

## Officer Non Key Executive Decision

<b>Relevant Chief Officer (Decision Maker):</b>	Alan Cavill, Director of Place
<b>Relevant Cabinet Members (for consultation purposes):</b>	Councillor Mrs Christine Wright, Cabinet Member for Housing
<b>Report Author (Officer name and title):</b>	Anne Thornton, Property Services Business Manager
<b>Implementation Date of Decision:</b>	22 September 2017

### DISPOSAL OF KENNEDY HOUSE

#### 1.0 Purpose of the report:

1.1 To seek formal approval for the council to :

- Authorise the disposal of the Council's freehold interest in Kennedy House, Alexandra Road, Blackpool subject to the leasehold interests at auction, with a reserve of £125,000.

1.2 Consultation with the leaseholders and council tenants living at Kennedy House, has taken place and council tenants have been moved to alternative accommodation, who have been granted statutory home loss and disturbance payments of £5800.00 to each tenant.

1.3 The background, reasons and rational for the proposal to sell the Councils interest in Kennedy House is set out in sections 3 and 5.

#### 2.0 Recommendation(s):

2.1 To authorise the sale of the Council's freehold interest in Kennedy House subject to the leasehold interests, at auction, with a reserve of £125,000.

2.2 Should the reserve not be met delegated authority to be given to Service Manager – Assets, Estates and Business Administration and/or Asset Manager (Investment Portfolio) on the day of the auction to sell at best consideration.

#### 3.0 Reasons for recommendation(s):

3.1 There are only 4 flats that remain in Council ownership, given the low rental income

received from these, the threat of further Right to Buy sales of those units and future liability for maintaining the block, it has been determined by Strategic Housing, that the block should be sold.

3.2a Is the recommendation contrary to a plan or strategy adopted or approved by the Council? No

3.2b Is the recommendation in accordance with the Council's approved budget? Yes

3.3 Other alternative options to be considered:

None

#### **4.0 Council Priority:**

4.1 The relevant Council Priority is

“Communities: Creating stronger communities and increasing resilience”

#### **5.0 Background Information**

5.1 Kennedy House is a three storey block of 10 flats and 3 shop units on the corner of the Promenade and Alexandra Road. The shops are small in size, unoccupied (currently split into one double unit and one single unit) and they front Alexandra Road. The flats were built as Council housing in the early 1960s. Only 2 flats and 2 bedsits remain in the Council's ownership with the other 6 flats having been sold to leaseholders under the Right to Buy. All 4 flats owned by the Council are empty.

5.2 Given the low rental income received from the 4 flats still in Council ownership, the threat of further Right to Buy sales of those units and the future liability for maintaining the block, it has been advised that the building should be sold.

5.3 The building has recently had some remedial works to the value of approximately £140,000, this included:

- Rendering to the Promenade and Alexandria Road elevations
- Fabrication and installation of structural steelwork to support the deck access walkways and cantilevered balconies
- Specialist repairs to the reinforced concrete structure
- Installation of new lintels over existing windows to the Promenade and Alexandra Road elevations

- Re-cladding the rooftop lift motor room
- Dismantling the existing concrete canopy over the vacant retail units and making good.

5.4 The work was carried out because the balconies were found to need remedial work, repairs were required to the concrete structure of the building, defective lintels needed to be replaced, and water was penetrating through failed pointing. The works were also designed to improve the look of the building on the Promenade frontage.

5.5 The sale of the Council’s Freehold interest should help recoup the costs of the recent work and £17,400 in Homeloss and Disturbance payments due to the three tenants who have been moved to alternative accommodation prior to the sale.

5.6 The option to sell to Blackpool Housing Company was considered to help build up the Housing Company portfolio, and ensure high quality on-going management. However, the Housing Company has taken a view that it does not want to take on the future liability for maintenance of the external fabric of the building.

5.7 **Other options considered:**

**Buy out the leaseholders, demolish, and re-develop the site:** The minimum possible cost based on value in current condition and demolition costs would be over £400,000, creating a site worth around £130,000. This option would be challenging to deliver, as it may require a Compulsory Purchase Order and would result in a new development that is likely to include ground floor retail uses with flats above – similar to the current use.

**Buy out leaseholders and refurbish the existing building:** The costs of buy out and refurbishment would be high and acquisitions could only be achieved by voluntary agreement. The refurbished flats would be at risk of future Right to Buy sales.

**Conclusions:** The option that minimises the Council’s financial losses is to sell the Council’s interests in the building at auction. The options of buying out the leaseholders and re-developing the site would lead to a significant loss to the HRA and be challenging to deliver.

5.8 Does the information submitted include any exempt information? No

6.0 **Legal considerations:**

6.1 To dispose of the freehold interest pursuant to Section 123 of the Local Government

Act 1972 and to draft and complete the necessary legal documents for disposal at auction.

**7.0 Human Resources considerations:**

7.1 None.

**8.0 Equalities considerations:**

8.1 None.

**9.0 Financial considerations:**

9.1 The sale of the Council's interest should help recoup the costs of the recent work and £17,400 in Homeloss and Disturbance payments payable to the three tenants who have been moved to alternative accommodation prior to the sale.

9.2 The costs of the remedial works of £140,000 and the Homeloss and Disturbance payments have been paid from the Housing Revenue Account which will bear the loss if the sale price does not cover said costs.

**10.0 Risk management considerations:**

10.1 The building may not sell and the Council will then have maintenance liabilities.

**11.0 Ethical considerations:**

11.1 None.

**12.0 Internal/ External Consultation undertaken:**

12.1 Consultation with the Council tenants living at Kennedy House has taken place, they have been moved to alternative accommodation and have been granted statutory home loss and disturbance payments of £5800.00 to each tenant.

**13.0 Decision of Chief Officer**

13.1 To authorise the sale of the Council's freehold interest in Kennedy House subject to the leasehold interests, at auction, with a reserve of £125,000.

13.2 Should the reserve not be met delegated authority to be given to Service Manager – Assets, Estates and Business Administration and/or Asset Manager (Investment Portfolio) on the day of the auction to sell at best consideration.

**14.0 Reasons for the Decision of the Chief Officer**

14.1 After consideration of available options, disposal of the building is considered the most financially viable.