

Report of: Head of Oxford City Homes

To: Executive Board

Date: 5 November 2007 **Item No:**

Title of Report: Options for 170 Walton Street, Jericho.

Summary and Recommendations

Purpose of report: To give the options for this large property in Jericho, currently let to a specialist provider.

Key decision: Yes

Portfolio Holder: Councillor Patrick Murray

Scrutiny Responsibility: Housing Scrutiny Committee

Ward(s) affected: Carfax

Report Approved by:

Portfolio Holder: Councillor 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): That the property be placed on the open market and a further report be submitted with offers received and the proposed use for the building.

Background –

1. This three storey six bedroom property is currently let to a special needs provider, the original lease term has expired and the leaseholder has confirmed that they wish to vacate the property.

2. The property was let under a full repair lease and it is in relatively good condition with wash-hand basins in all bedrooms and needing little repair work. The property has recently been valued at circa £1,000,000.
3. It has been specially adapted by the specialist provider, with shared cooking and bathing facilities. In their stock survey Savills estimated the cost of decent homes work as £6,250.
4. To convert the property back to family accommodation would involve the removal of the wash-hand basins and small works to secure the access to a flat roof area and minor repairs. It has been estimated that these will cost in the region of £10,000.

Options -

5. Option 1. To sell the property on the open market and to use the funds to help meet the shortfall in decent homes funding.
6. Option 2. To retain, convert the property back to family accommodation and re-let to those on the waiting list. Currently there are over 250 families on the list for properties with four bedrooms or more.
7. Option 3. To retain and re-let to a "special needs" provider, at market or subsidised rent. It is thought that social housing providers would be unable to fund market rent levels as, generally, the maximum that they can afford is based upon Benefits that their tenants receive and also take into account any administrative costs that they have. It is likely therefore, that the rent would be subsidized, this subsidy being funded from the General Fund.
8. Option 4. To transfer to an RSL. Dialogue with RSL's about future options for this type of property is continuing and no firm arrangements have yet been made.

Proposals -

9. The proposal is to adopt Option 1, to market the property and, if a sale results, use the funds to help meet the shortfall in the decent homes funding.

Legal implications -

10. As the property is 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. If the Council planned to sell to a developer then Secretary of State approval may be required.
12. 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 -

13. 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.
14. Option1, an open market sale would result in the loss of the potential rent but a capital receipt of circa £1,000,000 would be generated which would help considerably with the decent homes funding shortfall.
15. Option 2. Retain and return to tenant stock, would result in revenue funding being maintained but would result in an additional revenue commitment of £10,000 to convert back to family accommodation and carryout repairs.
16. Option 3. Retain and re-let. This would result in an increase of rent but if let to a "special needs" provider, it is likely to be modest and will result in a subsidy. If this option is adopted, a further report will set out a reasonable rent and the subsidy needed but it should be noted that delays in finding a tenant will result in loss of rent.
17. The current rent is shown on the exempt from publication financial summary Appendix 1.

Recommendation: That the property be placed on the open market and a further report be submitted with offers received and the proposed use for the building.

Appendices -

Appendix 1 - exempt from publication financial summary.

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Background papers: Savills survey and subsequent stock condition survey.