

ROTHERHAM BOROUGH COUNCIL – CABINET

1	Meeting:	CABINET
2	Date:	4 February 2015
3	Title:	99a Knollbeck Avenue, Brampton Bierlow
4	Directorate:	Environment and Development Services

5. Summary

99a Knollbeck Avenue is a vacant residential property located above retail units on Knollbeck Avenue. The property has been empty for a considerable time and has been the subject of break-ins and is now in a poor state of repair.

This report seeks approval to a formal appropriation of 99a Knollbeck Avenue from Economic Development Services to Neighbourhoods and Adult Services Housing Revenue Account. This will enable the funding of essential repairs and maintenance to enable the property to be let and managed as a Council home within the Council's Housing Service.

The cost of bringing the flat back into use is estimated to be £55,000, which will come from the Structural & One-Off Property budget in the Housing Revenue Account.

6. Recommendations

That Cabinet:

- **Approves the appropriation of 99a Knollbeck Avenue into the HRA and for the property to be brought back into residential use.**

7. Proposals and Details

7.1 Background

99a Knollbeck Avenue is a flat built above the shops in Brampton Bierlow. The property was previously rented out along with the retail unit below as part of the Council's Commercial Asset portfolio. Following a change in tenant to the commercial shop unit the new tenant did not take on the flat above so it became vacant. There are 3 adjoining flats which are all occupied, 2 are in private ownership and one is a council flat managed from within the HRA.

Following an asset review it was agreed the flat needed to be brought back into use, however at that point no funding had been identified to bring the property up to a decent letting standard.

The Council's Land and Property Team consulted Strategic Housing and Investment on the best way forward.

7.2 Options

The following options were considered:

Option 1 - Transfer the property into the Council Housing portfolio and undertake necessary works using HRA resources (Preferred Option)

RMBC would appropriate the flat into the HRA and the Housing Investment Team would commission repairs and maintenance works and liaise with the Allocations Team to arrange a suitable tenancy.

The benefits to this approach are; the Council brings a long term empty property back into use, adds an additional much needed affordable home to its stock and consolidates the existing council ownership in this block. It also prevents any potential leasehold difficulties that may arise in the future maintenance of common parts of the building if the property was to be sold to a private owner. This option also provides a much needed affordable home within this neighbourhood.

This option is preferred as it brings back into use a three bedroom flat in a desirable location for social rent. Within this neighbourhood there is a high demand and low tenancy turnover of Council properties of this type.

Option 2 - Open Market Sale

The flat would be put into an auction for sale with vacant possession. The benefit to this approach is it would enable a quick sale achieving market value; however the Council would lose control of the property adjacent a tenanted Council flat. The flat shares a stairwell with the Council flat and therefore this could present challenges to future maintenance and

management. The anticipated capital receipt would be negligible after fees and costs were subtracted as the flat is in a poor state of repair. The Council also loses the opportunity to add to its Council Housing asset portfolio

The risk to this option is the property may be bought by a buy to let landlord who does not manage the tenancy or property effectively.

Scope of Works

A detailed void survey has been carried out along with specialist timber and dry rot survey has been undertaken. No problems have been identified from the specialist survey however extensive works are required to bring the property back into use. A full works specification and works programme has been drawn up. A budget for these works is estimated to be £55,000. A tender will be offered subject to approval of Option 1, the aim being to complete works in this financial year.

The headline works included in the £55k estimate are:

- Create kitchen/diner as existing too small to be brought up to Government's Decent Homes standard
- Install new kitchen
- Install new bathroom
- Install new central heating
- Full rewire
- Install new windows and doors
- Extensive plastering
- Some external repairs
- Basic redecoration

8. Finance

In value for money terms, investing £55,000 to bring a long term empty property back into use compares well with the cost of other options for delivering affordable housing.

Subject to approval the budget for works will come from the Structural & One-Off Property budget in the Housing Revenue Account.

As the property is not currently within the HRA general housing portfolio, it would be subject to an additional annual management and maintenance cost.

The property would generate an estimated £3432 per annum combined rental income.

9. Risks and uncertainties

Delays in investment decision making will negatively impact upon performance indicators measuring empty homes

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

Sale of the property on the open market may generate a modest capital receipt, but could cause housing management challenges if the property is privately rented

10. Policy and Performance Agenda Implications

The recommendation contributes to NI 155 - delivery of affordable homes.

Timely decision making with regard to investment in empty homes will contribute towards improved empty homes

This proposal will support our vision for Rotherham by helping to create safe and healthy communities through the provision of decent affordable housing to meet need, choice and demand.

11. Background Papers and Consultation

Consultation has taken place with Colleagues in Asset Management and Finance

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