

<p>Cabinet</p> <p>9 February 2022</p>	 <p>TOWER HAMLETS</p>
<p>Report of: Ann Sutcliff, Corporate Director, Place</p>	<p>Classification: Unrestricted</p>
<p>Disposal of property, 53 Antill Road London E3 5BT</p>	

Lead Member	Councillor Danny Hassell, Cabinet Member for Housing
Originating Officer(s)	Abul Kalam, Service Manager, Housing Management & Procurement Rupert Brandon, Head of Housing Supply
Wards affected	Bow West
Key Decision?	Yes
Forward Plan Notice Published	27 September 2021
Reason for Key Decision	Financial Threshold
Strategic Plan Priority / Outcome	<ol style="list-style-type: none"> 1. A borough that our residents are proud of and love to live in 2. A dynamic outcomes-based Council using digital innovation and partnership working to respond to the changing needs of the borough

Executive Summary

The report recommends the disposal of an empty home at 53 Antill Road, E3 following a Cabinet Decision on 26 September 2018 to purchase it under a compulsory purchase order (CPO) for £825,000.00. The property is a 3-bedroom terraced house located in the Medway conservation area in Bow West.

The intention was for the property to be used by Housing Options for 5 years as temporary accommodation prior to disposal. The demand for 3 bedroom temporary accommodation has significantly reduced, and more upstream prevention work is being done to prevent households from going into temporary accommodation. Consideration was given to conversion, but after strip out, structural issues were identified.

The cost of remedial works, improvement works and those required to satisfy the conservation area's requirements are considered to be too expensive to justify retaining the use of the property for the five years originally approved and disposal is now recommended as the best value option.

Recommendations:

The Cabinet is recommended to:

1. Approve the disposal of the property on the open market

1 REASONS FOR THE DECISIONS

- 1.1 Since the CPO, the property has been empty and void works have not been carried out.
- 1.2 During the initial CPO, the costs to bring the property back to a lettable standard were estimated to be in the region of £38k.
- 1.3 Upon further investigation and inspections, the estimated cost to bring the property back to a lettable standard is in the region of £237k. No tender has been issued.
- 1.4 The property is currently boarded up but has attracted rubbish being left in front of the property by members of the public.
- 1.5 The gardens regularly overgrows and attracts foxes and rodents.
- 1.6 The demand for 3 bedroom temporary accommodation is low and there is already an ample supply of 3 bedroom properties which have been acquired through the Council's buy back acquisition programme and from private landlords.
- 1.7 Leaving the property empty further may potentially attract anti-social

behaviour or squatters.

2 ALTERNATIVE OPTIONS

- 2.1 Refurbish the property to a lettable standard and use as temporary accommodation until around July 2024 (property purchased in July 2019). This will require the investment of an estimated £237k and is not considered value for money for the short period.
- 2.2 Having acquired the property through CPO, the Mayor in Cabinet could agree to the sale of the property at a reduced sale price with an accredited managing agent/landlord attaching a covenant that it is let at the Local Housing Allowance to tenants nominated by the Council for an agreed period of time, therefore allowing the Council to discharge its statutory homelessness duties owed to its resident(s) therefore making savings on the temporary accommodation budget.
- 2.3 Bring the property back to social housing rented stock to ease the pressure from the increasing numbers joining the housing waiting/transfer list, but being mindful that there is the risk of the property being purchased under the Council's right to buy scheme which would have a significant financial impact/loss to the Council. This option would still require the outlay of an estimated £237k on top of the purchase price, making it an expensive acquisition when compared to other new provision through the development programme.

3 DETAILS OF THE REPORT

- 3.1 To dispose of an empty property which will have a significant cost attached should it be brought to a lettable standard and let to homeless households for a period of 5 years
- 3.2 Since the purchase in July 2019, the property has been empty and boarded up with rubbish being left in the front of the property and the rear garden attracting foxes and rodents
- 3.3 Several inspections have been carried out since the purchase by Repairs Inspectors and the Major Works Team from Tower Hamlets Homes and it has been determined that the remedial costs will be more than £237k
- 3.4 Spending £237k to refurbish the property will not represent any value for money
- 3.5 Given that the property is in a conservation area, particular repairs will be required that are expensive in themselves e.g. stucco render and traditional sash windows. It is also anticipated that works and materials will have gone since the works estimate was obtained .

- 3.6 A mini tender will be required to appoint a contractor given the cost associated with the refurbishment and this will cause further delays and leave the property empty for longer.
- 3.7 The average price of a fully refurbished 3 bedroom terraced house on Antill Road is £1,150,000 (data from Rightmove)
- 3.8 The property was purchased for £825k with the estimated remedial works being £38k (total reinstatement £863,000)
- 3.9 The purchase price including the new estimated remedial works total £1,062,000 (£825k + £237k)
- 3.10 The property was valued on 3 August 2021 by Copping Joyce, Chartered Surveyors. The valuations were as follows.
- 3.1.10 Market value, decent standard - £1,000,000
- 3.2.10 Market value, as is - £700,000
- 3.3.10 Reinstatement value – £375,000
- 3.11 The property was compulsory purchased due to disrepair and the Council is satisfied that an exception to the Crichel Down Rules (which would normally require compulsory purchased land to be first offered back to the previous owner at market value if no longer required) applies.
- 3.12 It is recommended that the property is sold either through an individual managing agent or by auction. Delegated authority is to be granted to the Corporate Director of Place to determine the best route for disposal.
- 3.13 Should auction be the adopted route, with exchange occurring on the day of the auction, providing it sells, agreement that further authority from Cabinet will not be required should the sale be greater than the Scheme of Delegation threshold of £1m.
- 3.14 The Council will continue to keep the front and rear of the property in good state until the property is disposed of.

4 EQUALITIES IMPLICATIONS

- 4.1 When the property was initially purchased, it would have made a positive equalities impact as a homeless household would have been placed within the borough rather than outside of the borough, 50% of the temporary accommodation cohort are currently placed outside of the borough
- 4.2 The view now is that as Housing Options have ample supply of 3 bedroom and larger properties to use as temporary accommodation within the borough

from private landlords and are not currently restricted to having to use these as they can be returned to the landlord at any time.

- 4.3 Disposing of the property will save remedial costs in the region of £237k which can be used elsewhere
- 4.4 As part of the Housing Options Transformation project, households are being moved into more settled accommodation (private rented sector, social and hostel accommodation) and more upstream work is being done to prevent homelessness and reducing the numbers being placed into temporary accommodation

5 OTHER STATUTORY IMPLICATIONS

- 5.1 This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:
- Best Value Implications,
 - Consultations,
 - Environmental (including air quality),
 - Risk Management,
 - Crime Reduction,
 - Safeguarding.
 - Data Protection / Privacy Impact Assessment.
- 5.2 Best value would be achieved if the property is sold as there is risk that the property value may further depreciate
- 5.3 The sale of the property will bring money back into the General Fund, allowing the Council to use this money for future developments, including but not limited to building new homes
- 5.4 The property is a blight on the amenity of the area: disposing of the property so that a potential landlord can return it to residential use would have a positive impact in terms of the environment and in terms of community cohesion.
- 5.5 Continuing to leave the property empty could result in the property being squatted.

6 COMMENTS OF THE CHIEF FINANCE OFFICER

- 6.1 Following a Cabinet decision on 26 September 2018 the Council purchased the property at 53 Antill Road for £825k for use in temporary accommodation. This property is now deemed surplus to requirements and this report seeks approval to dispose of the property on the open market.

- 6.2 Since buying the property, it has come to light that significant major works are required to rectify structural issues. The cost of these works is estimated at £237k for which there is currently no identified within the capital programme.
- 6.3 The Council's valuers, Copping Joyce have valued the property at £700k in its current condition. This valuation could rise to £1m if the structural works were completed. As a result, it is concluded that there is no material benefit to be gained from completing the structural works ahead of disposal.
- 6.4 It is proposed to sell the property in its current state, with the Council projecting to make a loss from the sale of this property. The disposal will generate a capital receipt that will be available for use in line with capital governance processes.
- 6.5 The gardens will need to be cleared and tidied prior to any sale. The cost of this work will be met from within existing revenue budget provision.

7 COMMENTS OF LEGAL SERVICES

- 7.1 The general power of disposal is section 123 of the Local Government Act 1972 which gives the Council the power to dispose of land held by it in any manner it wishes provided that the local authority achieves the best consideration that can reasonably be obtained except where the disposal is for a short tenancy (i.e. a term not exceeding seven years) or where the Council has the consent of the Secretary of State.
- 7.2 Case law has shown that the consideration which a local authority receives in order to achieve best consideration must have an economic or monetary value. There is no particular process to be followed but there does need to be evidence to show that best consideration has been assessed and is being achieved, for example, through independent valuations or market sale.
- 7.3 The Secretary of State have issued a general consent for disposals of land under section 123 for less than best consideration. This allows a local authority to dispose of land for less than best consideration if it considers that the disposal will contribute to the promotion or improvement of the economic, social or environmental well-being of its area and the extent of the undervalue is no more than the sum prescribed in the consent.

Linked Reports, Appendices and Background Documents

Linked Report

- NONE.

Appendices

- None.

Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012

- <http://democracy.towerhamlets.gov.uk/ieListDocuments.aspx?CId=720&MId=8827> (agenda item 6.7)

Officer contact details for documents:

N/A