

To: City Executive Board

Date: 20 May 2009 **Item No:**

Report of: Head of Oxford City Homes

Title of Report: Options for 16 Tawney Street

Summary and Recommendations

Purpose of report: To give the options for 16 Tawney Street, a three bedroom traditionally built house which is currently tenanted but requires the rebuilding of an existing extension.

Key decision? Yes

Executive lead member: Councillor Ed Turner

Report approved by:

Finance: David Higgins
Legal: Jeremy King

Policy Framework: More housing, better housing for all.

Recommendation(s): To adopt Option 1 - to market the property and report back to the City Executive Board in accordance with the Constitution.

Background –

1. This three bedroom HRA house is a 1930s traditionally brick built, mid terrace property which is currently tenanted. The single secure tenant is elderly and has agreed to permanently decant to a smaller property.

2. The property was sold under the Right To Buy legislation in 1978 and subsequently re-purchased in 1985. During this "sold" period, the owner built a single storey extension to the rear which houses the kitchen and bathroom. Consultants have recommended that the extension needs rebuilding due to poor mortar joints in the brickwork and foundation problems. There are also works needed to meet the decent homes standard.
3. It has been estimated that a budget of circa £50,000 would be needed for the works 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 this property was estimated by Savills (in 2003/04) to be £13,200.

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 it and carryout the structural and refurbishment works necessary and re-let to those on the waiting list.
7. Option 3. To reach an agreement with an RSL or Co-operative Homes, so that the property is retained within the social housing sector. Owing to the cost of the repairs needed, it is unlikely that an organization of this type would find it financially viable and previous proposals submitted (for other properties) were not financially acceptable to the Council. The Allocations Team have advised that we have no need for further short life accommodation, such as that provided by Co-op Homes, as we are reducing our use of temporary accommodation. The Council cannot make a permanent nomination to it, so there is no real advantage from a corporate/social housing viewpoint.

Level of risk -

8. There is a low level of risk associated with selling in this financial climate, the valuation is current (April 2009) and the area is popular with potential buyers.

Climate change/environmental impact -

9. There are no direct climate change/environmental impact issues within this report.

Equalities impact –

10. As the revenue from the sale of this property will go towards meeting the decent homes target it will help ensure that improvements will be carried out on those homes needing it.

Legal implications -

11. 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 (para 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.
12. If the Council planned to sell to a developer then Secretary of State approval may be required.
13. 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. The Council will then proceed with disposal as soon as vacant possession is obtained.

Financial implications -

14. 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.
15. Option1, an open market sale would result in the loss of the potential rent but a capital receipt (shown in the confidential appendix) would be generated which would help with decent homes funding.
16. Option 2. Retain and refurbish to decent homes standard, would maintain a revenue income but would result in Capital costs of circa £50,000 including fees.
17. 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.
18. The current rent is shown on the exempt from publication financial summary Appendix 1.

19. Given the high cost of refurbishment and issues relating to transferring the property to a social housing provider, then Option 1 provides the City Council with the best value for money.

Level of Risk -

20. The main risk is whether, in the current economic climate, the property will sell. If not, the funding of decent homes works will be more difficult. See Appendix 2 for the Risk Register.

Recommendation -

21. Owing to the estimated cost of remedial works, the proposal is to adopt Option 1. That is to place the property on the open market and report back to the City Executive Board in accordance with the Constitution.

Appendices -

22. Appendix 1 - exempt from publication financial summary.
23. Appendix 2 - Risk Register.

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Comment [x1]: Name, telephone number and email

Background papers: None

Comment [x2]: These are any documents relied upon or drawn from in writing the report. If that document is already in the public domain (e.g. legislation, government guidance or a previously published committee report) they do not need to be listed here. Say if there are no background papers.

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