

## ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS

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1.	<b>Meeting:</b>	<b>Cabinet Member for Safe and Attractive Neighbourhoods</b>
2.	<b>Date:</b>	<b>21st March 2011</b>
3.	<b>Title:</b>	<b>20 Pleasley Road, Whiston</b>
4.	<b>Directorate:</b>	<b>Neighbourhoods and Adult Services</b>

### 5. Summary

20 Pleasley Road, Whiston is a Council owned vacant property in need of substantial investment. The estimated cost of repairs and improvements to bring the properties to a lettable standard is £45,000 which exceeds the investment threshold of £20,000 for individual properties.

In accordance with Minute No 304, Cabinet Member for Neighbourhoods 21.05.07, properties exceeding the investment threshold will be referred to the Cabinet Member for consideration. The investment threshold was re-affirmed by the Cabinet Member on 15<sup>th</sup> February 2009, Minute J138 refers.

This report presents a number of options with regard to the future of this property and proposes that the property is sold.

### 5. Recommendations

**That the Cabinet Member:**

- **Considers the details within the report and approves Option 4, the disposal of 20 Pleasley Road, Whiston.**

## 7. Proposals and Details

20 Pleasley Road, Whiston is a Council owned property in need of substantial investment. Unfortunately the property is suffering from major structural problems and does not comply with the Decent Homes Standard, as the works were refused by the previous elderly tenant.

The property requires a comprehensive programme of internal and structural repairs and refurbishment. The exterior of the property also requires a programme of works to establish property boundaries, remove redundant coal bunkers and address badly overgrown garden areas.

The estimated cost of works is estimated at £45k (detailed in the table below) which exceeds the investment threshold of £20k.

Decent Homes and Internal works	£15,173
Structural repair costs	£29,500
Other costs	£ 750
<b>Total estimated repair cost</b>	<b>£45,423</b>

A report identifying the Decent Homes and structural repair requirements is held by the Neighbourhood Investment Service.

The total cost of work to bring this property back into use exceeds the investment threshold of £20,000 for individual properties. In accordance with Minute No 304, Cabinet Member for Neighbourhoods 21.05.07, properties exceeding the investment threshold will be referred to the Cabinet Member for consideration. As such, an option appraisal has been undertaken to guide investment decisions.

### 7.1 Option Appraisal

The following options have been considered. Option 4 is recommended as being the preferred option.

#### Option 1- Retain and Invest

The Council would retain the property and bring it to an approved standard and re-let. The Council would continue to benefit from the asset value, the annual rental income and making available a home to satisfy affordable housing demand.

The demand for 3 bedroom houses in this locality is high and can be evidenced by the small turnover of properties. A similar property recently let nearby received 48 bids when advertised.

However, there is a significant immediate investment cost in retaining the property. In addition, there is a risk of further structural movement in the future which may necessitate further significant expenditure. By way of a comparison, the average cost of Decent Homes work to a Council house is £11,500, compared to a cost of £45,423 for this property.

For this reason, this option is not being recommended.

### **Option 2 - Disposal to an RP (Registered Social Landlord)**

This option would transfer the property to a Registered Provider (Registered Provider is the new name for Registered Social Landlords) whilst retaining nomination rights. However it is unlikely that this would be a viable proposal for an RP, due to the significant investment required. In all probability an RP would require a discounted value sale to support financial viability.

This option is not recommended.

### **Option 3 – Demolition**

20 Pleasley Road forms part of a pair of semi detached traditionally constructed dwellings. Demolition, whilst technically feasible, would present higher costs than retention costs due to Party Wall Act works including the construction of a gable wall to the retained property, in addition to demolition costs. Based upon recent comparable costs, the costs associated with this approach would far exceed the costs of retention and investment and present far greater risks.

This option is not recommended.

### **Option 4 - Open Market Sale**

Disposal on the open market may generate a capital receipt to the Council which would support the Medium Term Capital Programme. Disposal would also transfer investment liabilities to the new owner. However, specific sale conditions would need to be attached in order to ensure that the property is brought up to a decent standard by the new owner.

A valuation of the property by EDS Land and Property Team has identified that if the property was sold in its present condition, it could achieve a sale value of approximately £50,000. It should be noted that this is an estimation and the final sale value will be dependent upon market conditions at the time of sale.

This option is the recommended option.

## **7.3 Ward Member Consultation**

20 Pleasley Road, Whiston is situated within the Sitwell Ward. Councillors Middleton, Gilding, and Mannion have been consulted and having visited the property they have indicated their preference is to sell the property.

## **8. Finance**

It is anticipated that the capital receipt generated from the disposal will be recycled to support regeneration and affordable housing activity.

With regard to disposal of the property, there are costs associated with valuation and marketing, which will be netted from the gross capital receipt obtained.

## **9. Risks and Uncertainties**

The capital receipt obtained from sale is dependent upon market conditions, which can fluctuate.

Delays in investment decision making will negatively impact upon void performance indicators measuring empty homes relet times and income recovery performance.

At a time of fiscal constraint and growing pressures upon affordable housing supply, the effective management of empty homes is paramount.

Empty homes produce a negative perception of neighbourhoods and a negative reaction from customers, particularly at a time of increasing demand for affordable homes.

## **10. Policy and Performance Agenda Implications**

Timely decision making with regard to investment in empty homes will contribute towards empty homes turn round times, void rent loss performance and support increasing demand.

Individual Well-being and Healthy Communities outcome framework, as follows:

- Improved Quality of Life – by creating opportunities for improved housing standards to meet household aspirations and an improved quality of life, through facilitating empty homes brought back into use to meet identified housing needs.
- Personal Dignity and Respect – through investing in and delivering quality homes and neighbourhoods, ensuring residents can enjoy a comfortable, clean and orderly environment.
- Economic well-being – providing high quality affordable housing and meeting identified needs in order to create sustainable neighbourhoods, offering high quality housing provision, to meet current and future aspirations.

## **11. Background Papers and Consultation**

- Cabinet Member for Neighbourhoods, 20<sup>th</sup> May 2007, Minute No:304
- Cabinet Member for Housing and Neighbourhoods, 15.2.10, Minute No: J138.
- Structural reports are held by the Neighbourhood Investment Service

- 2010 Rotherham Ltd repair cost estimates are held by the Neighbourhood Investment Service
- Ward Member consultation with Sitwell Ward Members
- 20 Pleasley Road, Whiston is situated within the Sitwell Ward. Councillors Middleton, Gilding, and Mannion have been consulted and having visited the property they have indicated their preference is to sell the property.
- Corporate Finance have been consulted and have agreed the details within the Finance Section above.

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