

**PORTFOLIO HOLDER WITH RESPONSIBILITY FOR AND HOUSING AND PORTFOLIO  
HOLDER FOR ASSETS**

**16 JULY 2024**

**A. INITIATION OF THE PROPERTY DEALING PROCEDURE IN RELATION TO THE  
POTENTIAL DISPOSAL OF 4, 5 AND 13 ANGELGATE COTTAGES HARWICH**

**PART 1 – KEY INFORMATION**

**PURPOSE OF THE REPORT**

To consider whether to initiate the Property Dealing Procedure to facilitate further consideration and decision in relation to the potential disposal of 4, 5 And 13 Angelgate Cottages Harwich.

**EXECUTIVE SUMMARY**

Angelgate is a three-part terrace of 16 traditionally built houses constructed in 1858 for use of Coastguard staff related to the adjoining Navyard. The area was acquired by the Borough of Harwich in 1972 and vested in Tendring District Council in 1974. The homes are two bedroomed traditionally built structures with wooden sash windows and slated roofs. Five of the homes, including the larger No16, have been sold previously.

Work was begun as a void reinstatement on Nos 4 and 5 but during the work structural, damp and other issues were discovered. No 13 has remained vacant following the relocation of the tenant as part of the resolution of a repairs related Ombudsman's case. Significant financial and staff resource would be required to bring the properties into a useable state. Long term decency and energy efficiency expectations may be very hard to meet.

Resources are stretched and the resulting properties would still be harder and more costly to use, maintain and upgrade to modern standards. It is recommended that the property dealing process is initiated in order to consider property disposal in order to facilitate investment elsewhere.

The Council is reviewing its Housing Strategy and in the context of that its Housing Asset Management Plan. Early work on these and the consultation with the Tenants Panel has reinforced the need to:

- bring down void times;
- reduce landlord and tenant running costs;
- focus resources on achieving results, and;
- actively managing and upgrading the housing stock.

A feasibility assessment and Options Appraisal have been completed and are appended to the report.

A location plan is attached showing previously sold properties edged yellow, those identified for consideration edged red and the retained housing land edged blue.

**RECOMMENDATION(S)**

It is recommended that The Portfolio Holders authorise the initiation of the Property Dealing Procedure in order to facilitate valuations, negotiations and other investigation to facilitate further decisions on resources and disposal.

**REASON(S) FOR THE RECOMMENDATION(S)**

To facilitate further informed decisions on the potential disposal of the properties.

**ALTERNATIVE OPTIONS CONSIDERED**

Not initiating the process – not proposed – Would require the properties to be mothballed or repaired.

**PART 2 – IMPLICATIONS OF THE DECISION****DELIVERING PRIORITIES**

Potential acquisition and upgrading of the site including nature conservation, recreation and education facilities would contribute to Corporate Priorities:

- Pride in our area and services to residents
- Championing our local environment
- Financial Sustainability and Openness

**OUTCOME OF CONSULTATION AND ENGAGEMENT**

The ward member has been consulted. He has expressed his desire for funds secured as part of any disposal to be reinvested in the Harwich area.

The tenants' panel has been consulted on the principle of disposal of inefficient properties and gave its agreement.

**LEGAL REQUIREMENTS (including legislation & constitutional powers)**

<b>Is the recommendation a Key Decision (see the criteria stated here)</b>	<b>YES/NO</b>	If Yes, indicate which by which criteria it is a Key Decision	<input type="checkbox"/> Significant effect on two or more wards <input type="checkbox"/> Involves £100,000 expenditure/income <input type="checkbox"/> Is otherwise significant for the service budget
		And when was the proposed decision published in the Notice of forthcoming decisions for the Council (must be 28 days at the latest prior to the meeting date)	

The Powers to provide and deal with social housing land and property are provided by the Housing Act 1985 and accordingly this land is held under Pt II of that Act.

Section 32 of the Housing Act 1985 gives the Council discretionary power to dispose of land held under Part II of that Act provided that the consent of the Secretary of State is given.

Section 44 of the Act provides: “(1) A disposal of a house by a local authority made without the consent required by section 32 or 43 is void, unless—

- (a) the disposal is to an individual (or to two or more individuals), and
- (b) the disposal does not extend to any other house.”

The General Consent for the Disposal of Land held for the purposes of Part II of the Housing Act 1985 – 2013 provides that:

“...A3.1.1 A local authority may, subject to paragraph 3.1.2, dispose of land for a consideration equal to its market value...

A3.2 A local authority may dispose of vacant land.

A3.3.1 A local authority may dispose of an unoccupied dwelling-house to a person who intends to use it as their only or principal home subject to paragraphs 3.3.2 to 3.3.4....”

Paragraphs 3.3.2 - 3.3.4 state:

A3.3.2 Subject to paragraph 3.3.4, where the person is a secure tenant and has the right to buy in respect of their current home, the local authority may dispose of the unoccupied dwelling-house at a price which is not less than that which would have been payable were the tenant to acquire it under that right.

A3.3.3 Subject to paragraph 3.3.4, where the person: (a) is not a secure tenant; or (b) is a secure tenant but has not acquired the right to buy the local authority may dispose of the unoccupied dwelling-house at a price which is not less than an amount equal to the purchase price defined in section 126 (right to buy purchase price) to which the minimum discount, as provided for by section 129, has been applied.

A3.3.4 The right to buy discounts applied in paragraphs 3.3.2 and 3.3.3 must not reduce the price of the unoccupied dwelling-house to an amount less than the amount set or prescribed in section 131.

In this case the rationale for the proposed disposal is the non-standard construction and extensive work necessary. It is unlikely that the properties are fully habitable and therefore that market value can be achieved in a sale to an individual (whether or not they plan to use it as their only dwelling house). Accordingly the criteria in the general consent cannot both be achieved and it is considered that the approval of the Secretary of State is required. It is proposed that this is sought as part of the disposals process.

“Market value” means the amount for which a property would realise on the date of the valuation on a disposal between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing where the parties had each acted knowledgeably, prudently, and without compulsion and where the market value is assessed not earlier than 3 months before the buyer applies or agrees to an offer in writing.

<input type="checkbox"/>	<b>The Monitoring Officer confirms they have been made aware of the above and any additional comments from them are below:</b>
--------------------------	--

Should the properties be marketed for sale for the purpose of being used as dwelling houses, I assume they would meet the General consent Order for the Disposal of Housing Land, is this an option to explore? Secretary of State consent would have to be sought and granted prior to any decision to formally dispose of the properties held in the Housing Revenue Account, for the reasons set out in the Report.

**FINANCE AND OTHER RESOURCE IMPLICATIONS**

The options appraisal attached sets out indicative costs and values of the various options for repairing or disposing of the property. The financing of the HRA is ring fenced from the general fund and is established to be self-sustaining within the context of the 30 year business plan.

Funding and other resources for a repair/refurbishment project would be drawn from within the Housing Investment Programme and revenue repairs budgets. These budgets and corresponding staff resources are already at full stretch and demand is increasing due to the onset of regulation of the sector, legislative and regulatory requirements and increasing claims.

Given the pressing need to invest in the wider stock the disposal of these properties is a pragmatic way to prioritise the use of current resources and achieving some level off capital receipt to contribute to acquisition of modern property or improvement of existing ones.

The nature and condition of the properties means that they are uninhabitable it is likely therefore that an auction disposal will be recommended. Further decisions on disposal options and terms will be made as part of the property dealing procedure and subject to advice received.

<input type="checkbox"/>	<b>The Section 151 Officer confirms they have been made aware of the above and any additional comments from them are below:</b>
--------------------------	---

The Council's wider financial position and the expanding needs within the HRA necessitate:

- Bringing own void times;
- reducing landlord and tenant running costs;
- focus resources on achieving results, and;
- actively managing and upgrading the housing stock.

**USE OF RESOURCES AND VALUE FOR MONEY**

The following are submitted in respect of the indicated use of resources and value for money indicators:

A) Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;	The Council operates a 30 year business plan for its housing functions, this sets a framework for decisions on expenditure and other resources. Any future decision on the site will be subject to the property dealing process.
B) Governance: how the body ensures that it makes informed decisions and properly manages its risks, including;	The Property Dealing Procedure includes investigations and steps to identify and manage risks.

C) Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.	A stock condition survey is under way in line with the expectations of the regulator. It is inevitable that this will manifest a need to reprioritise investment.
<b>MILESTONES AND DELIVERY</b>	
That initial advice in the optimal method of disposal and valuations can be secured prior to the end of 2024/5 financial year, Secretary of State consent and further decisions and milestones will be subject to the outcomes of those matters.	
<b>ASSOCIATED RISKS AND MITIGATION</b>	
Risk associated with the initiation of the Property Dealing Procedure is limited to the costs and resources that will be required to reach the point of further decision.	
The risk of not initiating the procedure is the ongoing cost of the empty property and the diversion of funding and staff resources from other necessary works.	
<b>EQUALITY IMPLICATIONS</b>	
Initiation of the process will have no effect on any protected groups. Disposal would allow the focussing of resources into other aspects of the housing stock which is likely to be generally progressive.	
<b>SOCIAL VALUE CONSIDERATIONS</b>	
This decision itself is unlikely to contribute significantly to local wellbeing and social value. Disposal would allow the focussing of resources into other aspects of the housing stock which is likely to be generally progressive.	
<b>IMPLICATIONS FOR THE COUNCIL'S AIM TO BE NET ZERO BY 2030</b>	
The properties are Victorian solid walled structures with wooden sash windows which are inherently linked to poor thermal performance. Extensive work on the listed historic buildings could prove energy efficiency but the inherent nature of the structures with their longer term running costs make it unsuitable for long term social housing purposes.	
<b>OTHER RELEVANT CONSIDERATIONS OR IMPLICATIONS</b>	
<b>Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.</b>	
<b>Crime and Disorder</b>	Efficient delivery of the Housing Service is likely to have a progressive effect in relation to crime and disorder and the fear of crime and disorder
<b>Health Inequalities</b>	Efficient delivery of the Housing Service is likely to have a progressive effect in relation to the health of people of the locality.
<b>Area or Ward affected</b>	Harwich

## **PART 3 – SUPPORTING INFORMATION**

### **BACKGROUND**

Angelgate is a three-part terrace of 16 traditionally built houses constructed in 1858 for use of Coastguard staff related to the adjoining Navyard. The area was acquired by the Borough of Harwich in 1972 and vested in Tendring District Council in 1974. The homes are two bedroomed traditionally built structures with wooden sash windows and slated roofs. Five of the homes, including the larger No16, have been sold previously.

Work was begun as a void reinstatement on Nos 4 and 5 but during the work structural, damp and other issues were discovered. No 13 has remained vacant following the relocation of the tenant as part of the resolution of a repairs related Ombudsman's case. Significant financial and staff resource would be required to bring the properties into a useable state. Long term decency and energy efficiency expectations may be very hard to meet.

Resources are stretched and the resulting properties would still be harder and more costly to use, maintain and upgrade to modern standards. It is recommended that the property dealing process is initiated in order to consider property disposal in order to facilitate investment elsewhere.

A feasibility assessment and Options Appraisal have been completed and are appended to the report.

The necessary work to bring the building to an inhabitable state in line with social housing expectations are:

- Repair of brickwork and sensitive repointing.
- Replacement of render areas.
- Sash windows to be overhauled and fitted with secondary glazing,
- Fire separation to the adjoining dwellings
- Full insulation and relining of external walls (internal lining)
- Mechanical ventilation system.
- Roof overhaul and refurbish rainwater system.
- Renewal or upgrading and relocation of heating and electrical systems and refitting of kitchen heating and bathroom
- New decoration and flooring
- Grounds repairs and lowering drain overhaul
- General void works and repairs.

**PREVIOUS RELEVANT DECISIONS**

None

**BACKGROUND PAPERS AND PUBLISHED REFERENCE MATERIAL**

None

**APPENDICES**

**Appendix A – Location Plan**  
**Appendix B – Assessment of Disposal Feasibility**  
**Appendix C – Options Appraisal**

**REPORT CONTACT OFFICER(S)**

<b>Name</b>	<b>Andy White</b>
<b>Job Title</b>	<b>Assistant Director: Building and Public Realm</b>
<b>Email/Telephone</b>	<b><a href="mailto:awhite@tendringdc.gov.uk">awhite@tendringdc.gov.uk</a> 01255 686933</b>