



To: Executive Councillor for Housing
Report by: Julia Hovells, Business Manager / Principal Accountant
Relevant scrutiny committee: Housing Scrutiny Committee Date: 21 June 2016
Wards affected: All

Disposal of HRA Assets – 23 Magrath Avenue and Approach to Sale of Higher Value Voids

Key Decision

NOT FOR PUBLICATION: The appendix to the report relates to an item during which the public is likely to be excluded from the meeting by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972: Information relating to the financial or business affairs of any particular person (including the authority holding that information)

1. Executive Summary

This report is presented, in line with the existing HRA Acquisition and Disposal Policy, to obtain approval for the disposal of a specific HRA asset on the open market.

Following introduction of the Housing and Planning Act in May 2016, this report also proposes a scheme of delegation for the policy and process changes that will be required in response to the need to dispose of higher value vacant dwellings, in anticipation that the authority will receive detailed guidance imminently, and will need to react with some speed.

2. Recommendations

The Executive Councillor is recommended:

- 2.1 To approve disposal on the open market, in line with the confidential project appraisal attached at Appendix A, of the HRA asset at 23 Magrath Avenue.
- 2.2 To give delegated authority, to the Strategic Director (or Strategic Housing Advisor in the absence of a Director), in consultation with the Executive Councillor, Chair and Opposition Spokesperson, to approve

a policy and associated process to allow the authority to respond quickly to the need to meet a levy derived from the requirement for all local authorities to dispose of higher value vacant dwellings.

3. Background

Disposal of 23 Magrath Avenue

- 3.1 As detailed in the project appraisal, attached as a confidential appendix to this report, it is recommended that the authority dispose of the vacant HRA dwelling at 23 Magrath Avenue.
- 3.2 The property is a 3-bedroom Victorian terraced house in the Castle Ward, close to the river and to shops and bars in the north of the City.
- 3.3 The vacant property requires investment of approximately £6,500, in the form of damp works, a new kitchen and floor board replacement, before it could be re-let.
- 3.4 In line with the HRA Acquisition and Disposal Policy, the dwelling has been evaluated against the criteria set for potential open market sale, and a number of alternative options for the dwelling have been considered and evaluated.
- 3.5 Due to the location of the property in terms of access for maintenance purposes, the need to invest in the dwelling at a value well above the average per void property and the potential alternative uses for the anticipated capital receipt, it is recommended that the dwelling be marketed for sale.

Disposal of Higher Value Vacant Dwellings

- 3.6 The Housing and Planning Act 2016 requires all stock retaining local authorities to make payment to the Secretary of State based upon an estimate of the value of higher value vacant dwellings which the authority may experience in any one financial year.
- 3.7 The authority expects to receive a determination (annually or alternatively for a number of years in one go), which will set out the formula upon which the authority's levy has been calculated. The determination is likely to arrive at a levy, based upon a series of assumptions, irrespective of whether or not these are borne out in actual terms.
- 3.8 In a manner not dissimilar to the housing subsidy system, it is possible that the determination may take the form of a consultation on a draft

determination, to be followed by a final determination once representations have been made, although the act allows for consultation that took place prior to assent of the bill to satisfy the requirement to consult.

- 3.9 The act imposes a duty on local authorities to consider the sale of higher value vacant homes, but it is not yet clear what scope the local authority will have to meet the levy in other ways, ie; sale of land, other assets, etc.
- 3.10 There are indications that guidance may have been issued by the end of May, with suggestions that the first instalment of the levy could be due as early as January 2017.
- 3.11 To allow the authority to respond quickly to the legislation once the detailed guidance and determination is issued, this report proposes that the decision in respect of approval of the new policy and process for the disposal of HRA assets is delegated to the Strategic Director (or Strategic Housing Advisor in the absence of a Director), in consultation with the Executive Councillor, Chair and Opposition Spokesperson.
- 3.12 In formulating the new policy and process, consultation with Finance, Legal and Property Services will be key, with the need to obtain approval from the Head of Finance as Section 151 Officer and the Head of Property Services before a decision is taken under delegation.

4. Implications

(a) Financial Implications

The financial implications associated with the decision to dispose of 23 Magrath Avenue are included in the confidential appendix (Appendix A).

There will be significant financial implications in respect of the need to meet the government levy in lieu of disposing of vacant dwellings, and these will be identified as part of the report presented for approval under delegation.

(b) Staffing Implications

The staffing implications of the proposal to dispose of 23 Magrath Avenue are included in the confidential appendix, but are expected to met from within existing resources.

There will be staffing implications in respect of the need to dispose of potentially large numbers of vacant dwellings, and these will be identified as part of the report presented for approval under delegation.

(c) **Equality and Poverty Implications**

An EqIA has not been completed, as the disposal of a single vacant dwelling is not anticipated to cause a negative impact on any particular equalities group,.

An EqIA in respect of the policy for the disposal of higher value vacant homes will be completed as part of the policy to be presented for approval within the delegated authority outlined in this report.

(d) **Environmental Implications**

There are no direct environmental implications associated with the decision to dispose of a single vacant dwelling, with the expectation that it will be sold and continue to be used as a dwelling asset.

(e) **Procurement**

The anticipated value of the services to market the dwelling would not be expected to require formal procurement, with the ability to obtain a direct quote for the services from a single supplier. Good practice in this market though, might indicate that there is benefit to be had from obtaining three independent prices.

(f) **Consultation and Communication**

Tenant and leaseholders representatives are being consulted in respect of the proposal to dispose of an HRA asset as part of this report.

Communication with residents in respect of the need to meet a levy driven by the assumption that we will dispose of higher value vacant dwellings will be included as part of the summer edition of Open Door.

(g) **Community Safety**

There are no direct community safety implications associated with the decision to dispose of a single vacant dwelling.

5. Background Papers

These background papers were used in the preparation of this report:

Valuation Report – 23 Magrath Avenue (confidential background paper)
Housing And Planning Bill - As given parliamentary assent in May 2016

6. Appendices

- Appendix A – Project Appraisal for the disposal of 23 Magrath Avenue (Confidential)

7. Inspection of Papers

To inspect the background papers or if you have a query on the report please contact:

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