

Report of	Assistant Director of Place and Client	Author	Suzanne Norton
Title	Disposal of 23, 23a and 69 Maidenburgh Street		☎ 282249
Wards affected	Castle Ward		

1. Executive Summary

- 1.1 In October 2017, the Asset Management Group agreed to the disposal of a selection of properties in and around the town centre based on the age of the property (with associated high maintenance costs), suitability for use as social housing and poor insulation values.
- 1.2 The properties 23, 23a and 69 Maidenburgh Street identified as part of the process described in point 1.1 have recently become vacant and we seek approval to dispose of the properties on the open market.

2. Recommended Decision

- 2.1 To approve the Asset Management Group Recommendation to dispose of numbers 23, 23a and 69 Maidenburgh Street, Colchester by open market sale.
- 2.2 To authorise the Assistant Director of Place and Client in conjunction with the Portfolio Holder for Housing, to agree offers made on the property and settle final terms and consequential matters to complete any sale.

3. Reason for Recommended Decision

- 3.1 Properties that were constructed pre 1900 were identified to be considered for disposal when they became empty through the HRA Budget project to stabilise the HRA business plan. This projects recommendation was presented to the Executive Leadership team in September 2015.
- 3.2 Due to the construction type of all three properties are expensive to maintain and repair, with the average cost of repairs being more than that of other properties. Significant capital would also need to be spent on the properties for both routine maintenance and to increase the energy efficiency of the properties.
- 3.3 Significant investment would be required to bring the energy performance of the three properties up to the Council's average Band C energy rating and given the listed status of numbers 23 and 23a Maidenburgh Street and that all three properties are in a conservation area it is unlikely that the necessary measures would be able to be implemented in a cost-effective manner.
- 3.4 The properties have been considered in line with the Council's Asset Management Strategy and disposal on the open market is the recommended best option for all three properties.

4. Alternative Options

- 4.1 Not to dispose of 23, 23a or 69 Maidenburgh Street. This would result in a need to continue to invest in all three properties in the knowledge that they do not represent value for money in the long term. Significant investment would be needed to bring all three properties up to the Council's average Band C energy rating.
- 4.2 To retain the properties and lease them to a registered provider. The investment required to the properties to bring the energy performance ratings up to required levels and to maintain the asset would have to be undertaken by the Council as owner of the asset. If a registered provider were to undertake the work, this would need to be repaid through the rental income and therefore it would be highly unlikely that the rent would be affordable to prospective tenants, making the work unviable.

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5. Background Information

- 5.1 To ensure effective asset management the Council, in partnership with its ALMO, Colchester Borough Homes, uses a Stock Viability Model to assess the 30-year repair and maintenance costs associated with its council homes compared to the benefits, both financial and social. This appraisal process results in individual properties being allocated a red, amber, or green re-investment status (RAG).
- 5.2 Properties classified as either red or amber by the Stock Viability Model are subjected to an options appraisal as part of a detailed sustainability assessment, prior to any major works being undertaken. If stock is not deemed sustainable in its current form, then alternative uses are considered (including, for example, redevelopment, change of lettings type, disposal, or conversion).
- 5.3 The properties at 23, 23a and 69 Maidenburgh Street have been classified within the 'red' category of the Viability Model. The Properties were built in the 17th / 18th Century and numbers 23 and 23a are grade II listed and all three are situated within a conservation area. Number 69 Maidenburgh Street whilst not listed has a party wall with the historical St Helen's Chapel next door. They all have poor energy ratings below the Council's average Band C for all social housing stock.
- 5.4 Repair Cost History
The average annual repair cost throughout the Council's housing stock is £254 per property. The average annual repair cost for each property for the past 16 years is given below.
- 23 Maidenburgh Street = £2618
 - 23a Maidenburgh Street = £1648
 - 69 Maidenburgh Street = £1795
- 5.5 Capital Work Cost Forecast
The average cost for capital works over 30 years per Council property is £52,000. Capital repairs due to all three properties over the next 30 years will exceed the average investment cost mainly due to the workmanship skills required to keep any investment or repairs in keeping with the style and age of the properties. Due to the age of the properties, it is difficult to accurately predict what lies beneath much of the exterior and as such it can be expected that costs would be greatly inflated if any structural work is required due to the properties listed and conservation area status.
- 5.6 Energy Efficiency
Typically, an energy efficiency rating of 70 would be anticipated for a Council property within our housing stock (Band C). Even with the installation of solar PV panels and low-E double glazing the energy efficiency ratings would only rise to a Band D level. The cost of the recommended technology is estimated at £26,500 per property, however, planning restrictions due to the property's status are unlikely to allow the use of these renewable technologies.
- 5.7 Demand of property type and location and suitability for affordable rented housing
The current demand for 2 and 3 bed properties is very high in Colchester as are properties within walking distance to the town centre. The properties have very small windows making the interior very dark, rooms are small, and the staircases are very steep. The flooring and walls are uneven throughout and the properties are difficult to heat. The size of the properties mean they would only be allocated to families with children increasing the potential for its unsuitability for this client group.

6. Equality, Diversity and Human Rights implications

- 6.1 This report has no significant equality, diversity and human rights implications. The disposals are covered by the Asset Management Strategy and Equality Impact Assessment, which can be viewed here:

<https://cbccrmdata.blob.core.windows.net/noteattachment/CBC%20-%20How%20The%20Council%20Works%20-%20Policy%20and%20Corporate%20Equality%20Impact%20Assessments%20-%20Asset%20Management%20Strategy%202018-22.pdf>

7. Strategic Plan References

- 7.1 The disposal of these properties will contribute to the following Strategic Plan 2021-2023 priority areas:

- **Responding to the Climate Emergency**
 - Reduce carbon emissions to help achieve a zero-carbon footprint for Council services for 2030
- **Tackling the causes of inequality and support our most vulnerable people**
 - Support people to live in healthy homes that meet their needs
- **Increase the number, quality and types of homes**
 - Improve existing Council homes to keep them in good repair and improve energy efficiency

8. Consultation

- 8.1 None.

9. Publicity Considerations

- 9.1 To attract the best possible return for the assets, the properties will be advertised on the open market using the professional services of the Estates Section to appoint an agent.

10. Financial implications

- 10.1 The disposal of the properties would result in an ongoing loss of annual rental income to the Housing Revenue Account (HRA). However due to the current condition of the properties they are currently empty and thus no income is being produced.
- 10.2 The disposal of the properties will remove the requirement to undertake substantial capital works on them over the life of the 30 year Asset Management Strategy and HRA Business Plan.
- 10.3 All three properties have been independently valued by a local agent and the details of the appraisals are in Appendix A.
- 10.4 We will aim to achieve the best price for all three properties taking the advice of the appointed agent managing the sale.
- 10.5 The income generated from the sale of the properties will be recycled into the Housing Revenue Account and support the programmes to increase the supply of council homes.

11. Health, Wellbeing and Community Safety Implications

11.1 None.

12. Health and Safety Implications

12.1 None.

13. Risk Management Implications

13.1 None.

14. Environmental and Sustainability Implications

14.1 The Council's current approach to calculating its carbon footprint will exclude most of the rented housing stock where the Council as landlord has no influence over the behaviour or lifestyle choices of the residents. However, it is recognised that the performance of housing assets has a significant impact on the Council's overall contribution to net carbon targets. Removing poor performing assets from the Council's estate is a step towards meeting the Council's goal to achieve a net zero Carbon footprint for services by 2030.

Appendices

Appendix A – Estate Agent Appraisals

Background Papers

None.