

BABERGH DISTRICT COUNCIL and MID SUFFOLK DISTRICT COUNCIL

From: Housing Asset Management Group	Report Number: JHB/12/16
To: Joint Housing Board	Date of meeting: 16 May 2016

JOINT HOUSING BOARD – VIABILITY ASSESSMENTS

1. Purpose of Report

- 1.1 To advise the Board of the outcome of viability assessment carried out by the Housing Asset Management Group (HAMG) for one property in Babergh, and seeks approval to dispose of this property as a result of the assessment.

2. Recommendations

- 2.1 That the Board accepts the recommendation of the Housing Asset Management Group to sell the property identified in paragraph 11.
- 2.2 That Strategy Committee be recommended to authorise the Corporate Manager - Development (Housing & Regeneration) to dispose of this property in whichever way that will realise best value for the asset based both on internal officer opinion and external advice.

3. Financial Implications

- 3.1 The sale of this property should realise approximately £130,000 into the Babergh Housing Revenue Account. This capital receipt will add to the investment fund available for building and acquiring new council homes in the Babergh district.

4. Legal Implications

- 4.1 There are none

5. Risk Management

- 5.1 Key risks are set out below:

Risk Description	Likelihood	Impact	Mitigation Measures
Properties are sold at below market value	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

6. Consultations

- 6.1 The Housing Asset Management Group, which includes the Housing Portfolio Holders for both councils, has assessed the viability of this property and recommends disposal.

7. Equality Analysis

- 7.1 None required

8. Shared Service / Partnership Implications

- 8.1 The Housing Asset Management Group is a joint group using a single model to appraise the viability of council housing stock in Babergh and Mid Suffolk districts.

9. Links to Joint Strategic Plan

- 9.1 The disposal of council houses and reinvestment of the capital receipts contributes to the Housing Delivery strategic priority and specifically the outcome of 'Making the best use of our housing assets'.

10. Key Information

- 10.1 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.

- 10.2 In order to facilitate this process a Housing Asset Management Group (HAMG) of key stakeholders has been set up. This Group reports its findings to the Joint Housing Board, which in turn makes recommendations to the Executive and Strategy Committees of the respective Councils.

- 10.3 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

- 10.4 At recent meeting of the HAMG one property in Babergh was reviewed through the model and recommended for disposal. The reasons are given below.

11. Viability Assessments

Address	Recommendation(s)	Key Issues
20 Main Road, Woolverstone (BDC)	<ul style="list-style-type: none">• Sell (through local estate agent)	<ul style="list-style-type: none">• Grade II listed property• Solid walls• Substantial improvements required (inc kitchen, bathroom, heating)• Very high maintenance costs• Rural location• No local facilities

It is estimated that it would cost approximately £39,000 to complete the necessary works before the house could be re-let. The viability model indicates that the revised 30 year maintenance costs for the property are £99,249.

The property is located in the small village of Woolverstone, with no local facilities for 1-2 miles. The viability model shows there is average demand for this house.

It is estimated that the sale of this property will realise approximately £130,000 based on our valuer's advice.

12. Conclusion

- 12.1 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.

13. Appendices

Appendix A - Site plans (attached).

14. Background Documents

- 14.1 Housing Asset Management Group – Terms of Reference
- 14.2 Individual Viability Assessments for each property

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Site Plans (OS):

