

	ACTION TAKEN UNDER DELEGATED POWERS BY OFFICER 17 January 2020
Title	51 Halliwick Road N10 1AA; recommendation for disposal
Report of	Deputy Chief Executive
Wards	Coppets
Status	Public
Enclosures	Valuation from Landmark 16 th September 2019
Officer Contact Details	Elliot Sweetman, Group Director, Operations & Property, Barnet Homes 0208 359 5261 Elliott.Sweetman@barnethomes.org

Summary

51 Halliwick Road is suffering from disrepair that is uneconomic to address. This report proposes disposal of the property which has an uneconomic requirement for repair. The property has been valued by Landmark Chartered Surveyors and Valuers, as having an estimated open market value of between £475,000 and £500,000. The resulting capital receipt will come to the Housing Revenue Account, providing additional resources to support the capital programme, including the acquisition and building of new council homes.

Decisions

1. That the property, 51 Halliwick Road, is disposed of by sale through public auction.

1. WHY THIS REPORT IS NEEDED

- 1.1 This report is needed as the property, 51 Halliwick Road, is suffering from disrepair that is uneconomic to address, and a decision is required for disposal. This approach is in line with The Barnet Homes Asset Management Strategy, with particular reference to section 7.5.1

2. REASONS FOR RECOMMENDATIONS

- 2.1 51 Halliwick Road is a 3-bed house that is positioned 1.0m to 1.2m below street level. The neighbouring properties are at the same level as the street level.
- 2.2 The property is positioned at the bottom of a hill and foul and storm mains drainage serving the local area fall towards it. The shallow falls make it susceptible to blockages and back surges from these drains. The end of the garden is waterlogged and appears to act as a soakaway.
- 2.3 As a result of the above issues, the property has been susceptible to water penetration for several years.
- 2.4 The issue may have been exacerbated by a new housing estate at the top end of Halliwick Rd which will have added to the volume entering the drainage system.
- 2.5 Despite extensive remedial work and tenant inconvenience (the tenant has since been decanted), the water penetration has not been rectified.
- 2.6 The property is empty, incurring costs and could cause the LB Barnet reputational damage if left to decay further.
- 2.7 Loss of revenue from rents is over £10,000 so far and increases by £144 per week.
- 2.8 The total amount spent including the above works since 2008 is £123,990. Further work estimated to cost £67,000, is complex and offers no guarantee of success.
- 2.9 The Housing team has confirmed that while the property remains unfit for habitation and that without the certainty of knowing that further works will resolve the issue, it serves no purpose to them and therefore is surplus to requirements.
- 2.10 The property is not considered to be a viable asset worthy of further investment (see alternative options below).

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 Further remedial works were considered but as there is no certainty of resolving the issue it was considered as not achieving acceptable value for money. The details are as follows: a survey in April 2019 recommended further remedial work at a cost of £67,000 + VAT. In addition, the proposed tanked and pumped solution would require careful ongoing maintenance costs at a cost of £1,000pa to ensure it remained successful, although even then there is no guarantee these works would resolve the issues and normal occupational use of the property may cause the system to fail and possibly lead to further disrepair claims. The existing soakaway also requires replacing at a cost of £5,000 +VAT.
- 3.2 The above measures do not resolve the waterlogging that occurs in the garden, nor more importantly the cause of the damp at source. Extensive investigations would be needed to pin down this cause and then carry out further works to resolve. The time and cost implications to do all of this is not known but thought to be unfeasible.

4. POST DECISION IMPLEMENTATION

- 4.1 Barnet Homes Property Services team have agreed to deal with the disposal.
- 4.2 The nature of the defects leads to the conclusion that it is recommended to dispose through one of the London Property Auctions such as Savills or Allsops.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

The Council's Corporate Plan 2019 to 2024 is based on three main outcomes, one of which is "our residents live happy, healthy, independent lives with the most vulnerable protected." By disposing of this property, the Council can be certain that none of its Tenants will have to live with the likelihood of living in a property with inherent damp problems.

5.1.1 Capital Receipt

The capital receipt will be come into the Housing Revenue Account, where it will contribute to the council's capital programme, which includes the acquisition and building of council homes for rent.

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

5.2.1 The property is currently listed as a 'long-term' void and incurring costs for loss of rent and payment of Council Tax. The property remains uninhabitable and with the rent at £144pw (the last rent charged), the loss has been over £10,000. The value of the property is also at risk due lack of maintenance and upkeep.

5.2.2 As mentioned in the section above, the capital receipt generated will contribute to the Housing Revenue Account.

5.2.3 Disposing of the property via a property auction will be the quickest way of disposal for

this property and it is a transparent route for the sale. It will be placed into a competitive environment in which the market will ultimately decide the value of the capital receipt. Auction Fees will be payable.

5.2.4 To satisfy the s32 General Consent requirement, prior to the auction a suitable reserve price will be agreed within the range indicated by the valuation. The sale will only proceed if the reserve price is met.

5.2.5 There are no procurement needs, staffing issues or property issues as part of this disposal.

5.3 **Social Value**

5.3.1 Social Value comes in the form of provision of the HRA fund for new build properties, which will be used to subsidise general needs social housing rent units for homeless families. Barnet Homes development contracts include several social value initiatives such as funds for social events, apprentices and vacancies for local people.

5.4 **Legal and Constitutional References**

5.4.1 Article 10.4 of the Council's Constitution states: Decision making by Chief Officers jointly with Theme Committee Chairmen Chief Officers in consultation with Theme Committee Chairmen (Policy & Resources; Children, Education, Libraries & Safeguarding; Adults & Safeguarding; Environment; Assets, Regeneration & Growth; Housing; Community Leadership) have delegated authority to make decisions which are not key decisions and which have a value between £181,302 and £500,000. A written report will be prepared for every decision.

5.4.2 Table A in Article 10 of the Council's Constitution sets out that the authorisation level for Disposals between £181,302 to £500,000 is via a Full DPR Deputy Chief Executive (unless a Less Than Best transaction, which must be reported to the Housing & Growth Committee).

5.4.3 The Property is held for revenue accounting purposes, in the Housing Revenue Account (HRA) as required by s74 of the Local Government and Housing Act 1989, as the land is currently held for Part II Housing Act 1985 purposes.

5.4.4 Any disposal of housing land requires the Secretary of State's consent pursuant to s 32 of the Housing Act 1985, unless its disposal can be authorised under an existing general consent.

5.4.5 The General Housing Consents 2013 permit certain disposals without the need for express permission from the Secretary of State. A3.1.1 of the General Consent permits a local authority to dispose of land for a consideration equal to its market value subject to certain exceptions listed in A3.1.2. The exceptions do not affect the disposal of this property and therefore the consent under A3.1.1 is available to this disposal.

5.4.6 As the property being sold for market value at Auction and the exceptions set out in A3.1.2 do not apply in this case and no consents are required.

5.5 **Risk Management**

5.5.1 The risk that disposing at an Auction will be avoided by using the lower valuation given by the Valuer (£475k) as a reserve price and no offers will be accepted below this.

5.5.2 Despite 'Buyer beware' (etc), the Council may run a risk of being criticised once the new owner becomes fully aware of the defects. A description pointing out that the property has damp issues within the Auction particulars will reduce this risk.

5.6 Equalities and Diversity

5.6.1 There are no E&D implications or duties as laid down by the Equality Act 2010

5.6.2 No Equality Impact Assessment (EIA) was completed because this did not represent a policy change

5.7 Corporate Parenting

5.7.1 None

5.8 Consultation and Engagement

5.8.1 None required.

5.9 Insight

5.9.1 None

6. BACKGROUND PAPERS

6.1 Valuation by Landmark dated 16th September 2019 (attached as appendix 2)

7. DECISION TAKER'S STATEMENT

7.1 *I have the required powers to make the decision documented in this report. I am responsible for the report's content and am satisfied that all relevant advice has been sought in the preparation of this report and that it is compliant with the decision-making framework of the organisation which includes Constitution, Scheme of Delegation, Budget and Policy Framework and Legal issues including Equalities obligations. The decision is compliant with the principles of decision making in Article 10 of the constitution.*

Chief Officer: Cath Shaw

Deputy Chief
Executive

Signed:

Dated: 29 January 2020

