

Stroud District Council

Property Obsolescence Procedure Guide



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Contents

1. Introduction	3
2. Property Obsolescence Review Factors	3
Modernisation/modification of the /property/ scheme is not possible to undertake.	3
Changes in legislation , deterioration in condition	3
3. Triggers for Review	4
4. The Review Process	5

1. Introduction

- 1.1 Buildings are complex and can only survive by means of regular reinvestments during their life span. Obsolescence in property can have a wide range of causes, mainly due to the fact that buildings are composed of a multitude of elements and materials with different life cycle characteristics.
- 1.2 This guidance sets out an approach which may be adopted for single or multiple dwellings; however it is not intended as a “Catch All” document considering the huge diversities in occurrence of obsolescence between and within houses and housing types.
- 1.3 If the components or characteristics of a scheme/property cannot be improved within certain financial parameters and, or does not meet the needs or contribute to the sustainability of the community in which it is set it may be deemed as sustainably obsolete and disposal or redevelopment may be considered.

2. Property Obsolescence Review Factors

- 2.1 It is essential to adopt a consistent, auditable approach when reviewing and appraising stock requirements. The following sets a framework and outlines the stock review process. Obsolescence can sometimes be triggered by external factors beyond our control e.g. technology or regulation, therefore a regular review of the framework should be undertaken to ensure its fitness of purpose.

Reason for Review	Factor to be Monitored
A scheme/property may need a considerable amount of work to be done to bring it up to the Decent Homes Standard or other relevant standard.	The work identified as necessary arising from stock condition survey, or other form of technical appraisal are reviewed to ensure that only housing with a long-term future receives investment.
A property or scheme/ may, over time, cease to meet the needs for which it was originally constructed. The number of people leaving a scheme, together with the time taken to re-let empty homes is high /above average?	In addition, other organisations may influence this. For example, a social services department may feel that a scheme has ceased to meet a need for which it is being funded. Is the property/scheme in the right location. Are there overriding ASB issues or reputational considerations
Modernisation/modification of the /property/ scheme is not possible to undertake.	Changes in legislation , deterioration in condition
A scheme/property may become uneconomic to run as a result of difficulty in levying an economic charge to the residents	Cases will be considered on an individual basis at the time proposals are made.

A scheme/property may not make the financial returns expected	Where a scheme/property is separately accounted for and shows a loss for two consecutive years. Where a property/scheme remains empty for a long period of time.
A scheme/property suffers reduced levels of sustainable repairs and maintenance	Higher than average maintenance costs. Excessive levels of component renewal
Investment is focused on sustainable stock	

2.2 As a basic principle we will retain as much property as is reasonably possible as our MTFP and 30 Year Financial Plan has been constructed on their rental incomes. To help inform this process and supplement the major factors described above, a number of key indicators will be monitored and a matrix will be used to assess properties?

2.3 If any indicator shows that there may be an issue, a more comprehensive review will be triggered. The indicators that will be reviewed are:

- All properties where there has been a vacancy lasting more than 12 weeks and the property remains empty at the end of the quarter under review
- All properties where there has been a re-let period of more than 12 weeks and where there have been more than five refusals or two advertising cycles
- All estates or blocks where the rent losses due to voids have been more than 8% in the last year or where the variance is significantly above the average
- Any individual housing unit where there is a need to spend more than the on repairs, as detailed in the table below, within any 12 month period
- Any scheme or property where a senior manager believes that there are issues that should be addressed by the organisation
- Schemes or properties where financial information shows the scheme or property has made a loss in the preceding two years
- Properties which may give rise to future development opportunities

3. Triggers for Review

Property Type	Expenditure Limit (including fees)
Property with 2 or more bedrooms	£30,000
Property with 1 bedroom or a studio/bedsit	£15,000
Shared bed space	£10,000 per bed space for the first 10 plus £2,000 per bed space after that.?
Properties	Where investment returns exceed the life expectancy
Properties	Where higher yield can be gained

4. The Review Process

4.1 Review processes will be led by appropriate officers in accordance with delegated authority mandate contained within the council's constitution.

4.2 Possible outcomes following review are:

- Do nothing
- Maintain a watching brief as, whilst there are concerns, the position is not yet clear
- Carry out improvements or repairs
- Change the client group
- Reconfigure the scheme/property
- Add value through strategic refurbishment
- Dispose
- Demolish
- Gift the asset
- Develop the site

4.3 Review meetings will be scheduled to meet the aims and objectives of individual projects.