



**Executive  
13 June 2011**

**Joint Report from the Director of  
Regeneration and Major Projects and  
The Chief Executive of Brent Housing  
Partnership**

Ward Affected:  
Kilburn

**51 Kilburn High Road NW6 5SB – disposal of freehold**

**1.0 SUMMARY**

- 1.1 This report seeks the Executive's approval for the open market disposal at auction of the freehold of 51 High Road Kilburn NW6 5SB, which comprises three dilapidated and vacant residential upper units known as flats A, B and C and the ground floor shop premises which is sold on long lease, following confirmation from the Chief Executive of Brent Housing Partnership that these residential units are beyond economic repair. The residential units are surplus to the Council's operational requirements and sale at auction will ensure the best price is achieved for Brent's freehold interest

**2.0 RECOMMENDATIONS**

- 2.1 Members approve the open market disposal of the freehold interest of the building comprising dilapidated and vacant residential upper units A, B and C and the ground floor shop premises, which is sold on long lease.
- 2.2 Members agree the Assistant Director Regeneration & Major Projects (Property & Asset Management) to instruct auctioneers so as to ensure that the best price is achieved on sale of the freehold at auction and to instruct Legal Procurement in the matter of the disposal

**3.0 DETAIL**

- 3.1 The property is locally listed and comprises a mid terraced five storey late Victorian building in a terrace of similar properties with commercial shop premises on the ground floor and three residential units located on the upper four storeys

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- 3.2 The ground floor shop was sold in 1991 on long 125 years lease at a premium and annual peppercorn rent
- 3.3 BHP carried out a survey of the internal condition of the upper parts and reported in March 2010. The accommodation known as flats A,B and C comprises a bedsit unit on both first and second floors and a two bedroom maisonette on the third and fourth floors.
- 3.4 The property is in need of significant structural repair mainly due to inadequacy of the existing structural floors and modifications made to the structure in the past. The report concludes that the accommodation fails to meet basic levels of functionality and is currently in a totally dilapidated condition. The estimated cost of such remedial works is in the region of £300,000
- 3.5 A subsequent major works voids report in May 2010 was presented to the Director of Housing and Community Care. This explained that the upper residential units have been vacant since about 2006 due to the poor condition of the building and the significant structural repair and refurbishment necessary to bring the units to a suitable condition to be let again.
- 3.6 The voids report considered three options for the property, which are:
- i) retain the status quo and assume the opportunity cost of the annual loss of rents estimated at about £14,000
  - ii) authorise capital funding to repair and refurbish the property which is estimated to be about £300,000
  - iii) dispose of Brent's freehold of the building on the open market in present condition which will achieve a capital receipt but will result in a loss of potential social housing stock
- 3.7 The decision taken is to proceed with the option to dispose of Brent's freehold in current condition in the open market at public auction which will ensure that the best price is achieved.

#### **4.0 FINANCIAL IMPLICATIONS**

- 4.1 Members should note that the Local Authority (Capital Finance and Accounting) (England) Regulations 2003 states that capital receipts a local authority derives from the disposal of an interest in other housing land (non Right to Buy) must be "pooled" at a rate of 50%. However, the regulations also state that a local authority can treat such receipts as reduced by an amount up to the value of its available Capital Allowance at the time the specified amount is calculated. For the purposes of these regulations the Capital Allowance is a provision that reflects the authority's past and current forecast investment in regeneration schemes and the provision of affordable housing. Currently the council is maintaining a capital allowance significantly in excess of the forecast capital

receipt and there will be no requirement to pool any of the derived income if Members elect to dispose of these properties.

4.2 It is anticipated a price for the freehold in the region of £ 300,000 is likely to be realised.

4.2 The Council's general policy is that receipts are used to support the overall capital programme. The receipt was part of the resources identified to support the whole capital programme approved by the Council on 28 February 2011.

## **5.0 LEGAL IMPLICATIONS**

5.1 Under Section 123 of the Local Government Act 1972 the Council has a general power to dispose of properties including by way of the sale of the freehold or the grant of a lease. The essential condition is that the Council obtain (unless it is a lease for 7 years or less) the best consideration that is reasonably obtainable.

5.2 Disposals on the open market, including by way of auction, after proper marketing will satisfy the best consideration requirement.

5.3 Where the Council intends to dispose of housing land it requires the consent of the Secretary of State for Communities and Local Government. The General Consent 2005 issued under the Housing Act 1985 sets out a number of categories of disposal which have deemed consent. .

5.4 However a successful bidder at an auction may be an organisation which would not fall within the categories of purchaser which are covered by a deemed consent .

5.5 Therefore auction conditions have to state that the disposal is conditional upon the Secretary of State giving consent to the disposal of the dwelling. A deemed consent will automatically apply if the successful bidder is an individual or individuals who have not previously purchased a vacant dwelling from the Council in the current financial year.

5.6 If the purchaser does not fall within the scope of a deemed consent the Council will make an application for a special consent

## **6.0 DIVERSITY IMPLICATIONS**

6.1 None specific- Impact Needs Requirement Assessment has been undertaken and is attached.

## **7.0 STAFFING/ACCOMMODATION IMPLICATIONS**

7.1 There is a loss of potential social housing stock although significant expenditure is necessary to bring the units to decent homes standard

## **8.0 BACKGROUND PAPERS**

- 8.1 BHP Building Survey Report dated March 2010
- BHP Major Works Voids Report dated 26 May 2010

### **Contact Officers**

James Young Deputy Head of Property and Asset Management, Regeneration & Major Projects

Tel 020 8937 1398 email [james.young@brent.gov.uk](mailto:james.young@brent.gov.uk)

Gerry Doherty Chief Executive BHP

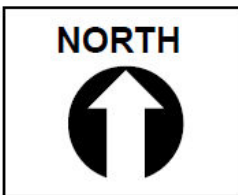
Tel 020 8937 2244 email [gerry.doherty@brent.gov.uk](mailto:gerry.doherty@brent.gov.uk)

**EXECUTIVE COMMITTEE 13 June 2011**  
**51 Kilburn High Road NW6 5SB. Freehold**  
**Residential Units A, B and C and Ground Floor Shop.**  
**Disposal in the Open Market.**



**Premises shown edged  
and cross hatched black.**

**Plan for information purposes only.**



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