

## Report for Resolution

**Report to** Cabinet  
16 March 2011

**Report of** Head of Finance

**Subject** Classification of Housing Stock

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### **Purpose**

To seek approval to appropriate 113 dwelling properties from the General Fund to the Housing Revenue Account.

### **Recommendations**

Members are asked to:

1. Approve the appropriation of 113 dwelling properties use for general residential purposes to use for local housing authority purposes under Part II of the Housing Act 1985.

### **Financial Consequences**

The financial consequences are detailed within the main body of this report.

### **Risk Assessment**

Dwellings used as defined under part II of the Housing Act 1985 should fall within the Housing Revenue Account as stated under part IV of the Local Government and Housing Act 1989.

The Annual Governance Report 2007/8 highlighted that it would not be expected that any General Fund properties would be identified as such and recommended that consideration be given to transferring such dwellings to the Housing Revenue Account.

### **Cabinet Members**

Councillor Arthur - Deputy Leader and Housing  
Councillor Waters - Resources, Performance and Shared Services

### **Strategic Priority and Outcome/Service Priorities**

This report helps to meet the strategic priority "Aiming for excellence – Effective management of our resources".

### **Contact Officers**

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## **Background Documents**

The Housing Act 1985

The Housing Act 2004

Local Government and Housing Act 1989

Audit Commission Annual Governance Report 2007/8

Cabinet Report of 24 November 2010: Managing Assets

# Report

## Background

1. In addition to the HRA social housing stock of circa 15,700 dwellings, a further 127 General Fund dwelling properties are utilised for local housing authority purposes.
2. The 127 General Fund properties were not originally acquired under part II of The Housing Act 1985 or any of its predecessor statutes, but under other powers such as Planning, for purposes such as the preservation of historic buildings or the government's slum clearance scheme.
3. Dwellings used for local housing authority purposes, as defined under part II of the Housing Act 1985, should fall within the Housing Revenue Account under part IV of the Local Government and Housing Act 1989.
4. In the Annual Governance Report 2007/8, the Audit Commission highlighted that local housing authority dwellings should be accounted for under the Housing Revenue Account (as above), and as such it would not be expected that any General Fund properties would be identified under part II of the Housing Act 1985.
5. The Annual Governance Report 2007/8 included an Audit Commission recommendation that consideration be given to transferring the General Fund social housing stock to the Housing Revenue Account.
6. On 24 November 2010, Cabinet approved the disposal of 14 of the 127 General Fund dwellings.

## Recommendation

7. It is proposed that, 113 dwelling properties currently accounted for under the General Fund (as detailed in appendix 1), be appropriated to the Housing Revenue Account from 1 April 2011

## Legal Issues

8. Appropriations must be by resolution of the Cabinet. Under section 122 of the Local Government Act 1972 and under section 19 of the Housing Act 1985, property which is no longer needed for the purposes for which it was originally acquired may be appropriated to other purposes. A resolution of Cabinet will suffice to effect that appropriation.
9. Under section 19 of the Housing Act 1985, the appropriation of property to the HRA does not require consent from the Secretary of State, but once property has been appropriated to a housing use, it may not be appropriated from that use without consent.

## **Impact on Tenants**

10. The Housing Act 1985 makes no distinction in its treatment of residential tenancies based upon the nature of acquisition of properties; therefore tenants of such properties hold similar secure tenancies to those occupying HRA owned homes.
11. Tenants of dwellings currently accounted for under the General Fund may exercise the same Right to Buy as tenants of HRA properties, as set out in the Housing Act 1985 and amended by part 6 of the Housing Act 2004. The appropriation of these properties into the HRA will therefore not impact on any current or future Right to Buy applications.
12. There will be no impact on tenants of the properties to be appropriated to the HRA. The tenancy conditions remain unchanged and identical to tenants occupying HRA properties and the rent will continue to be set in accordance with the Government's "Rent Restructuring" policy.

## **Financial Consequences**

13. The current value of the 113 dwelling properties under the ownership of the Housing General Fund is £6.98m.
14. The HRA will assume the debt charges on £6.98m of borrowing from the General Fund, which in 2011/12 is anticipated to equate to £513,000.
15. Under existing policy, the Subsidy Capital Financing Requirement (SCFR) for 2012/13 would have increased to accommodate the additional 2011/12 HRA debt charges. However, as the HRA is due to move to a self-financing system from April 2012, subsidy payments will cease to exist and the council will therefore not receive the additional SCFR to offset against the higher debt costs in 2011/12.
16. Under the proposed HRA self-financing system, the council would no longer pay into the HRA subsidy system, but would instead assume a one-off allocation of national housing debt. The value of the debt settlement is to be based upon the level of housing stock that the council holds in April 2011. The appropriation of property to the HRA will increase the value of debt that the council assumes, but this will be offset by the increased rental income from the additional dwellings.
17. The reduction in rent and service charge income to the General Fund in 2011/12, equates to approximately £430,000.

18. Maintenance, management and financing costs for non HRA properties in recent years are set out in the table below. All future maintenance, management and financing costs will become the responsibility of the HRA.

<b>Year</b>	<b>Expenditure (£)</b>	
	<b>2008/9</b>	<b>2009/10</b>
<b>Maintenance</b>	154,418	172,373
<b>Management</b>	82,178	95,431
<b>Financing</b>	284,720	210,469

19. The incorporation of an additional 113 properties into the Housing Revenue Account will attract additional negative housing subsidy. In 2011/12, this has been calculated at £989.74 per property, which equates to an additional £111,871.
20. For 2011/12 it is anticipated that the overall financial impact will be a net saving of £583,000 to the General Fund and additional costs of £695,000 to the Housing Revenue Account as set out in the table below.

<b>2011/12 Assumed Costs</b>	<b>HRA £000s</b>	<b>GF £000s</b>
Maintenance Costs	163	- 163
Management Costs	89	- 89
Financing Costs	248	- 248
Rent & Service Charge Income	- 430	430
Negative Subsidy	112	-
Debt Charges Adjustments	513	- 513
<b>Total</b>	<b>695</b>	<b>- 583</b>

## General Fund Dwellings to be Appropriated to the HRA

12	ADELAIDE STREET	38	VICTORIA STREET
17	ADELAIDE STREET	18	WALDEGRAVE
86	ARMES STREET	26	WALDEGRAVE
127	AYLSHAM ROAD	27	WALDEGRAVE
84	BLUEBELL ROAD	28	WALDEGRAVE
18	BULL CLOSE ROAD	29	WALDEGRAVE
70	BULL CLOSE ROAD	10	ESSEX STREET
84	BULL CLOSE ROAD	12	ESSEX STREET
144	BULL CLOSE ROAD	18	ESSEX STREET
150	BULL CLOSE ROAD	28	ESSEX STREET
54	BURY STREET	34	ESSEX STREET
3	BALDERSTON COURT	57	ESSEX STREET
2	GILDENCROFT	55	ST GILES STREET
4	GILDENCROFT	16	ELM HILL
12	GILDENCROFT	21	ELM HILL
94	GLADSTONE STREET	45	ELM HILL
96	GLADSTONE STREET	33	THORPE ROAD
106	GLADSTONE STREET	8	OXFORD STREET
116	GLADSTONE STREET	14	OXFORD STREET
83	KING STREET	22	OXFORD STREET
180	KING STREET	14	RACKHAM ROAD
182A	KING STREET	89	GLOUCESTER STREET
182C	KING STREET	2	RAVEN YARD
10	MAGPIE ROAD	6	RAVEN YARD
40	MAGPIE ROAD	7	NELSON STREET
42	MAGPIE ROAD	186	NELSON STREET
56	MAGPIE ROAD	24	HILL STREET
136	MAGPIE ROAD	16	LEONARD STREET
5	MOUSEHOLD HOUSE	71	DUKE STREET
8	MOUSEHOLD HOUSE	81	DUKE STREET
11	MOUSEHOLD HOUSE	83	DUKE STREET
12	MOUSEHOLD HOUSE	87	DUKE STREET
13	MOUSEHOLD HOUSE	107	ONLEY STREET
91	POTTERGATE	73	CAMBRIDGE STREET
119	RUPERT STREET	11	CALVERT STREET
159	RUPERT STREET	13	CALVERT STREET
37	ST STEPHENS SQUARE	15	CALVERT STREET
5	VICTORIA STREET	7	BRACONDALE
6	VICTORIA STREET	34	WAGGON AND HORSES LANE
7	VICTORIA STREET	11	ST MARTINS AT PALACE PLAIN
14	VICTORIA STREET	12	ST MARTINS AT PALACE PLAIN
16	VICTORIA STREET	68	ST PHILIPS ROAD
17	VICTORIA STREET	6	WILLOW LANE
18	VICTORIA STREET	10	WILLOW LANE
19	VICTORIA STREET	10A	WILLOW LANE
21	VICTORIA STREET	12	WILLOW LANE
22	VICTORIA STREET	24	LEICESTER STREET
25	VICTORIA STREET	28	LEICESTER STREET
26	VICTORIA STREET	74	NEWMARKET STREET
27	VICTORIA STREET	167	WATERWORKS ROAD
28	VICTORIA STREET	3	RUTLAND STREET
29	VICTORIA STREET	23	TRORY STREET
31	VICTORIA STREET	27	TRORY STREET
32	VICTORIA STREET	29	TRORY STREET
33	VICTORIA STREET	2	EARLHAM HALL GARDENS
34	VICTORIA STREET	17	EATON STREET
35	VICTORIA STREET		