

CABINET (HOUSING) COMMITTEE

1 OCTOBER 2014

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, dated 30 January 2013

CAB2490 – Loft Conversions and Extensions, dated 18 June 2013

EXECUTIVE SUMMARY:

The current Housing Revenue Account (HRA) capital programme makes provision of £200,000 per annum to fund a programme of adapting existing properties where tenants are lacking in bedroom space. A number of schemes identified in 2013/14 are now underway, although some have been priced above the limits agreed in June 2013. A number of additional schemes have also been identified to be funded in the current year. Potential schemes for the 2015/16 will be identified shortly. This report highlights some of the challenges/learning experiences from the first year and also recommends that financial limits be reviewed.

RECOMMENDATIONS:

- 1 That progress with the current programme be noted and that the proposal that the programme focus more on extensions rather than loft conversions be approved.
- 2 That approval be given to proceed with the five schemes detailed in paragraph 2.3.
- 3 That financial limits for future schemes be amended to £40,000 for a one bed adaptation or £50,000 for a two bed adaptation.
- 4 That the Assistant Director (Chief Housing Officer) be given delegated authority to approve a final tender that exceeds the financial limits by 10%, provided that it is the lowest tender and that the total cost of schemes in any one year does not exceed the capital programme provision for that year.

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DETAIL:

1 Introduction

- 1.1 The current Housing Revenue Account (HRA) capital programme makes provision of £200,000 per annum to fund a programme of adapting existing properties where tenants are lacking in bedroom space.
- 1.2 Schemes that meet the criteria approved by the Committee in June 2013 (CAB2490(HSG) refers) were identified for the first year of the programme, although some final tenders have come back significantly above initial estimates. This report seeks to clarify the criteria, particularly in relation to financial limits.
- 1.3 As stated above, the scheme is only available to households who are registered on the Hampshire Homechoice system and that have been assessed as lacking at least one bedroom. In addition, criteria for the scheme approved in June 2013 included:
 - a) That a financial cap of £30,000 be placed on the cost of any single adaptation, with Committee approval being sought for any scheme in excess of this.
 - b) That, if tenants are in arrears, an adaptation only be approved if a robust repayment scheme was in place and being adhered to.
 - c) That schemes should not progress until any notices with regard to breach of tenancy had been addressed or withdrawn.

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 were identified as suitable for conversion, although in only 3 cases was 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 was preferable and provided more flexible accommodation (albeit at a higher cost).

- 2.2 Following a number of meetings with tenants and further survey work, the initial list reduced to only 6 schemes, mainly due to tenants deciding that additional rooms did not overcome other shortcomings with their properties (small reception rooms for example).
- 2.3 However, of the 6 schemes, none of the final tenders came back within the £30,000 limit approved by the Committee. Whilst 4 were only marginally above the limit, 2 were over £40,000, one of which offered only very marginal improvements to the property. This report recommends that 5 schemes proceed in spite of the final tender prices. Options for the most expensive scheme, which offered only limited improvements to the property, are under review with a view to providing more space, albeit at costs in excess of £40,000. The report also recommends that the limits be reviewed and also be used as a guide rather than an absolute maximum. The five schemes that are ready to start on site include:
- a) Heathlands, Shedfield - £33,148
 - b) Fivefields Road, Highcliffe - £37,416
 - c) Milland Road, Highcliffe - £42,129 (2 rooms)
 - d) Garbett Road, Winnall - £39,412
 - e) Gordon Avenue, Stanmore - £31,642
- 2.4 The review of the list for additional schemes for the second year of the programme has also been undertaken and initial survey visits completed. This has identified a further 6 opportunities, most of which will be cheaper schemes than year 1 due to the physical nature of the properties included and the fact that more straightforward adaptations are possible. These include:
- a) Milland Road, Highcliffe – rear extension - £18,000
 - b) Chatham Rd, Stanmore - loft conversion - £27,000
 - c) Beggars Lane, Winchester - garage conversion - £ 7,000
 - d) Couch Green, Martyr Worthy - Side extension - £35,000
 - e) Heathlands, Shedfield - Single storey extension, £18,000
 - f) Buddens Rd, Wickham – Adapting existing rooms - £ 5,000

3 Review of Financial Limits

- 3.1 The fact that all tenders have come back in above the £30,000 limit is considered to be a result of the current state of the construction market. A general increase in tender prices has been noted across a number of services and in particular for extensions included within the Disabled Adaptation schemes.
- 3.2 It has to be accepted that once a scheme has been subject to a competitive tender, a significant amount of tenant expectation has already been raised.
- 3.3 Also, in hindsight, the £30,000 limit took no account of where a family may be lacking two bedrooms.

- 3.4 In light of the experience of the first year of the scheme, it is recommended that the financial limit be increased to £40,000 for one bedroom schemes and £50,000 for two bedroom schemes and that any scheme where initial survey estimates exceed these costs does not proceed to tender. However, in light of the current construction market, it is also recommended that the Assistant Director (Chief Housing Officer) be given delegated authority to accept a lowest tender that is within 10% of the financial limits, subject to the total cost of schemes being within the overall capital programme provision for loft conversions and extensions for that year.

4 Nature of Adaptations

- 4.1 Whilst loft conversions may be appropriate in certain cases, the schemes that have come forward in the first two years of the programme have demonstrated that in the majority of cases, a ground floor extension may well be more appropriate. With many loft conversions, the impact of additional stairs on the existing first floor rooms is significant. With many properties, additional bedrooms will not overcome the limited space available on the ground floor.
- 4.2 Whilst tenants may initially prefer the option of a loft conversion, it is important for the Council to consider the longer term impact of adaptations on existing properties.
- 4.3 If the programme is to continue, it is recommended that it should focus on ground floor extensions where ever possible. This option affords the Council much greater longer-term options for the property in terms of general value to the stock, ease of re-letting, lifetime homes principles and as a way of increasing the existing stock for disabled use. Loft conversions do not assist on any of these fronts. In addition, in most cases, the “build” is likely to be cheaper per net additional m² provided and also much easier for all concerned, with less disruption to the existing tenants and easier site works for the contractor.
- 4.4 Whilst this does not rule out the option of a loft conversion in cases where it is the best option for increasing bedroom space (very large loft space and first floor communal space to accommodate stairs), a ground floor extension is still likely to be the best option overall for the reasons stated in 4.3 above, unless the outdoor space is limited.

5 Delivering the Programme

- 5.1 In hindsight, the lack of specific capacity to manage the programme has resulted in progress being slower than planned. Responsibility for the programme cuts across a number of teams all of which are already struggling to deliver a wide range of programmes following the increased investment in housing following self-financing.

- 5.2 However, the experience gained in the first year has resulted in procedures being amended and progress with year 2 schemes should be more straightforward and communication with tenants will be improved.

OTHER CONSIDERATIONS:

6 COMMUNITY STRATEGY AND PORTFOILO PLANS (RELEVANCE TO):

- 6.1 The proposals form part of the commitment to address housing need in the Active Communities Change Plan and is specifically referred to in the Housing Portfolio Plan.

7 RESOURCE IMPLICATIONS:

- 7.1 Provision of £200,000 per annum is included within the Housing Capital Programme. Despite being above initial estimates and the financial limit set in June 2013, the 5 schemes that are ready to proceed from Year 1, as well as the six Year 2 schemes, can be funded within the existing provision for 2014/15.

8 RISK MANAGEMENT ISSUES

- 8.1 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.
- 8.2 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.
- 8.3 The existing Housing team has no specific resource to deliver this programme. Specialist surveying consultants have been appointed to support the delivery and supervision of the works.

9 TACT COMMENT

- 9.1 TACT fully supports proposals for adapting properties where families are overcrowded and are keen to see progress with this project.
- 9.2 TACT would request that it has the opportunity to raise any additional points verbally at the meeting.

APPENDICES:

None