

<b>Subject:</b>	Former Oxford Street housing office - review of future options		
<b>Date of Meeting:</b>	11 <sup>th</sup> November 2015		
<b>Report of:</b>	Acting Executive Director Environment, Development & Housing		
<b>Contact Officer:</b>	<b>Name:</b>	Simon Pickles	<b>Tel:</b> 29-2083
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<b>Ward(s) affected:</b>	St Peter's & North Laine		

## FOR GENERAL RELEASE

### 1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 The former Oxford Street housing office is a vacant Housing Revenue Account (HRA) asset, which requires a review of its future use.
- 1.2 This report explores, at a high level, a range of future options for the site. If members agree, a more detailed, fully costed report can be brought back to a future Housing & New Homes committee for consideration.

### 2. RECOMMENDATIONS:

That the Housing and New Homes Committee:

- 2.1 Notes the range of future options for this HRA owned commercial property in paragraph 4.
- 2.2 Agrees that a further, fully costed report be brought back to Housing & New Homes Committee for consideration, focussing on options which make best use of the asset, meet housing needs in the city and / or generate a financial return for the council, whether revenue or capital.

### 3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 As a result of an adverse health and safety report, a decision was taken in November 2014, by the then Interim Head of Housing, to close the Oxford Street housing office. After the tenants had been notified in writing, the office closed on 28<sup>th</sup> November 2014.

- 3.2 In the intervening period officers have secured the premises and considered future options for the building including potential opportunities for redevelopment of the site.
- 3.3 The office is located in Oxford Street, leading from the A23. The office is a 3 storey (plus basement) end of terrace building. The office fronts directly onto a public footpath on Oxford Street. Photographs are attached at Appendix 1, and a Localview map at Appendix 2.
- 3.4 The council bought the property on 28 September 1995 for £0.283 million.
- 3.5 The provision of affordable rented housing on this site (through conversion or newbuild) would support the City Housing Strategy, a key theme of which is improving the supply of affordable rented homes, in particular family homes, to meet the needs of the 22,000 households on Housing Register and 1,400 in Temporary Accommodation. The Housing Strategy was adopted by Council in March 2015. This review of options also addresses the requirement to make the best use of the council's HRA assets.

#### 4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

Table 1: Options table. Committee may wish to add to the options listed.

	<b>Options</b>	<b>Consideration</b>
4.1	<p><b>Disposal on the open market,</b> on the basis of:</p> <p><b>A:</b> Full residential conversion or redevelopment.</p> <p><b>B:</b> Partial residential conversion or redevelopment, ground floor staying as commercial.</p> <p><b>C:</b> A sold with Planning Consent.</p> <p><b>D:</b> B sold with Planning Consent.</p>	<p>To date our Housing Strategy has not supported disposal of HRA assets on the open market.</p> <p>Open market disposal would not allow any control or benefit from any resultant residential accommodation to be secured for the Council other than through Planning obligation should the scheme be greater than 10 units and therefore subject to provision of up to 40% affordable housing required under Planning Policy.</p> <p>Cluttons have been commissioned to value the open market disposal options: A,B,C,D. The report will be ready for the next committee report.</p>

4.2	<p><b>Disposal to a partner Registered Provider (Housing Association)</b></p> <p>On the basis of best offer received from an RP for provision of homes for Affordable Rent on the site based on A &amp; B above with the RP seeking Planning Consent.</p> <p>100% nominations on first lets, and 75% on subsequent lets (in line with partnership agreement).</p> <p>Rental stream: Affordable Rented homes reflecting Council's preferred unit mix, including provision of larger family dwellings if possible.</p>	<p>Requirement to provide homes for Affordable Rent will suppress the size of the capital receipt but will ensure Housing Strategy priorities are met, in particular addressing the shortage of family homes for rent available to those on the Housing Register. Affordable Rents are defined as the lower of 80% of market rents or LHA rates.</p> <p>An RP taking on the property will 'de-risk' delivery of Affordable Homes from a Council perspective and not impact on Council borrowing. However, in the scenario outlined there would be a negative impact on potential capital receipt.</p> <p>This option does include disposal of a HRA asset to an RP either freehold or leasehold.</p>
4.3	<p><b>Conversion or Redevelopment by the council's Estate Regeneration Team</b></p> <p><b>A:</b> Full residential conversion or redevelopment  <b>B:</b> Partial residential conversion or redevelopment, ground floor staying as commercial</p>	<p>Further feasibility work and viability modelling will need to be undertaken in order to ascertain the HRA funding requirements, different options will need to be explored, including modelling on 100% affordable units and a mix of open market sales and affordable homes for rent.</p>

## 5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 Engagement with the community has not yet taken place, pending a clearer strategy for this building. Community consultation would take place before any Planning Application is submitted.

- 5.2 Ward members have been notified of the current review of future options. One ward member has offered to support any community engagement exercise.

## **6. CONCLUSION**

- 6.1 From an asset management perspective it is important the council derives maximum value from this asset. If the review of future options confirms that the maximum financial value would be achieved through disposal on the open market, then the receipt could be reinvested in the HRA capital programme either for Regeneration projects, investment in affordable housing or repayment of HRA debt.
- 6.2 From a Housing Strategy perspective, conversion or redevelopment by the council or a registered provider partner for affordable homes for rent would in principle be the best solution, subject to detailed costings, aligned to our priority of improving housing supply in the City.

## **7. FINANCIAL & OTHER IMPLICATIONS:**

### **7.1 Financial Implications:**

- 7.1.1 The full financial implications / cost benefit analysis for the options detailed in this report will be prepared by finance officers when the required valuation information and feasibility cost information is received and will be reported back to this Committee.
- 7.1.2 The value for Oxford Street, held on the councils HRA Asset Register as at 31 March 2015, is £0.807 million. This was last valued in April 2010 and is due for revaluation. Cluttons have been commissioned to provide up to date valuations for the proposals in this report. The report proposals may result in either the disposal of Oxford Street i.e. writing the asset out of the HRA Asset register or changing its use. Any difference in the asset value and the disposal or written out value, could impact on the HRA Income and Expenditure account (under current accounting rules for the HRA). This can only be quantified once all relevant values have been received and will also be taken into consideration when assessing the financial implications for each option proposed.
- 7.1.3 The cost of the closure of Oxford Street for the transfer of staff, furniture removal and securing the building amounted to £0.005 million and was met within the 2014/15 HRA revenue budget. The full year building running costs for Oxford Street averaged around £0.047 million which is budgeted for within the overall HRA office management budget. The costs for maintaining the building whilst it is empty is approximately £0.019 million, which is mainly the cost of business rates (£0.017m) with the balance of costs being for security sweeps, alarms and utilities. These costs can be met within the existing HRA 2015/16 office management budget. The HRA revenue budget for office management will be

reviewed as part of the overall HRA revenue budget setting process for 2016/17 which will reported to this Committee in January 2016.

The consultant surveyor's condition report (July 2014) cost £1550 plus VAT.

*Finance Officer Consulted: Susie Allen*

*Date: 29/10/15*

## 7.2 Legal Implications:

The council can only dispose of HRA land with the consent of the Secretary of State. Consent may be given either i) generally to all local authorities, or ii) in relation to particular land. Under the General Consent 2013, issued under i), there is power to dispose of land for a consideration equal to its market value. If a disposal to a Registered Provider is the preferred option, consideration will need to be given to the precise terms of the transaction to determine whether the arrangement falls within the Consent regime.

Under the council's constitution, the disposal of land, or an interest in it, must be referred to Policy and Resources Committee for determination.

*Lawyer Consulted: Liz Woodley*

*Date: 21/10/15*

## Equalities Implications:

- 7.3 Any future development would meet the Lifetime Homes accessibility standards, supporting households with mobility requirements and other complex needs to maintain independence in their own home with cost benefits to Adult Social Care, Children's Services and Health.

## Sustainability Implications:

- 7.4 Any future development would meet Lifetime Homes standards and the code for sustainable homes (albeit now subsumed by Building Regulations). Warm and well insulated homes will have beneficial impacts on issues such as health, fuel poverty, reduced occupiers' costs of running the home and reduced CO2 emissions. Any conversion or newbuild project would comply with Building Regulations.

## **SUPPORTING DOCUMENTATION**

**Appendix 1:** External photographs

**Appendix 2:** Localview site map

**Members' rooms:** Two reports relating to the closure of the office:

- a. Condition Report by POD consultancy, 18 July 2014
- b. Condition & Future Use Options Overview, officer report, 2 October 2014

