

ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS

1.	Meeting:	Cabinet Member for Safe and Attractive Neighbourhoods
2.	Date:	18th July 2011
3.	Title:	61 High Nook Road, Dinnington
4.	Directorate:	Neighbourhoods and Adult Services Environment and Development Services

5. Summary

61 High Nook Road is a vacant council owned two bedroom house in need of substantial investment.

The cost of repairs and improvements required to bring the property to a lettable standard 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 15th February 2009, Minute J138 refers.

This report presents the options considered and recommends that the property is retained and investment works are undertaken to enable the property to be re-let.

5. Recommendations

That the Cabinet Member:

- **Approves Option 1- Retain and invest**

7. Proposals and Details

61 High Nook Road is a traditionally constructed semi detached house located within the Dinnington area.

A structural assessment has been undertaken which has identified severe progressive structural defects associated with the property. It is recommended that underpinning works are undertaken to resolve defects and prevent further structural movement.

Decent Homes works were completed in 2008/09.

An assessment has been undertaken of repair needs to bring the property to a lettable standard. The total cost of work required is as follows:

- Structural works- £25k
- Void repair works- £4k

Total- £29k

7.1 Option Appraisal

The cost of work to bring the property back into use exceeds the investment threshold of £20,000 on individual properties. As such, an option appraisal has been undertaken to guide investment recommendations.

7.1.1 Option 1- Retain and Invest

The property would be retained in Council ownership, structural works and void repairs would be undertaken and the property would be re-let. The Council would benefit from the asset value, the annual rental income stream generated and continue to provide much needed affordable housing.

The demand for two bedroom houses in this locality is high and there is a low turnover of this property type. Only six two bedroom properties have become available for re-letting since January 2010. The last property that became vacant was advertised on 15th June 2011 and received 51 requests. Of which, four applicants had an assessed medical need and the longest general applicant has been on the waiting list since January 2003. Therefore, there is an evidenced high demand for this property type.

If the property is retained, there are sufficient resources, as detailed below in the Finance section of the report, to enable the necessary works to be undertaken.

This option is recommended.

7.1.2 Option 2 - Disposal to a Registered Provider

This option would transfer the property to a Registered Provider (RP), with the property being renovated and re-let as an affordable unit at the RP's cost. The Council would retain nomination rights for the property. However, the RP would benefit from the property asset value and the future net rental income stream. Whilst the Council would benefit from a capital receipt; due to the condition of the property and the investment burden transferring to the RP, it is likely that the disposal would be on the basis of a significantly discounted value.

This option is not recommended.

7.1.3 Option 3 - Open Market Sale

Disposal on the open market would generate a much needed capital receipt to the Council and transfer liabilities for improvement to the new owner. However, the property would need to be marketed for sale with specific sale conditions attached, for example to ensure that it is brought up to a Decent Homes Standard by the new owner or not re-released for private rent. This would ensure that it does not fall into further disrepair and present a private sector decency issue. However, future occupancy would have to be closely monitored to ensure such conditions are enforced, if indeed they can be.

This option is not recommended.

7.1.4 Option 4 – Demolition

The property is attached to a privately owned house. Therefore, we would have to undertake party wall works or acquire the adjacent property to enable it to be demolished. The costs of demolition, coupled with party wall works would most likely exceed the cost of retention and investment.

This option is not recommended.

7.2 Value for Money Comparison

In value for money terms, investing £29,000 to bring a property back into use as an affordable home compares well with the cost of other options for delivering affordable housing.

For example,

- The cost to the Council of delivering a new build Council home, assuming a grant rate of 50% from the HCA to support the build cost, is £64,298.
- Based upon a sample of new affordable homes built in partnership with RP's on Council land, the cost to the Council based upon discounted land disposal values to facilitate development, was £21,000.

7.3 Ward Member Consultation

The properties are within Ward 4 Dinnington. The Ward Members have been consulted about the options. Councillors Falvey and Tweed support retention and investment.

7.4 Recommendation

Having considered the options detailed above, it is recommended that the property is retained and works are carried out to enable it to be re-let. The property is in a sustainable location and meets identified housing need.

8. Finance

The total cost of investment in the property will be apportioned between the following budgets:-

- 2010 Empty Homes Budget 2011/12 – relet works
- One-Off Properties Budget 2011/12 Housing Investment Programme – structural and abnormal costs.

There are sufficient uncommitted resources available within the 2011/12 HIP Programme One Off Properties Budget to support this activity.

Subject to approval works will be arranged immediately with costs to be charged to the 2011/12 HIP Programme.

9. Risks and Uncertainties

Delays in investment decision making will negatively impact upon performance indicators measuring empty homes relet times, rent loss on empty homes and Decent Homes targets.

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 improved empty homes relet, void rent loss performance and Decent Homes performance indicators.

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, 20th May 2007, Minute No:304
- Cabinet Member for Neighbourhoods, 28th July 2008, Minute No:49
- Cabinet Member for Housing and Neighbourhoods, 15.2.10, Minute No: J138.

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