

# **APPENDIX J**

## **WAVERLEY BOROUGH COUNCIL**

**EXECUTIVE – 20TH MAY 2008**

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**Title:**

**DISPOSAL OF A HOUSING REVENUE ACCOUNT PROPERTY**

**[Current Portfolio Holder for Housing: Cllr Mrs Frost]**

**[Wards Affected: Cranleigh West]**

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**Note pursuant to Section 100B (5) of the Local Government Act 1972**

An (Exempt) Annexe to this report contains exempt information by virtue of which the public is likely to be excluded during the item to which the report relates, as specified in Paragraph 3 of the revised Part 1 of Schedule 12A to the Local Government Act 1972, namely;-

Information relating to the financial or business affairs of any particular person (including the authority holding that information).

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**Summary and purpose:**

This report proposes the open market sale of a Housing Revenue Account dwelling house in Cranleigh and seeks authority to dispose of the property. The proceeds arising from the sale would be applied towards meeting the Decent Homes Standard in the rest of the Council's housing stock.

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**Environmental implications:**

There are no direct environmental issues arising from this report.

**Social / community implications:**

There is a considerable need for affordable housing in Waverley and indeed in Cranleigh, so the loss of a property for rent is regrettable. However, this has to be balanced against a need to improve the Council's own housing stock more widely. The capital receipt arising from the sale, and the resources not expended on bringing one property up to lettable condition, will be available to invest in the homes of other tenants. It is well documented that decent homes promote health, educational attainment, community safety and social well-being.

**E-Government implications:**

There are none arising from this report.

## **Resource and legal implications:**

The resource and legal implications relate to the disposal of a dwelling at Elmbridge Road, Cranleigh. By disposing of this property – which needs major renovation – the Council will avoid the need for significant capital investment in this one property, at a time when HRA capital resources are under increasing pressure; and the Council will receive a capital receipt, which if used for the Decent Homes programme works can be utilised at 100%. An indicative valuation is detailed in (Exempt) Annexe 2.

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## **Introduction and Background**

1. The Council owns a property at 1, Elmbridge Cottages, Cranleigh, which is now vacant. See location plan at Annexe 1.
2. The property is a modest three-bedroom property with a ground-floor bathroom. The previous occupier had been a tenant of longstanding – having been a tenant since 1975. In that time the tenant requested few works.
3. When the property was handed back to the Council, it was discovered that a major renovation would be required in order to bring the property back into lettable condition. The following issues and works have been identified:
  - the floor slab has sunk and is broken and it is unstable. In order to solve this problem the whole of the ground floor needs to be cleared and a new floor slab laid throughout the ground-floor;
  - in order to do this work the kitchen, bathroom and w.c, the partitions and rear lobby porch need to be cleared away
  - the property also suffers from damp and we will need to improve the property with a new damp-proof course;
  - the house needs a new kitchen, bathroom and windows;
  - the roof structure requires significant bracing with strategically placed timber props and a series of metal restraint straps to resist any further spread;
  - the drainage system requires a combination of root cutting, structural resin lining & partial excavation & replacement.
  - there is evidence of woodworm, which needs to be addressed;
  - all of the ceilings need to be replaced, together with upgrading of the loft insulation;
  - given the scale of the works, the whole house would need to be redecorated before it could be relet.

4. Were the Council to retain the property, the most cost effective approach would be to turn the small bedroom into the bathroom – thus reducing the house from a 3-bedroom dwelling to a 2-bedroom dwelling.
5. It is estimated that the costs of bringing this property into lettable condition would be in the order of £50,000.
6. Given the financial difficulties facing the HRA, it is considered that the Council should dispose of the property in order to avoid having to spend £50,000 bringing this property into lettable condition. In addition, by selling the property, the Council would also receive a capital receipt. The Council would be able to use 100% of the capital receipt so long as it is used for meeting the Decent Homes Standard in its other stock.

### **Resource and Legal Implications**

7. A disposal of 'one-off' properties in such circumstances is covered by the General Consents relating to property disposals issued by the Department of Communities and Local Government. There are some restrictions under the General Consent viz:
  - the property has got to be for the purchaser to live in or to put in good repair to sell to someone else for them to live in; and/or
  - simply sold at market value to a purchaser, provided he has not already bought a property from the Council on the same basis during the same financial year. It is under this category that the disposal will be made.
8. The financial implications are that the Council would avoid the cost of bringing this home up to the Decent Homes Standard and into a lettable condition for future occupiers.
9. The Council would receive a capital receipt. A guideline price is detailed in (Exempt) Annexe 2 attached. However, if the Council wishes to retain the whole of the capital receipt, it is required by the Department for Communities and Local Government to resolve to reinvest the capital sum arising from the disposal in its retained housing to contribute towards meeting the Decent Homes Standard or for a specified regeneration project. Should the Council decide to use the capital receipt for other activities the Council would only be able to retain 50% of the resulting receipt and the balance would have to be paid to the Government. Given that the Council needs to invest in its own housing stock, it is recommended that the capital receipt be applied to the Decent Homes Standard, thereby allowing the Council to retain 100% of the receipt for these purposes.

### **Recommendation**

It is recommended that:

1. the disposal of the dwelling house owned by the Council at 1 Elmbridge Cottages, Cranleigh on the open market on terms to be negotiated by the Council's Estates and Valuation Manager; and
2. the capital receipt from the sale of this property be applied to contribute toward achieving the Decent Homes Standard in the remaining Council housing stock.

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Background Papers (SDoH&C)

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

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**CONTACT OFFICER:**

**Name:** John Swanton

**Telephone:** 01483 523375

**E-mail:** john.swanton@waverley.gov.uk

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