

WARDS AFFECTED:

Stantonbury

ITEM 1
DELEGATED DECISION
13 JANUARY 2015**DISPOSAL OF 25 BRADWELL ROAD, BRADVILLE**

Decision Taker: Councillor O'Neill, Cabinet member for Housing and Regeneration

Author: Jane Reed, Service Director - Housing and Communities
Tel: (01908) 253553**Executive Summary:**

Asset management of the HRA requires that properties that no longer meet HRA business objectives are considered for disposal. 25 Bradwell Road, Bradville falls into that category and permission is being sought to dispose of it on the open market. This satisfies the requirements of "best value" in accordance with Section 123 of the Local Government Act 1972. "a council shall not dispose of land under this section, otherwise than by way of a short tenancy, for a consideration less than the best that can reasonably be obtained.

25 Bradwell Road, Bradwell is an eight bedroom Victorian house, with Grade II Listed Building status.

The primary drivers for disposal are that the property is not suitable for use as social housing in its present configuration; the cost of restoring the property is not economically viable and is made impractical because of conservation conditions associated with its status as a listed building.

1. Recommendation(s)

- 1.1 That the disposal of 25 Bradwell Road, Bradville be agreed.
- 1.2. That the property be placed with specialist estate agents for a period of 2 months to attract a sale. Should no acceptable offers be received in that time, the property should be entered into auction, with a reserve price.
- 1.3. That the income from the sale be returned to the HRA for investment in Housing regeneration or new build

2. Issues

- 2.1. As part of HRA asset management, officers have a duty to consider properties that are no longer cost-effective to the business. Typically, this is because,
 - (a) Major refurbishment work is required, due to dilapidations or subsidence, and the cost of the work greatly exceeds the potential future income from the property.
 - (b) The property no longer meets housing need. There is no demand from our customers for properties in this type of location, which is isolated and lacking basic services and amenities

- 2.2. The review process is initiated by the Housing Service and the recommendation to dispose is then considered by the Valuer to the Council and the Heads of Housing Access and Assets & Strategy.
- 2.3. Disposal is normally carried out by auction but, taking into account the type and value of 25 Bradwell Road, it is proposed it is marketed first by estate agents that specialise in properties of this type, for a period of two months. If an offer that is consistent with current market values were not received in that time, the property would then be put up for auction.
- 2.4. Some Council property disposals are subject to a financial 'claw-back' by the Homes & Communities Agency (HCA) resulting from terms and conditions established during the days of the MK Development Corporation. 25 Bradwell Road was subject to claw back but this restriction has been lifted.

3. Property Description

- 3.1. 25 Bradwell Road is a Grade II Listed Victorian building, with a main house that dates back to 1858. The property is of a brick construction with a slate mansard roof. It sits in large mature grounds that surround the premises and has adequate off road parking.
- 3.2. The accommodation comprises,
 - Ground floor: an entrance hall, reception room, drawing room, dining room, cloakroom, kitchen/breakfast room pantry and utility room.
 - First floor: double bedroom, family bathroom, double bedroom, double bedroom, separate W.C., double bedroom, family bathroom.
 - Second floor: double bedroom, double bedroom, single bedroom, single bedroom.
- 3.3. In its current condition, the property has been valued at £450,000
- 3.4. The primary drivers for disposal are that,
 - (a) The property is not suitable for use as social housing in its present configuration
 - (b) The cost of repairs and re-configuring the property to bring it back to a lettable standard is not economic
 - (c) Building work to make it suitable for letting as social housing is made impractical because of the conservation conditions associated with its status as a listed building.

4. Recent History

- 4.1. The property came into the ownership of the Council as part of the assets transferred from the Milton Keynes Development Corporation in 1992 and was occupied by an order of nuns up until 2009.
- 4.2. The property was considered for sale when it became empty in 2009, but a restriction in the Title, requiring the Council to pay back a significant proportion

of the sale proceeds to the Council's predecessor in Title, made the sale financially unattractive to the Council. This claw back restriction was lifted in April 2013.

- 4.3. In 2012, the Ark Charity approached the Council to use the building to provide supported living for young homeless people. The Council worked with the Ark to get planning permission in February 2013 and agree a lease.
- 4.4. The Ark decided to pull out of the project in September 2013 as costs of renovation and the conservation conditions for the Listed Building became prohibitive.
- 4.5. Since then, MKC has commissioned an independent consultant to produce feasibility proposals and costs for the conversion of the building into flats for social housing. The conclusions out of this work are that,
 - (a) the costs of conversion do not represent value for money and
 - (b) do not support the requirement to spend HRA money in a way that benefits tenants of the Council.
 - (c) the Listed Building status both limit the options for making the best use of the building and add to the costs both of conversion work and future maintenance costs.

5. Member Consultation

- 5.1. Ward and Parish Members have been consulted on the proposed disposal. There have been no responses at the time of writing but any that are received will be reported to the meeting.

6. Options

- 6.1. Do nothing. The property is empty and in need of works to put it into a habitable condition. If nothing were done, it would continue to deteriorate and would be a drain on the HRA through council tax and maintenance costs, as well as detracting from the neighbourhood in which it is located.
- 6.2. Repair and put back into stock. The cost of the repairs and the conservation conditions of the Listed Building status mean that this is impractical and not a value for money option.
- 6.3. Dispose. Disposing of the asset will generate income that can be invested into other HRA new build or regeneration projects. This is the recommended option.

7. Implications

7.1. Policy

The HRA is a ring-fenced account that must be run as a business in the best interests of tenants. Disposing of properties that no longer meet HRA business objectives is part of the Council's policy.

7.2. Resources and Risk

- (a) An external agent would be appointed to handle the disposal, the cost of which would be deducted from the total financial receipt.
- (b) If the property is not sold via an estate agent and is put into an auction, it may not meet the reserve price. A realistic reserve should be set. And if there is insufficient interest at the set reserve, consideration should be given to entering a subsequent auction at a later date to take new account of the market with a revised reserve.
- (c) Income from housing sold using the general consent given under s32 of the Act is subject to 'pooling' in accordance with The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003. This requires that 75% of the receipts must normally be returned to central government. However, where the receipts are to be used through the HRA for regeneration of the MKC Housing stock, the receipts may be retained by the council for that purpose

Y	Capital	Y	Revenue	Y	Accommodation
N	IT	N	Medium Term Plan	Y	Asset Management

8. Carbon and Energy Management

- (a) This decision will not have a significant impact on the Council's Carbon and Energy Management Policy.

9. Legal

- (a) The Secretary of State has advised that such disposals can now take place under general consents.

10. Other Implications:

- (a) There are no other implications

N	Equalities/Diversity	N	Sustainability	N	Human Rights
N	E-Government	N	Stakeholders	N	Crime and Disorder