

BABERGH DISTRICT COUNCIL

FROM: The Housing Panel

REPORT NUMBER

F118

TO: STRATEGY COMMITTEE

DATE OF MEETING 16 November 2006

OPTIONS FOR THE FUTURE OF STOUR HOUSE

1. **SUMMARY**

1.1 One of the key recommendations in the Housing Panel's 2006 report (Paper F59) was that a feasibility study should be undertaken, in consultation with Sudbury and Great Cornard members, into the future of the Council's main Homelessness Centre, Stour House in Sudbury, and that a report be prepared for Strategy Committee to determine the best improvement or redevelopment options by the end of 2006.

1.2 The Housing Panel considered a total of seven options and has short-listed the following three:

Option 1 - Retain ownership of Stour House and convert it into self-contained flats

Option 2 - Transfer Stour House to a Registered Social Landlord on condition that they convert it into self contained flats, possibly using part of it for a supported housing scheme

Option 3 - Sell Stour House on the open market and use the proceeds to develop more social housing elsewhere

1.3 If these 3 short-listed options are approved, the Housing Panel is proposing to undertake further assessments and will make a final recommendation on one of them.

2. **RECOMMENDATIONS**

2.1 That Committee approves the three short-listed options detailed in this report and authorises the Housing Panel to make the final selection based on a further assessment of the advantages and disadvantages of each.

2.2 That, should the option to transfer Stour House to a Registered Housing Association (RSL) be chosen, the Head of Community Development, in consultation with the Housing Panel, be authorised to select an RSL partner.

3. **FINANCIAL IMPLICATIONS**

3.1 The financial implications of each of the short-listed options are outlined under paragraph 5.5. below.

4. **KEY INFORMATION**

- 4.1 The government has undertaken to reduce the number of families in temporary accommodation and has targeted shared hostel accommodation, like Stour House, as a form of temporary accommodation which it would like to see eradicated.
- 4.2 The Council's Homelessness Strategy commits Babergh to moving away from providing temporary shared housing and giving homeless people temporary, self-contained accommodation instead. So, although Stour House has served the Council well for the last 20 years, it should no longer be used in its current form.

5. **THE FEASIBILITY EXERCISE**

- 5.1. The Housing Panel considered the following seven options:

Option 1 The Council retains ownership of Stour House and converts the whole building into self-contained flats at its own expense.

Option 2 The Council transfers the ownership of Stour House to a Registered Social Landlord that will fund the conversion of the whole building into self-contained flats for rent at affordable levels or will convert the new wing into self-contained flats and develop a supported housing scheme in the old wing of the building.

Option 3 The Council sells Stour House on the open market and uses the proceeds to develop more social housing elsewhere.

Option 4 The Council transfers the ownership of Stour House to a private landlord for conversion into self-contained flats for rent.

Option 5 The Council tries to sell Stour House in conjunction with adjoining land owned by the County Council and the Health Authority as a larger and more attractive development.

Option 6 The Council provides Stour House as community resource.

Option 7 The Council re-models Stour House as a "supported" housing scheme for people with special needs.

- 5.2 The Panel decided that the chosen option needed to meet the following criteria. It must:

- eradicate the use of large-scale hostel accommodation for homeless families
- be deliverable within a reasonable timeframe so that Stour House is not left empty for a long period
- not compromise the Council's other spending priorities
- maximise funding opportunities from other sources
- ensure that any capital receipt be used to help allow the Council to meet the needs of the homeless
- not prevent or slow down the current work to de-commission Stour House as a hostel
- provide good value for money
- meet the Council's Corporate Objectives

5.3 The report to the Housing Panel (Paper HP58), the criteria matrix and the notes of the meeting of the Panel attended by local Members are available in the Members Room.

5.4 **The Panel discounted the following four options, as they did not fulfill the criteria in 4.2 above.**

Option 4: Disposal to the private sector

The Panel felt that this should be discounted because a project on this scale was likely to present significant risks to the Council on deliverability and affordability.

Option 5: Sell Stour House with adjoining land owned by the County Council and Health Authority

This option was discounted because the intentions of the other landowners are not known and the processes involved in complex land negotiations with multiple partners could significantly slow down the work to de-commission Stour House as hostel.

The Panel did agree however, that should Option 3 be selected, the Council should inform the other landowners of its intentions and invite expressions of interest as long as these did not compromise the agreed timetable.

Option 6: Provide Stour House as a community resource.

Whilst the Panel was sympathetic to the accommodation difficulties of local voluntary groups, particularly the Citizens Advice Bureau in Sudbury, it discounted this option because it was felt that the extent of the improvements needed to be carried out at Stour House would be considerable and that the cost of these works would fall on the General Fund. No budgetary commitment has been agreed to support this proposal. Furthermore, the use of a sizeable amount of the building in this way would diminish the Council's opportunity to explore other more achievable options.

Option 7: Re-modelling Stour House as a "supported" housing scheme.

Members requested that this option be considered. It relates specifically to proposals to support a scheme for clients with Learning Disabilities. The Housing Panel discounted this option because the supporting people commissioners responsible for the joint planning structure within Suffolk, have already agreed their commitment to support new supported housing development. This means any new scheme that is not on the approved programme would not receive any revenue funding and could not therefore be developed.

5.5 **The Panel short-listed the following options:**

Option 1: The conversion of the whole building into flats and for the Council to fund the works

This option delivers the policy in the existing Housing Strategy. It involves the conversion of Stour House from a 25 room managed Homelessness Centre into 10 two bedroom flats, 2 one bedroom flats and a 5 bedroom house all with self-contained facilities.

The total cost of conversion is £529,000, which would need to be met from the Housing Revenue Account (HRA). There is currently funding allocated within the HRA capital programme of £261,000 so the additional cost would have budget implications for the HRA Business Plan. This is affordable but will require substantial contributions from the HRA Business Plan. In order to accommodate this option it would be necessary to delay other council house work programmes or improvement schemes.

Option 2 The transfer of Stour House to a Registered Social Landlord.

This option can also deliver the policy in the Housing Strategy whilst requiring no direct funding from the Council. Under these proposals, the Council would transfer ownership of Stour House at a discount up to 100% to a RSL, which would pay for the capital improvements from their own resources and from Government grant. Any such transfer will be made on the condition that the property is used to meet the social housing needs of the District.

The RSL could carry out the conversion of the whole building as in Option 1, or it could convert part of the new wing of Stour House into self-contained dwellings and develop a supported housing for single people with "complex" needs in the old wing of the building.

RSLs are not subject to the same financial restrictions as local authorities and can reinvest capital, either by a conventional "mortgage" or by adding to any capital sum pledged to their development programme. This increases the opportunity of attracting further grant from their regulatory body, the Housing Corporation.

Members need to be aware that although the Council would bear none of the cost of the conversion work the transfer of the land and property to the RSL of up to 100% discount does mean the Council would not benefit from any capital receipt.

Option 3: Selling Stour House on the open market.

If Stour House is sold, then 25% of the proceeds would be available to meet corporate priorities and the remaining 75% would only be available for affordable housing or regeneration projects. If the 75% were not used for affordable housing or regeneration projects then it would need to be paid over to the Government. Committee should be aware that the 25% proportion would be available to meet any of the Council's capital programme, whether in the General Fund or Housing Revenue Account.

The Panel will investigate whether this option delivers an increase in the number of new affordable housing units over options 1 and 2 and whether the Council is likely to find a suitable alternative housing site in Sudbury.

6 THE NEXT STEP

6.2 The Housing Panel is recommending that Options 1, 2 and 3 are approved and that the Panel is authorised to undertake further work on these options including a detailed financial analysis and risk assessments of each before making a final recommendation. If Option 2 is selected it is proposed that the Head of Community Development in consultation with the Housing Panel selects the RSL partner to develop the scheme and negotiates the transfer package in line with the Council's existing agreed procedures for such matters.

7 APPENDICES

None

8 BACKGROUND PAPERS REFERRED TO

Housing Panel report H58 and relevant papers.

The Housing Panel

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