

BROMSGROVE DISTRICT COUNCIL

CABINET

5TH DECEMBER 2007

HAMILTON HOUSE

Responsible Portfolio Holder	Cllr P. J. Whittaker
Responsible Head of Service	Head of Planning & Environment

1. SUMMARY

- 1.1 In August 2007, the Executive Cabinet reviewed the future use of council owned premises at York Road, Sidemoor which have been managed as a supported housing scheme for young people for the past 10 years by Bromford Housing Group. The Cabinet resolved to return the premises for use as four self contained flats and convey the building to an RSL at a financial figure that would encourage and cross subsidise an RSL to bring back into use other vacant accommodation over shops in the district.
- 1.2 This report updates members on:
- the progress being made towards the closure of the supported housing scheme and the rehousing of the seven residents;
 - the response from RSLs to the proposal to cross subsidise a flats over shops scheme
 - seeks members agreement to taking a different course of action in meeting the aims and objectives of the August report by the sale of the property to an RSL.

2. RECOMMENDATION

- 2.1 That the Council owned premises known as 15, 15a, 17 and 17a York Road be sold to Bromsgrove District Housing Trust for the purposes of providing affordable housing for rent on the basis of the financial appraisal referred to in section 5 of the report.
- 2.2 That the Head of Planning & Environment and the Section 151 Officer, in consultation with the Portfolio Holder for Strategic Housing and the Corporate Property Officer be granted delegated authority to sell and convey the dwellings for a capital receipt that represents market, below market or zero value.
- 2.3 That the capital receipt from the sale of the Council owned premises known as 15, 15a, 17 and 17a York Road be ring fenced for the provision of affordable housing.

3. BACKGROUND

- 3.1 Hamilton House is property owned by the Council that has been managed for the past 10 years by Bromford Housing Group as a supported housing scheme providing temporary housing and support for single homeless people aged between 16 and 25 years of age.
- 3.2 As the 10 year lease had expired, in August this year, the Executive Cabinet considered a report upon the future use of the premises.
- 3.3 The Executive Cabinet resolved that the lease should not be renewed and the premises be returned to its original use as four self contained one bedroom flats for management by a partner RSL.
- 3.4 Furthermore, to encourage RSL involvement in bringing flats over shops back into use it was agreed that the Council's partner RSLs be invited to submit bids to purchase or lease the premises at a reduced cost that would enable the RSL to cross subsidise the otherwise expensive housing solution of bringing back into use accommodation over shops. The Executive Cabinet therefore also resolved that subject to such a scheme being forthcoming, the officers and the Portfolio Holder be authorised to agree the sale or transfer of the Hamilton House premises for market, below market or zero value, as necessary to enable a scheme to be viable.

4. UPDATE UPON THE PROGRESS BEING MADE TOWARDS THE CLOSURE OF THE SUPPORTED HOUSING SCHEME AND THE REHOUSING OF RESIDENTS

- 4.1 Meetings have been held with Bromford Housing Group and a planned programme for the closure of Hamilton House targeted for completion by the end of the financial year subject to the successful rehousing of the residents.
- 4.2 A joint working group of Strategic Housing, BDHT and Bromford Housing officers is meeting to oversee the relocation of the residents which will be carried out through the allocation of permanent social housing and the encouragement of accessing privately rented accommodation with the help of the Council's Rent Deposit Scheme.

5. RESPONSE FROM RSLs TO THE PROPOSAL TO CROSS SUBSIDISE A FLATS OVER SHOPS SCHEME

- 5.1 All of the Council's Preferred Partner RSLs were invited to bid for the Hamilton House premises at a reduced cost that would enable them to present a scheme for bringing back into use empty premises over shops for housing purposes.
- 5.2 The response from RSLs was that the cost of delivering flats over shops in many cases proves to be prohibitively expensive and requires

the negotiation of a lease from the freeholder of a sufficient number of years to warrant the investment in renovating the property.

- 5.3 Feedback from RSLs indicates that levels of grant to assist in delivering flats over shops needs to be considerable and that schemes rarely present good value for money.
- 5.4 Accordingly, no submissions upon the basis set out were received.
- 5.5 Bromsgrove District Housing Trust (BDHT) who are assisting in the closure of Hamilton House through the rehousing of residents, have expressed a willingness to take the accommodation into their stock, refurbish the premises (involving kitchen and bathroom replacement, door replacement, full redecoration and electrical wiring upgrades) to provide four self contained flats for rent at affordable rents.
- 5.6 BDHT have submitted a bid to purchase the premises for the provision of affordable housing based upon a financial feasibility appraisal that takes into account the projected affordable rental income over a 30 year business plan period, the cost of management, bad debts and the initial cost of refurbishing and converting the premises back into self contained units.
- 5.7 The premises require modernisation, are limited in size (providing 4 small one bedroom flats) previously known as Duplex Flats and have very small garden areas as garden land and was transferred to an RSL in recent years to enable the development of 3 houses for rent in Lincoln Road.
- 5.8 On the basis of the financial feasibility set out in 5.6 above, BDHT are formally offering £110,000 for the premises for the purposes of providing affordable housing. This figure is set below open market value (assessed to be in the region of £280,000) to reflect a) the condition of conveyance that the premises can only be used as affordable social housing for rent and b) the extent of the refurbishment work necessary and rental loss before the properties can be let. BDHT are willing to share information upon the outturn cost of refurbishment on an open book basis so that if refurbishment costs are less than the figure quoted in the financial feasibility then BDHT would refund BDC any remaining funds over and above the agreed purchase price.

6. UTILISATION OF THE CAPITAL RECEIPT

- 6.1 If members resolve to transfer the premises to BDHT on the basis set out in section 5 of the report, there remains an opportunity to meet the original aims set out in the August report to help promote further affordable housing through the recycling of the capital receipt.

7. FINANCIAL IMPLICATIONS

The four dwellings have an open market value that will be affected by their current condition, layout and limited garden land. The offer made by BDHT of £110,000 reflects not only the dilapidation of the premises but also the condition of sale that the premises can only be used for affordable housing purposes. Had the dwellings been transferred to BDHT in 2004 as part of the LSVT their Tenanted Market Value would have been in the region of £28,000 for the premises.

8. LEGAL IMPLICATIONS

Provision of temporary accommodation to qualifying homeless applicants is a statutory duty of the Council under the Homeless provisions of the Housing Act 1996. The requirements of the Homelessness Act 2002 prevents local authorities from placing homeless families or expectant mothers in B&B type accommodation.

9. CORPORATE OBJECTIVES

- 9.1 Objective 1 – Regeneration (Town Centre, Longbridge and Housing)
Improved standard of housing for homeless people and possible opportunities to bring back into use empty accommodation over shops.
- 9.2 Objective 2 – Improvement (Customer Service, Reputation and Performance)
Improved service to customers by the ability to provide better options for homeless clients.
- 9.3 Objective 3 – Sense of Community and Wellbeing (Community Influence and Community Events)
Improved forms of temporary accommodation may influence health and wellbeing.
- 9.4 Priority 4 – Environment – Clean District and Planning
Dispersal of homelessness younger people into the community may support better neighbourhood integration and therefore reduce negative impact upon the environment.

10. RISK MANAGEMENT

- 10.1 There a risk that younger people who are homeless or threatened with homelessness or who are in housing need will have more limited alternative options. There is the risk that they may have to make a homeless approach and this could consequently lead to the following risks:
- Inability by the Council to meet the statutory duty to provide temporary accommodation in the District thus necessitating placement in B&B accommodation outside of the District.

- Increased B&B costs.
- Weakened performance against BV 183a (number of families placed in B&B) which is currently zero.
- Inability to reach DCLG target of reducing temporary accommodation by 50% by the year 2010

11. CUSTOMER IMPLICATIONS

- 11.1 Closure of the scheme may affect the Council's customer, by offering homeless young people less options to address their homelessness situation. However if a private flats over shops scheme develops it may encourage younger people to be more independent and take responsibility for their housing situation.

12. OTHER IMPLICATIONS

Procurement Issues Proposal to invite Partner RSLs to submit bids to develop a scheme as set out in the report.
Personnel Implications None
Governance/Performance Management Ability to improve performance against BVPI's on use of B&B and Hostel accommodation.
Community Safety including Section 17 of Crime and Disorder Act 1998 Aims to address the community issues put forward by local residents by returning the dwellings back to self contained flats for single occupancy, thus reducing the risk of anti social behaviour in the neighbourhood.
Policy None
Environmental None
Equalities and Diversity None

13. OTHERS CONSULTED ON THE REPORT

Portfolio Holder	Yes.
Acting Chief Executive	Yes
Corporate Director (Services)	Yes
Assistant Chief Executive	Yes
Head of Service	Yes
Head of Financial Services	Yes
Head of Legal & Democratic Services	Yes
Head of Organisational Development & HR	Yes
Corporate Procurement Team	Yes

14. OTHER SUB HEADINGS

14.1 None

15. BACKGROUND PAPERS

15.1 None

CONTACT OFFICER

Name: A.M. Coel
E Mail: a.coel@bromsgrove.gov.uk
Tel: 01527 881270