

<b>Subject:</b>	<b>HRA Stock Review: delivering Temporary Accommodation – Stonehurst Court</b>		
<b>Date of Meeting:</b>	<b>18 January 2017</b>		
<b>Report of:</b>	<b>Executive Director Neighbourhoods, Communities and Housing</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Simon Pickles</b>	<b>Tel: 29-2083</b>
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<b>Ward(s) affected:</b>	<b>Hanover and Elm Grove</b>		

**FOR GENERAL RELEASE****1. PURPOSE OF THE REPORT**

- 1.1 The purpose of this report is to update members on the progress made with the closure of the seniors housing scheme, called Stonehurst Court, over the last 12 months and make a recommendation for the site's long term future use.
- 1.2 The HRA Asset Management strategy, aligned to the overall Housing Strategy, has been reviewed (following detailed consultation) and now expressly supports the provision of new homes through ongoing stock review and investment as well as improving the quality of existing homes. This has manifested itself through conversions and the hidden homes programme as well as identifying opportunities for the New Homes for Neighbourhoods programme. The Housing Strategy sets out the detailed housing challenges across the City. It has 3 key priorities: improving housing supply; improving housing quality and improving housing support.
- 1.3 This report also supports objectives of the Fairness Commission to increase the availability of affordable housing and address homelessness.
- 1.4 When members considered the de-commissioning report in September and November 2015 support was expressed for the site's future use as Temporary Accommodation for people to whom we have a duty to accommodate.
- 1.5 Our Neighbourhoods, Communities and Housing Budget Strategy includes the potential development of new Temporary Accommodation through commissioning a council housing stock review to deliver conversions of existing under-used or unused buildings or spaces into Temporary

Accommodation. This will achieve savings against the costs of procuring more expensive accommodation from the private market either through existing dynamic purchasing frameworks or spot purchase. This approach has already commenced on a pilot basis at the largely vacant Stonehurst Court and a business case is currently being developed to roll out further with savings being delivered in 2018/19.

## **2 RECOMMENDATIONS**

That the Housing & New Homes Committee:

- 2.1 Agrees that the core part of the scheme be converted from 20 studio flats into 10 x 2 bedroom family houses, for initial use as good quality Temporary Accommodation for households to whom we have a duty to accommodate, with the potential in the future to use the homes as general needs stock to meet the needs of families waiting on the housing register.
- 2.2 Agrees that the 6 flats which are part of the street frontage on Down Terrace be reclassified as general needs housing, while ensuring the existing tenants (3) continue to receive support from Carelink and mobile sheltered support as necessary.
- 2.3 Notes that a budget of £1.044 million is included in the Housing Revenue Account Budget and Investment Programme 2017/18 and Medium Term Financial Strategy report, also being reported to this Committee.

## **3 CONTEXT/ BACKGROUND INFORMATION**

- 3.1 At the September 2015 Housing Committee, members approved that tenants of the seniors housing scheme at Stonehurst Court be consulted on its closure, because the scheme did not provide suitable or viable sheltered housing (poor accessibility and layout).
- 3.2 At the November 2015 meeting, members approved the recommendation to close the scheme. Members also approved a recommendation, which tenants had suggested during consultation, that tenants could choose to remain in, or move to, the flats which are part of the street frontage along Down Terrace (6 of the 26 studio flats on the site).
- 3.3 At the November 2015 meeting, members also agreed to make short term use of the vacated flats for households to whom we have a duty to accommodate.

3.4 There are significant housing pressures facing the Council, which means it is imperative to make the best long term use of this available site, in the shortest period of time. A number of options are considered in this report.

3.5 The properties themselves are in a generally reasonable condition. A photograph and map are included at Appendices 1 and 2.

**3.6 The process of closing the scheme over the last 12 months:**

Through intensive one to one support, disturbance payments and priority access to empty council properties becoming available, all the moves have now taken place, in accordance with tenant preferences. The final move took place on 16<sup>th</sup> October 2016.

Three tenants have chosen to move to or stay on the street fronting part of the scheme (6 flats on Down Terrace), which will not be affected by future options for this site.

**3.7 Temporary Accommodation:**

In order to meet demand for Temporary Accommodation (TA) 10 empty flats have been prepared and let to households to whom we have a duty to accommodate.

**4. FUTURE LONG TERM OPTIONS FOR STONEHURST COURT**

**4.1 The development options to meet housing needs at this scheme in the future**

The following options are considered in this report for the long term future use of the scheme (excluding Down Terrace):

Option 1	Demolish the buildings and redevelop the scheme with 11 new homes for use as general needs housing or Temporary Accommodation.
Option 2	Demolish the buildings and redevelop the scheme with 14 new homes for use as general needs housing or Temporary Accommodation.
Option 3	Retain the buildings, converting them into 10 x 2 bedroom houses for use as general needs housing or Temporary Accommodation
Option 4	Retain the buildings, bringing the 20 studio flats (including one communal facility) up to Decent Homes standard for use as general needs housing or Temporary Accommodation for people to whom we have a duty to accommodate.
Option 5	Disposal of this HRA asset on the open market: this option is <b>not</b>

	pursued within this report given the pressures that exist to deliver additional Temporary Accommodation and general needs housing in support of the Housing Strategy. The current asset value of each unit is £119,500 (open market value), as per the valuation carried out for the 2015/16 statement of accounts. This figure would be significantly reduced if selling on an existing use basis. If this option were being considered it would require an independent valuation if the site.
Option 6	Disposal of this HRA asset to a Registered Provider (Housing Association) partner to redevelop the site: this option is <b>not</b> pursued within this report given the capability and control the council has, as a provider, to make the best use of this site. In the current market Housing Associations will consider development but are unlikely to wish to pay the value of the asset.

#### 4.2 Options 1-4 are now considered in more detail below:

	Content	Financial summary	Pros and cons
<b>Option 1:</b>	11 new homes	Total Scheme Costs: £2.839m  <b>Funded by:</b> Borrowing: £2.904m  HRA Surplus:£0.065m  Total Cost per unit: £0.258m  Rent levels assumed at LHA rates.	<b>Pros:</b> There is a design and construction partnership already in place to deliver such a project.  TA service and Homemove need more family-sized accommodation.  <b>Cons:</b> Delivery timescale, including planning application.  High cost compared to conversion options.  Reduction in existing number of units.
<b>Option 2:</b>	14 new homes	Total Scheme Costs: £3.081m  <b>Funded by:</b> Borrowing: £3.254m HRA Surplus:£0.173m  Total Cost per unit: £0.220m Rent levels assumed at LHA rates.	<b>Pros:</b> There is a design and construction partnership already in place to deliver such a project.  TA service and Homemove need more family-sized accommodation.  <b>Cons:</b>

			<p>Delivery timescale, including planning application.</p> <p>High cost compared to conversion options below.</p> <p>Reduction in existing number of units.</p>
<b>Option 3:</b>	10 converted homes	<p>Total Scheme Costs: £1.044m</p> <p><b>Funded by:</b> Borrowing (net rent): £0.935m</p> <p>HRA Subsidy: £0.109m</p> <p>Total Cost per unit: £0.104m</p> <p>Rent levels assumed at current council tenant rates (the Council rent regime for existing properties applies to residential conversion projects).</p>	<p><b>Pros:</b> Short contract duration.</p> <p>There is a design and construction partnership already in place to deliver such a project. Low cost compared to the demolition and rebuild options.</p> <p>TA service and Homemove need more family-sized accommodation with garden, creating savings for the General Fund.</p> <p>Subject to written confirmation from the planners, it is not expected that planning consent is required.</p> <p>Should the need for TA family homes ever reduce significantly, the converted homes could be made available to general needs applicants.</p> <p><b>Cons:</b> Reduction in existing number of units.</p>
<b>Option 4:</b>	20 existing studios	<p>Total Scheme Costs: £0.550m</p> <p><b>Funded by:</b> Borrowing (net rent): £1.694m</p> <p>HRA Surplus: £1.144m</p>	<p><b>Pros:</b> Speed of delivery - there is a repairs and maintenance partnership already in place to deliver such a project.</p>

		<p>Total Cost per unit: £0.028m</p> <p>Rent levels assumed at current council tenant rates (the Council rent regime for existing properties applies to conversion projects).</p>	<p>Low cost compared to all other options.</p> <p>Retaining existing number of units.</p> <p>No requirement for Planning Consent.</p> <p>Savings to General Fund (from use as TA)</p> <p><b>Cons:</b> High concentration of small TA units may be hard to manage.</p> <p>Does not meet need for family sized accommodation.</p>
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## 5 COMMUNITY ENGAGEMENT & CONSULTATION

5.1 The surrounding community will be consulted as part of any Planning Application that is required.

5.2 Ward members have been kept informed of the process of closure and attended the tenant consultation meetings.

5.3 The Central Area Panel was consulted on 30<sup>th</sup> November 2016. One view was that we could provide a mixture of two bedroom houses and studios. In response, another view supported the proposal because studios were already provided on Down Terrace (the street-fronting part of the scheme).

## 6 CONCLUSION

The proposed conversion into 10 x 2 bedroom houses, offers good value, the opportunity to deliver modernisation of the homes, and a relatively swift solution to meet the pressing need for good quality, family sized Temporary Accommodation for the households to whom we have a duty to accommodate.

## 7 FINANCIAL IMPLICATIONS

7.1 Paragraph 4.2 includes the financial modelling for the first four options considered in this report. The last two options have not been considered because the demand for the provision of Temporary Accommodation or affordable housing is too great.

7.2 For all options considered in this report the council cannot utilise any Right to Buy receipts. The Right to Buy pooling guidance only allows funding for the provision of additional affordable units. None of the options stated are increasing the number of affordable units available for let.

7.3 As per the recommended option in 2.1 to convert the existing 20 units back to their former use as 10 x 2 bedroom houses to be let as Temporary Accommodation or General Needs, financial viability modelling was undertaken. There is an estimated total cost of £1.044 million and the net rental income from this option supports borrowing of £0.935 million. This leaves a small subsidy requirement from existing HRA tenants of £0.109 million. As with previous conversions carried out by the HRA the rent levels have been assumed to be at the same rate as existing council tenants' rents. The required budget £1.186 million is included in the capital programme in the Housing Revenue Account Budget and Investment Programme 2017/18 and Medium Term Financial Strategy report, also being reported to this committee.

7.4 Making use of the site as Temporary Accommodation will reduce cost pressures in the general fund as these units will have a nil cost to the general fund because housing benefit (where applicable) will cover the rental costs. The net cost to the general fund for other forms of Temporary Accommodation currently ranges in price from some small surpluses per week for privately leased accommodation (these are becoming increasingly difficult and more expensive to procure) through to an average of £213 per week for the most expensive emergency accommodation. Therefore annually this option could reduce General Fund costs by up to £0.111m. The General Fund budget for Temporary Accommodation is currently under pressure and is forecast to overspend in 2016/17 by £0.711m (as at month 7).

7.5 The shortage of supply of affordable accommodation in the City together with the implementation of further welfare reforms mean that the pressure on the Temporary Accommodation budget will continue for 2017/18, so any extra low cost units of accommodation will help mitigate this pressure.

*Finance Officer Consulted:* Craig Garoghan, Accountant. Date: 04/11/16

## **8 LEGAL IMPLICATIONS:**

8.1 The council has wide powers under the Housing Act 1985 to provide housing accommodation by erecting houses or converting buildings.

8.2 Options 1 – 4 are clearly within the council's powers. Any option which involves the disposal of the land will require approval by Policy, Resources and Growth Committee.

*Lawyer consulted:* Liz Woodley

Date: 23/11/16

## 9 OTHER IMPLICATIONS:

### 9.1 Equalities Implications:

The converted or new properties will conform to the accessibility standards set in the Building regulations.

### 9.2 Sustainability Implications:

The converted or new properties will conform to the sustainability standards set out in the Building Regulations.

### 9.3 Risk and Opportunity Management Implications:

There is a range of options for meeting new housing needs on this site. Modernisation of the dwellings will include installation of modern fire protection and early warning systems appropriate for the accommodation design and use.

### Enclosures:

Appendix 1: aerial photograph of the scheme.

Appendix 2: Localview map of the site

## Appendix 1



This aerial photograph shows the core part of the scheme (5 buildings in a semi-circle) and the Down Terrace element along the street front (6 studio flats which do not form part of the future proposals, as promised at the tenant consultation stage).

