

Agenda item:

[No.]

CABINET

On 14th September 2010

Report Title: **Disposal of 78 Shepherd's Hill N6 & 226 Stapleton Hall Rd N4**

Report of **Director of Corporate Resources**

Signed :

Date:

Contact Officer : Linda Christian, Valuer
Tel: 020 8489 4774, email: linda.christian@haringey.gov.uk

Wards(s) affected: **Crouch End & Stroud Green**

Report for: **Key Decision**

1. Purpose of the report

1.1 To seek Cabinet authority for the disposal of the Council's freehold interest in 78 Shepherd's Hill N6 and 226 Stapleton Hall Road N4 for regenerative redevelopment and to realise capital receipts from these vacant properties that require considerable investment to bring to decent homes standards.

2. Introduction by Cabinet Member (if necessary)

2.1 The disposal of these vacant hostels in poor condition will see them returned to use as dwellings, reduce property holding costs and provide capital receipts.

3. State link(s) with Council Plan Priorities and actions and /or other Strategies:

- 3.1 Council Plan Priorities:
- A Thriving Haringey
 - Delivering High quality, efficient services

4. Recommendations

4.1 Authorise the Head of Corporate Property Services to dispose 78 Shepherd's Hill N6 and 226 Stapleton Hall Road N4 on the open market on terms to be agreed in consultation with the Cabinet Member for Finance and Sustainability.

5. Reason for Recommendation

5.1 The properties have been deemed uneconomical to repair, not suitable for retention and therefore surplus to requirements.

6. Other Options Considered

6.1 **Do nothing i.e. retention for current use as homeless hostel** - This was rejected on the grounds that these properties are in poor condition and not up to current standards for use as hostel accommodation. The investment required is prohibitive and this option is not considered to be economic.

6.2 **Conversion to permanent family accommodation** - Also considered was the retention of the properties for conversion from hostels to permanent settled family accommodation to be managed by Homes for Haringey as part of the housing stock. There has been a successful programme over the last four years by the Housing Service in partnership with Homes for Haringey to convert a number of hostel properties into family accommodation using London Regional Housing Pot grant and top-up funding from the Haringey Capital Programme. However, this option was rejected due to the uneconomically high cost of conversion and refurbishment and this option was therefore not considered financially viable.

6.3 **Conversion to Supported Housing** – Initial discussions on the suitability and viability of these properties for use as supported housing for vulnerable adults were held with a specialist Registered Provider. However, in view of the high open market value of these properties the conversion of these properties is not financially viable. Consideration was given to leasing the properties to the RSL for an annual rent but in view of the investment required this would need to be a long period (minimum of 20 years) which would make this an investment asset. The Council will seek to address this need by seeking other properties that may be suitable for conversion and explore their viability.

7. Summary

7.1 The Council's Strategic & Community Housing Service (S&CH) currently manages 19 hostel units and in line with the Government's target to halve the number of households living in temporary accommodation by 2010 the Council have identified surplus properties that will help to reduce the number of households in temporary accommodation. The Council has identified two such properties:

78 Shepherd's Hill N6

7.2 The property is located in the west of the Borough, east of Highgate Station in a predominantly residential location. (see attached plan Appendix 1).

7.3 The property is an imposing 3-storey 1930s detached house set back from the road in an elevated position. The property is surrounded by a six storey purpose built block of flats, a 1930s traditional built semi detached three storey house and a low rise purpose built block of flats.

7.4 The property which has been used as a single person's hostel is currently vacant as it requires extensive refurbishment to bring it up to a Decent Homes Standard.

7.5 Exempt

226 Stapleton Hall Rd N4

7.6 The property is located within a predominantly residential area and is within easy reach of local Hoppa Service and Harringay British Rail Station. (see attached plan Appendix 2).

7.7 The property has been used as a hostel for single persons awaiting temporary and/or permanent accommodation but it is currently vacant as it is not fit for occupation. The property which is set out as five (5) bedsits each with their own separate kitchen and bathroom facilities requires extensive refurbishment to bring the property up to a Decent Homes Standard.

7.8 Exempt

Method of Disposal

7.9 These properties are likely to attract considerable interest from private individuals wishing to refurbish and for their own family home. Due to their size there is also likely to be interest from investors for conversions into a small number of apartments. However as the size of the proposed scheme is unlikely to be viable for a scheme that an RSL can develop there is unlikely to be any interest from this sector unless the properties could be acquired below market value.

7.10 Exempt

7.11 Corporate Property will contact the list of preferred Registered Social Landlords (RSLs) informing them in advance of the marketing exercise.

8. Chief Financial Officer Comments

8.1 These two properties were not part of the Council's original disposal programme for 2010/11 however a recent review of the Council's capital programme outlined the very challenging position in respect of actual and forecast capital receipts. Assuming Cabinet approves the recommendation to sell a significant receipt over and above that currently planned should be delivered this financial year.

8.2 Under current policy capital receipts are managed corporately and applied in accordance with the financial and business planning process. Any diversion from this principle will need to be explicitly approved by Members.

8.3 Both properties are within the HRA portfolio and thus may be subject to pooling regulations.

8.4 Section 6 sets out the other options explored by the service before making the recommendation to dispose. These hostels in their present condition do not meet acceptable living standards. Consideration was given to investing in refurbishment to either bring them back into use as hostel accommodation or convert them into family dwellings however, neither was concluded as cost effective. The final option was to

grant a long lease however, the potential receipt value as against the forecast rental income over the period was felt to deliver a greater return and benefit in overall terms. Furthermore, given that these properties are held within the HRA portfolio any rental income realised would not be available for general fund use.

9. Head of Legal Services Comments

9.1 The above two 2 properties are held as Housing land.

General Consent A3.2 of the General Consents 2005 permits a vacant dwelling house to be sold by a local authority to any person where the property is in need of substantial works of repair improvement or conversion and that person enters into a covenant to carry out those works and then to dispose of the dwelling house or any dwelling house created from it to an individual who intends to use it or any dwelling house created from it as his only or principal home. The consideration for the sale must be equal to the market value.

9.2 This General Consent is intended to enable local authorities to sell run down housing to builders/developers for onward sale in to owner occupation.

9.3 Provided the sale is for market value and the premises are vacant then subject to the usual title checks the Council has power to dispose of these properties.

9.4 Alternatively the disposal of these properties may fall under General Consent A5 1.1. This General Consent permits the sale by a local authority of one vacant house or vacant converted house to any individual for a consideration equal to its market value provided the purchaser alone or with others has not under the consent in this paragraph A5.11 acquired another dwelling house flat or converted house from the authority previously in the same financial year .

9.5 This Consent permits the sale (perhaps by auction) regardless of the use to which the purchaser intends to put it. Once the purchaser is identified the authority should check their lists to see if that person has previously purchased in the same financial year.

10. Head of Strategic and Community Housing

10.1 Given the very high levels of housing needs in the borough, the loss of any social rented housing in Haringey will undoubtedly have an impact on the Council's ability to meet residents' housing needs and to tackle overcrowding and homelessness.

10.2 The recommendation to dispose of these properties rather than lease them to a housing association as supported housing for vulnerable adults will result in the loss of revenue income and the opportunity to address the shortage of good quality supported housing in the borough. It will also impact the delivery of a number of key objectives in the Council's Homelessness and Supporting People Strategies.

11. Head of Planning

11.1 Planning have no comments for this report.

10. Equalities & Community Cohesion Comments

10.1 Bringing the property back into use will create new housing units thus increasing the possibility of owner occupation to the wider community. The resultant capital receipt from these disposals will support Council objectives benefiting the wider community in Haringey.

11. Consultation

11.1 Not Applicable.

13. Use of appendices

13.1 Appendix 1 – site plan (78 Shepherd's Hill)

13.2 Appendix 2 – site plan (226 Stapleton Hall Road)

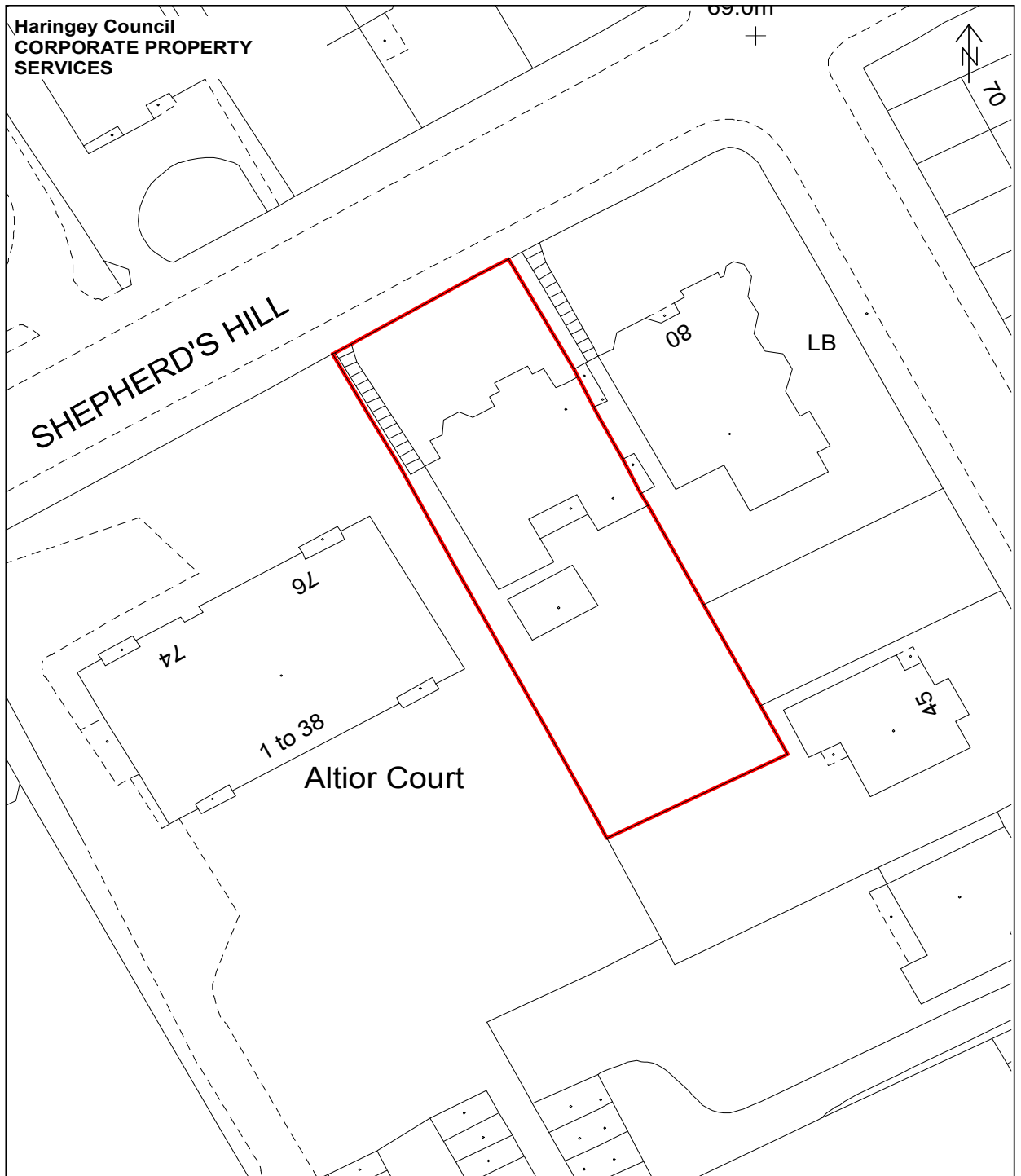
14. Local Government (Access to Information) Act 1985

14.1 Background and Supporting Information

14.2 This report contains exempt and non-exempt information. Exempt information is contained in Appendix A and is **not for publication**. The exempt information is under the following category (identified in the amended schedule 12A of the Local Government Act 1972).

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

Appendix 1



78 Shepherds Hill
Highgate
LONDON N6

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Overlay : H&SS - Homes & Hostels

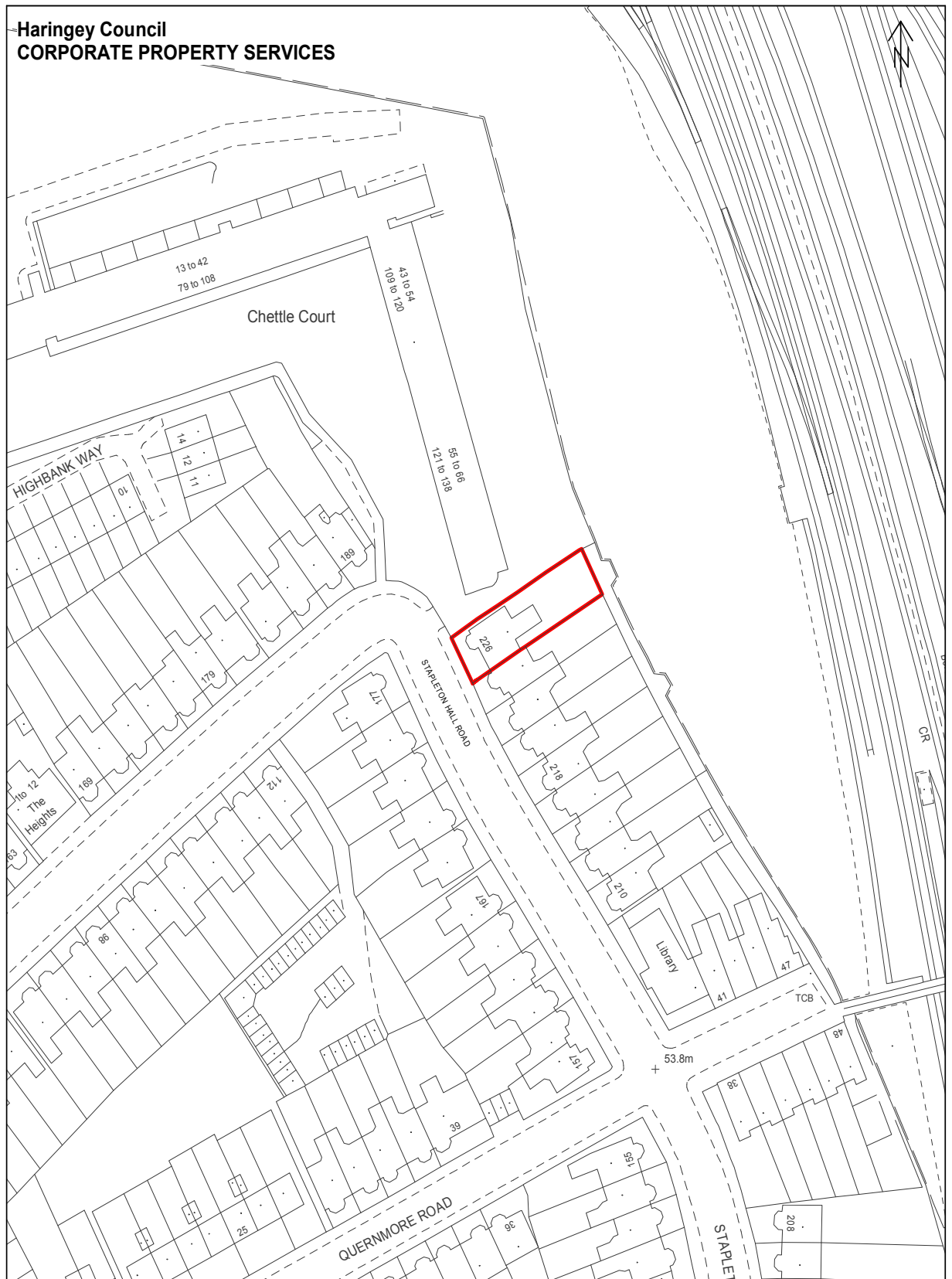
Plan produced by Kevin Lincoln on 23/07/2007

Scale 1:500

CPM No.

Drawing No. BVES A4 2461

Appendix 2



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226 Stapleton Hall Road
Stroud Green
LONDON
N4 4QR

CPM No. 1176

Overlay : *HSS - Hostels*

Plan produced by Kevin Lincoln on 17/05/2010

Deed Doc. No. : 4670

LR title no. : MX386843

Site Area (hectares) : 0.041

Scale 1:1250

Drawing No. BVES A4 2482a