

## EVALUATION OF RETENTION OR DISPOSAL OPTIONS FOR 18 ALBERT STREET, RAMSGATE CT11 9HD

<b>Cabinet</b>	17th June 2021
<b>Report Author</b>	Bob Porter, Director of Housing and Planning
<b>Portfolio Holder</b>	Cllr Jill Bayford, Cabinet Member for Housing
<b>Status</b>	For Approval
<b>Classification:</b>	Unrestricted
<b>Key Decision</b>	Yes
<b>Ward:</b>	Central Harbour Ward

### **Executive Summary:**

This report sets out the ownership and refurbishment options for 18 Albert Street Ramsgate CT11 9HD, a residential dwelling currently owned by Thanet District Council. This report deals with the costs to refurbish the property and the capital receipt if the property is sold.

The report recommends the disposal of the property, 18 Albert Street, Ramsgate and the reinvestment of the proceeds of sale in the council's Housing Revenue Account (HRA) Capital Programme.

### **Recommendation(s):**

Cabinet are asked to agree, that:

1. The Council owned property, 18 Albert Street is disposed of through auction.
2. The proceeds of sale are reinvested in the council's HRA capital programme.

### **Corporate Implications**

#### **Financial and Value for Money**

Using the higher refurbishment costs of £183k as highlighted below and assuming that this cost was financed through borrowing, the HRA would be in deficit over the 30 year term of the business plan for this property.

The use of capital receipts could be an alternative funding source which would see the HRA generate a surplus, but due to other considerations around the potential increased costs of management and the listed nature of the building, it is felt that any available capital receipts are invested in future new build schemes as these are likely to offer better value for money.

Therefore from a value for money perspective disposal seems appropriate in this instance.

## **Legal**

The General Housing Consent Order 2013 gives consent for local authorities to dispose of land, including vacant dwellings held for the purposes of Part II of the Housing Act 1985, provided those dwellings are not subject to a tenancy and the disposal is at a market value.

## **Corporate**

Thanet District's Council's Corporate Aims include an increase in housing options, including additional social housing and improving standards and safety in homes across all tenures.

## **Equality Act 2010 & Public Sector Equality Duty**

Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to the aims of the Duty at the time the decision is taken. The aims of the Duty are:

- (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act,
- (ii) advance equality of opportunity between people who share a protected characteristic and people who do not share it, and
- (iii) foster good relations between people who share a protected characteristic and people who do not share it.

Protected characteristics: age, gender, disability, race, sexual orientation, gender reassignment, religion or belief and pregnancy & maternity. Only aim (i) of the Duty applies to Marriage & civil partnership.

Due to the limited relevance to the Public Sector Equality Duty, it is not possible to further this aim of the duty; however, this proposal is non-discriminatory and does not contravene equity legislation.

## **1.0 Introduction and Background**

- 1.1 18 Albert Street was formerly a Shared Ownership property since the 1980's, one of Thanet District's Council's first. The property is a grade II listed building and it is within a conservation area. Unfortunately, in 2020 the leaseholder passed away, and Thanet District Council purchased the leaseholders' shares. The property is in a poor state of repair as the previous owner did not have the financial capacity to carry out any works. Thanet District Council is now the sole owner of the property. The property is vacant, due to the need for substantial renovations.
- 1.2 The property is a three bedroom, three storey townhouse situated on the corner of Albert Street/Adelaide Gardens. It is an attached property forming the last in the row of terraces in Albert Street and is back to back with the row of terraces in Adelaide Gardens/Liverpool Lawn and does not have any parking or garden/amenity space. Please see Annex 1 for a location plan.

- 1.3 The house is in need of substantial refurbishment, with essential work required to the roof. In order to evaluate the impact and options for either retention or disposal three independent roofing contractors were commissioned to survey the roof and make recommendations in reference to the cost of replacing or refurbishing the roof. Quotations were provided in the range of £19k to £32k for this work.
- 1.4 An independent valuation has been conducted to the property. This valuation was to ascertain the property's current market value, the value if only the essential roofing repairs were carried out and the open market value if the property was brought up to standard through refurbishment and upgrading.

## **2.0 The Current Situation**

- 2.1 All of the quotations submitted by the independent consultants identified the need to replace the roof. The roof must be addressed first to prevent further damage to the structure of the building. The ingress of water on the internal structure is now quite apparent.
- 2.2 An independent valuation of the property has been carried out. The property in its current condition is valued at £115,000.
- 2.3 Follow up discussions took place with the valuer to identify what the value at sale would be if the property had the essential roofing repairs carried out. If the essential roofing repairs, as identified above were carried out, the value at sale would increase to £140,000.
- 2.4 The valuer was also asked to identify the value at sale if the property was completely refurbished, the value of the property would increase to £260,000.

## **3.0 Alternative Options**

- 3.1 The proposed option is to leave the property in its current condition and seek to sell at auction. Its current estimated market value is £115,000. The report further recommends the reinvestment of the proceeds of sale in the council's HRA capital programme.
- 3.2 The first alternative option is to retain the property and refurbish. The refurbishment works include but are not limited to: site clearance, strip out, treatment of damp internal timbers, new ceilings, plaster to all walls, new windows, new central heating system, complete rewire, upgrading plumbing system, new kitchen, new sanitary fixings and a complete redecoration throughout including floor coverings. The valuer estimated a figure of £52,800 plus VAT (this includes a 10% contingency) which should be allowed to bring the property up to standard. This cost would be in addition to the roofing costs previously mentioned. A budget of approximately £78,000 plus VAT would therefore need to be provided. However, this is considered to be a very low figure based on costs of previously completed similar renovation projects.
- 3.3 We have refurbished several properties over the last few years with varying costs per square metre. The table below provides examples of recently refurbished properties and the cost per square metre to refurbish these properties:

Name of property	Cost per square metre
93 Westcliff Road Ramsgate	£914.51
40-46 Sweyn Road Margate	£1,859.50
24 Ethelbert Crescent Margate	£1,112.74
17-21 Warwick Road Margate	£1,669.62

The four examples above provide an average cost per square metre of £1,400. The gross external area of 18 Albert Street is approximately 131 square metres.

Using the average refurbishment figure with the external area of 18 Albert Street, generates a higher refurbishment cost of £183,400. Additionally, the property is within a conservation area and is Grade II listed, which will potentially increase cost further.

The property is an expensive property to run and maintain as social housing stock. The property has a very difficult layout with a narrow winding staircase and does not provide a parking space or garden/amenity space. Families seeking this type of accommodation would find an easier layout with amenity space desirable; for instance, to dry clothes or for children to play. Even if the refurbishments were completed the dwelling would be unsuitable for use as an affordable family home.

- 3.3 The second alternative option is to carry out the essential repairs only (the roof) to increase the property value and then sell the house with vacant possession. The cost of the essential repairs is between £19k to £32k, plus VAT. The value of the property in its current state is estimated to be £115,000. If the essential repairs were carried out the property's value is estimated to increase to £140,000. The difference between the cost of the essential works and the estimated increase in the property's value is negligible. A budget of up to £32k would need to be provided, from the Housing Revenue Account Capital Programme.

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### **Corporate Consultation**

**Finance:** Clive Bowen (*Finance Manager*)

**Legal:** Estelle Culligan (*Director of Law and Democracy*)