



Not for Publication: Appendix 1 of this report contains information exempt under Rule 10.4 (3); Information relating to the financial or business affairs of any particular person (including the authority holding that information).

Report of: The Director of Environment and Neighbourhoods

Executive Board

Date: 22nd June 2010

Subject: Disposal of 60 Sholebroke Avenue, LS7 3HB

Electoral Wards Affected:

Chapel Allerton

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

Eligible for Call In

Not Eligible for Call In
(Details contained in the report)

EXECUTIVE SUMMARY

Environments and Neighbourhoods have responsibility for managing a portfolio of approximately 1600 miscellaneous properties across the City, 350 are residential properties leased out to Registered Social Landlords and Supported Housing Providers. The remainder are estate shops and other buildings, such as pubs, social clubs, community centres, public conveniences, utilities infrastructure and sub-stations. The aim is to ensure that all assets have a positive impact on the neighbourhood and meet local people's needs and aspirations.

60 Sholebroke Avenue is part of the portfolio, it was leased to the NHS as offices until summer 2009; and has been empty and secured since, pending the options appraisal and identification of resources to return it to residential use.

The Council's Valuations Team in City Development have valued the property at £250,000 current open market value in its current condition. The options appraisal has been completed and recommends disposal of the property to a partner Registered Social Landlord to ensure it is renovated into a family home. (option 3, as detailed below).

1.0 Purpose Of This Report

This report seeks Executive Board approval to:

- a) Progress with Option 3
- b) Declare the property surplus to the Council's operational requirements
- c) Enter into negotiations with a Registered Social Landlord with the aim of concluding the sale which delivers the value of the property minus the investment required to return the property to residential use,
- d) To covenant the sale in order that the property is retained in perpetuity as a socially rented family home and that the council retains nomination rights in respect of lettings.

2.0 Background Information

- 2.1 60 Sholebroke Avenue is in the miscellaneous property portfolio of Environments & Neighbourhoods. It is a large 7 bed Victorian detached house in a row of similar residential properties. It was returned to the Council from the NHS.
- 2.2 During the time the property has been empty, there have been instances of criminal damage and trespass (squatting) to the property. These issues have been quickly resolved; however, there is an ongoing risk of similar damage and decline of the property.
- 2.3 Local Ward Members and the Executive Board Member for Environments & Neighbourhoods have been consulted on the options and support the proposals in this report.

3.0 Main Issues

- 3.1 The options appraisal has been completed which investigated four options:

Option 1: Open Market Sale

Benefits: A capital receipt to the Council.

Risks: Sale on the open market reduces the Council's ability to control or influence the future use. The potential for the property to be purchased by a private investor who would then rent the property as a house of multiple occupation is significant, this could increase the potential for anti-social behaviour. This option would not support the aim of increasing the number of affordable homes within communities and developing family housing to address housing need.

Option 2: The Council refurbishes the property and lets it as a Council house, managed by the ALMO.

Benefits: This option would return the property to a family home and retain a rental income to the Housing Revenue Account.

Risks: This option does not create the capital investment required to enable the property to be brought back into residential use. The size and nature of the investment needed makes it difficult to fund from the major repairs programme.

Option 3 – The council enters into negotiations with a partner RSL, who manages other stock in the immediate neighbourhood for them to purchase the property invest and create a new affordable home.

Benefits: The Council is able to control the negotiations on the sale for a value which reflects the investment needed to return the property to residential use. The sale is covenanted to control the size and standard of the refurbished property. The covenant would include a clause to ensure the property is let as a social rented house in perpetuity. The council retains nomination rights. This option carries the least risk to the Council and offers the best outcome in terms of controlled negotiations on the capital receipt value and securing the future of the property as a socially rented home for those in housing need.

Risks: The commitment, capacity and finances of the preferred RSL. Officers in Environments and Neighbourhoods will work to mitigate against this risk.

Option 4: The council enters into negotiations with a local supported housing provider who would lease the property from the council at a peppercorn rent for a 21 year period.

Benefits: The supported housing provider would invest in the property to refurbish it for residential use and would give floating support needs to the tenant or tenants. This option fits with Council policy and aims of supporting the most vulnerable people in our City to access independent living in social rented accommodation.

Risks: The capacity and resources of the supported housing provider; inability of the Council to influence timescales involved for fundraising; property remains empty during the fundraising time period. The Council forfeits both long term rental income and a negotiated capital receipt value.

4.0 Implications For Council Policy And Governance

4.1 The proposal contributes to the Councils Housing Strategy and the Departmental Asset Management Plan.

5.0 Legal And Resource Implications

5.1 There will be legal and resource implications in terms of staff time involving officers in negotiations for option 3 from the Directorates of Environments & Neighbourhoods, City Development and Chief Executives.

5.2 The best value which might be obtained based on the open market valuation is £250,000.00. Progressing option 3 will mean that the Council forgoes some of the value to fund the capital investment in the property. Officers in Environments and Neighbourhoods will work to maximise the capital receipt.

6.0 Conclusions

- 6.1 Subject to any necessary consent from the Department for Communities and Local Government the final terms of the sale will be determined by the Director of City Development in line with the Delegated Functions of the Council.
- 6.2 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 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.

7.0 Recommendations

That Executive Board approves the proposals in this report, to:

- a) Progress with Option 3
- b) Declare the property surplus to the Council's operational requirements
- c) Enter into negotiations with a partner Registered Social Landlord with the aim of concluding a sale to them which represents the value of the property and which recognises the level of refurbishment needed to bring the property to a decent homes standard.
- d) To covenant the sale in order that the property is retained in perpetuity as a socially rented family home and that the council retains nomination rights in respect of lettings.

Background Papers

There are no background papers referred to in this report.