

47 Karnac Road, Leeds, LS8 5BL

Date: 28 July 2023

Report of: Land and Property

Report to: Chief Officer Asset Management and Regeneration

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Brief summary

Leeds City Council purchased through CPO 47 Karnac Road in 2021 as the property was considered a nuisance to neighbours probably as a result of being abandoned and left to deteriorate. Options for the future of the house have been considered and Communities, Housing and Environments have requested the house be sold.

Recommendations

It is recommended 47 Karnac Road be sold by way of public auction.

What is this report about?

- 1 This report relates to the future of 47 Karnac Road. The Council acquired the house by CPO as it was causing a nuisance locally, having been abandoned and falling into disrepair.
- 2 Private Sector Housing (Communities, Housing & Environment) have been through the option appraisal for the property and considered initially either retaining the property as part of housing stock, selling to a social partner such as LATCH, or disposing on the open market. It was decided to offer the house to LATCH at market value. LATCH would then refurbish and let. LATCH have confirmed that they are not interested in purchasing this property and subsequently Head of Private Sector Housing has confirmed by email on 24 July 2023 that the best option for disposal of the property is to sell at auction. On 25 July 2023 Housing Growth Acquisitions Manager (Property) confirmed no interest in the house, as Communities, Housing & Environment was not interested in taking it into stock.
- 3 Disposal of this house would divest the Council of ownership and maintenance costs and would generate a capital receipt to help support a wide variety of projects as part of the Best Council Plan. The house is likely to be attractive at auction to a builder for refurbishment and is likely to produce the highest receipt as opposed to other methods of disposal.

What impact will this proposal have?

- 4 The sale of the property, which is surplus to Council requirements, will generate a capital receipt which shall support the Best Council Plan. It is most likely that the property will be refurbished and brought back into habitable use, contributing to the Best City Priority of Housing

in the Best Council Plan. The Council will impose an obligation on a new owner to refurbish the house within 12 months, and in the event of failure to refurbish the Council will have the option to repurchase at either the original transfer price or market value whichever is the lower at the time of repurchase.

How does this proposal impact the three pillars of the Best City Ambition?

Health and Wellbeing

Inclusive Growth

Zero Carbon

- 5 The house is in a dilapidated state of repair, once improved it should enhance the local neighbourhood and provide much needed housing. Home ownership is known to contribute to health and wellbeing.

What consultation and engagement has taken place?

Wards affected: Gipton and Harehills

Have ward members been consulted? Yes No

- 6 Councillors Salma Arif, Arif Hussain and Asqhar Ali were emailed on 28 July 2023 informing them of the Council's intention to dispose of the property by public auction. Cllr Ali confirmed on 31/07/2023 that he supported the method of disposal. Cllr Arif enquired as to when the auction is to take place and made no objection. Cllr Hussain asked who is responsible for clearing fly tipping at and near the property and made no objection to LCC disposal proposal.

What are the resource implications?

- 7 The property is currently vacant and in a dilapidated state of repair. Disposal of the house would divest the Council of ownership and maintenance costs and would generate a capital receipt to help support a wide variety of projects as part of the Best Council Plan. Disposal at auction is likely to produce the highest receipt as opposed to a disposal by any other method. The proposal represents good estate management by maximising income generation and removing holding costs. Disposal will be at or above a reserve price to be approved by the Head of Asset Management.

What are the key risks and how are they being managed?

- 8 The main risk is that the property does not sell at auction, however this is unlikely given the location of the property and demand for this type of renovation project.

What are the legal implications?

- 9 Under Part 3, Section 3E(g) of the Council's Constitution (Officer Delegation Scheme (Executive Functions)) the Director of City Development has authority to discharge any function of the Executive in relation to Asset Management.
- 10 The Chief Officer Asset Management and Regeneration, Head of Asset Management and Deputy Head of Land and Property have authority to take decisions in relation to Asset Management as delegated in the Director of City Development's sub delegation scheme.
- 11 The proposal constitutes a Significant Operational Decision and is therefore not subject to call in.
- 12 The Deputy Head of Land and Property confirms that the proposed method of disposal set out above is the method most likely to result in the Council achieving the best consideration that

can reasonably be obtained under Section 123 of the Local Government Act 1972 (or under the Housing Act 1985).

Options, timescales and measuring success

What other options were considered?

- 13 Sell the property to Leeds Action to Create Homes but as detailed previously LATCH have confirmed that they are not interested.
- 14 Offer the property to The Council's Housing Growth Team but as detailed above Housing Growth do not wish to include the subject property in their acquisition programme thus releasing it for sale.
- 15 Not to sell the property. However, this is not recommended as there is no justifiable reason to retain the property.
- 16 To sell the property on the open market by way of offers. Whilst this method would also satisfy best consideration requirements, given that offers may be conditional on surveys or obtaining finance or selling other assets to purchase there is a risk that interested parties may either withdraw or reduce their offer during the process. An auction sale not only meets best consideration requirements but provides a quick receipt to the Council.

How will success be measured?

- 17 Success will be measured by disposal of the property at auction.

What is the timetable and who will be responsible for implementation?

- 18 Proposed auction date is 25 October 2023, with completion usually taking place 28 days thereafter.
- 19 24/10/2023 The amended proposed auction date is 13 December 2023 with completion usually taking place 28 days thereafter.

Appendices

- None

Background papers

- None