

BABERGH DISTRICT COUNCIL

From: Joint Housing Board	Report Number: R12
To: Strategy Committee	Date of meeting: 4 June 2015

VIABILITY ASSESSMENT

1. Purpose of Report

- 1.1 To advise the Committee of the outcome of a Viability Assessment carried out by the Joint Housing Asset Management Group (HAMG) for 4 Bures Road, Nayland, and to seek approval to the disposal of this property as a result of the assessment, as recommended by the Joint Housing Board.

2. Recommendations

- 2.1 That approval be given for the sale of 4 Bures Road, Nayland.
- 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 4 Bures Road will realise approximately £175,000 into the Council's Housing Revenue Account.

4. Risk Management

This key identified risk is:

<u>Risk Description</u>	<u>Likelihood</u>	<u>Impact</u>	<u>Mitigation Measures</u>
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. Key Information

- 5.1 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 of to provide a capital receipt for investment.
- 5.2 A Viability Assessment Model has been developed by the Housing Asset Management Group (HAMG) 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
- 5.3 In order to facilitate this process the HAMG reports its findings to the Joint Housing Board, which in turn makes recommendations to the Executive and Strategy Committees of the respective Councils.
- 5.4 At the 16th March 2015 meeting of the HAMG the following property in Babergh was reviewed through the model. It was recommended for disposal, the reasons are given below.

Address	Recommendation	Reasons
4 Bures Road, Nayland (BDC)	Sell	<ul style="list-style-type: none">• Solid walls• No external insulation• High improvement costs• Very rural location• No off road parking• No local facilities

6. 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 assessment above falls into this category.

Authorship:

Ryan Jones
Corporate Manager – Asset Management

Tel: 01473 825787/01449 724733
Email: ryan.jones@babergh.gov.uk