

REPORT TO: HOUSING COMMITTEE - 14TH NOVEMBER 2011

REPORT ON: 17 BUTTARS PLACE - IMPROVEMENT FOR SALE

REPORT BY: DIRECTOR OF HOUSING

REPORT NO.: 504-2011

1. PURPOSE OF REPORT

1.1. The Report contains the proposal for the improvement of the block of flats at 17 Buttars Place for sale on the open market.

2. RECOMMENDATIONS

2.1. Committee is requested to approve that the Director of Housing instruct the specification of the necessary repair work and tender for refurbishment to then be issued following approval of the revised HRA Capital Plan.

3. FINANCIAL IMPLICATIONS

3.1. Provision for the Capital Expenditure of £186,000 will require to be made in the revision of the HRA Capital Estimates 2012/13-2016/17 scheduled for January 2012.

4. MAIN TEXT

4.1. The tenement block at 17 Buttars Place, Charleston consists of 6 x 2 bedroom flats. The flats are currently uninhabitable as a result of a major fire. The double tenement block, No. 17 and the adjoining block at No. 15 Buttars Place, are located off Buttars Place and are accessed by a footpath (see attached plan).

4.2. There are five flats in Council ownership, one has been sold under the right to buy. Tenants are currently decanted. Prior to the fire there was low demand for the block.

4.3. Therefore an options appraisal has been undertaken to determine the best use for the block going forward.

Options Appraisal

4.4. The Department must seek to implement a solution which taking all factors into account minimises void rent loss, makes best use of scarce revenue and capital resources, delivers best value to the HRA and delivers the best solution for existing tenants and the owner and the block in the local community context.

Objectives

- minimise void rent loss;
- rehouse existing tenants and owners;
- makes best use of scarce revenue and capital resources;
- deliver best value to the HRA;
- deliver the best solution in the local community context.

Constraints

- scarcity of revenue and capital resources;
- waiting list / future demand for the flats;
- community context;
- history and poor reputation;
- Potential for on going management issues.

Option 1

- 4.5. Do nothing. Not feasible.

Option 2

- 4.6. Repair flats to habitable SHQS standard for rent.
- 4.7. Estimated cost £186,000.
- 4.8. These are low demand properties, and have been let to either Homeless applicants, or via the available now list. Perception and reputation may still mean that they are difficult to let after improvement.

Option 3

- 4.9. Demolish the flats.
- 4.10. Due to there being only footpath access to the blocks at 15 and 17 Buttars Place a temporary access way for demolition traffic, etc. will have to be constructed. Demolition of the block at No. 17 would leave one block standing in isolation and will require structural building work to the exposed elevation following demolition of No. 17. City Engineers have advised that the cost of demolition for the block at No. 17 would be in the region of £76,000, however for demolition of both tenements the cost would reduce to around £45,000. Demolition would require rehousing of the existing tenants and payment of Homeless payments.
- 4.11. Estimated cost in the region of £45,000 - £76,000.

Option 4

- 4.12. Improve the flats for sale. One flat is already sold. The 5 flats could be improved for sale. The existing owner will be required to make their contribution to the repair of the block. Sales data for flats in the area over the previous 12 months indicate that the lowest price for a two bedroom flat is £55,000 the highest price is £76,000 and the average sales price is £67,000. Based on realising the lowest sales prices for five flats there is a potential surplus of £89,000 K., increasing to £194,000 if the highest sales price of £76,000 per unit were to be realised. Should the lowest sales prices not be realised or if they cannot be sold within a reasonable timeframe the flats can be rented. Consideration could be given to increasing the marketability of the flats by offering them to first time buyers and providing Council mortgages, subject to status.
- 4.13. Estimated cost £186,000, less anticipated sales proceeds could lead to net receipt between £89,000 to £194,000.

Non-Monetary Costs/Benefits

Impact Statement

Objectives	Option 1	Option 2	Option 3	Option 4
Minimise void rent loss	N	N	Y	Y
Rehouse existing tenants and owners	N	Y	N	N
Makes best use of scarce revenue and capital resources	N	N	Y	Y
Deliver best value to the HRA	N	N	Y	Y
Deliver the best solution in the local community context	N	N	Y	Y

Project Recommended For Approval

- 4.14. Option 4, improvement for sale would save on demolition cost, could provide refurbished flats for first time buyers in the current housing market and has the potential to provide a receipt to the Housing Revenue Account.
- 4.15. As is normal with the disposal of Housing Revenue Account land the consent of Scottish Government Ministers will be required for each sale under s.12 of the Housing (Scotland Act) 1987.

5. **POLICY IMPLICATIONS**

- 5.1. This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management.

6. **CONSULTATIONS**

- 6.1. The Chief Executive, Depute Chief Executive (Support Services), Director of Finance and all other Chief Officers have been consulted in the preparation of this report. No concerns were expressed.

7. **BACKGROUND PAPERS**

- 7.1. None.

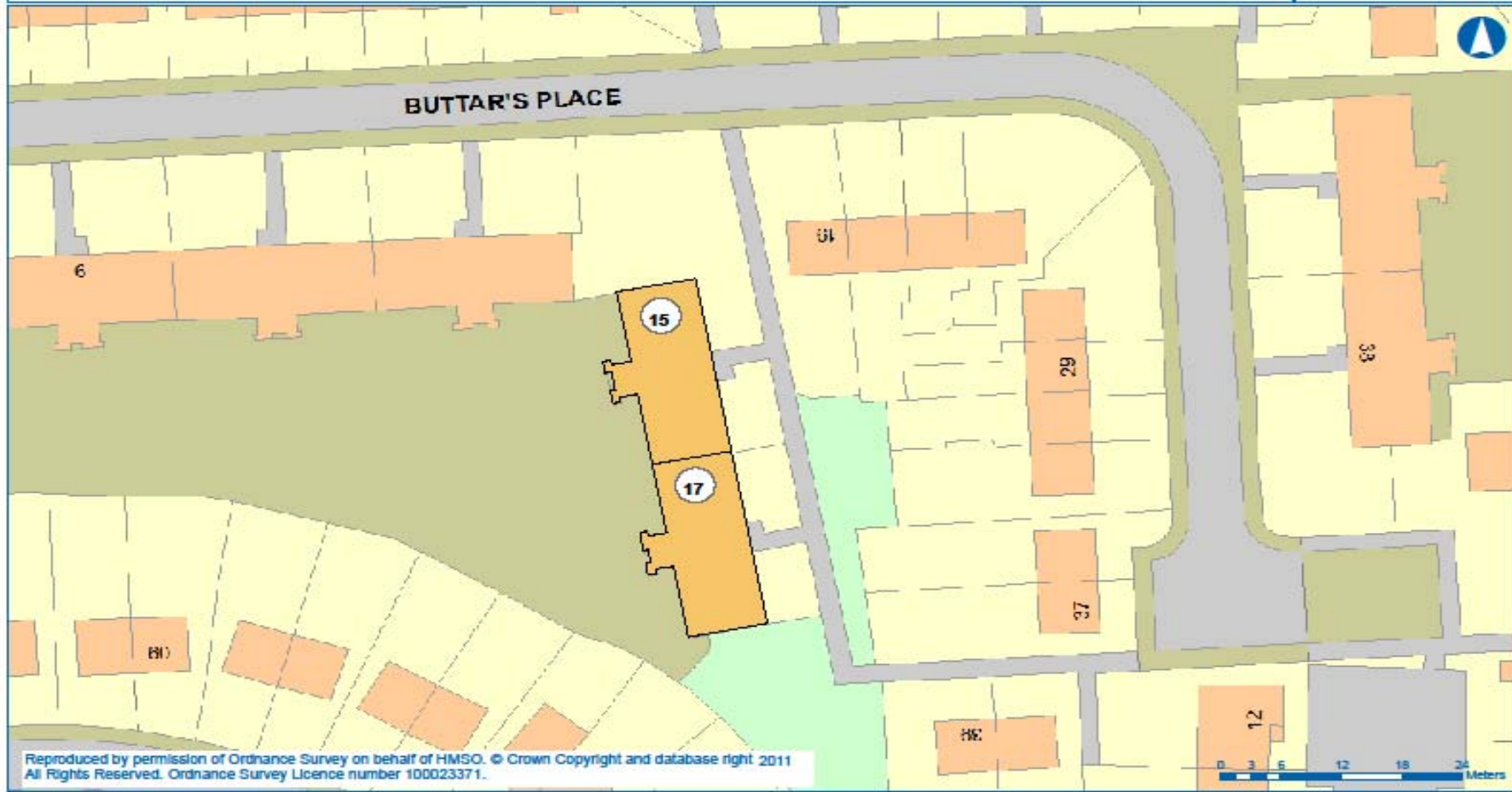
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October 2011

T/mp.ctterpt/hsm/REPORT NO. 504-2011 17 BUTTARS PLACE

Buttars Place

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