



Cabinet

15th March 2017

Item

9(i)

Report of	Head of Commercial Services	Author	Holly Brett ☎ 508830
Title	Disposal of Maytree Court, Tiptree		
Wards affected	Tiptree		

This report concerns the recommendation to dispose of Maytree Court, Tiptree on the open market.

1. Decision Required

- 1.1 To approve the Housing Revenue Account budget project team recommendation to dispose of Maytree Court, Tiptree on the open market
- 1.2 To authorise the Assistant Chief Executive, in conjunction with the Portfolio Holder for Housing and Public Protection, to agree offers made on the property and settle final terms and consequential matters to complete any sale.
- 1.3 To request Cabinet use the ring fenced HRA capital receipt as set out in the HRA Estimates report

2. Reasons for Decision

- 2.1 As previously reported and most recently in the HRA Estimates report that went to Cabinet on 1st February 2017, the current Government introduced a number of changes during 2015 and 2016, including the Housing & Planning Act and the 1% rent reduction announcement, which has changed the viability of the HRA Business Plan. The rent reduction resulted in removing £143million of assumed rental income over the life of the 30 year business plan, significantly impacting our capacity to deliver on the plan's objectives. At the end of 2015 a joint CBC/CBH project team looked at ways of addressing the loss of income of £9.7 million over the first four years, and it identified and planned a number of ways of increasing income and reducing expenditure, which were included as part of the 2016/17 HRA budget setting cycle and which are currently part way through being delivered.
- 2.2 As part of this joint project team mentioned above a number of projects were reviewed including the Sheltered Housing Programme alongside the Sheltered Housing project team.
- 2.3 In 2011 a review of Council owned sheltered housing was carried out. This review made a number of recommendations about the Councils sheltered housing. The aim of the review was to improve accommodation for older people in the borough and ensure that our sheltered housing meets the needs of older people now and in the future.
- 2.4 The recommendations from the review were to sell two properties on the open market (to fund improvements to other schemes), fully refurbish four schemes to provide self-contained accommodation and to review the future use of four schemes, one of which is Maytree Court.

3. Alternative Options

- 3.1 Not to dispose Maytree Court. This would result in a need to continue to invest in the property in the knowledge that it does not represent value for money in the long term. Significant investment would be needed to ensure that the property remains accessible for residents the lift needs replacement as does the heating system). There has been an emergency only repair policy at Maytree since 2011 (due to the scheme being part of the future options group) and therefore there is currently a back log of circa £155k of capital works at the scheme. Little could be done to improve the layout of the property
- 3.2 To retain the property and lease it to a registered provider. The investment required to the property would still need to be met in order to comply with the legislation around energy ratings and to maintain the asset. The Council would need to undertake this work, as owner of the asset. If a registered provider were to undertake the work, this would need to be repaid through the rental income. It is highly unlikely that this would produce a rent that would be affordable to prospective tenants, making the work unviable.

4. Supporting Information

- 4.1 The Sheltered Housing Review 2011 found that changes were needed to address several issues; voids in sheltered remained high despite many people on the housing needs register being eligible, nine out of the twenty three schemes didn't offer self-contained accommodation, this suggested that the accommodation available did not meet the needs or aspirations of older people
- 4.2 The review produced information that provided an evidence base for the development of the "Colchester Standard", a set of criteria which Colchester aspires to provide at each of its sheltered housing schemes. It was also used to measure how well each scheme met the standard and from this the schemes that were not suitable for redevelopment or conversion were identified
- 4.3 The recommendations from the review were to sell two properties on the open market (to fund improvements to other schemes), fully refurbish four schemes to provide self-contained accommodation and to review the future use of four schemes, one of which is Maytree Court.
- 4.4 Maytree Court was in the group of properties to be reviewed because it has been historically difficult to let. There is a lack of external space and the internal configuration does not lend itself to reconfiguration, poor communal facilities are not cost effective to reconfigure to meet the requirements necessary to enable them to meet the Colchester Standard
- 4.5 A sub group of the sheltered housing programme board was set up to look at the options available for Maytree Court, this work was carried out over a number of years and against a changing landscape. The three main areas considered were; redevelopment of the site for affordable housing, redevelopment of the existing building to provide alternative accommodation and finally sale of the property on the open market.

Redevelopment of the site for affordable housing

This option was thoroughly reviewed, and indications showed around ten homes could be built on the site with associated parking and amenity space. Due to the changing

landscape of the HRA funding this type of redevelopment would not be possible as there is no headroom available to fund the development

Redevelopment of the existing building

Conversion to flats would not provide sufficient parking spaces or private amenity space because the building occupies a large amount of the site with little land around the building

Sale of the property on the open market

Disposing of the property on the open market would provide a receipt to the HRA that could be directed to the deficit created by the rent reductions that were announced as part of the Housing Bill, agents have indicated that the market for this type of property is more favourable than it has been previously

- 4.6 Due to the construction type of the property it is not suitable for reconfiguration into self-contained sheltered accommodation, the site itself does not lend itself to extending the existing footprint of the building as there is little surrounding land to use
- 4.7 Significant capital would also need to be spent on the property for routine maintenance, to increase the energy efficiency of the property and to ensure that the property complied with the Colchester Standard for sheltered housing.
- 4.8 Having investigated all options and reviewing the property in line with the Council's Asset Management Strategy and the wider HRA budget project and disposal on the open market is the recommended best option for this property.
- 4.9 CBC and CBH have been supporting tenants to find alternative accommodation and there are currently twenty void properties at the scheme and six households remaining. Tenants have moved to alternative sheltered and general needs accommodation in Tiptree and the surrounding areas including Maldon. A visiting officer has been available on site to support tenants as has an independent living advocate from Age UK.

5. Proposals

- 5.1 Through locally-appointed Estate Agents to offer Maytree Court in its present condition on the open market for sale when vacant possession is achieved

6. Strategic Plan References

- 6.1 The revenue estimates presented here link to the following areas of the Councils strategic plan:
 - **Welcoming** - a place where people can grow and be proud to live.
 - **Vibrant** - Develop a strong sense of community across the Borough by enabling people and groups to take more ownership and responsibility for their quality of life.
 - **Prosperous** - Provide opportunities to increase the number of homes available including those that are affordable for local people and to build and refurbish our own Council houses for people in significant need

7. Consultation

- 7.1 CBC and CBH have been consulting with residents of the scheme and Ward Cllrs since the original Sheltered Housing Review in 2011.

- 7.2 In August 2016 when it was announced that the scheme was closing CBH began working with tenants and supporting them to find alternative accommodation. Some residents had already bid on other properties before the announcement was made. Residents have been moving to another sheltered scheme in Tiptree that is run by Colne Housing, to Maldon or to other CBC owned properties in Tiptree and the surrounding area. There are currently 6 households remaining. Tenants have also been supported by Ward Cllrs and an independent living advocate from Age UK. Tenants have received the statutory home loss payment summer 2017
- 7.3 The approved asset management process agreed as part of the Asset Management - Strategy has been followed. The process takes advice from numerous feeder groups including housing management staff, tenants and leaseholders, finance staff, other relevant Council staff and the recommendations presented through this report are supported by the various stakeholders involved.

8. Publicity Considerations

- 8.1 To attract the best possible return for the asset, the property will be advertised on the open market using the professional services of the Estates Section to appoint an agent.

9. Financial Implications

Revenue Implications

- 9.1 The disposal of this property would result in an ongoing loss of annual rental income to the Housing Revenue Account (HRA), along with a requirement to fund any potential one-off costs such as home-loss payments. It is anticipated that these costs will be met from existing resources.
- 9.2 By using the capital receipt generated from this disposal to fund the HRA Capital Programme, it would reduce the amount the Council would need to borrow to support the 30 year HRA Business Plan, thus saving further interest costs and maximising the Council's available borrowing headroom.

Capital Implications

- 9.3 Under the HRA Self-Financing arrangements, the Government have stated that they want local authorities to be able to undertake effective asset management, in particular to consider what to do with those dwellings where redevelopment might best meet local need, or whether to continue to maintain a particular dwelling given future maintenance costs etc. The regulations governing the pooling of housing capital receipts ensure the greater freedom towards disposals will not inadvertently disadvantage any authority, and that any receipts from the sales of vacant land or empty homes will be retained by local authorities provided they are spent on affordable housing. This includes the repayment of HRA debt, which must be considered given any disposal will reduce the number of dwellings available to service the HRA debt, therefore a proportion of any receipt should be set-aside for this purpose. It is also clear that where consideration is given to fund any HRA investment from disposals that those receipts need to be ring-fenced to the HRA, to safeguard the viability of the HRA business plan and also to avoid the requirement to pay a proportion to the Government under the capital receipts pooling arrangements.
- 9.4 The disposal of this property will remove the requirement to undertake substantial capital works on it over the life of the 30 year Asset Management Strategy and HRA Business Plan.
- 9.5 The Housing Investment Programme considered by Cabinet on 1st February 2017 included assumptions on receipts from potential disposal of assets, of which this forms a part.

10. Equality, Diversity and Human Rights Implications

10.1 <http://www.colchester.gov.uk/CHttpHandler.ashx?id=15007&p=0>

11. Community Safety Implications

11.1 This report has no significant community safety implications

12. Health and Safety Implications

12.1 This report has no significant Health and Safety implications

13. Risk Management Implications

13.1 If the disposal of Maytree Court does not proceed it will impact on the Asset Management Strategy which has been approved to balance the economic value of assets with the social and economic needs of residents given the long term viability of properties.