



Report to:

Northwards Housing Board

12th December 2006

Item No:

12d

Title: Stock Option Appraisal – One Miscellaneous Property (119 Cobden Street, Harpurhey)

Date: 21st November 2006

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Confidential: No

For: (Please tick action required)	NOTING	DISCUSSION	APPROVAL √
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PURPOSE OF REPORT

To provide the results of the Desk Top Option Appraisal that has been carried out for the miscellaneous property – 119 Cobden Street, Harpurhey.

RECOMMENDATION

That the Board approve and formally make the following recommendation to Manchester City Council: Option 2 – Sale on the open market in its current condition (with conditional lease).

IMPLICATIONS

If and when the report is implemented, what will be the implications or changes to the current status of the organisation.

Equality & Diversity: None directly

Financial: No management fee will be received from MCC for this property. Northwards Housing will save over £17,000 required to improve and modernise the property

Staffing: None directly

Decency Target: This property will be removed from the Capital Programme

Governance: None directly

Risk Assessment: None directly

Equality & Diversity Implications (Please tick where relevant):

BME	<input type="checkbox"/>	Lesbian/Gay/Bisexual/Transgender	<input type="checkbox"/>
Elderly	<input type="checkbox"/>	Single Parents	<input type="checkbox"/>
Young	<input type="checkbox"/>	Domestic Violence	<input type="checkbox"/>
Disability	<input type="checkbox"/>	Alcohol / Drug Mis-users	<input type="checkbox"/>

Consultation/Consideration:

	Yes, No or N/A:	Name:	Date:
Sub-Committee:	N/A		
Area Panel:	N/A		
Ward Councillors:	N/A		

1. Background

- 1.1 Stock Option Appraisal is an integral part of the business planning process. It is an analysis of information relating to an asset to identify solutions that will ensure that investment plans and decisions made are cost effective and viable.
- 1.2 119 Cobden Street is a 2-bedroom on street mid-terraced property built circa 1918. It is traditional brick construction with pitched slate roof and timber joist and floorboard construction internal floors.
- 1.3 It is classed as a 'miscellaneous' property. A 'miscellaneous' property can be defined as anything that is not purpose built by the City Council, which was acquired by the authority for letting to a tenant.
- 1.4 The property became void in June 2000 at which point a decision was taken not to re-let it. Questions were raised over the long-term viability of the area (as it falls within the Housing Market Renewal Pathfinder area).
- 1.5 The work of the Housing Market Renewal Pathfinder in and around Harpurhey has seen demand for properties and house prices increase over recent years. However, the general environment on this part of Cobden Street is poor and there are a number of properties classified as 'unsustainable' by the Private Sector Housing team due to the high turnover of properties in the private rented sector. Steps are being taken by the Private Sector housing team in this area to address these issues such as licensing and they are currently undertaking surveys of properties in the area, which they have classified as a Private Investment Area.
- 1.6 The property is currently secured with steel which is causing blight on the street (see attached photos at Appendix 2). A recent survey of the property reveals that internal and external improvements in excess of £17,000 are required to bring this property back into use as it needs full modernisation.

2. Option Appraisal

- 2.1 The options considered were:

Option 1 – Refurbish and re-let

Option 2 – Sale on the open market in its current condition (with conditional lease)

Option 3 – Dispose of property to another management provider or MCC Private Sector Housing

A copy of the Desk-top Option Appraisal is attached at Appendix 1.

- 2.2 Housing Technical Services carried out a survey of the property to establish current condition and refurbishment costs which have been estimated at £17,367.78 (see attached summary at Appendix 3). These costs would have to be met from Northwards Housing's one-off voids budget.
- 2.3 Current rent on this property if tenanted would be £2,748.50 for the year. Therefore it would take over 6 years to recover the improvement costs, assuming it is tenanted for the full period.
- 2.4 The Management Fee received from the City Council for the property equates to £1,502.60 per year. Therefore it would take Northwards Housing over 11 years to recover the improvement costs, assuming the property is tenanted for the full period.
- 2.5 Demand for 2-bedroom properties in Harpurhey is 2-3 years at present but the current turnover rate for this property type in the ward is 11% (city average is 10%, national average is between 6-8%). Given this current turnover it is questionable if following over £17,000 of improvements, a tenancy in this property could be sustained. This would mean the time taken to recover the improvement costs would be extended.
- 2.6 MCC Valuation & Property have valued the property for sale on the open market in the region of £46,000 to £48,000 (in its current condition). Any receipt from the sale would be retained by MCC.
- 2.7 We have assessed the possibility of disposing of this property to a Registered Social Landlord (RSL) to improve and re-let the property. Adactus Housing Association has recently received funding from the Housing Corporation to convert 3-bed properties in this area but they have no scope to improve 2-bed properties. Irwell Valley Housing Association said that they would only look to improve and sell the property on as they have no other stock in this area.
- 2.8 We have also assessed the possibility of transferring the property to the Private Sector Housing team to refurbish the property so that they can exchange the property with one that is to be demolished under a planned Compulsory Purchase Order (and allow owner-occupiers to remain in Harpurhey). Private Sector Housing would be interested in a 3-bed property but have no scope to improve 2-bed properties.
- 2.9 Consultation regarding the preferred option has taken place with the Monsall Street Local Services Office, Northwards Housing's Re-housing Team, MCC Private Sector Housing, MCC Housing Strategy, North Manchester Partnership, the Ward Coordinator and Harpurhey Ward Councillors.
- 2.10 A copy of this report has been forwarded to MCC Housing for consideration and they are satisfied that we have considered the relevant options and support the proposal.

3. Preferred Option

- 3.1 The preferred option is sale of the property on the open market in its current condition with a conditional lease that the property is sold to an owner-occupier (i.e. that it will not enter private rented market) and that the necessary repairs are

carried out within 6-months of purchase or else ownership will revert back to the City Council.

- 3.2 This is identified as the preferred option due to the associated improvement costs to this miscellaneous property and the current turnover levels in Harpurhey.

4. Recommendation

- 4.1 That the Board approve and formally make the following recommendation to Manchester City Council: Option 2 – Sale on the open market in its current condition (with conditional lease).

Appendix 2

119 Cobden Street



Cobden Street Environment



