

AGENDA ITEM: 15

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Meeting	Cabinet Resources Committee
Date	30 March 2006
Subject	Housing estates regeneration schemes – advanced purchase of properties in cases of personal hardship
Report of	Cabinet Member for Community Services Cabinet Member for Regeneration and Development Cabinet Member for Resources
Summary	To consider the expenditure incurred to date on the advanced acquisitions and to approve a variation of the programme to include hardship cases on the Dollis Valley housing estate.

Officer Contributors	Dave Stephens, Strategic Property Advisor Jonathon Lloyd-Owen, Regeneration Manager
Status (public or exempt)	Public – with a separate exempt section
Wards affected	Colindale, Edgware and Underhill
Enclosures	None
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in	Not Applicable

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1 RECOMMENDATIONS

1.1 That the Committee notes the capital and revenue implications to date of implementing the decision to pursue advanced acquisitions and approves the following:

- i. The London Housing Board money of £3.02 million be used to pay the cost of acquisition of the All Souls playing fields land;**
- ii. The advanced acquisition of properties in the Dollis Valley housing estate regeneration area in cases of hardship, subject to the same limitations as the previous decision for Stonegrove and Grahame Park.**

2. RELEVANT PREVIOUS DECISIONS

- 2.1 10th December 2001 Cabinet agreed that Family Housing Association be approved as the Council's preferred development partner for the regeneration of the Stonegrove and Spur Road estates and the appropriate Chief Officers be instructed to work with Family Housing Association to progress the regeneration proposals, reporting to future meetings of Cabinet on property acquisition and land transfer issues as appropriate
- 2.2 18th March 2002, Cabinet approved selection of Genesis and Notting Hill Housing Trust partnership (Choices for Grahame Park) as the preferred development partner for Grahame Park Estate Regeneration.
- 2.3 22nd March 2004, Cabinet approved the leasing of land to the Edgware Academy with provision that parts of the land revert to the Council for the Regeneration of Stonegrove Estates subject to land at Spur Road, Edgware being acquired from All Souls College.
- 2.4 23rd September 2004, Cabinet Resources Committee approved the acquisition of the land at Spur Road Edgware from All Souls College, subject to conditions including 'agreement being reached with DfES ... regarding payment...' and other conditions, and 'that the Borough Solicitor be instructed to complete the transactions in a form to his approval'.
- 2.5 3rd March 2005 Council – Budget - approved the Capital Programme 2005/6 – 2008/9.
- 2.6 16th June 2005 Cabinet Resources– considered a report upon the cases of hardship on the Stonegrove/Spur Road and Grahame Park housing estates and subject to the following
 - i. Confirmation that the London Housing Board funding for Stonegrove can be used for this purposes; and/or
 - ii. Funding can be secured through prudential borrowing;
 - iii. That, where appropriate, the acquired properties can be used as temporary accommodation for the homeless on the basis set out in the report or for purposes ancillary to the regeneration of the estates;
 - iv. To the prior approval of the Office of the Deputy Prime Minister; and

- v. That no additional commitments leading to increased prudential borrowing can be entered into until the Borough Treasurer has confirmed that this borrowing would be in accordance with prudential indicators approved by Council

Agreed that the appropriate Chief Officers be authorised to enter into negotiations with owner/occupiers suffering hardship upon the basis set out in the report subject to:

- a. spending not exceeding the sums referred to in the exempt report;
 - b. the number of properties to be acquired to be capped at 45, after which further Cabinet approval will be required;
 - c. that the estimates of expenditure and income be reviewed on a regular basis on the basis that further acquisitions are halted if at any time the actual costs and income prove to be significantly different from the estimates; and
 - d. to officers providing six monthly progress reports to this committee.
- 2.7 29th March 2005, Cabinet Resources Committee approved the sale of the first site to Family Housing Association for the construction of 62 affordable dwellings, using Housing Corporation Social Housing Grant, and subject to detailed planning consent being granted and other conditions

3 CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 The Corporate Plan commits the Council to providing homes in balanced communities by regeneration the priority housing estates at Stonegrove/Spur Road, Grahame Park, West Hendon and Dollis Valley.

4 RISK MANAGEMENT ISSUES

- 4.1 Failure to take up the grant money from the London Housing Board by the due date could result in the loss of those funds, additional interest charges being incurred on the prudential borrowing used for the acquisition of the All Souls Land, and difficulties in securing future grant.
- 4.2 As identified in the previous report, these advanced acquisitions involve incurring unbudgeted prudential borrowing to purchase properties, but that this would only be done if the cost of borrowing can be appropriately funded. The proposals are not risk free, but officers are continuing to seek to minimise the risk in several ways:-
 - by setting an agreed criteria for the assessment of hardship cases;
 - by maintaining the cap on the number of properties acquired, after which further Cabinet approval is required;

- by ensuring that the expenditure and rental income is monitored and reviewed on a regular basis.
- The scheme will be reviewed if properties prove difficult to let

5 FINANCIAL, STAFFING, ICT AND PROPERTY IMPLICATIONS

5.1 It was previously reported that the costs of acquiring the hardship properties should be funded as follows:

SCHEME	FUNDING SOURCE	COMMENT
Stonegrove/Spur Road	London Housing Board money. Housing Association Capital Programme (£8m for 2005/6 to 2008/9)	Set out in the exempt report
Grahame Park	Prudential borrowing	

5.2 It was previously reported that the prudential borrowing could only be consider if the annual cost of borrowing can be appropriately funded. It was therefore proposed that a variation of the Private Sector Leasing Scheme be used to provide temporary housing and a revenue stream to go towards covering prudential borrowing costs.

5.3 A brief explanation of the costs incurred to date compared to budget is given in the exempt report.

6. LEGAL ISSUES

6.1 These advanced purchase leasehold properties have been acquired following approval by Cabinet Resources Committee in June 2005. Where prudential borrowing has been used for their acquisition funds have come form the General Fund. This enables them to be used for Temporary Accommodation and allows the Borough to retain 100% of the receipts when they are eventually sold.

7. CONSTITUTIONAL POWERS

7.1 Constitution – Part 3 - Responsibility for Functions – Section 3.6 Functions delegated to the Cabinet Resources committee – All matters relating to land and buildings owned, rented or proposed to be acquired or disposed of by the Council.

8. BACKGROUND INFORMATION

ADVANCED ACQUISITIONS – COLLINSON, POWIS & GOLDSMITH

- 8.1 The Committee at its meeting on 16 June 2005 noted that at that time it was intended that what was known as Site C on the Stonegrove/Spur Road estates was to be sold to Family Housing Association for a development of 45 rented units, 8 equity share flats 9 shared ownership units. The rented units and the equity share flats were intended to re-house residents from the adjoining blocks of flats – Collinson, Powis and Goldsmith Courts. Not all the lessees in these blocks would be looking to take up shared equity units but instead expected to sell their interests to the Council and move elsewhere.
- 8.2 The Committee recognised the benefits from securing vacant possession of Collinson, Powis and Goldsmith Courts once the Family Housing Association development was completed and consequently authorised the advanced acquisition of properties in those blocks where the lessees are not seeking to purchase equity share units.
- 8.3 These acquisitions could be funded from the London Housing Board money, and the Council's approved capital programme for Stonegrove and Spur Road Estates referred to in the exempt report. As indicated in the exempt report, terms for the acquisition of only two properties have been agreed.
- 8.4 All Souls Land: This Committee approved the acquisition of this land for playing fields for the new Academy at Spur Road in September 2004. As set out in the report to this Committee of 29th March 2005 (paragraph 8.18) prudential borrowing of around £3 million was used to acquire the land. This in turn will reduce the contribution required from the regeneration of the Estates to the DFES from £6 million to c. £3 million. This money will be recovered from the regeneration when individual phases go ahead. The Government Office for London which administers the London Housing Board, has confirmed that the grant can be used for the acquisition of land and site development. This purchase of this land from All Souls will release about 5 hectares of the current Academy site by September 2006 for the estates' regeneration.
- 8.5 The balance of the London Housing Board grant will be used to fund the advanced purchase of leasehold property on the estate as outlined above.

DOLLIS VALLEY REGENERATION SCHEME – ADVANCED ACQUISITIONS

- 8.6 As plans for the regeneration of the Dollis Valley Housing estate progresses in conjunction with the partner organisation, so some residents on the estate are experiencing hardship through an inability to sell their homes. At present officers are aware of two potential hardship cases but as the project progresses this number may rise.
- 8.7 In light of the fact that the numbers of residents taking up the 'hardship' offers on the Stonegrove/Spur Road and Grahame Park housing estates is not as high as originally anticipated, it is recommended that the scheme should be

extended to the Dollis Valley estate regeneration area. The criteria for assessing hardship will be the same as that used for the other estates.

- 8.8 If this is agreed, the expenditure on acquisitions will be subject to the spending cap referred to in the exempt report and to the same six monthly monitoring reports to this committee.

9. LIST OF BACKGROUND PAPERS

- 9.1 None.

Legal:
CFO: