

<b>Classification:</b> Open	<b>Decision Type:</b> Non-Key
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<b>Report to:</b>	Cabinet	<b>Date:</b> 13 December 2023
<b>Subject:</b>	Transfer of 11 – 13 Stock Street, Burrs Country Park, Bury to Housing Services	
<b>Report of</b>	Cabinet Member for Housing Services	

## 1.0 Summary

- 1.1 The purpose of this report is to seek formal approval to transfer 11 – 13 Stock Street, Bury from the Land & Property Team to Housing Services, for the provision of temporary accommodation in accordance with the recommendations in section 2 of this report.
- 1.2 11 -13 Stock Street is a 4-bedroom council owned property situated within Burrs Country Park in Bury, managed by the Council's Land & Property Team. The property was formerly a residential rented dwelling until the tenant passed away. Accordingly, it is no longer required by the Land & Property Team for the purpose for which it was held.
- 1.3 The property has been empty for approximately 10 months and requires substantial refurbishment in the region of £49,000. The Land & Property Team have agreed to transfer this asset by appropriation to Housing Services, subject to Cabinet approval.
- 1.4 it is proposed that refurbishment costs would be funded via accumulated commuted sums secured through section 106 planning agreements, which have specifically been identified for the acquisition and refurbishment of empty properties in the borough.
- 1.5 If this proposal is approved, the property will provide temporary accommodation for larger, low-income families who are statutory homeless and in priority need, until a more permanent solution can be found. The rent would be capped at the Local Housing Allowance (LHA) rate to ensure affordability. Rental income generated from the letting of this property would be paid into the Housing Revenue Account (HRA).

## 2.0 Recommendations:

That Cabinet:

- 2.1 Agree that this property is declared surplus from the Land & Property Team and transferred by appropriation to Housing Services (under Section 122 of the Local Government Act 1972), for the provision of temporary accommodation for larger families who are statutory homeless and in priority need.

- 2.2 Agree that refurbishment costs can be funded in their entirety via accumulated commuted sums which have specifically been identified for the acquisition and refurbishment of empty properties in the borough.
- 2.3 Agree that an affordable monthly rent of £797.81 can be charged for this property in line with LHA rates, to ensure affordability.
- 2.4 Delegate the finalised terms of the transfer to the Director of Law and Governance in conjunction with the Director of Place and Cabinet Member for Housing.

### **3.0 Reasons for recommendations:**

- 3.1 The number of homeless households and those living in temporary accommodation is increasing, due to significant shortages within the housing stock, net inward migration and unaffordable rented accommodation in the private sector.
- 3.2. The Council is in urgent need of temporary family housing, to support larger households in priority need who are statutory homeless. At present, there are no 4-bedroom properties within the temporary housing stock and larger families who are homeless are having to be re-housed in smaller properties or, as a last resort, bed and breakfast accommodation until something more suitable is available, which can be particularly detrimental to the health and development of children.

### **4.0 Alternative options**

- 4.1 *Option 2* - sell the property at auction and retain the proceeds of the sale in the Council's General Fund.
- 4.2 *Option 3* – sell the property at auction and ring-fence the proceeds of the sale to purchase an alternative 4-bedroom property in the borough, to accommodate families who are statutory homeless and in priority need.

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### **5.0 Background**

- 5.1. There is a significant shortage of social housing in the borough, particularly larger three-and four-bedroom properties. Under current legislation, local

authorities have a statutory duty to provide suitable, temporary accommodation to homeless households in priority need.

- 5.2. At present, there are approximately 79 households on the Housing Waiting List with a 4-bed need. The average waiting time for a 4-bed property is 797 days. Since April 2020, only four, 4 bedroomed properties have been advertised for re-let.
- 5.3. Number 11 – 13 Stock Street is a good sized 4-bedroom property which is currently empty and in need of substantial refurbishment. The Land & Property Team have agreed to transfer it by appropriation to Housing Services, to increase provision for larger families that are statutory homeless, until a more permanent solution can be found.
- 5.4 This property did not form part of the Council's Accelerated Land Disposal Programme as it was occupied when the programme was approved.

## 6.0 Valuation

- 6.1. Ian S Parr Chartered Surveyors visited the property on the 1 November 2023, to undertake an independent valuation. The purpose of the valuation was to assess the current market value of the property in its present condition and market value following refurbishment, together with a fair market and affordable rent and auction estimate. The table below details their findings and assumptions:

	Scenario	Estimated Value
1.	Market value (present condition)	£250,000
2.	Market value (following refurbishment)	£325,000
3.	Estimated value for auction purposes	£220,000 to £250,000
4.	Full market rental value	£1,200 pcm
5.	Affordable rent (80% of the full market rent)	£960 pcm*.

\*The affordable rent value is above the current LHA rate. Therefore, it is proposed that an affordable rent of £797.81 pcm is charged for this property to meet the LHA rate and ensure affordability.

## 7.0 Renovation and Refurbishment

- 7.1 Six Town Housing Repairs Direct have assessed the condition of the property and confirmed that the total cost of refurbishment required to improve the property to the Decent Homes Standard is approximately £49,000. This includes the installation of a new kitchen and bathroom, potential re-roof, installation of an appropriate damp proof course/works, re-plastering, replacement of all internal joinery including staircase, full central heating system, electrical re-wire and replacement windows. If this proposal is approved, officers will agree the most appropriate route for undertaking refurbishment works with the Procurement Team, to ensure best value is achieved.

7.2 It is proposed that these costs will be funded in their entirety via accumulated commuted sums.

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### **Links with the Corporate Priorities:**

This proposal contributes towards meeting the Council's priorities across a range of policy areas including increasing the supply of affordable housing and bringing empty properties back into use, in alliance with the Council's Empty Property Strategy, Bury Housing Strategy and the overarching Let's Do It Strategy.

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### **Equality Impact and Considerations:**

The transfer and refurbishment of this property will benefit larger, low-income families who are statutory homeless and in priority need, until a more permanent solution can be found. The rent will be capped at the local housing allowance rate to ensure affordability.

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### **Environmental Impact and Considerations:**

This is a derelict property and underutilised asset causing blight to neighbouring properties and the community. There is a risk of further deterioration both internally and externally which could, potentially, affect neighbouring properties and become a potential hazard to communities visiting Burrs Country Park.

The property would be refurbished to the Decent Homes Standard which is currently applicable to the social rented sector.

### **Assessment and Mitigation of Risk:**

<b>Risk / opportunity</b>	<b>Mitigation</b>
Insufficient monies to fund refurbishment costs.	It is proposed that these costs will be funded via accumulated commuted sums and will not affect the Council's revenue budget.
Income generation.	The letting of this property (capped at LHA rates) will generate approximately £797.81 in rental income pcm. This income will be paid into the Council's HRA.
Housing supply.	This proposal presents an opportunity to increase the housing stock. There are currently no 4-bedroom properties within the temporary housing stock for larger families in priority need.

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**Legal Implications:**

Whether land is still or is no longer required for a particular purpose is a question for a local authority to determine under section 122 of the Local Government Act 1972. The Council in exercising its appropriation power to transfer the property for use as temporary accommodation must strike a proper balance between comparative local needs. Approval to use accumulated commuted sums to bring empty properties back into use was agreed by the Cabinet on the 30 June 2021.

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**Financial Implications:**

At present, there is approximately £1.2 m of uncommitted commuted sums which have been identified for bringing empty properties back into use. Therefore, the release of approximately £49,000 for the refurbishment of this property would still leave a balance for future considerations.

The letting of this property will generate additional revenue to the HRA.

The cost of refurbishment works will not affect the Council's revenue budget.

Tenancies/licences for homeless people secured under section 193 of the Housing Act 1996 are exempt from the Right to Buy.

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**Appendices:**

None.

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**Background papers:**

None.

**Please include a glossary of terms, abbreviations and acronyms used in this report.**

Term	Meaning
LHA	Local Housing Allowance rates are used to calculate Housing Benefit.
HRA	Housing Revenue Account.

Commuted Sums	Financial contributions from housing developers on residential sites. They are applicable as a replacement for non-provision of on-site affordable housing or, where these properties are sold at market value resulting in a commuted sum being paid to the Council (usually 25% of market value). They can also result from overage contributions within planning agreements.
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