

Subject: Long Term Empty Void Properties
Report to: Management Team – 7th January 2019
Housing and Neighbourhoods – 24th January 2019
Report by: Head of Property and Asset Management

SUBJECT MATTER/RECOMMENDATIONS

This report details the tender returns in relation to both West Road and Harbord Crescent long term void properties.

Recommendation:

To approve recommendations in relation to the following:

17 West Road, Great Yarmouth:

To retender works with the potential to remove the requirement for a fully accessible conversion undertaking a full procurement with pre-qualification approval.

54 Harbord Crescent:

To fully refurbish to provide a two bedroom, three person house.

1. BACKGROUND

- 1.1 As was reported to the Committee in March 2018 a total of six long term void properties were agreed to progress to full tendering. Two of these properties; West Road and Harbord Cres tenders have now been returned and been fully evaluated and this report details these responses.
- 1.2 This original report included the estimated costs in relation to bringing these properties back into use following a full refurbishment. The table below refers to the original estimates placed on the works as part of the March 2018 report:

Address	Estimated Cost £
17 West Road, Great Yarmouth	59,869
54 Harbord Crescent, Great Yarmouth	69,965

The above were estimates calculated prior to the undertaking of detailed structural surveys to fully inform the tender process.

- 1.3 Committee approved as part of the March 2018 meeting that following the full tender process if costs and works were as anticipated refurbishments would commence without further communication however if tenders identified any increase in costs information would be brought back to Committee for further consideration.
- 1.2 Tender processes are in line with the Norse procurement policy. Norse maintain an approved tender list and Contractors can join the list either by contacting Norse or through requests to GYNorse.

- 1.4 Both the above properties following the full tender are above the anticipated estimated budget and therefore detailed in this report for further consideration.

2. **CURRENT POSITION**

2.1 **17 West Road, Great Yarmouth**

- This property has been void since March 2008 and suffering from significant structural issues. The property has subsidence which has affected the stability of the chimney and therefore this is included for removal as part of the tender together with a remodelling of the layout to provide a fully accessible one bedroom bungalow.
- 2.2 A total of six contractors from the approved contractor list were approached for quotation and four responded with costs ranging from £90k to £127k. Following full evaluation of the tenders the lowest tender did not include all of the requested works and was therefore discounted the remaining three were all acceptable and therefore the successful tender of £92k represents a cost 54% higher than anticipated.
- 2.3 The original estimate for the Committee in March 2018 although identifying a significant level of works being required in relation to structural issues it was necessary prior to the tender documentation being issued for a full structure survey to be undertaken identifying the required solution to deal with the subsidence and sinkhole. It was recognised at this point that the original solution identified within the estimated figure was not suitable as a solution for the property and therefore clear that additional funds may be required to stabilise and refurbish this bungalow. It was anticipated that tender returns for this property would be significantly above the original estimate and although higher all represent quotations which provide for the solution identified within the structural survey.
- 2.4 This property forms part of a Sheltered Development on West Road and is a semi-detached property. The alternatives in relation to this site are limited due to the surrounding properties and the limited footprint of the building. If the property remained un-renovated the only options currently available would be to either leave empty (not recommended) or demolish as an onward sale would currently not be feasible.
- 2.5 Should the Council wish to demolish this property party wall issues would need to be considered and mitigated. Given it is a small semi-detached property it is unlikely that the footprint of this single dwelling would create opportunity for a new build but the area could be incorporated into the communal garden area or utilised for parking of the Sheltered Development. Demolition of this type and complexity is likely to cost in excess of £20k.
- 2.6 A full house refurbishment within the Community Housing stock is likely to result in a negative return on investment calculation. The income generation over the thirty year period for this property is estimated at £132k (excluding any rent increases). The tender costs together with future repairs and capital expenses the 30 year cost is likely to exceed the income generation, projections for this are around £30k above income creating a negative return however the asset value will remain and likely increase over this period of time.

- 2.7 **Needs Analysis** – At the time of the original report the Allocation Pool had a total of 24 applicants waiting for this type of sheltered accommodation a review of this the pool has identified that there remains in excess of 20 applicants waiting for this type of accommodation with this level of facility in this area of the town.

2.8 **54 Harbord Crescent, Great Yarmouth**

This property has been void since February 2017 and is currently a three bed, four person property. The tender identified the need for a full refurbishment together with the relocation of the bathroom from the ground floor rear extension to the first floor therefore this will become a two bedroom, three person property and all income estimates have been calculated on this basis.

- 2.9 A total of four contractors were approached for quotation with one response received. Following full evaluation of the quotation the costs total £75k and represent 7% higher than estimated. Although the tendered costs are still higher this is a marginal increase and therefore still represents a feasible property for refurbishment.

- 2.10 **Needs Analysis** - At the time of the original report the Allocation Pool had a total of 71 applicants waiting for this type of accommodation in this area of the town. A review of the pool has identified that there remains in excess of 50 applicants waiting for this type of property in this area of the town.

3. **FINANCIAL IMPLICATIONS**

- 3.1 The financial implications for the above properties are significant however there remains demand for these properties as part of the Allocation Pool.
- 3.2 The original estimated costs and the tendered costs in relation to both addresses are listed below:

Address	Estimated Cost £	Tendered Cost £	Increase on Estimated cost
17 West Road, Great Yarmouth	59,869	92,286	54%*
54 Harbord Crescent, Great Yarmouth	69,965	75,163	7%

*Level of works required increased from original estimate following fully structural survey of the property and identification of required solution to subsidence and sinkhole.

- 3.3 The 2018/19 budget allocation for Long Term Voids is £150k with budget for 2019/20 a further £100k both properties can therefore be completed using existing funds. The unspent funds within this budget would then be utilised for the remaining long term void properties together with the additional funds to be utilised from the Major Void budget as required.
- 3.4 The above represent tendered costs across a number of Contractors these have then been further evaluated for best value by internal Quantity Surveying services.

4. **RISK IMPLICATIONS**

- 4.1 Although the properties require significant works to bring them to the 'decent' standard inspections have been undertaken by Contractors and therefore any additional costs although possible have been mitigated through survey.
- 4.2 With the significant increase in the costs of West Road a further tender exercise could be undertaken offering this opportunity wider through the Council procurement system. There has been reduced interest in submissions for this type of work, as identified with the tender for Harbord Crescent, so it is possible that further tender requests without any potential change to the requirement could result in fewer submissions and further increased costs. Consideration could be given to the removal of the fully accessible nature of the works if this was considered by the Committee as an option.
- 4.3 Should the refurbishment of 17 West Road not go ahead future consideration would need to be given to the demolition for the property. This would need to include the approval for the reduction of one lettable asset within the Community Housing portfolio together with the identification of funds to undertake the demolition; this would need to be tendered and consideration of the party wall issues mitigated.

5. **CONCLUSIONS**

- 5.1 Previously consideration have been given to the sale of these properties rather than refurbishment however it is clear that the sale value of the properties would not facilitate replacement of like for like accommodation and therefore this was discounted.
- 5.2 **West Road** - costs for conversion and refurbishment are significant however this would provide an additional full accessible ground floor property for which there is significant requirement.

Consideration could be given to retendering of the West Road works to exclude the full adaptation of this property although it is clear that the significant costs incurred in this property relate to the structural / sinkhole works required.
- 5.3 **Harbord Crescent** – these works are within recognised cost parameters and the property type, size and location is in demand in the Allocation Pool.

6. **RECOMMENDATIONS**

- 6.1 To approve the following recommendations:

17 West Road, Great Yarmouth to approve the following recommendation:

To retender works with the potential to remove the requirement for a fully accessible conversion undertaking a full procurement including pre-qualification approval.

55 Harbord Crescent

To fully refurbish to provide a two bedroom, three person house. Funding in relation to these works is within the existing Housing Revenue 2018/19 Budget.

7. BACKGROUND PAPERS

Appraisal documentation from GYNorse
Current and proposed plans
Allocation Pool needs analysis
Return on Investment Calculations

Area for consideration	Comment
Monitoring Officer Consultation:	Incorporated
Section 151 Officer Consultation:	Incorporated
Existing Council Policies:	
Financial Implications (including VAT and tax):	Considered and included
Legal Implications (including human rights):	None
Risk Implications:	Considered and included
Equality Issues/EQIA assessment:	None
Crime & Disorder:	None
Every Child Matters:	None