

45 Garnet Terrace, Beeston, LS11 5JX

Date: 04 January 2024

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

45 Garnet Terrace is a traditional two bedroom back-to-back terrace house constructed in brick and providing accommodation planned on four floors. On 13 November 2023 the Director of Communities, Housing and Environment declared 45 Garnet Terrace surplus to requirements, removal from charge and the disposal of the property on the open market. The property was previously rented on a peppercorn rent to a local charity and managed by Commercial Asset Management under the miscellaneous portfolio. This agreement has now ended. The property is currently void and needs significant investment to bring the property back to the general housing stock. An option appraisal was carried out by Communities, Housing and Environment and a disposal was recommended as a cost benefit analysis demonstrated that to bring the property back to the general housing stock would not pay back until year 35. It was estimated that the property requires £65,000 of investment to bring it to a decent lettable standard. In addition, there are also damp related issues common with back-to-back properties which lead to poor SAP ratings. Communities, Housing and Environment have consulted Ward Members who have responded and approved the proposal to dispose of the property.

Recommendations

It is recommended that 45 Garnet Terrace LS11 5JX be declared surplus to Council requirements and sold by way of public auction.

What is this report about?

- 1 This report relates to the future of 45 Garnet Terrace LS11 5JX. The Director of Communities, Housing and Environment declared 45 Garnet Terrace surplus to requirements and approved the removal from charge and the disposal of the property. Communities, Housing and environment have classed the property as a miscellaneous property that requires £65,000 of investment to bring it to a decent lettable standard and have stated that the property will continue to provide a low SAP rating which will not meet the Councils target to improve the average SAP rating for the city.
- 2 Communities, Housing & Environment have been through the option appraisal for the property and considered investment in the property to bring it back to a decent standard. The

option to retain and invest was rejected due to the payback time of 35 years together with limitations with this type of property to improve the SAP rating. On 13 November 2023 the Director of Communities, Housing and Environment declared 45 Garnet Terrace surplus and confirmed the method of sale to be disposal on the open market.

- 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, at auction, is likely to be attractive 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 poor 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: Hunslet and Riverside.

Have ward members been consulted? Yes No

- 6 Ward members have been consulted by Communities, Housing and Environment on 25 October 2023. On 25/10/2023 Cllr Mohammed Iqbal and Cllr Paul Wray confirmed that they are happy for the disposal of the property and on 02/11/2023 Cllr Ed Carlisle confirmed that he is happy that the property is sold.

What are the resource implications?

- 7 The property is currently vacant and in a poor 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 Offer the property to The Council's Housing Growth Team but Housing Growth do not wish to include the subject property in their acquisition programme as it does not meet the required typology thus releasing it for sale.
- 14 Not to sell the property. However, this is not recommended as there is no justifiable reason to retain the property.
- 15 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 meets best consideration requirements and is an asset type known to be popular in auction sales and this route provides a quick receipt to the Council.

How will success be measured?

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

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

- 17 It is proposed the house will be sold within three to six months.

Appendices

- None

Background papers

- None