

Executive Decision Report

REDEVELOPMENT OF DECOMMISSIONED HOSTELS AND HOUSES IN MULTIPLE OCCUPATION

Decision to be taken by: Cllr Connelly

Decision to be taken on: 13th January 2017

Lead director: Chris Burgin



City Mayor

Useful information

- Ward(s) affected: Belgrave, Castle and Stoneygate.
- Report author: Simon Nicholls
- Author contact details: simon.nicholls@leicester.gov.uk
- Report version number: V.4

1. Summary

- 1.1 It is proposed to convert three former hostels and a former house in multiple occupation into 20 units of affordable housing that will be let to people on the housing register, at an estimated cost of £2.1m.

1.

2. Recommendations

- 2.1 Approve the scheme to convert three former hostels and one former house in multiple occupation into 20 units of affordable housing, that will be let to people on the housing register.
- 2.2 Approve the release of £1.3m from the Affordable Housing Programme Policy Provision, within the Housing Revenue Account capital programme.
- 2.3 Add the scheme to the capital programme in the sum of £2.13m.

3. Supporting information including options considered:

- 3.1 Lower Hastings Street, Loughborough Road and Myrtle Road were hostels that have now been decommissioned. A previous decision was made to convert them into council flats/houses that will be let to people from the housing register. 17 Seymour Street is a house in multiple occupation that is to be converted to a family house, which again will be let to somebody on the housing register.
- 3.2 The refurbishments will help to replace housing that has been previously lost due to the Right to Buy scheme. Some 20 new units of affordable housing will be made available.
- 3.3 The total scheme costs are estimated at £2.13m and will be financed by a mix of Right To Buy (RTB) receipts, Housing Revenue Account (HRA) revenue contributions and HRA borrowing. Both hostels are eligible for 30% RTB receipt funding as they are currently General Fund buildings and conversion works will add new stock to the HRA. A further 50% will come from revenue and 20% from borrowing. Myrtle Road and Seymour Street are existing HRA stock and therefore do not qualify for RTB receipt funding and will be financed from revenue contributions only.
- 3.4 The 2016/17 approved capital programme includes a £500k carry forward for the redevelopment of Lower Hasting Street Hostel. The Affordable Housing Programme Policy Provision currently holds £780k revenue and £840k RTB

receipt funding.

3.5 The two former hostel sites have a combined market value of £800k and will be appropriated from the General Fund to the HRA.

3.6 The HRA will incur total additional borrowing costs of £50k p.a.

4. Details of Scrutiny

The Capital Programme provisions were approved by Council.

5. Financial, legal and other implications

5.1 Financial implications

5.1.1 The total estimated scheme costs for works to all four sites, including fees and charges, is £2.13m. Some £0.5m of funding is immediately available in the 2016/17 HRA capital programme. The Affordable Housing Programme policy provision consists of £0.8m revenue and £0.5m RTBR receipts, a total of £1.3m. Therefore the total available revenue and RTB receipts is £1.8m. The balance of £330k can be financed from borrowing.

5.1.2 The borrowing requirement is 20% of the cost of Lower Hastings and Loughborough Road, which is a prudent and manageable level of debt. Together with the £0.8m appropriation value of both sites from the General Fund to the HRA, borrowing costs will increase by £50k p.a. The gross rent expected from the Lower Hastings and Loughborough Road sites is estimated to be £100k, which is more than sufficient to cover annual interest costs.

Pete Coles
Principal Account Housing
Ext 4077

5.2 Legal implications

Planning implications have been considered and the relevant building regulations approvals have been obtained. The units will be let to applicants on the housing register and the tenants will eventually accrue rights under the Housing Act 1985 allowing applicants the right to buy the same once they become qualifying tenants.

Salma Manzoor
Solicitor (Property) Legal Services Ext: 37 2686

5.3 Climate Change and Carbon Reduction implications

None sought

5.4 Equalities Implications

None sought

6. Background information and other papers:

None

7. Summary of appendices:

None

8. Is this a private report (If so, please indicated the reasons and state why it is not in the public interest to be dealt with publicly)?

No.

9. Is this a “key decision”?

Yes

10. If a key decision please explain reason

Capital spending of over £1m is to be committed on a scheme that has not been specifically authorised by Council.