

CABINET – 13 JANUARY 2010

PRINCIPAL SCRUTINY COMMITTEE – 18 JANUARY 2010

LEASING OF VACANT HOUSING REVENUE ACCOUNT DWELLINGS

REPORT OF HEAD OF LANDLORD SERVICES

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RECENT REFERENCES:

None

EXECUTIVE SUMMARY:

The Council has for many years worked in partnership with Stonham Housing to provide specialist supported housing in the District. Stonham currently rent a very large 10 unit property in central Winchester as part of this specialist provision. The property no longer meets their requirements and they have requested that consideration be given to identifying more appropriate units to meet the needs of their supported clients.

This report proposes making use of ex-scheme manager accommodation at Mildmay Court, Firmstone Road and Colson Close, for this purpose on a 10 year lease. It is also proposed that up to 4 additional one bed units currently used for older persons accommodation, but for which demand is very low, be leased to Stonham as part of this project.

The proposal has been considered and supported by the Supported Housing Informal Member/Officer Working Group (IMOWG) and consultation has also taken place with the sheltered residents at the schemes who are happy with the proposal.

RECOMMENDATIONS:

That subject to the matter not being called in by Principal Scrutiny Committee,

Cabinet approve:

1. That ex-scheme manager accommodation at Mildmay Court, Firmstone Road and Colson Close be leased to Stonham for a term of 10 years and that lease charges be based on the Government's Rent Restructuring formula (i.e. the same as City Council tenants would pay).
2. That following consultation with residents, the Head of Landlord Services, in consultation with the Portfolio Holder for Housing, be given delegated authority to approve a further 4 one bedroom flats be leased to Stonham for a term of 10 years on the basis set out in paragraph 8 of the Report.
3. That the Head of Landlord Services determine, in consultation with the Corporate Director (Governance), whether to allocate the assistance against the limit in S25 General Consent F, or to obtain a special consent from the Secretary of State.

CABINET – 13 JANUARY 2010PRINCIPAL SCRUTINY COMMITTEE – 18 JANUARY 2010LEASING OF VACANT HOUSING REVENUE ACCOUNT DWELLINGSREPORT OF THE HEAD OF LANDLORD SERVICESDETAIL:1 Background

- 1.1 The Council currently rents Barnes House, a very large property in central Winchester to Stonham Housing, a specialist social landlord providing housing to tenants who require additional support to maintain their tenancies. Stonham regard the property as unsuitable for their requirements and have requested the Council's assistance in identifying more suitable units for the needs of their tenants.
- 1.2 Three properties have currently been identified, Mildmay Court, Winchester, Firmstone Road, Winnall and Colson Close, Winchester. All three properties are former staff accommodation for Scheme Managers. These units have either remained vacant or have been used as "temporary accommodation" on a non secure tenancy basis. All properties form integral parts of existing communal schemes and do not lend themselves as being suitable for general needs family accommodation. These properties would replace at least 6 of the units currently provided within Barnes House and would offer the residents a more domestic rather than "hostel" environment, albeit with ongoing appropriate support and management by Stonham.
- 1.3 Stonham currently lease similar properties at Hyde Gate and Penton Place as part of this project. Both leases are proving to be successful and the support and management provided by Stonham has been sufficient to ensure that the project does not adversely impact on existing sheltered residents at each scheme.
- 1.4 The proposal to lease these three properties to Stonham has been considered and supported by the Supported Housing IMOWG, chaired by the Portfolio Holder for Housing. Consultation has also taken place with the sheltered residents at the schemes who are happy with the proposal.
- 1.5 As Stonham require up to 10 units to replace the current provision at Barnes House, it is proposed that a further four one bedroom flats be leased to Stonham in the future. The City Council has a significant supply of older persons accommodation in central Winchester and many schemes have already been re-designated to accept "over 40 year old" residents due to the low demand from "over 60's". It is proposed that the additional four units be identified within these schemes and that following consultation with residents at particular schemes, the Head of Landlord Services, in consultation with the Portfolio Holder for Housing, be given delegated authority to approve appropriate flats for this use.

- 1.6 Barnes House is a large property currently divided into 10 bedsits. Once vacant, the property may prove suitable for an alternative supported housing use, although as it falls within the “high value” definition of the current “asset sales” policy, disposal may be considered to be the most appropriate option for the property. Options for the future use of the property will be considered by the Housing Board in February. Any “change of use” or “disposal” recommendation will be subject to the Portfolio Holder Decision Making process or referred to Cabinet, depending on the final preferred option.

## 2 Legal Considerations

- 2.1 The Council can dispose of housing land or dwellings without permission from the Secretary of State under the General Consent F granted under section 25 of the Local Government Act 1988 which allow for “small amounts of assistance” to be provided under certain conditions.

- 2.2 The consent states that if any financial assistance or gratuitous benefit provided consists of the disposal of a dwelling-house or hostel:

- a) the disposal shall be to:
  - (i) a person who intends to use the accommodation for occupation by persons with a special need; or
  - (ii) a registered social landlord; and
- b) the disposal shall be by the grant of a lease for a term not exceeding 21 years; and
- c) the dwelling-house or hostel shall not be subject to any secure tenancy when the lease is granted; and
- d) the aggregate number of dwelling-houses comprised in the disposal and any previous disposal by the local authority under this consent in the same financial year shall not exceed a number (“the ceiling”) equal to the greater of 50 or one quarter of one per cent of the number of dwelling-houses owned by the authority at the commencement of the financial year in which the disposal takes place.

- 2.3 This General Consent allows the Council to provide financial assistance and gratuitous benefit up to an amount of £3.00 per head of population in any one year. This equates to approximately £330,000 for the current financial year. Any assistance provided over and above this amount requires special consent and this can be obtained through an application to the Department of Communities and Local Government. Proposals contained in this report do not exceed this limit although any further proposals that may be considered later in the year could take the Council over the limit. The Head of Landlord Services will determine in consultation with the Corporate Director (Governance) whether special consents are required to support future proposals or to allocate the assistance against the limit in General Consent F.

### OTHER CONSIDERATIONS:

#### 3 SUSTAINABLE COMMUNITY STRATEGY AND CORPORATE BUSINESS PLAN (RELEVANCE TO):

- 3.1 The proposals accord with the Safe and Strong Communities priority in relation to developing an inclusive society. They also contribute towards the Efficient and Effective Council priority by making best use of Council assets.

#### 4 RESOURCE IMPLICATIONS:

- 4.1 The proposals recommended in this report will not have any resource implications on the HRA other than to secure rental income for flats that are not suitable for general needs lets due to their location (within sheltered schemes). However, in accordance with the legal consents detailed above, it should be noted that the recommendations could be regarded as providing “financial assistance or gratuitous benefit” to support the specialist housing provision.
- 4.2 When comparing the income that will be generated by setting rents in line with the restructured rent formula paid by all tenants against what could be generated by charging open market rents, there is a notional loss to the Council over the 10 year period of approximately £180,000 for the three ex scheme manager flats.
- 4.3 If additional flats within sheltered schemes are let under this arrangement, again, there would be no net loss of revenue to the HRA. However, as part of the “providing financial assistance or gratuitous benefit” rules, the notional loss compared to charging a full market rent over a 10 year period would be £35,000 per unit. However, it should be noted that it would not be possible to sustain any supported housing provision based on open market rent levels and this “financial assistance” assessment is provided to demonstrate the amount of assistance that would be provided needing a S25 consent.
- 4.4 The Council’s practice is that any transaction below best consideration, which exceeds £50,000, should also be considered by Principal Scrutiny Committee.

## 5 RISK MANAGEMENT ISSUES

- 5.1 The proposals have been subject to a detailed risk assessment and appropriate measures have now been incorporated within the lease agreement to ensure urgent action can be taken in the event of inappropriate actions by residents or visitors or in the event of Stonham failing to provide appropriate management and support.
- 5.2 The existing leases at Hyde Gate and Penton Place have been subject to close scrutiny and monitoring and to date have been fully complied with.

## 6 TACT COMMENT

- 6.1 TACT are represented on the Supported Housing IMOWG and support the proposal in this report.

## BACKGROUND DOCUMENTS:

Operational and financial records held in the Landlord Services and Finance Divisions.