

To: HOUSING AND SOCIAL WORK SERVICES COMMITTEE	Subject: PROPOSALS FOR SALE OF MODULAR EXTENSIONS	
From: HEAD OF HOUSING SERVICES		
Date: 21 OCTOBER 2009	Ref: MP/DD/MQ	

1. Purpose of Report / Introduction

The purpose of this report is to seek approval from committee, following advice from Legal Services and Property Services, to pursue proposals to sell modular extensions. The sale would follow receipt of applications from tenants who wish to purchase their council house which has a modular extension attached or owners who have already purchased their council house where the original purchase excluded a modular extension.

2. Background

- 2.1 In October 1997 Committee agreed to embark on a programme of installing temporary modular extensions (or ready-rooms) on houses where a tenant or a member of tenant's family required such assistance in terms of their disability.
- 2.2 Committee also agreed that these extensions would be temporary structures and would be excluded from the tenancy agreement. It was envisaged that units would be removed stored and re-used at a different location should the need no longer exist at the original house.
- 2.3 Following advice received from Legal Services at the time extensions were fitted on appropriate houses under a Licence to Occupy agreement which specified that the structure would be exempt from any right to buy application submitted by the tenant in the future.
- 2.4 From this time the council has fitted a number of modular extensions although the costs of construction along with establishment of services to the unit have risen markedly since 1997. This has resulted in subsequent decisions being taken by committee in some cases where additional space was required for a disabled person, to erect a traditionally built extension, that was included in the tenancy agreement and therefore eligible to be included in right to buy applications.
- 2.5 Over the past twelve years a number of tenants have exercised their right to buy their house without taking on ownership of the modular extension. This has created difficulties in terms of maintenance of the units which remain in position and a number are in need of substantial work to ensure they continue to provide the appropriate standard of accommodation. However as the house is sold the Council receives no income to offset maintenance costs.
- 2.6 A few enquiries have also been received from owners seeking to purchase the extension.
- 2.7 Advice from Legal Services in 1997 was to seek to exempt modular extensions from any right to buy application. However, due to issues such as the continuing maintenance of a structure when it generates no income for the Council and the fact that when a house is sold under RTB any modular extension in place would be situated on privately owned land and therefore difficult to remove without the owner's

permission, advice from Legal Services is now supporting the sale of modular extensions and maximisation of the capital receipt to the Council.

3. Proposals / Considerations

3.1 Existing Council Owned Houses with Modular Extension

If an application to buy is received, it is proposed that the Council seek agreement with the tenant to sell the entire accommodation under normal Right to Buy administrative procedures with a valuation of the traditional built house and extension provided by the District Valuer at the time of sale. All future responsibility for the modular extension in terms of maintenance and upkeep would fall to new owner.

3.2 Former Council Houses with Ownership of Modular Extension Retained by the Council.

If an application is received to purchase the modular extension, the District Valuer would be approached to assess the value. Once the valuation was received Corporate Services would make an offer of sale to the owner. If no application is received to purchase the modular extension the owner would be approached offering to sell the unit at a valuation agreed by the District Valuer and applying retrospectively the terms of the Housing (Scotland) Act 1987.

3.3 In the future should a modular extension be erected to assist with a disabled person, no licence agreement would be completed but the unit would be covered by the terms of the overall tenancy agreement.

4. Financial / Personnel / Legal / Policy/ Equalities Implications

4.1 The Council attracts no income from the erection of modular extensions as these are established to assist in the case of a disabled individual and are not assessed as providing additional amenity in terms of the set weekly rent charged for the house.

4.2 When a house is sold with a modular extension the Council retains ownership of the unit and no capital receipt is realised. At the same time the Council retains its obligation to maintain the extension at no charge to the owner.

4.3 To agree to the future sale of new modular extensions, and the sale where possible of existing modular extensions, would eradicate any future expenditure on maintenance of the units and realise a capital sum albeit this may not be considerable.

5. Recommendations

It is recommended that the Committee:

- (i) Agree to the proposals outlined to allow the future sale of modular extensions to proceed.



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For further information about this report please contact David Dymock on 01236 812574