



# SHEFFIELD CITY COUNCIL Cabinet Report

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**Report of:** Simon Green

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**Date:** 9<sup>th</sup> November 2011

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**Subject:** The Disposal of 28 Chippinghouse Road S8 0ZB

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**Author of Report:** Lindsay Wynn 2734314

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## **Summary:**

This report relates to a council-owned sundry property at 28 Chippinghouse Road. The property is managed by Sheffield Homes and was previously occupied by a tenant of Sheffield City Council however it has been vacant since 14<sup>th</sup> March 2010.

During 2010 officers reviewed the options for its future use, given its poor condition. After assessing all the options it was decided that the property should be disposed of on the open market. Prior to disposal all elected Members were informed of the intention to dispose. This resulted in an objection being raised by an elected Member on the grounds that there is a lack of affordable housing in the area.

The procedures for dealing with a Members objection are set out in Part 3 section 3.4 (Executive Functions) of the City Council's Constitution (as revised April 2010). If objections are received from an Elected Member to the disposal of a particular property on the Bi-Monthly Members Circulation List, then the matter has to be the subject of a report to Cabinet outlining the nature of the objections and seeking approval to proceed with the disposal.

This report sets out a summary the available options, and assesses any implications of the disposal in respect of the environment, equal opportunities, legal, financial and human resources considerations.

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## **Reasons for Recommendations:**

£25,272 of investment is required to bring the property up to the lettable standard, redo certain elements of the Decent Homes internals and complete the Decent Homes external works. This is over £10,000 more than the amount spent on the average property to make it decent. This amount is not considered to be sufficient value for money.

Within Sheffield Homes Central area of the city there are over 2,500 two bedroomed Council properties, this equates to 44.1% of properties in the central area, only the Sheffield Homes North area of the city has a higher percentage of two bedroomed properties at 46.9%.

1,500 of the two bedroomed properties in the Sheffield Homes Central area are houses, this equates to 26.4% of the properties in the central area. Again only the Sheffield Homes North area of the city has a higher percentage with 38.9% of properties being two bedroomed houses. The Sheffield Homes Central area of the city has a large supply of two bedroomed affordable houses for rent.

Within the specific locality of Chippinghouse Road there are 1,980 two bedroomed Council properties, these are in Arbourthorne, Derby Street, Heeley and Lansdowne. 1,392 of these properties are two bedroomed houses. 54.4% of properties in Arbourthorne, Derby Street, Heeley and Lansdowne are two bedroomed, the disposal of 28 Chippinghouse Road would not have a detrimental impact on the housing stock in the Sheffield Homes Central area of the city.

The delivery of higher priority investment projects in the housing stock relies on forecast income from disposals such as this.

The saving on the Sheffield Homes vacants and investment budget made by disposing of this property will allow a further 15 vacant properties to be brought up to the lettable standard or nearly two properties to be brought up to the Sheffield Decent Homes standard.

### **Recommendations:**

That 28 Chippinghouse Road be declared surplus to requirements.

That the Director of Property and Facilities Management be authorised to make the necessary arrangements for the sale of the property on the open market and to agree the terms of the sale.

That the Director of Property and Facilities Management be authorised to instruct the Director of Legal Services to complete all the necessary legal documentation to complete the disposal.

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### **Background Papers:**

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**Category of Report:** OPEN

**If Closed add – ‘Not for publication because it contains exempt information under Paragraph... of Schedule 12A of the Local Government Act 1972 (as amended).’**

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\* Delete as appropriate

## Statutory and Council Policy Checklist

<b>Financial Implications</b>	
YES/NO	Cleared by: Claire Sharratt
<b>Legal Implications</b>	
YES	Cleared by: Andrea Simpson
<b>Equality of Opportunity Implications</b>	
NO	Cleared by: Ian Oldershaw
<b>Tackling Health Inequalities Implications</b>	
NO	
<b>Human rights Implications</b>	
NO	
<b>Environmental and Sustainability implications</b>	
YES/NO	
<b>Economic impact</b>	
NO	
<b>Community safety implications</b>	
NO	
<b>Human resources implications</b>	
NO	
<b>Property implications</b>	
YES	
<b>Area(s) affected</b>	
Central Sheffield Homes Area of the City	
<b>Relevant Cabinet Portfolio Leader</b>	
Harry Harpham	
<b>Relevant Scrutiny Committee if decision called in</b>	
<b>Is the item a matter which is reserved for approval by the City Council?</b>	
YES	
<b>Press release</b>	
NO	

## **To Agree the Disposal of 28 Chippinghouse Road, Sheffield, S8 0ZB**

### **1.0 SUMMARY**

- 1.1 This report relates to a council-owned sundry property at 28 Chippinghouse Road. The property is managed by Sheffield Homes and was previously occupied by a tenant of Sheffield City Council however it has been vacant since 14<sup>th</sup> March 2010.
- 1.2 During 2010 officers reviewed the options for its future use, given its poor condition. After assessing all the options it was decided that the property should be disposed of on the open market. Prior to disposal all elected Members were informed of the intention to dispose. This resulted in an objection being raised by an elected Member on the grounds that there is a lack of affordable housing in the area.
- 1.3 The procedures for dealing with a Members objection are set out in Part 3 section 3.4 (Executive Functions) of the City Council's Constitution (as revised April 2010). If objections are received from an Elected Member to the disposal of a particular property on the Bi-Monthly Members Circulation List, then the matter has to be the subject of a report to Cabinet outlining the nature of the objections and seeking approval to proceed with the disposal.
- 1.4 This report sets out a summary of the available options, and assesses any implications of the disposal in respect of the environment, equal opportunities, legal, financial and human resources' considerations.

### **2.0 WHAT DOES THIS MEAN FOR SHEFFIELD PEOPLE**

- 2.1 The disposal of this property will create an opportunity for the property to be purchased.

### **3.0 OUTCOME AND SUSTAINABILITY**

- 3.1 The disposal of this property will enable private investment to bring this empty property back into use.
- 3.2 The disposal will provide additional funding for the Neighbourhoods Investment Programme to be invested in priority projects.
- 3.3 The saving on the Sheffield Homes vacants and investment budget made by disposing of this property will allow a further 15 vacant properties to be brought up to the lettable standard or nearly two properties to be brought up to the Sheffield Decent Homes standard.

## 4.0 Background

- 4.1 28 Chippinghouse Road is a two bedroomed end terrace property. Externally the property is in a fair condition. Internally the property is in a very poor condition and requires a lot of work to bring the property up to the Decent Homes and the lettable standard. This is mainly due to vandalism as the property has been breached and the internal copper pipes and cables have been stripped out. This has caused severe water damage within the property.
- 4.2 The internal Decent Homes works were carried out in 2005/06 at a cost of £8,400. The property still requires the external Decent Homes works.
- 4.3 The cost of improving the property to the lettable standard and completing the externals of the property to the Sheffield Decent Homes Standard have been estimated in the region of £25,272. This cost includes replacing some of the internal Decent Homes elements that were originally installed in 2005/06 such as the kitchen as it has been vandalised. This cost can be broken down as follows:

To bring the property up to the minimum lettable standard (including the replacement of some internal Decent Homes elements):

- General void repairs £3,000 - £4,000 (major re-plastering and repairs to vandalised floors)
- Damp proofing £3,000 - £4,000 (will require further investigation by a specialist company)
- Replacement of vandalised gas central heating £4,100 (vandalised and stripped)
- Electrical rewire £3,000 (vandalised and stripped)
- Replacement Kitchen £2,000 (vandalised and water damaged)
- Decoration £2,000 (very poor condition)
- Clear overgrown garden £300
- To complete the remaining external Decent Homes elements:
- Replacement external doors and windows £4,000

**SUB TOTAL £23,400**

**FEES at 8% £1,872**

**GRAND TOTAL £25,272**

Pictures of the property can be seen in appendix A.

#### 4.4 **Legal implications**

This property is held for the purposes of Part II of the Housing Act 1985. The consent of the Secretary of State is needed to the disposal of such a property by virtue of section 32 of the Act. A number of General Consents have been issued but whether they apply to this disposal will depend on how and to whom the properties are sold. If necessary, specific consent will be sought.

#### 4.5 **Financial implications**

The capital receipt from the sale of the property is expected to be in the region of £75,000.

The decision on the disposal of this property should be made in the full awareness of the consequent impacts on capital receipt income for other priority works in the Neighbourhoods Investment Programme. These are Disabled Facilities Grants for home owners (a mandatory service), central heating replacements for Council tenants whose existing heating systems are irreparable and regeneration schemes in progress, the regeneration schemes at Scowerdons, Weaklands and Newstead and other priority investment in the housing stock. The delivery of these projects, by necessity, relies on an element of forecast income through disposals.

#### 4.6 **Equality of opportunity implications**

The disposal of this property is fundamentally equality neutral. There are no significant equality impacts regardless of age, sex, race, faith, disability, sexuality, etc.

#### 4.7 **Human Resource Implications**

There are no human resource implications identified in this report.

### 5.0 **ALTERNATIVE OPTIONS CONSIDERED**

#### 5.1 **Completing all the required works**

##### ***Benefits***

An affordable home would be retained and rental income would be received.

##### ***Disbenefits***

There are extra costs to bring this home up to standard as it is not a standard property.

##### ***Cost implications***

The average cost to bring a property up to the Sheffield Decent Homes Standard is £13-14,000. The cost of bringing this property up to the lettable and Decent Homes standard and installing some elements for a second time is £25,272 and is considered to be in excess of those deemed necessary to demonstrate value for money and would be nearly one third of the value of the property.

## 5.2 **Disposing of the property**

### ***Benefits***

The disposal of the property would result in £25,272 being available to spend in the vacants and Decent Homes budgets.

The capital receipt generated from the sale of this property would be re-invested the priority schemes described in section 4.5 of this report.

### ***Disbenefits***

There will be one less two bedroomed Council property available in the Central area of the city.

### ***Cost implications***

The property has been valued by Kier Asset Partnerships at £75,000 in August 2010.

## **6.0 REASONS FOR RECOMMENDATIONS**

- 6.1 £25,272 of investment is required to bring the property up to the lettable standard, redo certain elements of the Decent Homes internals and complete the Decent Homes external works. This is over £10,000 more than the amount spent on the average property to make it decent. This amount is not considered to be sufficient value for money.

- 6.2 Within Sheffield Homes Central area of the city there are over 2,500 two bedroomed Council properties, this equates to 44.1% of properties in the central area, only the Sheffield Homes North area of the city has a higher percentage of two bedroomed properties at 46.9%.

1,500 of the two bedroomed properties in the Sheffield Homes Central area are houses, this equates to 26.4% of the properties in the central area. Again only the Sheffield Homes North area of the city has a higher percentage with 38.9% of properties being two bedroomed houses. The Sheffield Homes Central area of the city has a large supply of two bedroomed affordable houses for rent.

Within the specific locality of Chippinghouse Road there are 1,980 two bedroomed Council properties, these are in Arbourthorne, Derby Street, Heeley and Lansdowne. 1,392 of these properties are two bedroomed houses. 54.4% of properties in Arbourthorne, Derby Street, Heeley and Lansdowne are two bedroomed, the disposal of 28 Chippinghouse Road would not have a detrimental impact on the housing stock in the Sheffield Homes Central area of the city.

- 6.3 Any capital receipt generated will be invested back into the affordable housing and regeneration strategic priorities of the service stated in section 4.5 of this report.
- 6.4 Bringing this property back into use will contribute towards the New Homes Bonus this will be in the region of £10,000 over the next five years.

## **7.0 RECOMMENDATIONS**

- 7.1 That 28 Chippinghouse Road be declared surplus to requirements.
- 7.2 That the Director of Property and Facilities Management be authorised to make the necessary arrangements for the sale of the property on the open market and to agree the terms of the sale.
- 7.3 That the Director of Property and Facilities Management be authorised to instruct the Director of Legal Services to complete all the necessary legal documentation to complete the disposal.



28 CHIPPINGHOUSE ROAD



External View



Kitchen Ceiling



Lounge



Kitchen

28 CHIPPINGHOUSE ROAD



Stairs



Bathroom



Bedroom 1



Bedroom 2