

**Manchester City Council
Report for Resolution**

Report to: Executive - 22 December 2010
Subject: Stock Transfer Proposal for Residual Properties
Report of: Director of Housing

Summary

To seek Members' approval for the proposed stock transfer of 171 Council-owned dispersed "miscellaneous" homes.

Recommendations

1. That Executive approves the transfer of the properties identified in this report to a Registered Provider with a proven track record of delivering excellent customer service.
 2. That Executive authorise the Director of Housing, in consultation with the Executive Member for Neighbourhood Services, to take all necessary steps to complete the transfer.
 3. That Executive recommends that Council authorises the City Solicitor to obtain the consent of the Secretary of State to the transfer.
 4. That Executive authorises the City Solicitor to conclude all contractual documentation to give effect to the transfer.
 5. That Executive authorises the transfer of any further properties which become available for disposal as specified in Section 2.4.
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Wards Affected: Ancoats and Clayton, Baguley, Bradford, Brooklands, Charlestown, Cheetham, Crumpsall, Gorton North, Harpurhey, Longsight, Moss Side, Northenden, Sharston, Woodhouse Park

Community Strategy Spine	Summary of the contribution to the strategy
Performance of the economy of the region and sub region	Enhanced opportunities for the attraction and retention of economically active residents and workers by offering a range of products including affordable homes, intermediate rents and shared ownership.

Reaching full potential in education and employment	The successful bidder will be expected to work with contractors who will both employ local trades people and engage local young people as apprentices to promote employment and education in the local area. This ensures the best possible opportunity for local people to obtain training and/or employment, which directly helps to promote economic development in the local area, by developing the local workforce and delivering improvements for the whole community.
Individual and collective self esteem – mutual respect	Improving residents' homes to bring them up to the Government's Decent Homes Standard will improve individual and collective self esteem.
Neighbourhoods of Choice	The delivery of high quality refurbishment works, the provision of local management and the offer of affordable/shared ownership homes will encourage people to stay in their local areas and enable positive housing choices to be made by residents.

Full details are in the body of the report, along with any implications for:

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

The revenue costs associated with the professional fees around setting up the transfer are estimated to be around £130k, and these costs will be funded from within existing budgets within the Housing Revenue Account.

There will be an annual loss of rental income of around £304k per annum, although this will be offset by reduced costs in respect of management and maintenance.

In light of the proposed changes to housing finance, it is unlikely that we will get any outstanding debt in relation to the properties paid off by the Government, so we will have to continue servicing this debt through the HRA.

Financial Consequences – Capital

The capital cost of bringing the homes up to Decent Homes Standard (which will be met by the receiving Registered Provider) may be greater than the valuation of the properties so it is possible that we will not receive any capital receipt.

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

Report to Executive 10th September 2009 - Housing Capital Programme 2009-12
Report to Executive 10th February 2010 - - Annex 4 - The Housing Revenue Account Budget 2010/11 to 2012/13

1.0 Introduction

- 1.1 The purpose of this report is to seek approval from Executive for the activities which will allow a proposed stock transfer of 171 properties across the city. The proposal is to transfer all of the properties whether tenanted or void in order to create an affordable package for the receiving Registered Provider (RP).

2.0 Background

- 2.1 The Council has a portfolio of 171 housing properties (see Appendix 1) which have not been included in any of the Housing Investment Opportunities options. The properties are spread across parts of Manchester and in three locations outside the city as follows:

North Manchester SRF	11
Central Manchester SRF	26
Wythenshawe SRF	27
East SRF	89
Outside Manchester	18

- 2.2 The spread and diversity of these properties makes them both expensive and difficult to manage and maintain. They are currently managed by staff in the Brunswick and Collyhurst Local Services Teams. These teams are due to transfer to new employers once successful negotiations are completed on the Brunswick Housing PFI project and an alternative solution has been identified to deliver Decent Homes improvements in Collyhurst. Once these projects are completed there will be no housing management staff employed directly by the Council.
- 2.3 More importantly, whilst there is no detailed current stock condition information available for the residual properties it is clear that they would not meet the Decent Homes Standard. Moreover there are no proposals for any major investment to address Decent Homes to these properties going forward or to undertake planned or programmed maintenance other than routine repairs and servicing.
- 2.4 The Council also owns 39 properties in regeneration areas which are due to be demolished or refurbished. Options appraisal work is being undertaken to establish the most appropriate future for these properties in the current economic circumstances. These properties are not, at present, included in the proposal to transfer but if the regeneration proposals are not deliverable before the stock transfer is completed the most appropriate solution could be to transfer them to the preferred Registered Provider.

3.0 Divestment Proposal

- 3.1 With the successful programme of stock divestment during the past 5 years now reaching completion options for the remaining properties owned and managed by the Council have been investigated. These options have been considered in the context of the Council's policies and strategies, the Government's proposed

HRA reform and the limited financial and staffing resources available to Strategic Housing to undertake the delivery of the final preferred option.

- 3.2 Following investigation of the available options, the preferred option to deliver a Small Scale Voluntary Transfer (SSVT) to a single Registered Provider was identified and agreed at the Residual Assets Management Project Board. This option can be delivered using the current staffing resources and budget available to the Housing Investment Options programme in Strategic Housing.
- 3.3 The alternative option of transferring ownership to local Registered Providers in each of the existing SRF areas where there are properties would have meant that the transfers could not be delivered concurrently due to the limited staffing resources available. Attempting to deliver consecutive transfers which take on average twelve months each would mean full divestment would take until approximately 2016/17 with the condition of the properties awaiting transfer continuing to deteriorate and fall further behind the Decent Homes Standard.
- 3.4 The majority of properties are tenanted and can only be transferred to another landlord after consent is received from the Secretary of State and a majority of tenants voting, vote in favour of transfer. Empty homes can be disposed of (again subject to the Secretary of State's approval), however, in some areas of Manchester attempts to sell, often unmodernised, properties has proved extremely difficult and the capital receipt has been minimal and sometimes zero. Offering the properties together is much more likely to create an affordable package for the preferred Registered Provider and will deliver the improvements required.
- 3.5 As part of the bid evaluation criteria we will be seeking proposals from each bidder to ensure that:

Properties meet the Decent Homes standard

Properties will be managed by a Registered Provider who will deliver excellent customer service

There is no cost to the Council and that any potential capital receipt is maximised.

The preferred bidder will also be required to offer innovative approaches to deliver some of the Council's broader strategic objectives. The preferred bids will have to demonstrate their proposals for:

- Maximising employment opportunities for local workless people
- Offering apprenticeships and other training to local young people
- Converting empty properties located close to colleges into shared housing for young people
- Encouraging local people to acquire any of the empty properties to renovate them themselves through homesteading.
- Any other innovative proposals that help meet the key objectives of the Community Plan

- 3.6 The successful bidder(s) will provide the funding to undertake the work required to bring occupied properties up to the Decent Homes Standard and will then

seek to negotiate management/lease agreements with local Registered Providers who demonstrate a proven track record of good housing management and a strong commitment to neighbourhood working.

- 3.7 Stock condition surveys have been commissioned as part of the preparatory work required for any stock transfer.
- 3.8 The proposed timetable for this divestment proposal is:
- Engaging with tenants at a local level around possible options began in November 2010.
 - Stock condition surveys are being carried out in November and December 2010.
 - Valuations to be carried out in December 2010 and January 2011.
 - Tenants Steering Group to be set up by February 2011.
 - Ballot to take place in Summer 2011.
 - Stock Transfer to take place by March 2012.

4.0 Conclusions

- 4.1 These properties have had very little improvement work carried out on them for many years and do not meet the Decent Homes Standard. The geographic spread of these properties makes it difficult and expensive to maintain and manage them effectively.
- 4.2 The resources and budget available to manage these properties and to undertake their divestment are limited and will be further reduced over the next few years.
- 4.3 If the stock transfer does not go ahead the properties will continue to fall further into disrepair and limited resources will mean that the divestment of these properties could take several years to complete.
- 4.4 By offering the proposed package of properties we can make the proposal attractive to potential bidders.
- 4.5 As part of the bid criteria we will ask bidders for innovative proposals for some of the Council's strategic objectives.

5.0 Contributing to the Community Strategy

5.1 Performance of the economy of the region and sub region

Enhanced opportunities for the attraction and retention of economically active residents and workers by offering a range of products including affordable homes, intermediate rents and shared ownership.

5.2 Reaching full potential in education and employment

The successful bidder will be expected to work with contractors who will both employ local trades people and engage local young people as apprentices to

promote employment and education in the local area. This ensures the best possible opportunity for local people to obtain training and/or employment, which directly helps to promote economic development in the local area, by developing the local workforce and delivering improvements for the whole community.

5.3 Individual and collective self esteem – mutual respect

Improving residents' homes to bring them up to the Government's Decent Homes Standard will improve individual and collective self esteem.

5.4 Neighbourhoods of Choice

The delivery of high quality refurbishment works, the provision of local management and the offer of affordable/shared ownership homes will encourage people to stay in their local areas and enable positive housing choices to be made by residents.

6. Key Policies and Considerations

6.1 Equal Opportunities

Residents will be treated equally and fairly and will be involved in the consultation process and in the procurement of the successful bidder to deliver the improvements to their properties.

6.2 Risk Management

A project team will be established and will work with the successful bidder to manage risks in line with the Manchester Method project management methodology.

6.3 Legal Considerations

A representative from the City Solicitor has advised on legal aspects of the project to date and will be a member of the project team.

Appendix 1 Properties to be included in the stock transfer proposals

64	ACKROYD STREET	M11	Bradford
75	ACKROYD STREET	M11	Bradford
1466	ASHTON OLD ROAD	M11	Bradford
1472	ASHTON OLD ROAD	M11	Bradford
1482A	ASHTON OLD ROAD	M11	Bradford
1482B	ASHTON OLD ROAD	M11	Bradford
1514	ASHTON OLD ROAD	M11	Bradford
1432A	ASHTON OLD ROAD	M11	Bradford
1438A	ASHTON OLD ROAD	M11	Bradford
1490B	ASHTON OLD ROAD	M11	Bradford
1504B	ASHTON OLD ROAD	M11	Bradford
1438B	ASHTON OLD ROAD	M11	Bradford
1464B	ASHTON OLD ROAD	M11	Bradford
1510	ASHTON OLD ROAD	M11	Bradford
1522	ASHTON OLD ROAD	M11	Bradford
1424A	ASHTON OLD ROAD	M11	Bradford
1424B	ASHTON OLD ROAD	M11	Bradford
1432B	ASHTON OLD ROAD	M11	Bradford
1416	ASHTON OLD ROAD	M11	Bradford
1464A	ASHTON OLD ROAD	M11	Bradford
1504A	ASHTON OLD ROAD	M11	Bradford
1490A	ASHTON OLD ROAD	M11	Bradford
16	BARTLETT STREET	M11	Bradford
44	BARTLETT STREET	M11	Bradford
38	BARTLETT STREET	M11	Bradford
18	BARTLETT STREET	M11	Bradford
18	BEN STREET	M11	Ancoats and Clayton
23	BEN STREET	M11	Ancoats and Clayton
36	BEN STREET	M11	Ancoats and Clayton
16	BENNETT ROAD	M8	Crumpsall
18	BENNETT ROAD	M8	Crumpsall
95	BERESFORD STREET	M14	Moss Side
17	BOAT LANE	M22	Northenden
126	BOLLINGTON ROAD	M40	Ancoats and Clayton
54	BROADFIELD ROAD	M14	Moss Side
	BROOK HOUSE	M23	Brooklands
46	CANADA STREET	M40	Miles Platting and Newton Heath
17	CARNFORTH STREET	M14	Moss Side
27	CAVENDISH ROAD	M30	Eccles
27	CAVENDISH ROAD	M30	Eccles
27	CAVENDISH ROAD	M30	Eccles
27	CAVENDISH ROAD	M30	Eccles
27	CAVENDISH ROAD	M30	Eccles
27	CAVENDISH ROAD	M30	Eccles
95	CAYTHORPE STREET	M14	Moss Side
78	CAYTHORPE STREET	M14	Moss Side
76	CAYTHORPE STREET	M14	Moss Side
75	CAYTHORPE STREET	M14	Moss Side
74	CAYTHORPE STREET	M14	Moss Side
60	CAYTHORPE STREET	M14	Moss Side

58	CAYTHORPE STREET	M14	Moss Side
30	CAYTHORPE STREET	M14	Moss Side
17	CHURCH ROAD	M22	Northenden
176	CLAREMONT ROAD	M14	Moss Side
16	CLEDON STREET	M9	Harpurhey
	CLOUGH HOUSE	M9	Charlestown
60	COATBRIDGE STREET	M11	Ancoats and Clayton
66	COATBRIDGE STREET	M11	Ancoats and Clayton
68	COATBRIDGE STREET	M11	Ancoats and Clayton
119	COBDEN STREET	M9	Blackley
120	COBDEN STREET	M9	Blackley
11	COLLIERY STREET	M11	Bradford
15	COLLIERY STREET	M11	Bradford
29	COLLIERY STREET	M11	Bradford
33	COLLIERY STREET	M11	Bradford
11	CONNIE STREET	M11	Bradford
12	CONNIE STREET	M11	Bradford
25	CONNIE STREET	M11	Bradford
22	CONNIE STREET	M11	Bradford
26	CONNIE STREET	M11	Bradford
1	CONNIE STREET	M11	Bradford
3	CONNIE STREET	M11	Bradford
23	CONNIE STREET - Flat 1	M11	Bradford
23	CONNIE STREET - Flat 2	M11	Bradford
24	CORONATION STREET	M11	Ancoats and Clayton
47	COWESBY STREET	M14	Moss Side
45	COWESBY STREET	M14	Moss Side
1	CRONDALL STREET	M14	Moss Side
10	DUNSTON STREET	M11	Bradford
7	DUNSTON STREET	M11	Bradford
20	DUNSTON STREET	M11	Bradford
50	ELYSIAN STREET	M11	Bradford
1	GIB LANE COTTAGES	M23	Baguley
3	GIB LANE COTTAGES	M23	Baguley
2	GOOLE STREET	M11	Bradford
27	GOOLE STREET	M11	Bradford
1	GRANSMOOR AVENUE	M11	Bradford
6	GRANSMOOR AVENUE	M11	Bradford
7	GRANSMOOR AVENUE	M11	Bradford
11	GREENSIDE STREET	M11	Bradford
13	GREENSIDE STREET	M11	Bradford
1	GRIZEBECK CLOSE	M18	Gorton North
No. 7	HALE TOP HOUSE	M22	Woodhouse Park
No. 5	HALE TOP HOUSE	M22	Woodhouse Park
No. 8	HALE TOP HOUSE	M22	Woodhouse Park
No. 6	HALE TOP HOUSE	M22	Woodhouse Park
No. 2	HALE TOP HOUSE	M22	Woodhouse Park
No. 10	HALE TOP HOUSE	M22	Woodhouse Park
No. 1	HALE TOP HOUSE	M22	Woodhouse Park
No. 3	HALE TOP HOUSE	M22	Woodhouse Park
No. 4	HALE TOP HOUSE	M22	Woodhouse Park
8	HARTINGTON STREET	M14	Moss Side
7	HAZELCROFT GARDENS	SK9	Alderley Edge

8	HAZELCROFT GARDENS	SK9	Alderley Edge
2	HAZELCROFT GARDENS	SK9	Alderley Edge
6	HAZELCROFT GARDENS	SK9	Alderley Edge
4	HAZELCROFT GARDENS	SK9	Alderley Edge
1	HAZELCROFT GARDENS	SK9	Alderley Edge
3	HAZELCROFT GARDENS	SK9	Alderley Edge
9	HAZELCROFT GARDENS	SK9	Alderley Edge
5	HAZELCROFT GARDENS	SK9	Alderley Edge
10	HAZELCROFT GARDENS	SK9	Alderley Edge
11	HAZELCROFT GARDENS	SK9	Alderley Edge
49	HEALD PLACE	M14	Moss Side
20	HEATHER STREET	M11	Ancoats and Clayton
9	HOVIS STREET	M11	Bradford
8	HOVIS STREET	M11	Bradford
12	MATTISON STREET	M11	Bradford
22	MATTISON STREET	M11	Bradford
4	MATTISON STREET	M11	Bradford
101	MEECH STREET	M11	Bradford
18	MIDLOTHIAN STREET	M11	Ancoats and Clayton
44	MIDLOTHIAN STREET	M11	Ancoats and Clayton
17	MONTANA SQUARE	M11	Bradford
13	MOOR END	M22	Northenden
1 TO 3	MORROWFIELD AVENUE	M8	Cheetham
1	NEPAUL ROAD	M9	Blackley
0	NEWLYN	M22	Woodhouse Park
0	OAK COTTAGE	M23	Northenden
100	PARKFIELD STREET	M14	Moss Side
125	PARKHOUSE STREET	M11	Bradford
143	PARKHOUSE STREET	M11	Bradford
121	PARKHOUSE STREET	M11	Bradford
6	PENSBY WALK	M40	Harpurhey
8	PLAYFAIR STREET	M14	Moss Side
15	RALPH STREET	M11	Ancoats and Clayton
5	RANGE STREET	M11	Bradford
32	RAWCLIFFE STREET	M14	Moss Side
35	RAWCLIFFE STREET	M14	Moss Side
0	ROSE COTTAGE	M22	Woodhouse Park
90	ROSEBERY STREET	M14	Moss Side
32	ROYLE GREEN ROAD	M22	Northenden
36	ROYLE GREEN ROAD	M22	Northenden
24	ROYLE GREEN ROAD	M22	Northenden
16	ROYLE GREEN ROAD	M22	Northenden
46	RUSHTON GROVE	M11	Bradford
44	RUSHTON GROVE	M11	Bradford
14	RUSHTON GROVE	M11	Bradford
36	RUSHTON GROVE	M11	Bradford
32	RUSHTON GROVE	M11	Bradford
50	RUSHTON GROVE	M11	Bradford
126	RUSSELL STREET	M16	Moss Side
47	RYAN STREET	M11	Bradford
43	RYAN STREET	M11	Bradford
	SHARSTON LODGE	M22	Sharston

79	SIDNEY ROAD	M9	Crumpsall
642	STOCKPORT ROAD	M13	Longsight
	STONEPAIL COTTAGES	SK8	Gatley
14	SURREY ROAD	M9	Crumpsall
0	THE BIRTLES	M23	Brooklands
8	THIRLSFIELD DRIVE	M11	Ancoats and Clayton
13	VINCENT STREET	M11	Bradford
29	VINCENT STREET	M11	Bradford
4	VINCENT STREET	M11	Bradford
81	VINE STREET	M11	Bradford
19	WHEELDON STREET	M14	Moss Side
23	WHEELDON STREET	M14	Moss Side
33	WHEELDON STREET	M14	Moss Side
	WYTHENSHAW COTTAGE	M23	Northenden
	YEW TREE COTTAGE	M23	Northenden
54	YEW TREE LANE	M23	Northenden