

REPORT TITLE: HOUSING ASSET MANAGEMENT STRATEGY

CABINET (HOUSING) COMMITTEE

23 NOVEMBER 2016

PORTFOLIO HOLDER: Cllr Caroline Horrill, Portfolio Holder for Housing

REPORT OF ASSISTANT DIRECTOR (CHIEF HOUSING OFFICER)

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WARD(S): ALL

PURPOSE

This report recommends the approval of the draft Housing Asset Management Strategy which is attached as an Appendix. Whilst the Strategy covers long term investment plans and key principles for maintaining housing assets, it also seeks to ensure the Council makes best use of its stock in meeting housing need as well as the emerging challenges included in the Housing and Planning Bill.

RECOMMENDATIONS:

1. That the draft Housing Asset Management Strategy included as an appendix to this report be approved.
2. That the Assistant Director (Estates) be authorised to market Prospect House, Winchester and 75 Middlebrook St, Winchester for sale and negotiate terms and accept the best available offer.

## IMPLICATIONS:

### 1 COMMUNITY STRATEGY OUTCOME

- 1.1 Ensuring that all Council homes meet the Decent Homes Standard and that the Council takes appropriate measures to address housing need are key elements of “Active Communities” theme of the Community Strategy

### 2 FINANCIAL IMPLICATIONS

- 2.1 The HRA Budget and Business Plan prioritise repairs and the current investment plan is already in place to ensure the key priorities for this Strategy are delivered.
- 2.2 The current Plan does project shortfalls in the next five years and measures to address this will therefore need to be included in the final Budget report that will be considered by this Committee in February 2017.
- 2.3 The financial implications of the requirement to dispose of “High Value Voids” are not known because the Government has still not announced any details of how the policy will operate. The disposal policy included in this strategy will need to be reviewed in light of future announcements.
- 2.4 The two property sales recommended in this report are likely to generate up to £900,000. It is proposed that this receipt be retained as a provision against payments the Council may be required to make to Government .

### 3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 All works commissioned to meet the priorities included in this Strategy are procured in accordance with the Council’s Contract Procedure Rules.
- 3.2 The disposal of assets included in this report is in accordance with existing consents and the policy approved as part of CAB2791(HSG) dated March 2016.

### 4 WORKFORCE IMPLICATIONS

- 4.1 A programme of more disposals will have direct implications on Housing, Legal and Estates teams. This will need to be considered once Government announcements regarding the “Sale of High Value Voids” are known.

### 5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 The Strategy seeks to make best use of all Housing assets. The disposals recommended will be administered by the Assistant Director (Estates).

## 6 CONSULTATION AND EQUALITY IMPACT ASSESSMENT

- 6.1 As set out in the appendix, the key priorities in the strategy have been informed through tenant consultation via the bi-annual Tenants and Residents Survey (STAR), which provides clear data on tenant priorities.
- 6.2 TACT and Tenant Performance Review panels have directly contributed to the development of the long term Repairs programme and the repairs and asset management priorities set out in the appendix.
- 6.3 TACT has not reviewed this report in detail and would like to reserve the right to make additional comments at the meeting.
- 6.4 Impact Assessment screening has been completed and the conclusion from this is set out below:

*The aim of the Asset Management Strategy is to ensure WCC makes the most effective use of HRA assets to meet housing need in the current financial climate i.e. annual rent reductions of 1%, higher value property sales levy.*

*It sets out a description of all the HRA assets, their condition and their value. Stakeholder priorities for investment and disposal have been determined through satisfaction surveys and members' briefings and further surveys are planned to ensure the views of future tenants are also considered.*

*The Strategy proposes an evaluation approach; which will help the service target those assets which play a limited role in meeting housing need for disposal and direct investment towards the best performing properties and where development will have the greatest impact in developing sustainable communities.*

*Continuing actions already address the sustainability of buildings along with energy use and cost considerations.*

*The outcome should be largely positive in that it'll protect the best performing assets as far as this is possible given the current financial restraints.*

## 7 RISK MANAGEMENT

<b>Risk</b>	<b>Mitigation</b>	<b>Opportunities</b>
<i>Property – Dwellings not meeting decent homes</i>	<i>Full stock survey.</i>	
<i>Dwellings or communal areas not being effectively utilised</i>	<i>Investment plans focussed on core Decent Homes requirements.</i> <i>Individual asset assessment process in place</i>	

<i>Community Support – Insufficient assets to support obligation to address housing need</i>	<i>Increased development programme, conversion programme and considering other vehicles</i>	
<i>Timescales – Properties not disposed of in time to meet levy requirements</i>  <i>Delays between sale of assets and replacing through the New Build programme</i>	<i>Clear “High Value Asset list prepared. Incentives to free up higher value stock</i> <i>Sales of other assets (garages, land etc)</i>  <i>Programme to be accelerated to address this</i>	
<i>Project capacity – Ability of Housing and other teams to meet timescales set out in Action Plan</i>	<i>Dedicated Asset Management Project team established</i> <i>Additional resource required in Estates/Legal/Finance teams to be funded from receipts.</i>	
<i>Financial / VfM – Insufficient HRA resources to support strategic aims</i>  <i>Best value not achieved when assets sold</i>	<i>Reduced spend on discretionary works.</i>  <i>Long term business plan reflects programme and is sustainable</i> <i>Open market process</i>	<i>Funding works through other vehicles such as a “wholly owned Housing company”.</i>
<i>Reputation – De-commissioning of sheltered schemes is unpopular with residents</i>	<i>Retaining and investing in schemes that meet requirements of older people</i>	

## 8 SUPPORTING INFORMATION:

### 8.1 Background

The Council's approach to managing housing assets has always focussed on achieving and maintaining decent homes. The repairs programme and investment plans have all been developed with this key aim and driven by the HRA Business Plan.

Whilst the Council has clear plans in relation to the maintenance of its existing stock, demand for social housing is so great that there is a case to focus more on making the most effective use of existing assets to help address demand

for housing. It is also essential to anticipate the emerging pressure of the Government's requirement to dispose of "Higher Value" voids.

The main outcomes the strategy seeks to achieve include:

- All homes complying with the decent homes standard
- A housing stock that meets the current and future needs of client groups, while being sustainable and affordable.
- A net increase year on year in the total number of dwellings managed by the City Council.
- Capital receipts generated to fund any future national "levy" as well as supporting the delivery of new homes

The draft strategy and action plan included as an appendix to this report includes provision for maintaining decent homes but also considers how the Council can make better use of its assets to address housing need and meet its obligations regarding any future higher value void levy by:

- a) Identifying higher value properties
- b) Identifying land with development potential (for the Council's own programme or for disposal)
- c) Reviewing the performance of all assets
- d) Converting poorly used communal areas to dwellings
- e) Working with partners to provide supported housing
- f) Improving access and quality of sheltered housing

## 8.2 Disposals and Acquisitions

The policy for disposals and acquisitions was agreed by the Committee in March 2016. No amendments to that policy are recommended as part of this strategy, although the policy will need to be reviewed and amended once the regulations for "higher value voids" disposals are known.

The Council currently has two empty properties that are valued significantly above the thresholds agreed in March 2016. These are:

- a) Prospect House, Magdalen Hill, Winchester – 5 bed property with an estimated value in excess of £540,000
- b) 75 Middlebrook St, Winchester – One bed property valued in excess of £360,000

It is recommended that both these properties be independently valued and offered for disposal at full market value. It is also recommended that all receipts from the disposal are retained until more is known about any "levy" requirements.

The Council is also working on 4 specific small HRA sites to review the scope for disposal for development by others. This involves undertaking survey work and potentially obtaining an outline planning permission. Whilst such sites could contribute to the Council's own development programme, it is also essential that consideration be given to generating receipts from other assets, such as land and garages, rather than having to sell dwellings that are more valuable as social housing.

## 9 OTHER OPTIONS CONSIDERED AND REJECTED

- 9.1 In the process of developing the strategy, consideration has been given to the degree of discretionary work and services that the Council is able to fund. However, in order to achieve the key outcomes set out above, it was considered necessary to reduce spend on discretionary work, such as internal decoration and fencing. Tenant consultation highlighted the importance of core repairs but also the estate improvement programme so this has been retained within the strategy and the HRA Business Plan and budget.

### BACKGROUND DOCUMENTS:-

#### Previous Committee Reports:-

CAB2791(HSG) – Developing a Housing Asset Management Strategy dated 22 March 2016

#### Other Background Documents:-

None

### APPENDICES:

Appendix 1 - Draft Housing Asset Management Strategy