

Committee/Meeting: Cabinet	Date: 13 February 2013	Classification: Unrestricted	Report No: CAB 72/123
Report of: Corporate Director of Development and Renewal Originating officer(s) Jackie Odunoye, Service Head, Strategy, Innovation & Sustainability		Title: Options for the refurbishment of Phase 3 of the Council's shortlife properties. Wards Affected: Bethnal Green North, Bromley-by-Bow, Whitechapel	

Lead Member	Cllr Rabina Khan, Lead Member for Housing, Heritage and Planning
Community Plan Theme	A Great Place to Live
Strategic Priority	Provide affordable housing and develop strong neighbourhoods

1. **SUMMARY**

- 1.1 The council currently owns twelve houses which are the remainder of its portfolio of shortlife properties, known as the Phase 3 properties. Previous phases of the shortlife portfolio have been disposed of over the past two years, either on the open market or sold to Registered Providers (RPs) to be refurbished and let to tenants. These properties are Victorian terraced houses with gardens and could be very desirable homes, but their current poor state of repair requires considerable investment to bring them up to the Decent Homes standard. This report outlines two options for achieving this refurbishment.
- 1.2 Four of these properties are occupied by squatters and eight of them have been occupied for many years by a shortlife housing coop called TUSH (Tower Hamlets Users of Shortlife Housing). The coop has presented a business plan to the council proposing a way of refurbishing all of the properties. The alternative proposal is for the council to invest its own resources in refurbishing the houses to bring them back into use as council tenancies. The two options are outlined in detail at sections 6 and 7 below.

2. **DECISIONS REQUIRED**

The Mayor in Cabinet is recommended to:-

- 2.1 Agree to Option 1, outlined at section 6 below, and authorise the investment of council resources in refurbishing eleven properties (numbers 9, 11, 46, 48, 50, 52, 58, 62 and 64 Bruce Road E3, 93 Old Ford Road E3 and 34 Mount Terrace E1) and bringing them back into use as council tenancies to

be managed by THH. The twelfth property is already in the process of refurbishment, as detailed at paragraph 5.5.

- 2.2 Agree to award all eligible TUSH members (as outlined at paragraph 6.8) resident in these properties and registered on the council's housing waiting list additional management priority points to enable them to bid for suitable replacement housing in line with the Council's lettings policy.
- 2.3 If Option 1 is agreed, approve the allocation of capital resources to accomplish the refurbishment of the eleven houses, and adopt a capital estimate of £1.7 million to enable the scheme to be included within the capital programme.
- 2.4 Delegate further decisions on the awarding of a contract to refurbish the properties and the options for carrying out additional works to one of the properties (see details of 34 Mount Terrace at paragraph 6.6) to the Corporate Director of Development & Renewal after consultation with the Assistant Chief Executive and the Mayor.

3. **REASONS FOR THE DECISIONS**

- 3.1 A decision was taken by Cabinet in November 2006 to dispose of all the shortlife properties to local RSLs in exchange for nominations to tenancies of the improved properties. This became impossible to implement for all of the shortlife portfolio, due to the high costs of refurbishment and the lack of availability of social housing grant to support the works costs.
- 3.2 The condition of the properties is almost certainly below the Decent Homes standard and most of them are evidently in need of major refurbishment. The poor condition of some of the properties, especially those which are squatted, degrades the local environment to the detriment of neighbouring residents.
- 3.3 The current head licensee of eight of the properties, Network Stadium Housing Association, have made the Council aware that they wish to hand responsibility for the houses back to the Council. Legal advice has been taken on the practical measures needed to accomplish the end of these shortlife licences, which were issued many years ago.
- 3.4 Alternative options have been considered for the future of these properties including the two being put forward in this report and are noted in section 4 below. Although the option being recommended for approval is the most costly in terms of Council resources, it will accomplish the return of all of these properties to the general housing stock owned by the Council and will provide a very valuable resource for families on the waiting list.

4. ALTERNATIVE OPTIONS

- 4.1 Option 1 Council investment in the refurbishment is considered at section 6 below. Option 2 Disposal via a lease to the TUSH coop is considered in detail at section 7 below.
- 4.2 Option 3 is to dispose of the properties to one of the Council's partner RPs. One RP carried out a desktop exercise in 2011 to assess the possible benefits of such a sale. It was estimated that 6 of the 12 properties could be refurbished for social rent nominations using funding raised by selling the remaining 6 on the open market, in the absence of available housing grant. This disposal would have resulted in no receipt for the council, but would have provided nominations to 6 three bedroom houses for social rent tenancies with the RP.
- 4.3 Option 4 is to dispose of the properties on the open market and use the receipt to finance other works to provide new affordable housing either on the council's own sites or via grants to RPs to subsidize the production of newbuild social rent tenancies.
- 4.4 Option 5, of leaving the houses in their current condition is not considered to be a valid alternative. Whilst the coop maintain their houses in a satisfactory state for their membership, the state of the squatted houses requires action by the Council.

5. BACKGROUND

- 5.1 The whole shortlife property portfolio came into the Council's ownership at the time of the transfer of the GLC's stock in 1985. They were used to house a number of different coops and over the years the lack of investment in the properties has resulted in most of the houses being handed back to the Council.
- 5.2 A Cabinet report on 8th November 2006 agreed to dispose of all 26 shortlife properties which had previously been managed on licence by RPs or coops to provide temporary accommodation for single sharers. They were to be sold to local RPs who would refurbish them and give the Council 100% of the subsequent tenancy nominations.
- 5.3 The 26 properties were split into three geographical groups and the disposals of the first two phases were accomplished in 2010 (9 properties sold to Network Housing Association and now refurbished and tenanted) and in 2011, when 5 properties were sold on the open market due to the lack of grant to allow RP refurbishment. Phase 3 is the portfolio under consideration in this report and consists of 10 properties in Bruce Road E3, one in Old Ford Road E3 and one in Mount Terrace E1.
- 5.4 The original licences on most of the Phase 3 properties were issued to a group called Solon Cooperative Housing Services. This group were taken over in 2007 by Network Stadium Housing Association who are now the head

licensees, with sub-licences being granted to TUSH coop whose members are mostly single people sharing the houses. Network Stadium now wish to hand back the properties to the Council.

- 5.5 One property out of the original twelve Phase 3 properties, 66 Bruce Road, was damaged by a fire in 2010 and since then has been the subject of an insurance claim. The insurance inspection also found subsidence in the basement and underpinning was required. The property was vacated by its TUSH residents, who moved to other TUSH houses, and expected that they would move back after the fire repair works. However, as Stadium have had to carry out the structural works at their own cost, the decision was made to upgrade the property from its shortlife standard and make it suitable for a permanent tenancy. Stadium are currently negotiating the details of the contract to carry out full repairs to the house and the Council has served Notice on Stadium to require the hand-back of this property. When works are completed in spring 2013, the 3 bedroom house will be advertised as a vacancy for a Council tenant through the Common Housing Register.

6. DETAILS OF OPTION 1: COUNCIL INVESTMENT IN REFURBISHMENT

- 6.1 The properties are all terraced houses with gardens, typically of 3 bedroom size, although one property in Bruce Road is a double fronted house which would provide 6 bedrooms. The property in Mount Terrace has the additional problem of being a grade II listed building in a conservation area and is in a very poor state of repair. Further details of this property are given at para 6.6.
- 6.2 Surveys carried out in March 2012 established a list of works required and cost estimates for each house ranging from £111,000 to £234,000. The properties occupied by the TUSH coop are in a better state of repair than the four squatted properties, but all of them require full internal refurbishment including new plaster for walls and ceilings, new internal doors, rewiring and upgrading of heating. A number of the properties require structural works, such as rebuilding of front bays and back extension walls as well as roof repairs and window replacement. The proposed standard of refurbishment to bring the houses up to Decent Homes standard would include these internal and external works and would also include some remodelling of room layouts to provide a better location for bathrooms, some of which are currently accessed via the downstairs kitchens.
- 6.3 Although each house could be refurbished in a contract of around six months, the full programme for carrying out all the works would be quite lengthy. It is likely that the properties would be split into a number of smaller packages, as vacant possession will not be available for all properties at once. The issues involved in decanting the properties are discussed at paragraphs 6.8 to 6.10 below.
- 6.4 It is proposed that the council tender the refurbishment contract to a number of local building firms and that the contract is managed in-house by the Asset Management Team. Consideration still needs to be given to the options of either entering into separate contracts for each package of properties or of

letting one contract with mechanisms in place to allow property packages to be added to the contract in stages. It is proposed that the decision on the most efficient contract mechanism is delegated to the Director of Development & Renewal after discussion with the Mayor.

- 6.5 The budget for these works will be confirmed in a further report to Cabinet. The current estimated cost of £1,700,000 includes fees and a 20% contingency sum and would produce 11 refurbished family houses, at an average cost of £154,000 each.
- 6.6 The listed building at 34 Mount Terrace presents some additional problems for refurbishment and long term maintenance. It is a three storey end of terrace building with structural problems which require some rebuilding. It also has a basement level which is currently not in a habitable condition, but which could be brought back into residential use to change the house from 3 beds to 4 beds. These additional works have not been allowed for in the current £210,000 works estimate for this house but it is considered that an opportunity to produce a larger dwelling would be missed by carrying out major works to the house, whilst leaving the two basement rooms in an unusable state. A revised cost estimate is to be obtained for the conversion of the basement and provision of an extra bathroom, to provide a 4 bed property and this additional cost will be contained within the current contingency budget.

The proposed process for decanting the properties and rehousing TUSH residents

- 6.7 Given the difficulties in ensuring empty properties are not squatted no eviction action against the people occupying the four squatted houses has yet been taken. Past experience had shown that expending resources on securing empty properties is not cost effective unless there are plans in place for the properties to be brought up to standard and relet as possession is obtained otherwise the properties are re-squatted. The current occupants have not created problems for their neighbours and have kept the houses in better repair than if they were left empty. Once the start date for the future council building contract is known the Council will apply for possession in the county courts and carry out an eviction. The squatters are all single people who are aware that they will have to leave at this point and no rehousing by the Council is expected.
- 6.8 The Cabinet decision on the disposal of the entire shortlife portfolio in 2006 stated in relation to the issue of rehousing that a one-off offer of reasonable accommodation would be made by the Council. It is proposed that if the Council refurbishment option is agreed, all existing TUSH residents who have lived in the properties for at least the past year are awarded the management priority which will enable them to be put into priority Band One for bidding for vacancies advertised by the Council. Current information indicates that this would apply to 18 single people and two families requiring 2 bed accommodation. More than half of these individuals are already registered on the Council's waiting list and the others have been encouraged to register an application.

- 6.9 The council's Housing Options team will be asked to advise on the appropriate mechanism for TUSH residents to be made a single offer of a suitable sized property. It is likely that the full rehousing process and decant of the properties may take some months. The council will wish to avoid having any of the properties standing empty before they are able to be passed into the hands of the refurbishment contractor, to avoid the possibility of squatting, and therefore may wish to closely manage the timetable for decant.
- 6.9 Legal advice has been taken which indicates that any occupant who declined to take up the rehousing offer would not be successful in mounting a defence in court to a claim for possession of the property by the Council. However the process of obtaining possession through the courts might be protracted. In a similar action by Lambeth Council in 2010, appeal proceedings for repossession of shortlife properties went as far as the European Court of Human Rights.

7. DETAILS OF OPTION 2: TUSH COOP'S PROPOSAL TO PURCHASE A LEASE ON THE PROPERTIES

- 7.1 The TUSH coop consists of their members who live in Bruce Road and Mount errace: they do not occupy any other properties. Many of their members have made their homes in these houses since the 1990s. The coop has had a long term interest in developing options to enable their members to obtain permanent tenure in these houses.
- 7.2 The TUSH proposals have recently focused on establishing a Community Land Trust (CLT). The coop has engaged the service of CDS Ltd (Coop Development Services) who have prepared a 30 year business plan and developed the detail of their current proposal. The CLT model allows the freehold of the properties to remain with the Council, whilst the CLT takes on a long lease and raises a loan against the value of the properties and their rental income stream to fund the refurbishment works.
- 7.3 The current proposal is that the CLT would use this loan finance to carry out full refurbishment of three of the houses (Old Ford Road and two of the squatted properties in Bruce Road) and would then provide LBTH with nomination rights in perpetuity to these family houses, which would remain part of the coop and be managed by CDS, who have a considerable portfolio of such houses in LBTH and other boroughs. The houses would be provided for nominations in the first three years of the business plan and would be let to tenants at Social Rent.
- 7.4 As well as the original loan finance, the refurbishment works would be funded by TUSH members paying an increased rental for their occupation of the shared houses. They currently pay a very low rent, but plan to increase this to around £80 per week per room.
- 7.5 The seven remaining houses would be maintained as shared accommodation, managed by the TUSH coop. The coop intends to

approach the occupants of the squatted houses to invite them to join the coop, if there are sufficient bedspaces available within the houses. The coop would take responsibility for obtaining legal possession of the three houses which are required for early refurbishment. As the shared houses are refurbished, any vacancies which arise would be offered to council nominations. Although the council does not currently offer shared accommodation for single people on the Common Housing Register (CHR), the Housing Options team may wish to consider if they would find these nominations useful. If not, then the coop would fill vacancies from their own waiting list and would prioritise local people who are already registered on the Councils CHR.

- 7.6 One of the TUSH houses is already divided into two 1 bed flats and will be retained in this layout. The CLT proposes that the council should have 50% of all future nominations to these units, so that coop members are occasionally able to take up the opportunity of self-contained housing whilst staying within the coop.
- 7.7 The shared houses would be refurbished after works have been carried out to the three houses for family nominations. Decent Homes works would take place in the first 6 years, including new kitchens and bathrooms, upgrades to heating, plumbing and electrics, and roof repairs. Details of the business plan have been provided to the council and indicate that the budget allowances for refurbishing the properties are lower than the council's estimates. The CLT would be prepared for the council to provide them with a minimum specification of works to be carried out to the three family houses and for the CLT agreement to require that this specification is met. Some elements of the works to the shared houses would be carried out using free labour from coop members, who currently undertake their own day to day maintenance.
- 7.7 Based on CDS's examination of the coop's own recent survey reports, they have concluded that the cost of refurbishing 34 Mount Terrace is too high to fit within their business plan and they propose to sell this property to provide cross-subsidy to the refurbishment costs for the other ten houses. Their assumption is that the property would raise £250,000, but they note that a proper valuation would be required, which might impact on their final offer to the Council.
- 7.8 The CLT financial proposal has a number of negotiable options. The current proposal is that the CLT will pay the Council the sum of £180,000 in three annual payments of £60,000 at the start of the long lease. They would also pay an annual rent for the lease, currently estimated at £10,000 for year one, increasing at RPI for subsequent years. If the Council finds that an annual contribution to the Housing Revenue Account is more useful than a capital receipt, then the CLT are willing to negotiate an open-book rebalancing of these two sums.
- 7.9 The CLT model envisages setting up a special purpose vehicle (SPV) with a structure including the Council (as custodian member), the TUSH coop

(as user member), CDS (as manager member) and another party (as developer member). The Council would be invited to be involved in ongoing decisions within the CLT, but the task of arranging the refurbishment works and managing the properties would be handled by the developer member (which might also be CDS). The SPV would be a not-for-profit organisation and the framework agreement defining the CLT responsibilities would allow for any cost savings to the business plan to be redistributed to members, including the Council.

7.10 A unique element of the CLT proposal is that the national CLT body is working towards a new financial model which involves peer to peer lending or the unitisation of the future revenue stream from rented properties. CDS and the new CLT would pursue this option to try to refinance the original loan which is to fund the first six years of refurbishment works. This has the potential to save a considerable sum for the business plan and any such savings would be shared amongst the CLT members.

7.11 Although this option presents a higher level of uncertainty at this stage than the Council's investment option, there are also many advantages.

The Council would:

- Obtain a receipt and a rental income.
- Receive nominations to three refurbished family houses without incurring any costs.
- Allow the community of TUSH members who have lived in these houses for many years to continue to operate their cooperative lifestyle and provide a unique element of diversity to the council's housing stock.
- Avoid having to provide rehousing in its mainstream stock for the current residents.
- Avoid any legal action to obtain possession of the squatted houses and any of the TUSH houses where residents might be unwilling to accept rehousing.
- Be involved in a second Community Land Trust initiative, following on from the acclaimed establishment of London's first CLT at the St Clements Hospital site.

8. COMMENTS OF THE CHIEF FINANCIAL OFFICER

8.1 This report seeks Mayoral approval to consider two options for the refurbishment of short-life properties which are currently licenced to a Registered Social Landlord. In all cases the freehold of the property is owned by the Council.

8.2 Of the twelve properties, all of which are Victorian terraced houses, eight are currently occupied by residents of a short-life housing coop (TUSH) and four are squatted. Ten of the houses are in Bruce Road, one in Old Ford Road and one in Mount Terrace. One of the Bruce Road properties is currently being refurbished following a fire so is not being considered as part of this report.

- 8.3 The Council does not currently incur any costs in connection with these properties, nor does it receive any income. The rental income generated on the properties is retained by the TUSH coop.
- 8.4 The report considers two options for the future of the properties as outlined below.

Option 1 – The full internal refurbishment of the properties to be undertaken by the Authority at an estimated capital cost of £1.7 million. The properties will return to the Council’s control and form part of the rented dwelling stock.

Option 2 – The granting of a lease for the properties to a Community Land Trust (CLT) established by the TUSH coop. The CLT will initially undertake the refurbishment works to three houses (paragraph 7.3), with the Borough being given nomination rights to these properties in perpetuity. The seven houses that are currently maintained as shared accommodation will be maintained by the TUSH co-operative and refurbished to decent homes standards within six years. The Coop considers that the cost of refurbishing the remaining property at 34 Mount Terrace is too high to be sustainable within the business plan, so propose that the freehold of the property be transferred to it at nil or notional value. The Coop intends to sell the property to generate resources to be applied towards financing the renovations of the other properties.

Under Option 2, the CLT proposes that the Council will be paid £180,000 in three annual instalments of £60,000 each for the first three years of the lease. In addition an annual lease rental of £10,000 (plus RPI) will be payable to the Authority.

A summary of the main elements of the proposals is shown in the table below.

	LBTH Capital Investment	Ownership of the Properties	Capital Receipt to LBTH	Annual Income to LBTH	LBTH Management and Maintenance Responsibility?
Option 1		LBTH	£	Dwelling Rent	
Option 2	£	TUSH *		Lease Rent	£

*TUSH will be granted a long lease on the properties. The Authority will continue to own the freehold, and will gain nomination rights to three properties.

- 8.5 The decision being considered within this report is basically whether the Council should invest £1.7 million in refurbishing the properties and provide eleven, three bedroom family homes for rent, with the properties being managed by Tower Hamlets Homes, or whether it grants a long lease on ten properties and disposes of one at notional value, to generate nomination rights to refurbished properties that will be managed by the TUSH coop.
- 8.6 A summary of the financial implications is shown in the table below, including a net present value assessment of the options, determined over a thirty year period.

	LBTH Capital Investment £	Capital Receipt to LBTH £	Annual Lease Income to LBTH £	Annual LBTH Management and Maintenance Costs? £	Annual Rental Income to LBTH? £	Estimated Value of Property Transferred to Coop £	30 Year Net Present Value Positive / (Negative) £
Option 1	(1,700,000)	-	-	(26,000)	69,000	-	(899,000)
Option 2	-	180,000	10,000	-	-	(250,000)	90,000

Overall, under the net present value assessment, Option 2 is financially more attractive, providing a positive net present value of £90,000 compared to the negative value of £899,000 under Option 1. However other non-financial factors will need to be taken into account when assessing the preferred option, as outlined in paragraph 8.5. In particular these will include consideration of the ownership of the properties.

- 8.7 Capital resources are extremely limited, and any proposals must be considered in the context of competing demands from other projects. However, as part of the budget process for 2012-13, Council earmarked £5.675 million of resources towards the development and progression of various housing initiatives to provide affordable housing units within the borough and projects to alleviate overcrowding. The resources were allocated across 2012/13 and 2013/14 as follows: 2012/13: £2.9 million; 2013/14: £2.775 million. To date no commitments have been made for these resources so if Option 1 is agreed, there is scope that an element (£1.7 million) of these funds could be earmarked to finance the required works to these properties. If Members agree this option, a capital estimate will need to be adopted in order that the scheme can be incorporated into the capital programme, and appropriate budgetary provision made within the Housing Revenue Account for the on-going management and maintenance of the properties.
- 8.8 If Option 2 is preferred, and a long lease is granted to TUSH for the redevelopment and letting of the properties, all the initial indicative financial

estimates will need to be finalised prior to any contracts being agreed and leases entered into. Under this option, it is proposed to dispose of 34 Mount Terrace at notional value to the coop in order that it can raise funds to renovate the other properties. Under Capital regulations, the Authority is able to dispose of property at less than market value to Registered Social Landlords, but specific Secretary of State consent may be required (see paragraphs 9.11 and 9.12 of the report of the Assistant Chief Executive (Legal services)). The Council will also be receiving capital receipts totalling £180,000 over the first three years of the project in relation to the granting of the property leases to the coop.

- 8.9 Several properties are currently occupied by TUSH coop members. In the case of Option 1, arrangements will be put in place to ensure that these existing residents will be given priority for alternative suitable social housing. In Option 2, existing TUSH residents will remain in the properties as tenants of the new Community Land Trust. Any costs necessary to recover and secure the properties that are currently squatted will have to be met from Housing Revenue Account resources.

9. CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL SERVICES)

- 9.1 The Council has held the freehold title to the 12 properties described in the report since transfer of ownership from the GLC in 1985. The properties were licensed by the Council to housing co-operatives (“co-ops”) for short-term use, continuing arrangements made originally by the GLC during its ownership. Those arrangements typically provided for the co-ops to grant licences to individual occupiers who each took a room in a shared house.
- 9.2 Stadium Housing Association holds the licences covering eight of the properties, and TUSH manages those properties on Stadium’s behalf. The properties are occupied by TUSH members, save for the house at 66 Bruce Road which unoccupied while undergoing major repair following fire damage (as explained at paragraph 5.5 above).

Option 1 – redevelopment by the Council

- 9.3 The intention through this option is for the properties to be redeveloped by the Council and returned to the Council’s stock of homes for mainstream letting, in accordance with the prevailing lettings policy, and under management by THH.
- 9.4 No change of ownership is involved under this proposal, and the cost will be met from the Council’s resources.
- 9.5 Following advice from counsel, Stadium’s licence from the Council has been terminated. The occupiers do not have security of tenure and counsel advises that there should be no bar to the recovery of possession (unlike the situation of a secure Council tenant, there is no statutory **entitlement** to

alternative accommodation and no requirement for the Council to convince a Court that it is reasonable to grant a possession order). The occupiers may attempt to raise defences to the claim which could cause delay, but those defences should not prevail.

- 9.6 The proposal to make one offer of suitable alternative accommodation will renew a commitment previously offered by the Council in 2006, and should avoid any potential human rights argument based on Article 8 – respect for an occupier’s home.
- 9.7 Four properties (in which TUSH is not involved) have been subject to long-term squatting. There is no reason to anticipate difficulty in obtaining possession orders and recovering vacant possession of the four properties once a scheme for the group of properties has been adopted.

Option 2 – TUSH proposal to take a lease on the properties and establish a Community Land Trust

- 9.8 This proposal would involve TUSH in establishing/promoting a Community Land Trust (“CLT”), a concept defined in the Housing and Regeneration Act 2008. TUSH has joined CDS Ltd (Co-op Development Services) in this scheme. CDS has a portfolio of properties, in Tower Hamlets and in other boroughs, which it manages. It is proposed that the CLT, in which the Council will be represented, will be created to manage the scheme, drawing on CDS’s expertise.
- 9.9 In the TUSH proposal, the first three properties to be redeveloped will be made available in perpetuity for the Council to allocate to families on the waiting list, through nomination rights. (Management would be undertaken by the CLT). The three properties concerned are presently squatted; they are not currently licensed to Stadium or managed by TUSH. Securing possession of those properties, and the execution of appropriate works, would be the responsibility of the CLT. The Council would need to be assured of the extent and quality of the proposed work and to obtain safeguards as to the CLT’s fulfilment of its obligations.
- 9.10 The proposal involves the Council granting a long lease of the properties to the CLT. This would represent a disposal of housing land by the Council for which consent of the Secretary of State would be required under section 32 of the Housing Act 1985 (as amended).
- 9.11 There are a number of general consents for disposals, last updated by the Department for Communities and Local Government in May 2012, and it may be possible for the proposed scheme to be brought within one of the general consents – for example if the disposal is for a consideration equal to its market value. Failing this, an application for a specific consent would be required.

- 9.12 Giving the Council nomination rights to the first group of three redeveloped properties to would represent valuable consideration in respect of the granting of a lease, but it would be necessary to obtain a professional determination of the value of those and to obtain appropriate valuations of the properties to determine whether the terms of the proposed lease would require a specific individual consent.
- 9.13 There are issues involved in such an assessment which cannot be properly considered until more details of the CLT proposal become available.

10. ONE TOWER HAMLETS CONSIDERATIONS

- 10.1 Option 1 - The provision of affordable housing in the Borough is one of the priorities of the LBTH Community Plan. The refurbishment work which would be facilitated by this investment will result in 11 new family sized houses being available at social target rents. These units will be offered to residents from the Common Housing Register.

Option 2 – This would enable the Council to establish a Community Land Trust with the Cooperative Development Agency. Ten of the eleven homes would be refurbished to the Decent Homes Standard. Three of the houses would be offered to families on the Common Housing Register and void rooms in the remaining seven could be made available to individuals on the waiting list requiring shared accommodation.

11. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 11.1 These properties have had no major works to improve their condition for a very long time and are currently very poorly insulated and have deficient heating systems. Refurbishment of the properties, whether carried out by the Council or the Community Land Trust, will bring them up to modern standards and contribute to a more sustainable neighbourhood.

12. RISK MANAGEMENT IMPLICATIONS

- 12.1 The recommended option introduces risks relating to the cost and duration of the refurbishment works and these risks will be mitigated by careful management of the works contract by council staff.
- 12.2 The decant process presents risks of houses remaining empty and vulnerable to vandalism or squatting before they are handed over to a contractor. This risk will be managed by close liaison between Tower Hamlets Homes housing management team and the contract administrator.
- 12.3 There is a risk that some current residents of the houses may not accept the proposed rehousing offer and that the Council may have to instigate legal action to recover vacant possession. Work has already commenced to obtain

expert advice on the legal position, to ensure that appropriate legal action is taken to ensure a successful outcome.

- 12.4 The second option of promoting the formation of a Community Land Trust introduces a number of risks, primarily to the draft timetable of refurbishment. The council will bear no financial responsibility for the refurbishment works, but any major delay or failure of the CLT to raise the required finance could create bad publicity and result in further deterioration in the condition of these properties. The Council may wish to become an active member of the CLT in order to oversee its progress, although the issue of staff or Member resources for this role will need to be considered.

13. CRIME AND DISORDER REDUCTION IMPLICATIONS

- 13.1 There have been few complaints from local residents about these properties, so their inadequate state of repair does not seem to have contributed to any additional fear of crime. However, action by the Council to arrange for these houses to be refurbished will assist in reducing the negative impact of these houses and will contribute to a regeneration of this part of the borough.

14. EFFICIENCY STATEMENT

- 14.1 The housing resource represented by these 11 properties is currently much under-used, with 4 properties in unauthorised occupation and the others occupied by people who would not have priority on the Council's Common Housing Register. The investment of resources to refurbish these properties to a modern standard and bring them back into use as Council tenancies will add these desirable family houses to the Council's housing stock for a very reasonable average outlay of £154,000 per property.

Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2012

Reports to Cabinet on 8th November
2006 and 1st December 2010