



Cabinet

12 July 2023

Item
8(iii)

Report of	Client Services Manager	Author	Terri Hamilton ☎ 03300 538007
Title	Disposal of 106/106a Shrub End Road		
Wards affected	Shrub End		

1. Executive Summary

- 1.1 106/106a Shrub End Road is a property owned by the Council within the Housing Revenue Account. It was most recently leased and used by a local charitable housing provider, as a house in multiple occupation (HMO) (No. 106A), with a small ground floor area retained as support worker office space (No. 106). Before that it was a doctor's surgery.
- 1.2 In February 2023, an options paper was provided to the previous Portfolio Holder for Housing and Communities, with information on the different options available for the future use of this site. It was agreed that further information was required on two of the options; to sell the site and recycle the money into acquiring two x 4 bed homes, or to remodel the site into two x 4 bed homes.
- 1.3 A Portfolio Holder decision report was provided in March 2023, recommending that the site was advertised for sale on the open market, for a period of 8 weeks for offers over an agreed amount.
- 1.4 By 14th June 2023, cash offers had been received over this asking price. The agent sought best and final offers.
- 1.5 The purpose of this report is to seek approval to progress with the sale of 106 / 106a Shrub End Road for the amount stated in the report in Part B of the agenda and to recycle the money from the sale into acquiring two x 4 bed houses for letting as a general needs property, in addition to the Acquisitions Programme previously agreed by Cabinet.

2. Recommended Decision

- 2.1 To approve the recommendation to dispose of 106/106a Shrub End Road, Colchester by open market sale for the amount stated in the report on Part B of the agenda.
- 2.2 To authorise the Head of Strategic Housing in conjunction with the Portfolio Holder for Housing, to agree offers made on the property, if the offer stated in the report on Part B of the agenda withdraws, and settle final terms and consequential matters to complete any sale.
- 2.3 To recycle the money gained from the sale of the site, to acquire two family homes, with a preference of 4 bed properties, within the acquisitions programme, in addition to the annual target for acquisitions.

3. Reason for Recommended Decision

- 3.1 Significant investment would be required to bring the energy performance of the two properties up to the Council's average Band C energy rating. The estimated cost to refurbish the property into one x 4+ bed house, remodelling the current layout, is included in the report on Part B of the agenda.
- 3.2 The estimated cost to redevelop the unit into two x 4 bed houses is included in the report on Part B of the agenda.
- 3.3 If the property was sold for the amount offered, and two x 4 bed houses were acquired recycling these proceeds, the cost of the acquired units is in the report on Part B of the agenda. *(based on average market values)*.
- 3.4 By disposing of 106 / 106a Shrub End Road on the open market, the Council would be ensuring that the most value for money process is followed and this would likely be the quickest route to gaining the much-needed family homes.
- 3.5 By providing two further four-bedroom properties the Council would be providing secure larger accommodation to two families in housing need that is currently in short supply.

4. Alternative Options

- 4.1 To refurbish the property into a 4+ bed home. This option would only meet the needs of one family on the housing register rather than two families.
- 4.2 To remodel the unit into two x 4 bed homes, project managed by Colchester Borough Homes. There is a possibility that this option may not achieve planning permission, proving to be a costly exercise with no guarantee of the outcome.
- 4.3 Do nothing and leave the property as is. However, the property would fall into disrepair with further costs for keeping it in a dilapidated state.

5. Background Information

- 5.1 The site was originally valued in August 2022 (Appendix A to the report in Part B of the agenda). Since this date, the estate agents have confirmed that property values are decreasing and as at 13th March 2023, Fenn Wright have suggested the value is more likely to be in the region of the price stated in the report on Part B of the agenda.. There are concerns that the value may continue to decrease.
- 5.2 Below is a table that shows the need for a 4-bed property, in each ward of Colchester. The table includes the average cost of a lower quartile 4 bed property in each ward, alongside the estimated cost of acquiring two x 4 bed properties in that ward. The rows highlighted show the wards with highest need for 4 beds, as well as the Shrub End Ward.

(Property cost information according to Hometrack March 23).

Ward	Applicants in need of 4+ bed	Average cost of 4 bed house in ward	Cost of 2 x Av 4 bed
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Berechurch	6	£360,000	£720,000
Castle	17	£448,125	£896,250
Greenstead	17	£255,625	£511,250
Highwoods	5	£396,250	£792,500
Lexden and Braiswick	3	£462,500	£925,000
Marks Tey and Layer	3	£431,000	£862,000
Mersea and Pyefleet	0	£552,500	£1,105,000
Mile End	16	£414,877	£829,754
New Town and Christ Church	3	£425,000	£850,000
Old Heath and the Hythe	13	£442,500	£885,000
Prettygate	1	£417,520	£835,040
Rural North	7	£482,500	£965,000
Shrub End	6	£330,000	£660,000
St Annes and St Johns	3	£411,250	£822,500
Stanway	7	£410,000	£820,000
Tiptree	2	£415,000	£830,000
Wivenhoe	4	£425,000	£850,000

5.3 The acquisition costs do not include any potential refurbishment works that may be required to an acquired property. The current average for refurbishment works to the properties within the acquisition programme is confirmed in Part B of the report.

5.4 The properties have poor energy ratings below the Council's average Band C for all social housing stock. 106 Shrub End Road has an energy performance certificate of D57 and 106a Shrub End Road has an energy performance certificate of E46. The estimated costs for refurbishing the property are shown in Part B of the report.

6. Equality, Diversity and Human Rights implications

6.1 The New Council Housebuilding Programme has an existing EQIA. The proposals are considered to have an overall positive impact on protected groups and they will have a positive impact on the availability of housing in Colchester, especially the availability of affordable housing.

6.2 Maximising the supply of new homes is part of the Council's commitment to improving communities and our city as a place to live. By implementing the recommendations, the Council will have due regard to its Public Sector Duty and will continue to work to tackle discrimination and inequality and help to create a fairer society, improve housing choice and social mobility (including for protected groups).

6.3 The proposals will help to improve the housing conditions and life chances of people with protected characteristics, including homeless people, low-income households, people with disabilities and families on the housing needs register. They will therefore have a positive impact on Equality and Diversity.

7. Strategic Plan References

7.1 The services and projects delivered by the Council and Colchester Borough Homes contribute directly to the following Strategic Plan 2023-2026 priority areas:

- **Respond to the climate emergency**

Reduce our carbon footprint.

Ensure Council homes benefit from increased energy efficiency.

- **Deliver Modern Services for a Modern City**

The Colchester Council family of organisations work together to a shared and ambitious vision for the future of our city.

Continue to invest in our homes to deliver quality social homes and services for tenants and leaseholders.

Put communities and their needs at the heart of our vision and support local areas as they help shape and deliver services which are most important to them.

Work closely with partners, charities and organisations to add value.

- **Improve health, well-being, and happiness**

Tackle the causes of inequality and support our most vulnerable people.

Work with residents and partners to address quality of life and issues of happiness.

- **Deliver homes for those most in need**

Increase the number and quality and types of affordable homes.

Meet our duty to prevent or assist those facing homelessness.

8. Consultation

8.1 This report does not require public consultation.

9. Publicity Considerations

9.1 This report does not currently have any publicity considerations.

9.2 Although if left for a period of time could cause some concern for local residents and become a target for anti-social behaviour causing the Council negative publicity.

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. The Housing Revenue Account will benefit from the income generated from the two newly acquired family homes.
- 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 Housing Revenue Account Business Plan.
- 10.3 The property has been independently valued by a local agent and the details of the appraisals are in Appendix A to the report in part B of the agenda. The offer is substantially over this valuation amount.
- 10.5 The income generated from the sale of the properties will be recycled into the Housing Revenue Account and used to acquire two x family homes, increasing the supply of council homes.

11. Health, Wellbeing and Community Safety Implications

- 11.1 Health, wellbeing and community safety would be positively influenced by the provision of new affordable housing, improving the quality of life for future occupants.

12. Health and Safety Implications

- 12.1 There are no particular health and safety implications attached to the decision.

13. Risk Management Implications

- 13.1 There are no particular risk implications attached to the decision

14. Environmental and Sustainability Implications

- 14.1 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 of delivering all our homes to an Energy Performance Certificate (EPC) rating of Band C by 2030. Work to these homes will contribute to delivering this goal.

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Background Papers

PFH Options paper – Feb 2023:

PFH Decision Report – March 2023