

**Report of:** Head of Oxford City Homes

**To:** Executive Board

**Date:** 10 September 2007

**Item No:**

**Title of Report :** Options for Block of Flats with Structural Defects,  
Ashhurst Way, Rose Hill.

### Summary and Recommendations

**Purpose of report:** To give the options for two blocks of four flats of which four are currently vacant due to structural defects.

**Key decision:** Yes

**Portfolio Holder:** Councillor Patrick Murray

**Scrutiny Responsibility:** Housing Scrutiny Committee

**Ward(s) affected:** Rose Hill

**Report Approved by:**

**Portfolio Holder:** Patrick Murray

**Finance:** David Higgins

**Legal:** Jeremy King

**Strategic Director:** Michael Lawrence

**Policy Framework:** To meet Decent Homes Target by 31 December 2010.

**Recommendation(s):** To instruct the Strategic Director, Housing, Health and Community, to:-

1. Arrange for the blocks to be marketed generally and to report back to the Executive Board on offers received and the proposed use for the flats.

2. Should the sale proceed, to allocate all net income towards meeting the decent homes programme.

## **Background –**

1. These two storey blocks of four, one bedroom flats (eight in total), are of traditional, brick built, construction and occupy a corner plot near The Oval, Rose Hill.
2. One block in particular is suffering from considerable structural damage and currently three flats are void and one tenanted. The adjacent block, which is linked, has defects caused by movement of the other block and there is currently one flat vacant.
3. Competitive quotations have been received from specialist underpinning companies and the lowest tender, which complies with the specification, is in the sum of £86,785, however with structural consultancy fees and other associated works, the estimated total cost of carrying out the structural works is £100k. The quotation was for the worst block of the two, the other block needs mostly cosmetic work done to it and is estimated to cost £5k.
4. The cost of carrying out decent homes work to these flats was estimated by Savills (in 2003/04) to be £134,670, with inflation, the cost today is likely to be nearer £150k. However, four flats have already been refurbished (one as a void) and therefore the actual decent homes works required is estimated to be £75,000.
5. At their meeting on 9 January 2007, Housing Advisory Board recommended that consideration should be given to the case for disposing of blocks of one-bedroom Council accommodation. These blocks meet that criteria.

## **Options -**

6. Option 1. To sell the blocks on the open market and to use the funds to help meet the shortfall in decent homes funding.

It should be noted that the valuation (see financial implications) is based upon both blocks being re-developed with a resulting 16 one-bed units. Under current planning policy eight of these one-bed units would therefore be retained as social housing. This may of course influence the market value of the blocks.

7. Option 2. To retain the blocks and carryout the structural and refurbishment works necessary and re-let to those on the waiting list.
8. Option 3. To reach an agreement with an RSL or Co-operative Homes, so that the blocks are retained within the social housing sector. In order to judge interest, officers are currently consulting with RSL's about possible transfers of this type of property where

the Council would hold nomination rights. Dialogue with RSL's about future options is continuing and an update will be given at the meeting.

### **Proposals -**

9. The proposal is to adopt Option 1, to sell the blocks on the open market and to use the Capital receipt to fund decent homes work. This option also means that 8 one-bed units would be retained as social housing (with the Council having allocation rights) with no overall loss of numbers.

### **Legal implications -**

10. As the properties are classed as HRA Land, if the Council sells to an individual or social landlord the specific consent of the Secretary of State would not be required as the proposed disposal would be covered by the General Consents (paragraph A3 or A5) found in s.32 of the Housing Act 1985. This assumes that any disposal is for market value and complies with rules on who can bid and whether the property must be used by the proposed purchaser as his/her principal home.
11. The General Consents to section 25 of the Local Government Act 1988 also mean that Secretary of State consent may not be required for disposal to a Registered Social landlord (RSL) at below market value.
12. If the Council planned to sell to a developer then Secretary of State approval may be required.
13. Any disposal could not take place until the remaining tenants have moved to suitable alternative accommodation. If any of the tenants refused, Oxford City Council would have to obtain a possession order relying on a redevelopment ground. At the time of writing this report, Officers have not consulted with the tenants.
14. Before the sale of any property, in accordance with the Constitution, a further report will be submitted to the Executive Board outlining the proposed use for the building and the terms of the disposal.

### **Financial implications -**

15. The financial implications are set out in the exempt from publication Appendix 1 attached and show the indicative effects on revenue and capital of the various options over a five year period.

16. Option1, if an open market sale resulted in the development of 16 flats (8 of which social housing) then there would be no loss of rent and a capital receipt of circa £700k would be generated which would help with the decent homes funding shortfall.
17. Option 2. Retain and return to tenant stock, would result in revenue funding being maintained but would result in an additional capital commitment of £105,000.
18. Option 3. RSL or Co-operative Homes. previous discussions and proposals have resulted in a high indirect “subsidy” which has not been to the Council’s advantage and therefore not acceptable. The high initial investment needed does not make it an attractive proposition for organizations of this type.
19. The current rents are shown on the exempt from publication financial summary Appendix 1.

#### **Appendices -**

Appendix 1 - exempt from publication financial summary.

**Name and contact details of author: Chris Pyle, tel; 335411, extn 3611,  
Email: cpyle@oxford.gov.uk**

Background papers: Savills decent homes report  
Quotations for structural works  
Consultants reports

