

**To:** City Executive Board

**Date:** 9 July 2015

**Report of:** Head of Housing and Property

**Title of Report:** Options Appraisal- Cumberlege House, Cumberlege Close, Marston

### Summary and Recommendations

**Purpose of report:** This report sets out the options for Cumberlege House which is due to be vacated when the new Bradlands sheltered housing scheme is completed

**Key decision:** Yes

**Executive lead member:** Councillor Scott Seamons, Executive Board Member for Housing

**Policy Framework:** Meeting Housing Need

#### **Recommendations:**

1. Not to pursue the disposal of Cumberlege House as approved in principle by Executive Board in November 2007;
2. To adopt Option 4 in principle as set out in this report – to redevelop Cumberlege House for new Council housing and in consultation with the Council's S151 officer to include the scheme in the HRA new build development programme 2015-18, subject to a reassessment of the Council's HRA investment priorities;
3. To approve the demolition of Cumberlege House and instruct the Head of Housing and Property to procure and enter into contract to enable demolition works to start either as soon as the property is vacated or, should a short term lease be agreed, as set out in sections 18-19 of the report, then after that lease end date and prior to the development start on site; and in any case after the impact of the Right to Buy extension has been fully assessed;

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| <ol style="list-style-type: none"><li>4. Togrants delegated authority to the Head of Housing and Property to negotiate and enter into a fixed term lease, should a suitable lessee be identified within a two month period.</li></ol> |
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### **Appendices:**

Appendix 1 - Site Plan

Appendix 2 - Risk Register

Appendix 3- Equalities Impact Assessment

Confidential Appendix 1 - Option Appraisal

### **Background**

1. Cumberlege House is a two storey, brick built sheltered housing block, constructed in the 1970s, and comprising of 8 x bedsit studio flats, 6 x 1bed flats and 1 x 2bed wardens flat. The flats are accessed via four separate entrances/ staircases and there is no lift. The block also contains a communal lounge area and a guest room.
2. The Sheltered Housing Review in 2006-07 assessed the block as 14<sup>th</sup> out of 15 blocks reviewed, on grounds of poor location, hard to let, poor access and there being no effective way of converting the block to replace all of the bedsits.
3. Executive Board on 5th November 2007 approved the decanting and disposal of the block on the open market, along with three other blocks, to fund the sheltered housing improvement programme and Decent Homes programme investment.
4. The block currently has 8 permanent tenants and 2 temporary decants from the redevelopment of Bradlands which is just 200 yards to the north along Mill Lane. All the tenants will be rehoused into Bradlands when that scheme is completed in August 2015.
5. The new Government is putting forward legislation to extend Right to Buy to Housing Associations which will have a negative effect on the Council's HRA business plan; more detail is contained in Financial Implications. The Council therefore must proceed with caution before committing to significant levels of expenditure.

### **Options Appraisal**

6. Officers are assessing sites which could be included in the next phase of the HRA new build programme, which will be the subject of a CEB report later in the year. Cumberlege House is a priority for action because the block is expected to be void in August and a decision on its future is required at this time, to avoid the Council incurring the additional costs from an empty property.

7. The Housing Development and Enabling Manager has carried out an options appraisal which is included at Confidential Appendix 1. The options are:

Option 1 – Relet the existing flats for general needs occupation

8. This option is not favoured because the location is remote from shops and social amenities and public transport access is poor and the bedsit units will be hard to let.

Option 2 – Refurbish for temporary accommodation

9. The use of this block for temporary accommodation use is not recommended because the location is remote from shops and social amenities and public transport access is poor. The configuration of the block (mostly studio bedsits) also does not meet the demand profile for temporary accommodation which is for small families.

Option 3 – Remodel the block for self-contained flats for general needs use

10. An initial assessment indicates that the block could be remodelled to provide 4 x 2bed flats to replace 8 bedsits; along with the existing 6 x 1 beds and 1x 2bed ex wardens would give 11 units.
11. A full building survey and costed conversion scheme would be required to establish the technical feasibility of this as it involves creating 2 storey maisonettes by vertical conversion with new internal staircases. The end result though will fall short of the space and accessibility standards which the Council requires for its new units.
12. Experience of refurbishing similar buildings shows that build costs are much higher reflecting the difficulty of meeting current standards for thermal efficiency, fire separation and the latest building regulations. This raises concerns over the sustainability of project.
13. Also, the external environment would not be up the standards for general needs rather than sheltered housing use, in terms of parking, waste disposal and amenity spaces.
14. Commissioning consultants to carry out the technical assessment which this option requires, which will be costly, is not deemed to be value for money when the outcome will fall short of the accommodation standards which the Council has adopted.

Option 4- Demolish and redevelop the site for new build Council housing

15. The site has a minimum capacity to develop 4 x 2bed flats and 5x 3 bed houses for General Needs letting. This would cost in the region of £1.2m and would generate a surplus over 50 years of £464,000
16. There are no opportunities for unit gain from bringing areas adjoining the site into the redevelopment. The field to the west is owned by the Council but it is designated Green Belt land. The area of Council housing to the east has 4 bed houses which should be retained and a number of Right to Buy properties would need to be repurchased. The extension of the site is therefore not viable and has not been included in the assessment of options in this report.
17. If this option is pursued, the aim would be to redevelop the site in the first phase of the HRA new build programme. Approval for the development programme will be sought from City Executive Board later in 2015 and, subject to successful procurement, works would start 12 months later. There are no provisions in the current HRA business plan for new build until 2016/17.

#### Option 5 – Dispose on the open market

18. The indicative value of the site is included in Confidential Appendix1. There is a covenant on the site in favour of the Oxford Preservation Trust that it can only be used for the building of Council homes and this will impact negatively on this and reduce the value.

#### Option 6 – Externally lease the property, as is, to another provider

19. The existing flats could be let for a commercial return on a lease of an appropriate length but this would mean the Council carrying out the upgrading works asset out in section 1 of the Options Appraisal and the Council would be unable to meet its objective of developing affordable housing to meet housing need.
20. It is possible that a partner organisation may be identified who may want to lease the property for a short term, fixed period. If let for a 1 year term at social rent, this could generate in the region of £60,000.
21. Officers will need to explore this option because it may be possible to accommodate the short term use in tandem with other options, such as in pre contract periods under Option 4. If the pre contract timetable for redevelopment was sufficiently firmed up, and the lead in period long enough to make a short lease worthwhile taking, then consideration would be given to deferring the demolition tender. Executive Board is recommended to grant delegated authority to the Head of Housing and Property to negotiate a short term arrangement if it is feasible and to the Council's advantage to do so.

#### **Recommended Option**

22. Option 4 is recommended, subject to an overall affordability check, because it fits with the Council's new build ambitions and with the new HRA investment programme, there is the prospect of early delivery of the units if the site is included in the next development phase.
23. The aim would be to demolish Cumberlege House as soon as it is vacated to prevent any adverse attention. City Executive Board is asked to approve demolition in principle and to instruct the Head of Housing & Property to procure the contract to allow works to start either as soon as the property is vacated and the overall HRA financial position is reassessed or at the expiry of any lease with another provider.

### **Legal Issues**

24. Any short term use would be secured through a short fixed term lease which would be outside secure tenancy protection. In regard to the build, an appropriate contract would need to be let with a building contractor following a suitable competitive procurement exercise.

### **Financial Issues**

25. The new Government is progressing legislation that will extend the Right to Buy to Housing Associations. Associated with this will be the requirement for all councils with retained housing stock to sell the most expensive properties as they become vacant. Some of the proceeds of these sales will be used to recompense Housing Associations for the discounts they will have to award under the legislation. There will therefore be an impact on the Council's HRA business plan which, until more details are published of the proposals, cannot be fully quantified, however it is clear that the legislation will have a detrimental effect on the Council's HRA Business Plan and therefore upon its existing HRA priorities.
26. There is no assumption around the amount of capital receipt arising from the disposal of this site in the financing of the Council's capital programme.
27. Spend on new build development on the site will be contained within the cost envelope for the HRA new build programme.
28. Any loss in rental income from redevelopment is within income tolerances of the HRA Business Plan and would be mitigated to some degree by the additional new build units developed.

### **Environmental Impact**

29. The replacement of older housing stock with new thermally efficient housing will deliver significant carbon reduction. The tenants of the new housing will also benefit from fuel efficient heating which will address fuel poverty and increase sustainability on a number of fronts

**Level of Risk**

30 A risk register is attached as Appendix 2

**Equalities Impact**

31. An Equalities Impact Assessment is attached as Appendix 3

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