

PERTH AND KINROSS COUNCIL

Housing and Health Committee

6 November 2013

Proposed Disposal of Knowehead House, Perth

Report by Executive Director (Housing and Community Care)

PURPOSE OF REPORT

This report seeks approval to declare surplus to requirements the Council (Housing Revenue Account) owned property at Knowehead House, Dundee Road, Perth and to remit the task of disposing of the property to the Head of Planning and Regeneration.

1. BACKGROUND / MAIN ISSUES

- 1.1 Knowehead House is a Category B Listed building constructed in 1852. The property comprises a large asymmetrically composed villa two-storey to the front on the Dundee Road and three-storey to the rear which faces the River Tay. The property also has a single storey basement and a wing to the North. The existing building consists of 10 bedsit style flats and 1 x 1 bedroom.
- 1.2 The accommodation is not suitable to meet current and future demand for social housing and the costs involved in renovation or repair would not be economically viable. In the past the property had become difficult to manage, with episodes of anti-social behaviour from some tenants and visitors. The accommodation has increasingly become stigmatised, making it difficult to let and increasing void rent loss. Recent vacancies have not been re-let and eight of the eleven flats are currently vacant. Housing Services have maintained the property and attempted to address the above issues, but it is no longer sustainable or appropriate accommodation for social housing. Opportunities exist, however, to attract private investment for alternative use.
- 1.3 An independent survey of the building was conducted by Richardson and Starling Ltd in June 2013. Access was not available to all flats at the time of the survey however the following findings were reported:
 - Penetrating dampness and fungal attacks evident in the basement and cellar area
 - An outbreak of the dry rot fungus *Serpula lacrymans* was located within flooring timbers, wall fabrics and timbers and solid floor areas within flat 1
 - The front wall areas are soil retaining and as such are subject to water penetration
 - Extensive penetrating dampness was evident in flat 11

- 1.4 It is possible that dry rot and penetrating dampness would be evident throughout the property were further surveys conducted and any invasive work to address dry rot or penetrating dampness throughout the property may lead to further more extensive remedial work.
- 1.5 Significant financial investment would be required to refurbish and restructure the building to address these difficulties and to increase the energy efficiency of the building. The current size and layout of the flats add to difficulties in relation to the desirability and sustainability of tenancies within Knowehead House.
- 1.6 An alternative option to restructure the building to create larger family sized accommodation by reducing the number of flats to provide seven three and four bedroom properties was previously considered. The cost of the project, including planning consents and consultants fees, was estimated at approximately £689,850 however any refurbishment project would be limited by the listed category of the building. It is also anticipated that this renovation figure could increase significantly due to the likelihood of further rot and roof work identified during the process.
- 1.7 A valuation survey conducted by the District Valuer in June 2013 provided a market valuation for Knowehead House of £300,000 with vacant possession. If the property were to be sold, the receipt would accrue to the Housing Revenue Account. Because the property is held on the Housing Revenue Account, any disposal would require the prior consent of the Scottish Ministers. As part of the consent process, the Ministers will require evidence that tenants have been consulted and this consultation exercise will be put in hand if the Committee approves this report.
- 1.8 There are three current tenancies within Knowehead House each occupied by a single tenant household. Two of these tenants have an active application or mutual exchange application to move to alternative housing. The remaining eight properties are currently void and are being held subject to approval for the disposal.
- 1.9 The Council is currently increasing its social housing stock with new build developments and the purchase of ex-local authority housing. The current tenants within Knowehead House would be re-housed by the Council and home loss incentives would be provided.

2. PROPOSALS

- 2.1 The proposal is that Knowehead House be declared surplus to the requirements of Housing and Community Care, thereby removing the current financial burden placed on the Housing Revenue Account through maintenance and associated void rent losses. It would be then remitted to the Head of Planning and Regeneration to take forward any disposal of the property if it is not otherwise required by the Council.

3. CONCLUSION AND RECOMMENDATION(S)

- 3.1 In its current condition Knowehead House does not provide suitable accommodation to meet the current or future demand for social housing within Perth and Kinross and it is considered uneconomic to renovate the building.
- 3.2 It is recommended that the Committee:-
- (1) Declare Knowehead House surplus to requirements upon the last tenant vacating the property.
 - (2) Note and approve the requirement to apply for Ministerial consent for the disposal of the property and to conduct a tenant consultation exercise as part of this process.
 - (3) Remit the task of disposing of Knowehead House to the Head of Planning & Regeneration.

Author(s)

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Approved

Name	Designation	Date
John Walker	Executive Director, Housing and Community Care	24 October 2013
Date 24 October 2013		

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1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

The undernoted table should be completed for all reports. Where the answer is 'yes', the relevant section(s) should also be completed

Strategic Implications	Yes / None
Community Plan / Single Outcome Agreement	Yes
Corporate Plan	Yes
Resource Implications	
Financial	Yes
Workforce	None
Asset Management (land, property, IST)	Yes
Assessments	
Equality Impact Assessment	Yes
Strategic Environmental Assessment	Yes
Sustainability (community, economic, environmental)	Yes
Legal and Governance	Yes
Risk	Yes
Consultation	
Internal	Yes
External	Yes
Communication	
Communications Plan	Yes

1. Strategic Implications

Community Plan / Single Outcome Agreement

- 1.1 The Perth and Kinross Community Plan / Single Outcome Agreement 2013-2023 sets out five strategic objectives of which the following are relevant to this report:

- Promoting a prosperous, inclusive and sustainable economy
- Creating a safe and sustainable place for future generations

Corporate Plan

- 1.2 This report is relevant to the following Corporate Plan objectives:

- Promoting a prosperous, inclusive and sustainable economy
- Creating a safe and sustainable place for future generations

2. Resource Implications

Financial

- 2.1 As stated in section 1 of the report Knowehead House would require significant financial investment to increase the energy efficiency of the building.
- 2.2 The current size and layout of the flats add to difficulties in relation to the desirability and sustainability of tenancies within Knowehead House. Again sufficient financial investment would be required to refurbish and restructure the building to address these difficulties.
- 2.3 An alternative option to restructure the building to create larger family sized accommodation by reducing the number of flats to provide seven three and four bedroom properties was previously considered. The cost of the project, including planning consents and consultants fees, was estimated at approximately £689,850 however any refurbishment project would be limited by the listed category of the building and is estimated would incur additional costs due to likelihood of further roof and rot work.
- 2.4 The current void rent loss for Knowehead House this year total approximately £7,000.
- 2.5 Knowehead House was valued by the District Valuer at £300,000. In June 2013 and, if the property was sold, the receipt would accrue to the Housing Revenue Account.

Asset Management (land, property, IT)

- 2.6 This will be determined following consultation and Ministerial consent.

3. Assessments

- 3.1 Under the Equality Act 2010, the Council is required to eliminate discrimination, advance equality of opportunity, and foster good relations between equality groups. Carrying out Equality Impact Assessments for plans and policies allows the Council to demonstrate that it is meeting these duties.

This will be considered during the consultation process following Ministerial consent.

- 3.2 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals.

Option 2 no further action is required as it does not qualify as a PPS as defined by the Act and is therefore exempt.

Sustainability

- 3.3 Under the provisions of the Local Government in Scotland Act 2003 the Council has to discharge its duties in a way which contributes to the achievement of sustainable development. In terms of the Climate Change Act,

the Council has a general duty to demonstrate its commitment to sustainability and the community, environmental and economic impacts of its actions.

Legal and Governance

- 3.4 The Head of Legal Services has been consulted on this report. Legal services are currently carrying out title investigations for Knowehead House.

Risk

- 3.5 If approval is agreed at next stage, a risk profile will be developed as part of the consultation process following receipt of Ministerial consent.

4. Consultation

Internal

- 4.1 N/A

External

- 4.2 The Tenant Committee Report Panel supports the proposed disposal of Knowehead House, Perth.
- 4.3 Following committee approval, Ministerial consent will be sought and, as part of this process, a tenant consultation exercise will be undertaken.

5. Communication

- 5.1 On receipt of all relevant approvals a communication plan will be developed this will include the promotion of this proposal within the 'Inside Housing' magazine.

2. BACKGROUND PAPERS

No background papers as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above report.

3. APPENDICES

There are no appendices to this report.