbishment work to bring the properties to the letting standard can be met from the void budget.
- 3.4 If the properties are not bought by the Council there is a possibility that they will be acquired by private landlords adding to the already high levels of this sector in the area.
- 3.5 Buying the properties would contribute to the ongoing investment and improvement of the area. They come at a cost that is lower than the value placed on properties for the project to buy back of empty properties part funded by the HCA.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 Housing Service officers state that they can let the property if they become available.
- 4.1.2 Local ward members have been informed of the proposal.

4.2 Equality and Diversity / Cohesion and Integration.

- 4.2.1 There are no equality or diversity considerations in the buying of the properties.
- 4.2.2 If the recommendation is agreed then the properties will be let through the Councils Choice Based Letting process. This process and the policies that govern the letting of Council homes have been subject to full equality assessments.

4.3 Council policies and City Priorities

- 4.3.1 The use of the property for social housing supports the City Priority 'Best City to Live' to increase the number of long term empty property brought back into use.

4.4 Resources and value for money

- 4.4.1 The initial purchase of the properties at £112,000 and the refurbishment costs for the properties is £10,000
- 4.4.2 With a weekly rental income of £76.24, or £7929 annually for both properties the repayment period for the initial investment would be under 14 years.

4.5 Legal Implications, Access to Information and Call In

4.5.1 There are no legal implications for the decision and it is not eligible for call in.

4.6 Risk Management

4.6.1 Missing the opportunity to purchase the properties at a cost that is less than other growth streams may lead to criticism.

4.6.2 While the properties have been surveyed to assess their condition, there is a risk that unforeseen works will be required which weren't identified within the survey.

4.6.3 The longer the properties remain empty the greater the risk of general disrepair through lack of use.

5 Conclusion

5.1 GP is disposing some of their stock in the East End Park area of Leeds. They approached the Council in November 2014 as part of their disposal process outlining the desire to sell off 12 Raincliffe Street and 24 Raincliffe Road.

5.2 The area is part of ongoing initiatives to raise its profile and reduce problems for those living there. High levels of poorly managed private rented sector properties led to a Selective Licence for the area. And there is ongoing public investment through a new build Housing Leeds site and a Sustainable Community Programme.

5.7 Buying these properties by the Council for social rents would fit into these ongoing investment schemes in this part of the city.

5.3 The cost of buying and refurbishing the properties is £122,000 and the repayment period for this work would be under 14 years.

6 Recommendations

6.1 The Director of Environment and Housing is asked to approve the purchase of:

- 12 Raincliffe Street for £57,000 with an estimated refurbishment cost of £5,000; and
- 24 Raincliffe Road for £55,000 with an estimated refurbishment cost of £5,000.

7 Background documents¹

None

¹ 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.