

OXFORD CITY COUNCIL

HOUSING ADVISORY BOARD - 26 August 2005.

EXECUTIVE BOARD - 10 October 2005.

Report of: Business Manager, Oxford Building Solutions

Title: Options for Two Tenanted Properties.

Ward: Barton & Sandhills, Iffley Fields

**Report author: Chris Pyle
Contact Tel No: 01865 335411
E-mail address: cpyle@oxford.gov.uk**

Key Decision: Yes

Lead Member: Ed Turner

Scrutiny responsibility: Housing

RECOMMENDATIONS

That, following advice from the Strategic Director, Housing, Health and Community the Executive Board agrees to the following:-

- 1. Property A, Barton – disposal on the open market.**
- 2. Property B, Iffley Fields – disposal on the open market.**

In addition to this, that he might wish to:-

Allocate sale receipts to the HRA Capital programme to help meet the Decent Homes targets.

1. Summary

- 1.1 This report gives details of two, tenanted, HRA properties which have a high cost of refurbishment and either considerable structural defects or are over crowded. Options for the use of the properties are set out and recommendations given.

2. The Council's Vision and Strategic Aims

- 2.1 Providing more affordable housing and meeting the decent homes standard are major objectives for the Council and the options set out in the report will both directly and indirectly help meet the objectives.

3. Background

- 3.1. Details of the properties/land are listed below:-

Property A - 2 bedroom, detached stone built with flag stone floors and no real foundations. New roof structure needed, dampness to ground floor. Structural instability, currently the gable wall is being supported by a scaffold structure. Rewire and new central heating. New staircase, re-plaster throughout. Refurb kitchen and new water main (leak under building). Re-dec throughout. Estimated cost £85k.

Property B - a two bedroom Victorian terraced house. Full refurbishment and modernisation required. The kitchen and bathroom are single skin construction and may require rebuilding. Structural repairs to roof. Window and door replacement. New ceilings, plastering, kitchens and bathrooms. Rewiring and new heating system. Re-dec throughout. Estimated cost £60k. There is an over crowding issue in this property and it would prove very costly if not impossible to extend / adapt the property to accommodate the occupants satisfactorily.

4. Options appraisal

The two properties have been considered for the following options:-

4.1 Permanent social housing use through a housing association.

4.1.1 The Council has asked Oxford Citizens Housing Association (OCHA) to appraise as to its development potential.

4.1.2 property B is unsuitable to develop for social housing. The unit is too small to be developed and it is unlikely that a housing Association would be able to fund the refurbishment of the property.

4.2 Short-life use through Co-op Homes.

4.2.1 Both properties require a considerable amount of expensive remedial work undertaken on them in order that they can be let and meet Decent Homes levels. On that basis it is unlikely that the Council would consider the units for short life use through a Co-op.

4.3 Open market sale.

4.3.1. Indicative open market values are set out in the Confidential Appendix attached.

5. Financial Implications

5.1. As both of the properties have secure tenancies, both families will need to be decanted either to carry out the works or on a permanent basis if a decision to sell is made. The estimated cost of moving both families is £ , there would be an additional storage cost of £ if they are decanted for a short term to facilitate the refurbishment works. The tenants have a right to return to their homes after the works although the family with an overcrowding issue is more likely to agree to a permanent move.

5.2. The Council will lose the rent income from these properties if any option other than retaining is agreed. The approximate weekly rent from April 2005 for these properties is:-

Property A	-	2 bed house	- £70.20
Property B	-	2 bed house	- £63.83

This would result in an annual loss in rent of £3,650.4 and £3,319.16 respectively. An annual total of £6,969.56.

5.3. Savings will be made in two main areas

Capital Works – these properties are shown in the Savills stock database as needing the following budget to bring them up to Decent Homes standard :-

Property A	-	£15,630
Property B	-	£ 4,700

These costs are included in the refurbishment costs stated in para. 3.1 above but the properties have been cloned and therefore Savills costs fall a long way short of the actual cost needed to complete the works. See 3.1 above.

Planned Maintenance / Responsive repairs – repairs costs should be minimal. Projects include cyclical painting/repair maintenance at an estimated average of £100 per annum for each and annual gas appliance servicing at a total annual cost of £126 to cover both properties.

- 5.4 The effect on homelessness if the properties are sold – currently 75% of vacancies are allocated to the Homeless List, therefore the main result will be that a family has to stay in temporary accommodation that much longer. For a two bed property, the cost of this is approximately £240 per week.

The approximate Homeless List breakdown currently is:-

Two bed	- 370 households – ave. wait in temp. accommodation 2 - 2.5 years.
---------	--

- 5.5 It should be noted that as property B is a very small two bed and is probably only suitable for a couple, we are unlikely to find anyone in Homeless accommodation to place there and it may not be suitable for the elderly.
- 5.6 It is proposed that the receipts from any sale should go to the HRA Capital programme to help meet the Decent Homes targets.

6. Legal implications

- 6.1 Under Contract PR 17.05 of the Constitution, before the Executive Board is legally committed to the disposals, a further report will be submitted which addresses:-

6.1.1 the proposed use of the land or buildings by the proposed purchaser; and

6.1.2 the terms of the proposed disposal.

6.2 It should be noted that if the option to hand over the properties to a Housing Association is adopted, effectively at nil value, the Secretary of State's permission would be required.

6.3 *There could be further legal issues relating to the decant of the secure tenants currently in the properties. These tenants will need to be found suitable alternative accommodation and a payment of compensation may be required. Much depends on the tenant's attitude to a decant. If they are unwilling to be moved, possession proceedings may be required (as a last resort).*

7. Staffing Implications

7.1 There are no staffing implications to this report. If Outline Planning consent for a particular option is sought before sale, this will be applied for by the OBS Capital Projects Team.

8. The grounds for recommending a particular option

8.1 The summary of options is set out in the attached Appendix 1 and recommendations have been based on those issues. It should also be noted that there would be a high likelihood of the Secretary of State refusing to dispose of these assets at nil value.

9. The timetable for action following the decision

9.1 The Estates Management Team have advised that the sale could take between six and nine months in the current climate.

<p>THIS REPORT HAS BEEN SEEN AND APPROVED BY: Portfolio Holder, Councillor Ed Turner; OBS Business Manager, Graham Bourton; Legal & Democratic Services, Jeremy King; Financial & Asset Management, Roy Summers.</p>
--

Background papers: Report and Valuations from Independent Chartered Surveyors.
Refurbishment documents and estimates.