

To: Cabinet
Date: 15 June 2022
Report of: Head of Housing Services
Title of Report: Disposal of Council Dwelling Houses

Summary and recommendations	
Purpose of report:	Cabinet is asked to approve the sale of four Council owned properties on the open market, as the properties are considered to be beyond economical repair. Cabinet is also asked to approve the use of the resulting capital receipt into the General Fund for regeneration purposes.
Key decision:	Yes
Cabinet Member:	Councillor Linda Smith, Cabinet Member for Housing Councillor Ed Turner, Deputy Leader (Statutory) - Finance and Asset Management
Corporate Priority:	Enable an inclusive economy Deliver more, affordable housing
Policy Framework:	Council Strategy 2020 - 2024

Recommendations: That Cabinet resolves to:	
1.	Approve the disposal of the freeholds of: <ul style="list-style-type: none"> • 39 Long Close • 163 Walton Street • 8 Cowley Road • 46 Stubbs Avenue
2.	Approve the use of the resulting capital receipt into the General Fund for regeneration purposes; and
3.	Delegate authority to the Executive Director (Communities and People), in consultation with the Cabinet Member for Housing, to approve the terms of sale for each property.

Appendices	
Appendix 1	Risk Register
Appendix 2	Confidential Officer Report

Introduction and background

1. Four void properties previously let to general needs households as part of the Council's housing stock and accounted for within the HRA have been identified as being beyond economical repair.
2. Collectively, these four properties require significant investment to bring them back to a lettable standard. The detail of the investment required is contained within Confidential Appendix 2. The current annual void revenue budget is £1.6m and the annual void capital budget is just over £0.5m.
3. In its meeting of 9th February 2022 within agenda item 8 (Medium Term Financial Strategy 2023/24 to 2025/26 and 2022/23 Budget) Cabinet noted the disposal of these four Housing Revenue Account properties 'subject to any necessary consents that are required'.

Refurbishment Options

4. Officers have carried out assessments of the work required at each property and estimated the costs to bring the properties back into use. The detail of the investment required for each property is contained within Confidential Appendix 2.
5. 39 Long Close is suffering from severe subsidence, dropped lintels and floor internally, and is currently propped with scaffold. The recommended solution is demolition and rebuild.
6. 163 Walton Street requires complete refurbishment internally and may need the ground floor replaced as it has had severe damp in basement. The roof is at the end of its functional life and was leaking, which caused a lot of internal damage. Temporary repairs have been carried out to prevent further degradation but the roof does need replacing. The recommended options are either to carry out a refurbishment excluding the basement, or alternatively to carry out a refurbishment and conversion of the basement to a flat.
7. 8 Cowley Road is structurally sound but the internal layout cannot meet standards for living accommodation and it is therefore unlettable. The recommended solution is a conversion to subdivide the property into flats.
8. 46 Stubbs Avenue is suffering from subsidence. It is a Hawksworth post-war bungalow with modern brickwork cladding which was never tied into the frame. The estimated cost of refurbishment, repair and extension is extensive; however the recommended solution is demolition.

Void Budget

9. The Council operates two annual budgets for repairing void properties ready for re-let to housing applicants. The largest is the void revenue budget of £1.6m which is delegated to ODS, whilst the void capital budget of £0.5m is managed by Property Services. Typically around 350 properties become void each year and require works funded by these budgets.
10. The combined value of the void budgets is £2.1m, and to undertake the refurbishment work on these four properties would have a severely detrimental impact on budget.

Sale

11. Marketing is currently in progress for the sale of the freeholds of 163 Walton Street and 8 Cowley Road. The detail of the offers received for each property are contained within Confidential Appendix 2.
12. Due to the condition of 39 Long Close and 46 Stubbs Avenue, marketing has not yet commenced on these properties. Officers continue to seek residential agency advice on the best sale method, potential price and potential purchasers. These properties may be better suited to sale by auction.

Financial Implications

13. As the sale of these properties would be voluntary disposals, as opposed to sales under the Right to Buy, the Council is not required to pass the majority of this receipt to central Government under pooling. It is free to use the entirety of the receipt on:
 - a) The provision of affordable housing
 - b) Supporting regeneration projects
 - c) Paying down debt
14. The intended use of these receipts is capital regeneration projects.

Legal Issues

15. Use of receipts arising from the disposal of housing assets is governed by the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (as amended).
16. The intended use of these receipts is for regeneration projects which is allowed under the exemptions from Housing Capital Receipts regulations.

Level of risk

The risk register is attached at Appendix 1.

Environmental Impact Assessment

This is a property transaction with the Equalities Impact being neutral. The properties are in need of refurbishment, the work of which would either be undertaken by the Council if they were retained, or by the prospective purchaser. Further environmental provisions will be governed by Building Control regulations and Planning as appropriate.

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Background Papers: None

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