

EXETER CITY COUNCIL

SCRUTINY COMMITTEE – COMMUNITY

6 JUNE 2006

LAING'S PROPERTY REFURBISHMENT REVIEW

1 PURPOSE OF THE REPORT

- 1.1 To inform Members of the outcome of an internal review of the Laing's property refurbishment programme following a referral to this committee of a Notice of Motion by the Council at its meeting on 21 February 2006.

2 BACKGROUND

- 2.1 The Buddle Lane estate in Cowick includes 294 family houses built using the Laing's Easiform building system. The estate was built around 1922.
- 2.2 Because of the construction methods used and the resultant problems with the structure of these houses the Council designated the properties as defective and embarked on a long-term refurbishment programme to modernise each property as it became vacant.
- 2.3 A partnering agreement was reached in the mid 1990's with Sovereign Housing Association that involved the trickle transfer of each property into their ownership as they became vacant. By utilising a combination of grant funding from the Council and Sovereign's own resources each property is completely refurbished both internally and externally.
- 2.4 More recently the Council has taken the opportunity to use these transferred properties to build extensions and create additional bedrooms for larger families on the Home Choice register and also to create a number of fully adapted disabled properties.
- 2.5 With the programme now over 10 years old the numbers of properties that still remain in the Council's ownership are small. Tenure split is currently 33 owned by Exeter City Council, 92 owned by Sovereign Housing Association and 169 purchased under the Right to Buy.
- 2.6 At the Council meeting on 21 February 2006 the late Councillor Browning submitted a Notice of Motion that asked, "*that this Council reviews the arrangements by which properties on the Buddle Lane Estate are trickle transferred to the Sovereign Housing Association*". The Council referred the Notice of Motion to this committee for consideration.
- 2.7 In undertaking this review officers have considered the advantages and disadvantages of a range of options. Key questions regarding funding arrangements and void times have been considered and we have sought ways of improving the current programme with Sovereign Housing Association.

3 COSTS

- 3.1 Before considering the options available the review group looked at the actual costs of refurbishing these properties and providing additional facilities. The figures in Appendix I show the total cost of the work and the amount of grant funding the Council currently provides to Sovereign Housing Association depending on what option we agree.
- 3.2 Refurbishment work to each property includes the provision of a new kitchen, bathroom, central heating, windows and doors. In addition the properties have new roofs and a new brick façade.

4 OPTIONS

- 4.1 Options considered in this review were as follows:

Option 1 - Council retains ownership of the remaining 33 properties on this estate and undertakes the necessary refurbishment work itself

- 4.2 There are a few small advantages to this option. In particular the Council maintains its existing management of the properties and saves some legal costs from no longer transferring the properties to another landlord. However, there are very fundamental disadvantages to this option.
- 4.3 The cost of the various refurbishment options show high levels of investment are required to bring the properties up to the modern standards. Should the Council decide to undertake the work itself then the full cost of these works must be funded from the Housing Capital Programme. Even choosing the basic refurbishment option would cost the Council an estimated £2.7 million, in addition to its current commitments. This option is clearly not viable if the Council is to achieve its statutory obligation to meet the Decent Homes Standard by 2010 and its promise to tenants to meet the Exeter Standard by 2014.

Option 2 – Continue existing arrangements with Sovereign Housing Association

- 4.4 This option maintains the existing arrangements with Sovereign Housing Association. It also gives the Council an opportunity to work with the housing association to create larger family units and provide realistic solutions for families with disabled needs. However, officers also want to demonstrate that improvements in the programme can be made, in particular the length of time taken between the property becoming void and the refurbishment being completed.
- 4.5 The financial options in Appendix I demonstrate the excellent value for the money the Council receives for these properties. By maintaining this option the Council is able to refurbish properties and provide additional facilities for relatively small amounts of grant funding. The additional resources required for this work come from the housing association.

- 4.6 Where properties are transferred and refurbished in this way the Council retains its right to nominations from the Home Choice register for the property in perpetuity.
- 4.7 Officers have met with representatives from Sovereign and created a process map highlighting the major milestones needed to be reached with each property and setting tighter timescales to achieve them. This process map is attached at Appendix II to this report.
- 4.8 The review process identified a number of issues that have delayed re-development of properties in the past and we believe that many of these issues have now been resolved. Therefore, officers are confident that in future the timescales now agreed will be met.

Option 3 – Demolish and redevelop the site

- 4.9 Properties in this area are built on relatively large plots of land and most properties enjoy large gardens. Officers have looked at the remaining Council properties and how they are distributed across the estate. Properties in this area are all semi-detached. Therefore, for this option to be viable we would need both properties to become vacant in order to consider redevelopment. There are only two pairs of semi-detached properties in the Council's ownership left on the estate and this option will only be considered should one of the properties become empty in the future. However, redevelopment is only viable if the scheme is of higher density (ie creates more than the two properties demolished), is acceptable to Planning Committee and receives grant funding from the affordable housing programme.

Option 4 – Sell empty properties on the open market

- 4.10 Despite the type of building system used in these properties, they have an indicative open market value of approximately £100,000 per property at today's prices. Under current finance rules the Council would retain 100% of the capital receipt generated by this sale that could be used to grant fund affordable housing in other parts of the city. This option is attractive in that by grant funding this receipt to other housing associations there is a potential to procure 3 or 4 properties from the sale of just one property on this estate. Selling the remaining properties would net an approximate £3 million capital receipt for this purpose and would help secure our affordable housing programme in the longer term.

5 CONCLUSIONS

- 5.1 Following this appraisal officers believe that Option 1 above is not viable and would have a significant impact on our existing commitments.
- 5.2 Option 3, although potentially resulting in a net gain of affordable housing, has limited opportunity given the pattern of existing stock and the demographics of the estate. Whilst not wishing to rule this option out completely it will only be considered if conditions are right at the time properties become vacant.

- 5.3 In terms of Option 4, this could provide significant additional resources to the Council's affordable housing programme. However, its overall impact is tempered because it depends on the rate of vacancies that occur (between 2 and 3 per year) and the level of other resources available for affordable housing development at the time.
- 5.4 Option 2 maintains the existing arrangements with Sovereign Housing Association but with some enhancements to the process to help bring back empty properties into use more quickly. Officers believe this option provides excellent value for money and enables additional facilities to be created for specific families. It should also be noted that satisfaction amongst these families is very high given the quality of property they are allocated at the end of the refurbishment.

6 RECOMMENDED

The Committee's views are requested.

HEAD OF HOUSING & SOCIAL INCLUSION

H:LP/ Committee/606SCC15
15 May 2006

COMMUNITY & ENVIRONMENT DIRECTORATE

Local Government (Access to Information) Act 1985 (as amended)
Background papers used in compiling this report:
None