

# TEWKESBURY BOROUGH COUNCIL

<b>Report to:</b>	Executive Committee
<b>Date of Meeting:</b>	6 April 2016
<b>Subject:</b>	Severn Vale Housing Society Asset Disposal Strategy
<b>Report of:</b>	Rachel North, Deputy Chief Executive
<b>Corporate Lead:</b>	Rachel North, Deputy Chief Executive
<b>Lead Member:</b>	Councillor D M M Davies
<b>Number of Appendices:</b>	Two

## **Executive Summary:**

In common with other Registered Providers of social housing, Severn Vale Housing Society (SVHS) is required to develop an Asset Disposal Strategy and to review its stock of properties on a regular basis.

A recent review carried out by SVHS has concluded that nine individual properties located within Tewkesbury Borough are recommended for disposal on the open market. Each property has been assessed using a framework developed by the Homes and Communities Agency against its level of repair, energy efficiency and details of how the proceeds will be used.

Capital receipts from disposals will finance the Society's development programme for new affordable housing. The Society may also use capital receipts from disposals to improve specific schemes and estates that require additional investment. SVHS is clear that any proceeds will, where possible, be channelled into the development of new affordable homes in key locations within Tewkesbury Borough.

While the Borough Council has no formal role in approving the disposals which are determined by the Secretary of State, the local authority is asked by the Homes and Communities Agency for its view as part of the Ministerial consideration.

Officers within the Borough Council have thus assessed the nine properties against the identified housing need in each locality and the current and future availability of affordable homes and considered the individual assessments carried out by SVHS. Local Ward Members have also been engaged to consider local issues.

As a result, and with the clear commitment to work with the Borough Council to reinvest any proceeds to provide affordable homes in key locations within the Borough, the Council is comfortable to support the nine disposals as recommended by SVHS.

Members are asked to endorse the conclusions reached as part of the local authority view.

**Recommendation:**

1. That the Executive Committee endorses the view that the nine asset disposals recommended by Severn Vale Housing Society (SVHS) are appropriate and the Borough Council welcomes the active support of SVHS in utilising any proceeds of these disposals to support the replacement of essential affordable homes in key rural locations.
2. That delegated authority be given to the Deputy Chief Executive, in consultation with the Portfolio Holders for Built Environment and Finance and Asset Management, to determine any future consideration of asset disposals by Registered Providers operating in the Borough.

**Reasons for Recommendation:**

The Borough Council is asked for a considered view by the Home and Communities Agency on any stock disposals recommended by Registered Providers of social housing within the Borough.

**Resource Implications:**

There are no direct resource implications for the Borough Council within this consideration.

**Legal Implications:**

The Council does not have direct power to refuse or consent to Severn Vale's proposal to dispose of some of the properties transferred to it by the Council as part of the Large Scale Voluntary Transfer of the Council's housing stock in 1998. However, the Society must apply to the relevant Government Department for consent to anything other than relatively minor disposals. The Council's representations in respect of such proposed disposal may influence whether or not consent is forthcoming from the Government and, if so, the conditions upon which such consent is given.

**Risk Management Implications:**

There are no direct risks inherent in this consideration.

**Performance Management Follow-up:**

Details as to the delivery performance of new affordable homes is a key indicator within the Council Plan and is regularly monitored.

The delivery of new affordable homes within Tewkesbury Borough is a key priority in Severn Vale Housing Society's Corporate Plan and will be monitored by the Borough Council Members on the Society's Board.

**Environmental Implications:**

None.

**1.0 INTRODUCTION**

1.1 In common with all Registered Providers of social housing, Severn Vale Housing Society (SVHS) is required to develop an Asset Disposal Strategy and to review its housing stock against the criteria within the strategy on a regular basis.

1.2 Any review of stock is supported with clear guidance from the Homes and Communities Agency which requires the Housing Society to take into account a rationale or case for

disposal, details as to why disposal is in the best interest of the Housing Society and clear information on how any proceeds will be used.

**1.3** The Borough Council has no formal role in approving any disposal but is required to provide a local authority view to aid the Secretary of State in his deliberations.

## **2.0 SEVERN VALE HOUSING SOCIETY ASSET DISPOSAL**

**2.1** The provision of affordable homes across the Borough is a key Borough Council priority and the Council is keen to maximise the number of affordable homes available to local people wherever possible.

**2.2** The Borough Council thus uses Section 106 Agreements proactively on all new developments and works closely within the Gloucestershire Rural Housing Partnership to develop new affordable homes in our rural settlements utilising 'Exception to Local Plan' policies and other mechanisms to secure appropriate affordable homes.

The properties identified for disposal are all located within the east area of the Borough where affordability is particularly acute.

### **2.3 The Properties**

**2.3.1** Following a review by SVHS, nine properties with significant disrepair and modernisation needs have been identified. These properties are failing to deliver modern standards of energy efficiency and the cost of returning these units to effective use are deemed to outweigh the benefits. Disposal onto the open market is likely to secure reasonable capital sums which could be utilised to provide more affordable homes of an appropriate standard to meet local needs.

**2.3.2** Detailed assessments as carried out by SVHS are attached at Appendix 1.

- 4 Severn Way, Apperley.
- 2 Glebe Cottages, Hawling.
- 3 Cleeve View, Stoke Orchard.
- 42 Church Lane, Toddington.
- 44 Church Lane, Toddington.
- 50 Church Lane, Toddington.
- 5 Tythe Terrace, Winchcombe.
- 1 Orchard Cottages, Wormington, Parish of Dumbleton.
- 4 Orchard Cottages, Wormington, Parish of Dumbleton.

### **2.4 Assessment of Housing Need**

**2.4.1** All of these properties are located in the east area of Tewkesbury Borough and are not occupied on any long term basis.

**2.4.2** In order to fulfil the Borough Council's role in coming to a view, Officers have assessed these proposals against the identified housing need and available affordable stock in each locality using data from the Housing Register. Detailed information is attached at Appendix 2.

#### **2.4.3 Table 1 Housing Need from the Tewkesbury Borough Housing Register**

	1-bed	2-bed	3-bed	4-bed	5-bed	6-bed	Total
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<b>All TBC</b>	<b>950</b>	<b>589</b>	<b>195</b>	<b>60</b>	<b>9</b>	<b>3</b>	<b>1806</b>
Dumbleton	2	0	0	0	0	0	2
Hawling	0	0	0	0	0	0	0
Orchard	1	1	1	0	0	0	3
Deerhurst	3	1	1	0	0	0	5
Winchcombe	50	35	12	2	0	0	99
Toddington	1	0	0	0	0	0	0

**2.4.4** The Housing Register captures current and future levels of housing need based on where those registered would prefer a property. Except for Winchcombe where the level of demand is relatively high, the above illustrates a low level of demand overall in these locations.

**2.4.5** In Winchcombe the Registered need for one bedroomed property is high across the working age population and despite a high number of new and re-lets occurring over the last eight years the loss of this property is disappointing. However the value inherent in this property would allow for any reinvestment to produce more than one unit and thus will increase the overall supply of one bedroomed properties in this key location.

**2.4.6** In addition in these locations there has been a significant level of new development over recent years which has included a percentage of affordable homes for rent and sale to meet local needs. One example is in Stoke Orchard where 55 new affordable properties have been delivered over the last three years. These were a mixture of social rented and shared ownership homes and a further 16 affordable units are expected in this village over the 12 months.

**2.4.7** Given the Borough Council's assessment each disposal is deemed appropriate given this cost of bringing the individual properties to a modern level of repair and energy efficiency and the level of need and availability of alternative social housing stock in the localities.

In Winchcombe given the high level of demand for one bedroomed property SVHS has agreed to reinvest any proceeds from this disposal to re-provide essential one bed homes.

**2.4.8** The Borough Council would however expect any proceeds received by SVHS to be utilised in partnership with the Council to re-provide suitable affordable homes in the key locations identified in this report.

## **2.5 Rural Housing Partnership**

- 2.5.1** Tewkesbury Borough Council is an active partner within the Gloucestershire Rural Housing Partnership, working with the Rural Housing Enabler to secure new affordable homes across the rural communities of Gloucestershire. This requires utilising exception to Local Plan policies, working closely with Parish Councils to identify land and creative funding solutions to cross subsidise affordable units with limited units for market sale.
- 2.5.2** The delivery of such rural affordable housing schemes is relatively difficult and can take some time to come to fruition given the need to identify potential developable land, the need to evidence local housing need and the creation of viable funding packages to bring schemes forward. As such the county partnership approach championed by the Borough Council working closely with a specialist Rural Housing Enabler is a key tool to maximise outcomes.
- 2.5.3** The Partnership is currently addressing several constraints to rural exception development. This includes funding where, via the Homes and Communities Agency, government will fund shared ownership housing but not rented housing moving forward. In addition we are working with the District Valuer Services to overcome viability constraints caused by limited funding and how including open market housing on rural exception developments can aid delivery of affordable housing.
- 2.5.4** SVHS among other Registered Providers are also active within this county partnership and will aim to use capital receipts from sales of social housing to develop new affordable homes or reinvest these receipts into improvements and regeneration of current stock.
- 2.5.5** At present, the Strategic Housing and Enabling Officer is working with the Rural Housing Enabler to deliver affordable housing in several key locations including Service Villages such as Minsterworth, Norton and Leigh and other rural areas include Down Hatherley, Twigworth, and Snowhill. In addition, work is ongoing with SVHS to look at how Council-owned garage sites in Ashleworth, Brockworth, Shurdington, Staverton, Tewkesbury Town and Winchcombe can bring about new homes.
- 2.5.6** Proposed development across the Borough presents the Council with the opportunity to deliver much needed affordable housing through planning contributions rather than the heavily time-consuming and expensive route of exception schemes. However, rural exception schemes are necessary in many parts of the Borough, particularly the east area where Area of Outstanding Natural Beauty and Greenbelt constraints prevent development in the normal way. The Council must continue to work with Registered Providers to deliver affordable housing in locations where there is little chance of new affordable homes otherwise.
- 2.5.7** Where Registered Providers, including SVHS can utilise the capital receipts delivered by their disposals to support further new build affordable units in key areas is to be welcomed. Active involvement with Tewkesbury Borough Council within the Rural Housing Partnership in order to further these plans would be an essential prerequisite of the Borough Council's support of these disposals.

## **2.6 Summary**

- 2.6.1** As a result of the analysis carried out by the Housing Team to review both the latent demand in these locations, and the level of new affordable stock entering the market to meet this need, the Borough Council is generally comfortable with the disposals as proposed. The high cost of modernisation required within these properties and the opportunity for SVHS to redirect any proceeds to the provision of new affordable units in this area of the Borough concludes general support for the disposals as recommended.

## **2.7 Future Disposals**

- 2.7.1** Given the Government's intention to continue to encourage Registered Providers to examine their stock holdings regularly to dispose of costly units to help support the greater delivery of new affordable homes it is likely the Borough Council will be asked for a view on such disposals more regularly.

In order to comply with the need to form a view it is recommended that the Deputy Chief Executive be given the delegated authority to determine the local authority view through consultation with both the Portfolio Holder's for Built Environment and Finance and Asset Management on any future Registered Providers asset disposals.

As an essential part of this delegated authority consultation will also take place with the local Ward Members for any disposal to ensure the local perspective is adequately captured and taken into account.

## **3.0 OTHER OPTIONS CONSIDERED**

- 3.1** None.

## **4.0 CONSULTATION**

- 4.1** Local Ward Members for the communities where properties have been identified for disposal have met with SVHS to discuss the assessment and consider the local issues.

Members were comfortable with the proposals given the context in which SVHS is required to operate and welcome active support from SVHS to develop new schemes to re-provide affordable housing units in the Borough.

## **5.0 RELEVANT COUNCIL POLICIES/STRATEGIES**

- 5.1** Council Plan - Increase the supply of affordable homes across the Borough.

## **6.0 RELEVANT GOVERNMENT POLICIES**

- 6.1** None.

## **7.0 RESOURCE IMPLICATIONS (Human/Property)**

- 7.1** None.

## **8.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)**

- 8.1** None.

**9.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)**

**9.1** Given the costs of refurbishing these properties to a modern standard and the likely value on the open market, disposal and utilisation of the proceeds to provide new affordable units would be effective value for money.

**10.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS**

**10.1** None.

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**Background Papers:** None.

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**Appendices:** 1 – SVHS Property Assessments.  
2 – Housing Need Assessments.