

Report of Neil Evans

Report to Executive Board

Date January 2012

Subject 60 Sholebroke Ave, Chapeltown LS7

Are specific electoral Wards affected? If relevant, name(s) of Ward(s): Chapel Allerton	<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 checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: 10.4.3 Appendix number: Appendix 1	<input checked="" type="checkbox"/> Yes	No

Summary of main issues

1. The subject property was leased to the National Health Service (NHS) as offices until July 2009 and is now empty and secured.
2. Executive Board on 16 June 2010 gave approval to the Council to enter into negotiations with a Registered Social Landlord to sell the property to convert it to a socially rented family home.
3. Provisional terms for the sale at a less than best value have been agreed and this report seeks approval to sell the property in accordance with these terms.

Recommendations

4. It is recommended that approval is given to sell 60 Sholebroke Ave, Chapeltown Leeds LS7 to Unity Housing Association at a less than best consideration in accordance with the terms outlined in the confidential appendix to this report in order to bring an empty property back into use, fully renovated and providing a 7 bed roomed family house.

1 Purpose of this report

- 1.1 The purpose of this report is to seek approval to sell 60 Sholebroke Avenue, Chapelton to Unity HA at less than best consideration and on the terms outlined in the confidential appendix to this report.
- 1.2 Unity HA will renovate the property and bring it up to Code Level 3 for Sustainable Homes and bring the property back into use as a 7 bed roomed family house for a family to be housed from the housing register.

2 Background information

- 2.1 The property, which comprises a large Victorian detached house in a row of similar residential properties, was formerly occupied by the NHS as offices which have been vacated and handed back to the Council.
- 2.2 Following an options appraisal undertaken by Environment and Neighbourhoods, with whom the property is vested, an Executive Board Report was considered on 16 June 2010 and approval was given to:
 - Declare the property surplus to operational requirements.
 - Enter into negotiations with a partner Registered Social Landlord with the aim of concluding a sale to them at a price which represents the value of the property and the level of refurbishment needed to bring the property to a decent homes standard.
 - To covenant the sale, in order that the property is retained in perpetuity as a social rented family home and that the Council retains nomination rights in respect of lettings.
- 2.3 In July 2010 negotiations commenced with Unity HA, a partner Registered Social Landlord which manages stock in the immediate neighbourhood of the subject property with a view to selling the property to them for refurbishment and bringing the property back into beneficial use.
- 2.4 The provision of a much needed seven bed roomed property within an area of high demand will greatly assist the number of families waiting for such accommodation. An analysis of the housing register reveals that there are 97 families awaiting 5 bedrooms plus accommodation. In the last five years only three, five bed roomed properties have become available for letting. There have not been any six or seven bed roomed accommodation available in the same time period.
- 2.5 Negotiations commenced regarding the value of the property and the cost of refurbishment which would be needed to bring the property up to decent homes standard.
- 2.4 Squatters took possession of the property in December 2009 and there was then a lengthy delay in the negotiations until the squatters could be removed through the court process which was achieved in October 2010.

- 2.5 In June 2011 Unity HA went out to tender with a detailed specification for the refurbishment works required. The specification was to undertake works to Code Level 3 of Sustainable Homes.
- 2.6 The specification of works to be carried out and the lowest tender price submitted were then checked by a Technical Manager in Property Management Services in the Environment and Neighbourhoods Directorate who after examination felt the tender price to be reasonable for the works involved in a refurbishment of this size.

3. Main issues

- 3.1 The property which is in a residential area had been previously used as offices by the NHS until February 2009 before the property was returned to the Council.
- 3.2 60 Sholebroke is a large 7 bed roomed Victorian detached house. An option appraisal process was carried out in May 2010. The options considered included:
- Open market sale and capital receipt to the Council
 - The Council refurbishes the property and let it as a council house managed by the ALMO
 - The Council enters into negotiations with a partner RSL who manages other properties in the area. The RSL purchases the property, invests in it and creates a new affordable home.
- 3.3 The three options above were considered in the Executive Board report in June 2010 and the option to enter into negotiations with a partner RSL was the recommendation approved by Executive Board.
- 3.4 Following Executive Board approval in June 2010, negotiations have progressed with Unity HA and a sale price for the property has been provisionally agreed. The original Executive Board approval does not definitively state that the sale is for a 'less than best' value and the sum to be foregone in this transaction is above the delegated authority limits that can be approved by the Director of City Development.
- 3.5 Therefore a new Executive Board approval is required in order to approve the sale of the property to Unity HA at a less than best consideration and on the provisionally agreed terms detailed in the confidential appendix to this report.
- 3.6 The above sale will be on less than best consideration. However it is important to note that considerable expenditure will be spent by Unity HA on the property bringing it back into use.
- 3.7 Unity HA will be using local labour and creating training and employment opportunities. The Association will appoint a family run local contractor who will take on two local, long term unemployed people from the Chapeltown area, who will be trained to become general operatives.
- 3.8 The building control standards are at Code for Sustainable Homes Level 3 but due to the large size of the property, Unity HA have confirmed that a higher standard will be

achieved in order to tackle affordable warmth, so in addition to the remodelling there will be significant increases in internal insulation and solar power, in order to produce cheaper electricity and hot water which will reduce energy and fuel bills to prospective tenants.

- 3.9 The information contained in the Appendix attached to this report relates to the financial or business affairs of a particular person, and of the Council. This information is not publicly available from the statutory registers of information kept in respect of certain companies and charities. It is considered that since this information was obtained through one to one negotiations for the disposal of the property/land then it is not in the public interest to disclose this information at this point in time. Also it is considered that the release of such information would or would be likely to prejudice the Council's commercial interests in relation to other similar transactions in that prospective purchasers of other similar properties would have access to information about the nature and level of consideration which may prove acceptable to the Council. It is considered that whilst there may be a public interest in disclosure, much of this information will be publicly available from the Land Registry following completion of this transaction and consequently the public interest in maintaining the exemption outweighs the public interest in disclosing this information at this point in time. It is therefore considered that this element of the report should be treated as exempt under Rule 10.4.3 of the Access to Information Procedure Rules.

4 Chapeltown Investment Strategy

- 4.1 Unity HA are key players in the Chapeltown Housing Investment Strategy Investment Plan 2011-2015.
- 4.2 Unity HA has a strong desire to consolidate its position in Chapeltown and also is involved in stimulating partnerships and driving forward improvements in areas such as the Sholebrokes. For example Unity HA organise a daily litter pick and are very proactive in tackling fly tipping in the Sholebrokes. Unity HA takes early action by removing, clearing and recharging or removing and clearing at its own cost.
- 4.3 Unity HA is proactive in taking on additional stock in Chapeltown either through new development or bringing empty homes back into use. Larger family housing remains a key requirement, and therefore Unity HA are very well placed to bring back into use larger empty properties in order to provide additional affordable family accommodation.
- 4.4 One of the key objectives in the Strategy is the commitment to bring empty properties back into use. Unity HA will improve 60 Sholebroke and ensure that it is brought back into use.

5. Stock and Demand in the Area

- 5.1 There are approximately 452 council homes managed through East North East Homes in Chapeltown. In all over 50% of the housing stock in Chapeltown is made up of flats, with most being one bed roomed. Only 11.5% are homes with 4 bedrooms or more. There are 1,142 properties owned by RSLs in Chapeltown. Of these, nearly 49% are flats, and these are mostly 1 bedroom or bedsits. There are only 23% which are houses with 4 bedrooms or more.

- 5.2 There are currently 266 applications held from existing Council tenants seeking a transfer within Chapeltown and Harehills, or to Chapeltown and Harehills of these 90 (34%) applications were looking for properties of 3 beds or more.
- 5.3 There are currently in the region of 90 families on the housing register requiring 5 bed plus accommodation, 19 of which have requested Chapeltown. Large family accommodation is in short supply and so 60 Sholebroke Ave would provide much needed additional affordable accommodation

6.0 Corporate Considerations

- 6.1 The proposal contributes to the Councils Housing Strategy and the Departmental Asset Management Plan. The proposal also contributes to the objectives of the Chapeltown Investment Strategy.

7.0 Consultation and Engagement

- 7.1 Local ward members and the Executive Board Member for Environments and Neighbourhoods were consulted on the original report that was approved in June 2010 and have now been consulted on the options and continue to support the original proposals and the revised asset value to the Council, recognising that the provision of a seven bed roomed house is important to meet local needs through the Councils housing register.

8.0 Equality and Diversity / Cohesion and Integration

- 8.1 An equality, diversity, cohesion and integration screening exercise has been carried out. This has affirmed that equality, diversity, cohesion and integration considerations have been effectively considered in relation to selling this property at less than best consideration and that a full impact assessment was not required.
- 8.2 The BME Housing Strategy recognised the need to provide larger accommodation for families from ethnic groups. The provision of larger accommodation also meets the objectives in the Chapeltown Investment Strategy.

9. Council Policies and City Priorities

- 9.1 Bringing back into use a property which has been standing empty and has been subject to squatting will make an impact on the Housing and Regeneration City Priority Plan's overall objective of reducing the number of empty properties in the City.

10 Resources and Value for Money

- 10.1 The property is currently standing empty and costs for securing are being met by E&N. Unity HA will be spending a considerable sum on the property bringing it up to Code 3 for Sustainable Homes and back into use as a 7 bed roomed family property. The Council will also receive a capital receipt as detailed in the confidential appendix to this report.

10.2 The provision of a much needed seven bed roomed property within an area of high demand will greatly assist the number of families waiting for such accommodation. An analysis of the housing register reveals that there are 97 families awaiting 5 bedrooms plus accommodation. In the last five years only three, five bed roomed properties have become available for letting. There have not been any six or seven bed roomed accommodation available in the same time period

11. Legal Implications, Access to Information and Call In

11.1 Any disposal of land or buildings which is held by the Council for the purposes of the Housing Act requires consent of the Secretary of State pursuant to Section 32 of the Housing Act 1985. In addition Section 25 of the Local Government Act 1988 provides that a local authority cannot provide any person with financial assistance for privately let housing accommodation without the Consent of the Secretary of State.

11.2 The Council's City Solicitor has confirmed that consent to the disposal of this property and the provision of financial assistance by way of a disposal as less than best consideration is given by The General Consent under Section 25 of the Local Government Act 1988 (Local Authority assistance for privately let housing)) 2010"

11.3 In addition to the above it is necessary for a certificate to be given by Council (the Director of Environments and Neighbourhoods) that the aggregate number of dwelling-houses in the disposal and previous disposal by the council under this consent does not exceed a number equal to the greater of one quarter of one percent of the number of dwelling -houses owned by the Council at the commencement of the current financial year.

11.4 This report will be subject to call in

12. Risk Management

12.1 There is a risk that following refurbishment a Housing Associations tenant could purchase the property under Right to Acquire legislation and therefore negate the stated purpose of the sale to Unity HA to have a large family house available for social rent in this area. This risk will be mitigated by Unity HA having an obligation to invest any monies received, into providing another similar property in this area.

13. Conclusion

13.1 60 Sholebroke Ave, is currently standing empty. Unity HA are willing to purchase the property at less than best consideration to enable a considerable sum to be spent on the property, bringing it back into use as a much needed additional, affordable 7 bed roomed family house.

14 Recommendations

14.1 That 60 Sholebrook Ave is sold at a less than best consideration and on the terms detailed in the confidential appendix to this report to Unity HA in order that the

property can be refurbished to Code Level 3 for Sustainable Homes, and brought back into use as a 7 bed roomed family house

15 Background documents

Executive Board Report dated 22 June 2010