

CABINET (HOUSING) COMMITTEE – 19 JUNE 2013

LOFT CONVERSIONS AND EXTENSIONS

REPORT OF ASSISTANT DIRECTOR (CHIEF HOUSING OFFICER)

Contact Officer: Richard Botham Tel No: 01962 848421
rbotham@winchester.gov.uk

RECENT REFERENCES:

CAB2445(HSG) – Housing Revenue Account Budget 2012/14 and Business Plan 2013/14 to 2043/44 - 30 January 2013

EXECUTIVE SUMMARY:

The current Housing Revenue Account (HRA) capital programme makes provision of £200,000 in 2013/14 to commence a programme of adapting existing properties where tenants are lacking in bedroom space. The business plan makes ongoing provision for this level of expenditure from 2014/15 onwards

The current programme has identified 15 properties suitable for adaption although not all works required can be funded within existing resources.

The Committee is asked to consider whether it would prefer to defer some schemes to 2014/15 or whether all should proceed through design/planning and commissioning phases and that officers be asked to review the potential to revise the HRA to fund all works within the current year.

RECOMMENDATIONS:

- 1 That progress with the current programme be noted.
- 2 That the Committee approve, for the purposes of Financial Procedure Rule 6.4, total spending of £400,000, of which £200,000 is currently funded in 2013/14 and £200,000 in 2014/15.
- 3 That a report on progress with the schemes and the requirement to bring forward, if required, budget provision from 2014/15 or to vire resources from other budgets be considered by the Committee in November 2013.

- 4 That the Committee considers whether a financial cap on the cost of any single adaptation is appropriate.
- 5 That the Committee consider the options in paragraph 3 and determine how they wish to programme to proceed.

CABINET (HOUSING) COMMITTEE – 19 JUNE 2013

LOFT CONVERSIONS AND EXTENSIONS

REPORT OF ASSISTANT DIRECTOR (CHIEF HOUSING OFFICER)

DETAIL:

1 Introduction

- 1.1 The current Housing Revenue Account (HRA) capital programme makes provision of £200,000 in 2013/14 to commence a programme of adapting existing properties where tenants are lacking in bedroom space. The business plan makes ongoing provision for this level of expenditure from 2014/15 onwards.
- 1.2 Initial surveys have been completed and a programme of proposed works prepared, although unsurprisingly it is over-subscribed. This report details progress with the programme to date and seeks to establish how best to determine priorities for the programme.

2 Progress to Date

- 2.1 A review of the Hampshire Home Choice Register identified 40 households who all had additional bidding priority due to being assessed as lacking in bedroom space. All were approached to see if they would consider remaining at the property if additional bedrooms could be provided and 25 expressed an interest in adapting their property. All properties were surveyed. 15 have been identified as suitable for conversion, although in only 3 cases is a loft conversion considered to be the best option (due either to limited head room, roof structure or the impact on first floor bedrooms). In the other cases, an extension is preferable and provides more flexible accommodation (albeit at a higher cost).
- 2.2 In all cases, rents will increase, as the rents formula will be based on increased bedroom numbers and there is very likely to be a higher valuation on the properties as they have more bedrooms. All tenants have been made aware of this and still wish to proceed. Some still have some reservations about the proposals and may choose not to proceed once full detailed plans are prepared. The additional bedroom space is likely to result in rent increases averaging 7-8%. Based on a "net present value" economic assessment, this may support a spend per property in the region of £12,000 to £13,000. However, to date, the programme has not been developed on economic arguments but more on the social benefit to families. Accurately assessing the "value" of additional bedroom space to a family is subjective, although with the provision of a new family house estimated at £150,000, adapting existing properties to meet housing need clearly has economic advantages. The more expensive any individual adaptation is, the fewer schemes can be completed overall. The current policy for Disabled Adaptations caps spend on any one adaptation at £30,000 and the Committee

is requested to consider whether a similar approach for these schemes is reasonable or whether a link to more economic based values is more appropriate.

- 2.3 The cost of building works for all 15 proposals are estimated at £300,000 (costing between £12-30,000 each). Additional fees, potential party wall costs etc could add £45,000 to this. These costs are based on providing the minimum possible additional space, although all proposals ensure that all bedrooms are at least 6.75 square metres. If the Council was to provide double (10 square metres minimum) rather than single rooms wherever possible, this would add another £40,000 to this cost. Ideally, a budget of £400,000 would allow 15 schemes to be completed to a high standard and with double rooms wherever possible.
- 2.4 At previous meetings, the Committee has suggested that additional resources to supplement the programme should be identified. It is clearly possible to re-balance other elements of the Repairs programme by delaying investment in elements such as kitchens, windows etc. However, it should be noted that the Council's latest approved New Homes Delivery programme is significantly over-subscribed and it could equally be argued that any flexibility should focus on this programme ahead of loft conversions/extensions.

3 Funding the Proposals

- 3.1 In reality, it is unlikely that all schemes will proceed to completion for a variety of reasons discussed below. It is recommended that, subject to the Committee's views on the options set out below, all schemes are commissioned and that progress is reported back to the Committee in November 2013, when the potential for bringing forward an element of the 2014/15 budget provision or virement of other budget provision can be considered if required.
- 3.2 4 of the schemes are more expensive (in excess of £25,000). As these larger schemes will be subject to planning consents and will take longer to commission, some or all may not commence on site until late in this financial year or early in the next financial year anyway. It may be possible to deliver most, if not all, of the 11 other schemes in the current year within existing resources. The 3 loft conversions, for example, are unlikely to require planning permission and some extensions are more straightforward than others. However, all could argue they have equal priority.
- 3.3 Other options for delivering and/or controlling the programme include:
- a) Commence all schemes and bring forward revised budget proposals in November 2013 in an attempt to fund the whole programme within 2013/14 (with the caveat that some schemes may need to be delayed if additional funding cannot be secured).
 - b) Limit any provision to small single bedrooms only. This approach will allow more to be completed within existing resources, although

obviously larger rooms will provide more flexible and useable living space.

- c) Not proceeding with proposals that do not meet housing need fully – one proposal is very expensive due to a sloping site and will cost £30,000 to add a single bedroom extension, although the family will still be lacking in bedroom space. A double room is not technically possible. The additional space will be useful for the family, although a move to a larger property remains a better option (the family are desperate to stay and accept the limited options they have).
- d) Commencing all schemes but not formally commencing physical works until any outstanding tenancy issue is addressed. Some of the 15 properties are subject either to rent arrears or are subject to breaches of tenancy conditions regarding the state of the property and/or gardens. Tenants should arguably be expected to resolve any such outstanding issues before works commence.

3.4 As stated above, with some tenants still considering their options regarding property adaptations, it is not clear whether all schemes will reach completion. That, added to some of the additional options detailed above (particularly d) and e)) could well bring the total cost of schemes and available resources back in balance in 2013/14.

4 Timing

4.1 All proposals are now ready to proceed to full design stage. The proposed process from now will be:

- | | | |
|----|---|-------------|
| a) | Commission a surveying consultant - | June 13 |
| b) | Detailed Design, pre-planning and tenant consultation | July/August |
| c) | Planning/building control - | Sept/Oct 13 |
| d) | Tendering (could run concurrently with Planning, at risk) | Nov 13 |
| e) | Start on Site (subject to contractor availability) | Jan 14* |

* (this could be sooner if Planning not required)

5 Tenant Liaison

5.1 All 15 tenants affected have been visited by Housing Management staff to discuss a range of issues including:

- a) Impact of works
- b) Impact of new layout on lifestyles and on other elements of the property (bedrooms, storage, gardens etc)
- c) Potential for increased rents

5.2 These discussions will continue throughout the process and it is likely that one or more will either pull out or secure alternative housing. In each case, every effort has been made to match tenant choice and preferences with the final proposal.

6 Proposals for Future Years

- 6.1 Subject to the views of the Committee on the options set out in 4.1 above, it is proposed to review the housing register and approach any additional applicants who have been added to the list since last year to see if there is additional demand for adaptations in 2014/15.
- 6.2 It is also proposed to identify those properties which lend themselves to easy adaptations (large roofs for conversion, large gardens and side plots for extension) and to undertake works when they become void to increase the provision of larger family homes in the district. Clearly, resources are currently very limited for such work, although future reviews of the business plan will consider options for how this could be funded over and above existing budget provision.

OTHER CONSIDERATIONS:

7 SUSTAINABLE COMMUNITY STRATEGY AND CHANGE PLANS (RELEVANCE TO):

- 7.1 The proposals form part of the commitment to address housing need in the Active Communities Change Plan.

8 RESOURCE IMPLICATIONS:

- 8.1 These are mainly covered in the main body of the report. If Members wish to agree all the applications and if all the tenants decide to have the works done, then the total potential cost is approximately £400,000. This would utilise all the current budgets for 2013/14 and 2014/15. The recommendation to approve this level of spending under Finance Procedure Rules assumes this is the preferred approach. As noted above, it may be necessary to consider bringing forward some of the 2014/15 budget provision but this will be considered later in the year when better information is available about the progress of these schemes.

9 RISK MANAGEMENT ISSUES

- 9.1 It is not proposed to decant families whilst works are in progress although any risk will be properly managed in accordance with standard health and safety regulations.
- 9.2 There is clearly a risk for unforeseen costs with such proposals and this will require careful project planning and the support of structural engineers where appropriate.
- 9.3 The existing Housing team has no specific resource to deliver this programme. It is proposed to appoint specialist surveying consultants to support the delivery and supervision of the works.

10 TACT COMMENT

- 10.1 TACT fully supports proposals for adapting properties where families are overcrowded and are keen to see progress with this project. If at all possible, we urge the Council to provide double rooms where space allows and that the existing budget be revised to ensure all schemes can proceed.