

BABERGH DISTRICT COUNCIL

From: Head of Housing	Report Number: P61
To: Strategy Committee	Date of meeting: 16 October 2014

JOINT HOUSING BOARD – VIABILITY ASSESSMENT

1. Purpose of Report

- 1.1 To advise Strategy Committee of the outcome of a Viability Assessment reported to the Joint Housing Board (JHB) for a particular property in Babergh, and to seek approval to the disposal of this property as a result of the assessment.

2. Recommendations

- 2.1 That approval be given to the sale of the property referred to in the table in paragraph 9 of this report.
- 2.2 That the Corporate Manager – Asset Utilisation be authorised to dispose of this property in whichever way will realise best value for the asset based both on internal officer opinion and external advice.
- 2.3 That the disposal referred to above be subject to:-
- (a) Appropriate terms and conditions in order to protect the interests of the Council, as agreed with the Corporate Manager – Legal in consultation with the Strategic Director (Place).
- (b) A consideration to be agreed by the Council's appointed Valuer.

The Committee is able to resolve this matter.

3. Financial Implications

The sale of this property should realise approximately £147,500 into the Babergh Housing Revenue Account.

4. Risk Management

The key identified risk is:

Risk Description	Likelihood	Impact	Mitigation Measures
Properties are sold at too low a price	Low	Marginal	District Valuer advice (and other estate agent advice in some cases) is taken to ensure that the value of these properties is established prior to disposal

5. Consultations

This report is submitted by the Joint Housing Board, thus ensuring that our tenant representatives have shared in the decision-making process.

6. Equality Analysis

There are no equality impacts associated with this report.

7. Shared Service/Partnership Implications

As the report is submitted by the Joint Housing Board, then this is a demonstration of partnership working through the application of a jointly adopted Viability Assessment module.

8. Key Information

8.1 From time to time some housing assets, whether land, houses or garages, require a review of their current use to establish whether better use can be made of them, or whether they should be disposed to provide a capital receipt for investment.

8.2 In order to facilitate this process an Asset Management Group (AMG) of key stakeholders has been set up. This Group reports its findings to the Joint Housing Board, who in turn make recommendations to Strategy Committee (and Executive Committee at MSDC).

8.3 A Viability Assessment Model has also been developed which, taking into account all the factors affecting a particular asset, can be used to advise on the best option going forward e.g.

- Construction type
- Future planned maintenance costs
- Current rental demand
- Value and yield
- Energy rating
- Development potential

8.4 The AMG reviewed the property in the table below through the model, and then reported to the JHB on 14 September 2014. The results are given below.

9. Viability Assessment

Address	Recommendation(s)	Key Issues
3 The Street, Brent Eleigh	<ul style="list-style-type: none">• Sell (through local estate agent)	<ul style="list-style-type: none">• Solid external walls• No external insulation• Poor condition• High improvement costs• Very low demand• Pedestrian access only• No development potential

It is estimated that the sale of this property will realise approximately £147,500.

10. Conclusion

The Viability Model demonstrates that when a series of key factors affecting the long term sustainability of property (or other asset) are evaluated there can sometimes be a negative outcome. In such cases there can be better opportunities to dispose of these properties and put the capital receipt to better use within the Housing Revenue Account e.g. by building new homes. The assessments above fall into this category.

11. Appendices

None.

12. Background Documents

12.1 Viability Assessments for the property

12.2 Minutes of meeting of the Joint Housing Board on 14th September 2014

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