

Executive

27 August 2020

Report of the Corporate Director of Health, Housing and Adult Social Care

Portfolio of the Executive Member for Housing and Safer Neighbourhoods

Amended Decision on the Sale of a Building to Most Effectively Support the Re-provision of the Council's Homeless Accommodation.

Summary

- 1 In March 2017 Executive agreed to sell 92 Holgate Road. The service which operates from 92 Holgate Road will transfer into James House. The receipt from the sale of this property was agreed to be part of the agreed capital funding for the James House project. This report sets out a proposal to sell 27 & 28 St Marys instead of 92 Holgate Road. 27 & 28 St Marys and 92 Holgate Road are owned by Housing and form part of the Housing Revenue Account.
2. 92 Holgate Road is currently used by the Council for temporary homeless accommodation and has been well maintained during this time. 27 and 28 St Marys form part of a portfolio of properties leased to Changing Lives. Changing Lives is a charity that provides accommodation and support to people in York through the council's homelessness resettlement programme. Changing Lives have a long lease on these two properties. However, 27 and 28 St Marys require significant investment to bring them up to standard, this work would be disruptive to staff and customers.
3. 27 and 28 St Marys are located within a high value area and if sold would release a larger receipt than 92 Holgate Road. It is proposed that the residents from St Marys would move to 92 Holgate Road once all the residents from Holgate Road have moved to James House. It is considered that 92 Holgate Road provides a better site

for Changing Lives to operate their resettlement service.

Recommendations

4. Executive is asked to:

- i. Approve the sale of 27 & 28 St Marys on the open market to the highest bidder instead of 92 Holgate Road and, if the highest bidder is not necessarily the best offer, then to delegate to the Corporate Director of Health, Housing and Adult Social Care (in consultation with the Chief Finance Officer or her delegated officers) the authority to take such steps as are necessary to accept the best offer. In order to provide more modern and appropriate resettlement accommodation at 92, Holgate Road (which is no longer needed for temporary accommodation following the opening of James House) and to obtain an improved capital receipt to the authority. This will most effectively support former homeless/rough sleepers with finding permanent accommodation.

Reason:

- i. To support the cost of the provision of the council's temporary homeless accommodation at James House.
- ii. To improve the provision of the properties we offer to our partners as part of the homelessness resettlement programme.
- iii. To make better use of our assets and reduce the ongoing cost of the properties we lease to Changing Lives.

Background

5. As part of the re-provision of the council's homeless accommodation Executive (March 2017) agreed to sell 92 Holgate Road at market value with the proceeds used towards the cost of acquiring and developing James House.
6. The initial rationale at the time to sell 92 Holgate Road was that the property is of high value and would be surplus to requirements

when the residents move to James House. When the original decision to sell a property was taken in 2017 only the homeless hostel portfolio was looked at. St Mary's or other buildings were not considered as they were in the 'resettlement or adult related support' portfolio.

7. The Council's housing related support was recommissioned by Adult Social Care Commissioning, this resulted in the contract being rationalised and Changing Lives winning the bulk of the contract.

As part of the wider discussion around the improvements and Investment required to the properties leased to Changing Lives and the development and financing of the new hostel at James House it became apparent that the properties leased by Changing Lives should be considered in the discussions resulting in this proposal..

8. The properties at St Marys will have a higher value than 92 Holgate Road, based on the advice of Property Services. Indicative valuations are shown in the table below.
9. Many of the properties leased to Changing Lives including St Marys require significant investment to bring them up to current health and safety standards. The planned modernisation works are to be funded from within existing budgets. Plans to carryout works at St Marys have been put on hold pending a decision on this proposal. The budget for these repairs would be reinvested back into the HRA stock if no longer required.
10. 92 Holgate Road has received recent investment and is in an overall better condition than St Marys and is also better suited to shared accommodation given the layout and facilities.
11. There will be no net loss in the number of units available to Changing Lives for resettlement purposes overall as Changing Lives and the Council work together to develop the portfolio available to support the resettlement service.

Options

12. Option 1: Dispose of 27 and 28 St Marys and retain 92 Holgate Road as part of the Changing Lives leasehold resettlement programme.

Option 2: Continue with the decision to sell 92 Holgate Road and proceed with the improvement works at 27 and 28 St Marys.

Analysis

Option 1: Dispose of 27 and 28 St Marys and retain 92 Holgate Road as part of the Changing Lives leasehold resettlement programme.

- 92 Holgate is currently used by the Council as hostel accommodation it has been well maintained during this time therefore requiring less investment than St Marys.
- The main accommodation at Holgate is contained within one building, with all the accommodation located off a central staircase, making it easier to navigate internally for staff and residents.
- The Improved accommodation at Holgate Road will provide occupant with a better environment to acquire the skills and patterns of behaviours to move on with their lives.
- Resettlement can be complex with many strands St Marys is configured across two properties and seven floors with numerous staircases and two front doors, this can make it difficult to navigate and manage.
- St Marys is in a busy residential location near the city centre and this can provide additional management issues for staff.
- Holgate has a single access point to the front of the property which will enable good security for staff and residents.
- St Mary's will attract a larger capital receipt for the Housing Revenue Account. The indicative valuations in the table below demonstrate that a larger receipt would be generated for St Marys if it is reinstated as separate dwellings.
- There are no other uses identified for St Mary's if it wasn't sold.
- Expensive and intrusive modernisation is required at St Mary's which combined with the above bullet point wont represent value for money.
- 92 Holgate provides better staff facilitates as it accommodates a separate office in the garden, this space will provide a nicer environment in which to provide resettlements support.

Option 2: Continue with the sale of 92 Holgate Road and carry out the required improvements to 27 and 28 St Marys.

- The improvements at St Marys are expected to be in excess of £380k and will be intrusive to residents and staff.
- St Marys is configured across two properties and seven floors this can make it difficult to manage for staff.
- 92 Holgate is currently used by the Council as hostel accommodation and will meet the needs of Changing Lives better than St Mary's.
- The sale of 27 and 28 St Marys would release a larger receipt to the Housing Revenue Account than 92 Holgate Road.

The table below summaries the costs outlined above

Property	Estimated Valuation	Cost of works to sell property	Net Capital Receipt	Repairs & Modernisation work required
	£'000	£'000	£'000	£'000
92 Holgate Road	550	0	550	30
27 & 28 St Marys (combined)	822	0	822	380
27 St Marys	450	12*	438	NA
28 St Marys	750	12*	738	NA

*Estimated costs to separate the two buildings £24k.

Consultation

13. Discussions between Changing Lives, Adult Social Care Commissioning Housing Services and Property Services have taken place in relation to relocating the service. Feedback has been positive with 92 Holgate Road being viewed as delivering better accommodation. Changing Lives have indicated that in principle they would be amenable to surrendering their current lease of 27/28 St Marys in return for simultaneously being granted a lease of 92 Holgate Road instead. The Executive Member for Housing and Safer Neighbourhoods has been involved in discussions and is supportive.

Council Plan

14. This proposal contributes directly to, Creating Homes and World Class Infrastructure, as well as supporting the other key priorities through the provision of affordable homes where people can live safely and thrive.

Implications

15. Financial - The funding of James House was to be met by a combination of funding streams, including capital receipts. If a capital receipt is received greater than that forecast for 92 Holgate Road, any surplus funds will be reinvested back in to the Housing Delivery Programme.
16. **Human Resources (HR)** - none
17. **Equalities** – Good quality, secure and warm accommodation will improve the health and well-being of homeless households while their needs are assessed and before moving on to permanent accommodation.
18. **Legal** - No.27 and No.28 St Mary's are leased to the Cyrenians Ltd pursuant to lease granted on 12th June 2018 for a Term of 5 years from and including 1st Feb 2017 i.e. until 31st January 2022. Therefore if the Council wants to dispose of the freehold ownership the options are:
 - i. Wait until 31st January 2022 to dispose
 - ii. Enter into formal legal documentation with The Cyrenians for the surrender (early termination) of their current lease of 27/28 St Marys in return for simultaneously being granted a lease for 92 Holgate Road instead.
 - iii. Attempt to sell the freehold subject to The Cyrenians' lease (unlikely though that anyone would want to buy subject to the lease and this would preclude the ability to carry out the works on the properties to reinstate them into separate dwellings)

As the properties are part of the HRA portfolio consent from the Secretary of State for their disposal will be required under Section 32 of the Housing Act 1985. Pursuant to the General Housing Consents Order 2013, the Secretary of State has given consent to disposals by local authorities of housing/HRA land in the circumstances specified in the Order, which includes disposal of

land for its market value. However, if the properties were to be sold with the lease to the Cyrenians in place, this would fall outside the Order and specific express written consent from the Secretary of State would need to be applied for and obtained before any contract for sale or sale/transfer deed is entered into.

19. **Crime and Disorder** -
20. **Information Technology (IT)** none.
21. **Property:** These are all included in the body of the report.
22. **Other:** There are no further implications

Risk Management

23. Should this proposal not be agreed Housing Services will proceed with the sale of 92 Holgate Road. The proposed works will proceed at St Marys and Changing Lives will continue with their lease.

Contact Details

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Report Approved **Date** *Insert Date*

Chief Officer's name
Title

Report Approved **Date** *Insert Date*

Specialist Implications Officer(s) List information for all
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Wards Affected: Guildhall and Holgate

All *Tick*

For further information please contact the author of the report

Background Papers:

- Executive 17th March 2017

Annexes

- Annex 1 – 27 St Marys site plan
- Annex 2 - 28 St Marys site plan