

APPENDIX S

WAVERLEY BOROUGH COUNCIL

COMMUNITY OVERVIEW & SCRUTINY COMMITTEE – 12 JANUARY 2009

EXECUTIVE – 3 FEBRUARY 2009

Title:

FUTURE USE OF HOUSING REVENUE ACCOUNT PROPERTY IN FARNHAM

[Portfolio Holder: Cllr Richard Gates]

[Wards Affected: Farnham, Wrecclesham and Rowledge]

Note pursuant to Section 100B (5) of the Local Government Act 1972

[Exempt] Annexe 2 to this report contains exempt information by virtue of which the public is likely to be excluded during the item to which the report relates, as specified in Paragraph 3 of the revised Part 1 of Schedule 12A to the Local Government Act 1972, namely:-

Information relating to the financial or business affairs of any particular person (including the authority holding that information).

Summary and purpose:

The Council owns a property in Farnham that previously has been used as temporary accommodation for homeless households (a location plan is attached as Annexe 1). This report, which was considered by the Community Overview and Scrutiny Committee at its meeting on 12 January 2009, proposes that the Council disposes of the property to a Registered Social Landlord approved by the Council in order to provide a mix of general needs affordable subsidised housing and flexible use affordable subsidised housing. This will help the Council prevent homelessness, work towards the Council's corporate priority of providing subsidised affordable housing and generate a capital sum for the Housing Revenue Account.

How this report relates to the Council's Corporate Priorities:

This report relates to the corporate priorities of Subsidised Affordable Housing, Value for Money, Improving Peoples lives and Environment. There is a considerable need for affordable housing in Waverley and despite the Council's good work to reduce numbers in temporary accommodation there is also the need to have flexible accommodation options to help address the potential growth in homelessness resulting from the credit crunch. In addition, the Council as a landlord faces considerable challenges in bringing its stock up to meet the Decent Homes Standard. The capital receipt arising from the proposed sale will be available to invest in the homes of other tenants. It is well documented that decent homes promote health, educational attainment, community safety and social well-being. Refurbishing the existing Marshalls building is a more sustainable option than to demolish and rebuild, upgrades a building which is currently standing empty and provides an opportunity to make the building more energy efficient.

Equality and Diversity Implications:

The Council is required to let social housing in accordance with Equal Opportunities legislation. Those seeking accommodation assistance can be a wide range of people but they particularly include some of the most vulnerable and disadvantaged in the community

Resource/Value for Money implications:

By disposing of this property (which in its current form is not ideally suited either as homelessness accommodation or as general needs accommodation) the Council will avoid the need for significant capital investment in this one property. This is at a time when HRA capital resources are under increasing pressure; and the Council will receive a capital receipt, which if used for the Decent Homes programme works can be utilised at 100%. An indicative valuation is detailed in [Exempt] Annexe 2.

Legal Implications:

The legal implications relate to the disposal of a dwelling at Marshalls, Weydon Lane Farnham, to a Registered Social landlord and the related planning implications.

Introduction

1. The Council has owned a property called 'Marshalls', Weydon Lane, Farnham for many years. It comprises of ten self-contained bedsits; a one-bedroom self-contained flat; a small office and communal room. There are also 13 undercroft garages. Whilst the building is structurally sound, the bedsits themselves are in need of renovation and upgrade.
2. Marshalls was originally constructed for use as temporary accommodation for homeless households. For many years this property has been used for this purpose.
3. In recent years, however, the Council has been successful in dealing with homelessness by helping people to move into more suitable accommodation in the private sector or helping them access appropriate supported accommodation. As a result, the Council has not needed to use Marshalls for just over a year.
4. In some respects this is good news because households are being found more appropriate accommodation to meet their needs. It also helps the Council meet the Government target of reducing the number of households in temporary accommodation. On the other hand, the Council is losing rental income and the property is not being used to its best advantage. However, to bring the property into an alternative use, it would be necessary to undertake significant refurbishment/redevelopment works at considerable cost. Given the very difficult financial situation in which the Housing Revenue Account finds itself, it is difficult to justify significant capital expenditure on this property.

5. An alternative route would be for the Council to work with a Registered Social Landlord to bring the property into use as affordable housing. Housing associations have more freedoms than local authority landlords to secure finance from the Homes and Communities Agency (formerly the Housing Corporation) and private sector to fund developments.
6. In order to help explore the best way forward, the Housing Portfolio-holder agreed that eight local Registered Social Landlords operating within the Waverley area should be approached to give an indication of what they would do with Marshalls, if the Council were minded to transfer the property to them.
7. The Council's objectives were to:
 1. bring the property back into use;
 2. provide 'affordable housing' for people in housing need;
 3. provide a proportion of flexible use accommodation to let on assured shorthold tenancies;
 4. bring the property up to an acceptable standard;
 5. secure a capital receipt for the Council's HRA – which we can use to invest in meeting the Government's Decent Homes Standard in our own housing stock; and
 6. secure nomination rights to these homes.
8. In the event two Registered Social Landlords responded with firm proposals to the Council's invitation to consider acquiring the property. Following an evaluation of the bids one delivered the largest capital receipt as meeting the requirements of the brief more closely. Headline details of the bid is attached at [Exempt] Annexe 2 to this report.

Risk Issues

9. The Council remains a local housing authority with a statutory duty to deal with homelessness and homeless households. The Council has been able to deal effectively with homeless households – in particular by using the private rented sector in a more proactive way. We have therefore been able to reduce our reliance on using temporary accommodation in Waverley's ownership.
10. In the present property and economic down-turn it is entirely possible that the Council will see, over time, more households approaching the Council as homeless and needing temporary accommodation. As a result officers are proposing a mixed-use scheme. This will provide both assured ('permanent') tenancies and flexible use assured shorthold tenancies that can be offered to households for whom that the housing options team have not yet been able to secure an alternative accommodation option to help prevent homelessness.
11. Such a mixed-use scheme will mitigate the risks associated with disposing of a property previously used to help accommodate homeless households as well as, subject to planning, provide a modest increase in the number of units.
12. Prior to effecting any transfer of the property to a registered Social Landlord the Council will need to obtain consent of the Secretary of State under the

Local Government Act 1972, but it is anticipated such consent should be forthcoming.

13. Under this proposal notice would need to be served to terminate the garage licences that are currently rented out. The occupiers have no security of tenure and the Council only needs give ones week's notice. Should the Council agree to the disposal of Marshalls, the garage tenants will receive a longer notice period whilst the property is being conveyed to the Registered Social Landlord.

Resource/Value for Money Implications

14. The Council's Housing Revenue Account is under significant pressure – both for capital and revenue. A capital receipt to reinvest in the Council's retained housing stock would be welcome indeed. Any receipt arising from the sale of a property on the open market can be retained so long as it is invested in the Decent Homes Standard works – as would be our intent.
15. Keeping properties empty for a long-period is not value-for-money in the long term because of the rental loss, the empty homes Council Tax that has to be paid and the costs associated with managing an empty building. In addition the property can increasingly become a target for vandalism.
16. The indicative capital receipt that will accrue to the Council is detailed in the [Exempt] Annexe 2 to this report. It should be noted that the Council could potentially generate a larger capital receipt by releasing the property for sale on the open market, rather than making it a requirement that the property be used for affordable housing. One of the Council's Corporate Plan objectives is to secure more subsidised affordable housing – and by making it a condition of the sale of this property that it be used for affordable housing we are pursuing the Council's wider objectives. The current market conditions mean that the Council might not achieve the best capital return on the open market in any event.
17. The approach being taken is consistent with the Council's approved HRA Asset Management Strategy.

Conclusion

18. The bid from Mount Green Housing Association provides the Council with the ability to bring Marshalls back into use for affordable housing for people in housing need and help protect the Council's ability to tackle homelessness. The property will be converted (subject to planning permission) to create in the region of 14-15 units. The Council would also achieve a capital receipt that it can then reinvest in helping to meet the Decent Homes Standard within its own housing stock.

Community Overview and Scrutiny Committee

19. The Community Overview and Scrutiny Committee agreed the officer recommendation as set out below.

Recommendation

It is recommended that the Executive:

1. approves the disposal of Marshall's Weydon Lane, Farnham, to Mount Green Housing Association on terms to be negotiated by the Council's Estates and Valuation Manager, which include that the building is to be used as a mixed scheme of affordable housing to which the Council will receive nomination rights; and
2. that the capital receipt from the sale of this property be applied to contribute toward achieving the Decent Homes Standard in the remaining Council housing stock.

Background Papers (SDoCS)

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

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