

Report of: Head of Oxford City Homes

To: Housing Advisory Board, Housing Scrutiny Committee, Executive Board

Date: HSC 15th January 2007, HAB 6th February 2007, EB 19th February
Item No:

Title of Report : Rowlands House – Sheltered Housing Scheme
Options Appraisal.



Summary and Recommendations

Purpose of report: This report gives the details of Rowlands House, a sheltered housing scheme that fails to meet the decent homes standard, minimum design standards for sheltered housing and has a high remedial cost to meet those standards.



Key decision: No

Portfolio Holder: Cllr Patrick Murray

Scrutiny Responsibility: Housing Scrutiny Committee

Ward(s) affected: All

Report Approved by:

Portfolio Holder: Cllr Patrick Murray

Legal: Jeremy King

Finance: David Higgins

Strategic Director: Michael Lawrence, Housing, Health and Community

Policy Framework: To meet the Decent Homes target by 2010.

Recommendation(s):

- (a) The Housing Scrutiny Committee comments on and endorses endorse the proposals;
- (b) That the Housing Advisory Board advises the Strategic Director for Housing, Health & Community that he might wish to advise the Executive Board on the following:
 - I. Agree to the disposal of Rowlands House,
 - II. That the receipts from the sale should go to the HRA Capital programme to help meet the Decent Homes target and towards the remodelling of other sheltered schemes,
 - III. That outline planning consent is obtained to maximise the receipt to the HRA.

IV. To liaise with and keep informed the key stakeholders affected by the appraisal.

Background

1. On 20th February 2006 Executive Board agreed the recommendations from the Review of Older Peoples Housing and Services Review. One of the key recommendations was that an appraisal of the sheltered housing schemes, owned by Oxford City Council, be carried out as soon as possible.
2. The Sheltered Housing Appraisal was carried out and reported to Housing Advisory Board on 31st October 2006 and Housing Scrutiny Committee on 16th November 2006. In summary the appraisal report found the following;
 - That demand for sheltered housing is decreasing as a result of changing lifestyles, expectations and supporting people funding enabling people to remain in mainstream housing for longer.
 - In general the majority of Council sheltered schemes do not meet the minimum 'design' standards and have shortfalls in terms of the Decent Homes Standard.
 - The property types were identified that would strategically and physically be viable in terms of upgrading to meet those standards and give value for money.
 - That asset disposal should be considered in the case of the weakest schemes.
 - That any capital receipts from the disposal of any schemes should be used to upgrade and remodel the other schemes as appropriate.

This report is the first to be made as a result of a detailed appraisal on an individual sheltered scheme.

Survey Details

3. S.J Treloar, Surveyors are in the process of carrying out a detailed structural survey of the site. In a previous Structural Survey test pits showed that there is significant subsidence, believed to be caused by periods of dry weather compacting soil and tree root activity. Following this report some structural repairs were carried out in 2004. Subsequently there are further indications of structural damage and pathways have buckled.
4. It is likely that the block will require further external works and some structural repair. This information will be made available in S.J. Treloar's final report.
5. There are 6 studio type and 9 one-bedroom flats. The units are in blocks with separate entrances to each. There is no communal corridor linking the units with the communal facilities and there is no lift access to the first floor.

6. 10 properties are currently tenanted.

Options Appraisal.

Conversion / Remodelling Costs

7. The conversion and remodelling costs are based around a square metre average and work out at around £1.8 million for the scheme. The conversion would result in a reduction in the number of units available to 13. The costs do include some allowance for structural works to remedy the subsidence damage.
8. A lift installation would cost around £100,000 and decant costs would be around £121,500. This would make a total cost of £2,236,000 including fees.
9. The block has been given a sale value of £1400,000 (50% Social Housing) by the Asset Management Team.

Re-Designation

10. Taking into account the changing level and demand type for sheltered accommodation, the requirements to meet the Decent Homes Standard and minimum design standards for sheltered housing, consideration has been given to the de-designation of the scheme.
11. Advice from the Housing Needs Service Manager indicates that this scheme would not provide appropriate accommodation for a younger age group, for which there is the highest level of unmet housing need. A high level of support service would be required to ensure that such a vulnerable client group was able to sustain their tenancies and the location is likely to deter access to external support services.
12. Rowlands House is therefore not considered appropriate for re-designation.

Land Use Potential

13. A redevelopment scheme is likely to be attractive in economic terms because refurbishment costs are particularly high and there is scope for intensification in dwelling numbers. The scope for intensification provides a mechanism to unlock the value of land and secure a net gain in social housing units.
14. Current planning guidance and Council policy recommends a minimum density of 60 mixed dwellings per hectare (10,000 square metres), with provision of affordable housing and family size dwellings. The site at Rowlands House offers 0.24 hectares, a minimum of 15 family size dwellings, with potential to increase this number dependent on the size and type of dwelling.

15. Where Outline Planning consent for a particular option is sought prior to any sale this is usually applied for through the Community Housing Team. This process will maximise the receipt to the HRA
16. It is proposed that the receipts from any sale should go to the HRA Capital Programme to help meet the Decent Homes Standard targets. The receipt would also allow for the refurbishment of other sheltered schemes where basic design standards for sheltered housing could be more economically achieved.

Value for money

17. The conversion of the property and structural work would result in a reduced number of sheltered units. Although the improved quality of the units would benefit tenants they would be limited to 13.
18. Redevelopment of the site would increase the supply of affordable general needs housing and would go some way to meeting wider needs of community.

Financial Implications

19. The Council will lose the rental income from the 15 units if a sale is agreed. The approximate weekly rent from April 2006 is;

Studio Flat	£69.00
One-bedroom	£81.00

This would result in an annual rent loss of £57,564. It should be noted that much of this cost is currently met through Supporting People funding.

20. The current Home Loss payment to tenants is £4,000, which covers carpets, curtains etc. but excludes the cost of removals, 'phone installation and cooker connection, which could increase the payments by a further £1,700. If all currently occupied units were vacated at this scheme the cost to the HRA would be in the region of £ 57,000.
21. Savings can be made in the Capital Works programme as the scheme is showing in the Savills stock condition database as needing £175,100 to bring it up to the Decent Homes Standard.
22. The financial implications are summarised in Appendix 1 and show the indicative effects on revenue and capital of Open Market Sale and the Retain & Remodel options over a five year medium term period.
 - Open Market sale.
There would be a net loss of income / revenue of £247k over a five year period, with a net gain in capital resources of £1,349m towards decent homes funding.

- Retain & Remodel.
Net income over the period would be £170k, but because of the remodelling costs capital resources of £2.1m would need to be identified in addition to the £6.5m shortfall that there is in the proposed capital programme for 2007/08.

22. There is unlikely to be a significant effect on homelessness if a sale is agreed. The advice from the Housing Needs Manager is that waiting lists for people of this age group and need are met easily through existing vacancies and that there have been cases where there has been no waiting list for some void properties.

Legal Implications.

23. Under Contract Procedure Rule 9.05 of the Constitution, before the Executive Board is legally committed to disposal a further report will be submitted that will address the proposed use of the land or buildings by a proposed purchaser and the terms of the disposal.

24. The Council tenants in occupation have secure tenancies and as such will need to be found alternative suitable accommodation through the decant process. Tenants will need to be fully engaged in the process and would benefit from the limited incentives scheme that applies in these circumstances.

25. Oxford City Council would be unlikely to obtain possession through legal process on the grounds of disposal alone.

26. The specific consent of the Secretary of State is likely to be required.

Name and contact details of author:

Roy Summers
Oxford City Homes
355608 (7608)

Background papers:

DCLG Quality & Choice for older peoples housing: a strategic framework - August 2005



G Supporting People – April 2003

DCLG Quality and Choice a decent home for all – December 2000



C Review of Older Peoples Services – November 2005

Sheltered Housing Appraisal – November 2006

Rowland House**1. Open Market Sale**

	2007/08	2008/09	2009/10	2010/11	2011/12	Total
Revenue	£000's	£000's	£000's	£000's	£000's	£000's
Loss of Potential Rental Income	54	54	54	54	54	270
add Home Loss / Removal Costs	57	0	0	0	0	57
less Reduced Subsidy Payable	0	20	20	20	20	80
Net Revenue Cost	111	34	34	34	34	247

	2007/08	2008/09	2009/10	2010/11	2011/12	Total
Capital	£000's	£000's	£000's	£000's	£000's	£000's
Capital Receipt	1,400	0	0	0	0	1,400
Decent Homes Saving	0	175	0	0	0	175
Loss of MRA	0	8	8	8	8	32
Loss of RCCO	54	35	35	35	35	194
Net Effect on Capital Resources	1,346	132	-43	-43	-43	1,349

2. Retain & Remodel

	2007/08	2008/09	2009/10	2010/11	2011/12	Total
Revenue	£000's	£000's	£000's	£000's	£000's	£000's
Potential Rental Income	54	54	54	54	54	270
less Subsidy Payable	20	20	20	20	20	100
Net Revenue Income	34	34	34	34	34	170

	2007/08	2008/09	2009/10	2010/11	2011/12	Total
Capital	£000's	£000's	£000's	£000's	£000's	£000's
Capital Receipt	0	0	0	0	0	0
Decent Homes / Remodel Costs	0	-2,236	0	0	0	-2,236
MRA	8	8	8	8	8	40
RCCO	34	34	34	34	34	170
Net Effect on Capital Resources	42	-2,194	42	42	42	-2,026

Assumptions

Rental Income figures are based on a remodelled scheme with 13 units (100% occupancy)

Rental Income figures have been increased to reflect 2007/08 rent levels.

Retain & Remodel includes loss of income and home loss payments whilst remodelling took place