

Report of: Head of Oxford City Homes and
Business Manager – Finance and Asset Management

To: City Executive Board

Date: 23 July 2008 **Item No:**

Title of Report: Options for 21/23 Manor Road, South Hinksey and
Bullington Green Cottage

Summary and Recommendations

Purpose of report: To give the options for 21/23 Manor Road, two three bedroom stone built, Grade 2 listed semi-detached houses which are currently tenanted but needing considerable works carried out to bring them up to the decent homes standard.

Key decision: Yes

Board Member: Councillor Ed Turner

Scrutiny Responsibility: Scrutiny Committee "A"

Ward(s) affected: None, these properties lie in the Vale of White Horse and South Oxfordshire District Councils.

Report Approved by:

Board Member: Councillor Ed Turner

Director: Tim Sadler

Finance: David Higgins

Legal: Jeremy King

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

Recommendation(s): To recommend to Full Council that they:-

1. Transfer 23 Manor Road from the HRA to the General Fund Asset Management Portfolio.
2. Transfer Bullington Green Cottage from the General Fund to the HRA Portfolio.
3. Place 21/23 Manor Road on the market to sell either individually or as one unit, whichever is the most economically advantageous to the Council and use £25,000 of the receipts to fund the works to Bullington Green Cottage.
4. The net proceeds from the sale of 21/23 Manor Road, less the cost of works at Bullington Green Cottage, to be placed in an investment fund to generate revenue income in accordance with the Medium Term Financial Strategy.

Background –

1. 23 Manor Road is a three storey, three bedroom house. It is a traditional stone built property which is Grade 2 listed and was originally part of a large farmhouse which was previously converted into two semi-detached homes with variations to size and layout. This property is within the Housing Revenue Account (HRA) and the bigger adjacent property (21 Manor Road) is within the General Fund property portfolio. The properties are located in South Hinksey within the Vale of White Horse District.
2. The HRA property (23 Manor Road) is currently let to a secure tenant and the adjacent property (21 Manor Road) let to a farmer tenant of the Council who has subsequently sub-let it. The farmer has advised the Council that he wishes to relinquish the lease in the near future. Both properties need structural works carried out on them, together with works to meet the decent homes standard (in the case of 23 Manor Road). They flooded in the recent floods and the tenants were decanted for a short period.
3. It has been estimated that a budget of circa £100,000 would be needed for the works to both properties and therefore, under the baseline refurbishment costs agreed by Members, a report indicating the options is required.
4. The cost of carrying out decent homes work to 23 Manor Road was estimated by Savills (in 2003/04) to be £3,640 but this was cloned data and a recent inspection has estimated that £22,000 needs to be spent on minimum decent homes work. It is estimated that a further £28,000 needs to be spent on repair/replacement works outside of decent homes on the structure, windows, roof etc.
5. Bullingdon Green Cottage is a two storey stone built detached house with two bedrooms within Shotover Park and on land adjacent to the Horspath Road Sports Ground. It lies within land of just over one acre and was previously a service tenancy. It is currently un-let and on the market seeking offers. An offer has been received for the property. It has two bedrooms, Septic tank drainage and oil fired central heating.

Options – see Appendix 3 for Options Appraisal/Summary

6. Option 1. To transfer Bullingdon Green Cottage to the HRA, carryout the necessary decent homes work and form a third bedroom. Transfer 23 Manor Road to the General Fund portfolio, effectively exchanging the properties and then sell the Manor Road properties on the open market. The secure tenant at 23 Manor Road will then transfer to Bullingdon Green Cottage. The resulting funds from the Manor Road sale will go to the General Fund with the exception of £25,000 which will be used to fund the works to Bullingdon Green Cottage.

7. Option 2. To retain 23 Manor Road and carryout the refurbishment works necessary. This would involve the temporary or permanent decant of the current secure tenants. Continue with the marketing of Bullingdon Green Cottage and place 21 Manor Road on the market.
8. Option 3. To retain the status quo. Owing to the need for the Council to meet the decent homes standard and to raise funds this option is not viable.

Proposals -

9. The proposal is to adopt Option 1. That is to exchange 23 Manor Road and Bullingdon Green Cottage between portfolios. Form a third bedroom within the existing shell of Bullingdon Green Cottage and ensure that it meets the decent homes standard. Transfer the secure tenants from 23 Manor Road to Bullingdon Green Cottage.

Legal implications -

10. There are no legal implications for the Council in the “exchanging” of properties between portfolios but approval by full Council is required under the Council’s Constitution.
11. If a transfer of 23 Manor Road from HRA to General fund occurs the two Manor Road properties will be non-HRA properties but will still be dwelling houses. The disposal of these two properties may be covered by section D of the General Consents found in section 32 of the Housing Act 1985. This section deals with consent to dispose of non-HRA dwelling houses. However, much will depend on who the properties are sold to (e.g an individual or a company) and for what purpose (e.g repair and occupation by buyer or redevelopment). It is possible that if the properties are sold as one lot to a developer the specific consent of the Secretary of State might be required before the disposal could proceed.
12. Before the sale of any property, in accordance with the Constitution (20, 20c), a further report will be submitted to the City Executive Board and Full Council outlining the proposed use for the buildings and the terms of the disposal.

Financial implications -

13. The financial implications and summary are set out in the exempt from publication Appendices 1 and 2 attached and show the indicative effects on revenue and capital of the various options over a five year period. It should be noted that owing to the unique nature of these properties and the vagaries of the current market, the valuations should be taken as indicative only and their true value will not be known until they are offered on the market.

Value For Money

14. As can be seen by the analysis in the financial summary (Appendix 2), value for money is achieved by:-
- selling the two Manor Road properties together – a predicted additional £40,000 is achieved by selling in this way.
 - Saving an estimated £100,000 on repairs and improvements to the Manor Road properties.
 - Retaining a property that is structurally sound (Bullington Green Cottage) and carrying out improvements and conversion to form a three bedroom property, increases the asset value and retains the HRA stock numbers.
 - There is just one move involved, saving associated removal costs and there is no loss of rent while the properties are being refurbished.

Consultation

15. The current secure tenants at 23 Manor Road have been consulted extensively on this matter. Their lifestyle is such, that a move, either temporary or permanently to an estate or indeed a one-off property in Oxford, would be an anathema to them. They have viewed the Bullington Green Cottage and although smaller in size than their existing home, it is situated in a similar rural environment and suits their lifestyle. They have confirmed that they will be happy to transfer to the Cottage.

Appendices -

- Appendix 1 - exempt from publication financial implications.
- Appendix 2 - exempt from publication financial summary.
- Appendix 3 - options appraisal/summary.

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Background papers: Independent report and valuations