

Title of meeting:	Resources Portfolio
Date of meeting:	20 December 2018
Subject:	Transfer of Properties to Portsmouth Community Housing Trust
Report by:	Director of Customer and Communication
Wards affected:	Nelson
Key decision:	Yes
Full Council decision:	No

1. Purpose of report

- 1.1 To outline the opportunity to support Portsmouth Community Housing Trust and residents of Portsmouth requiring housing by transferring the buildings previously leased to Portsmouth Abuse and Rape Counselling Service (PARCS) on a peppercorn rent to the Portsmouth Community Housing Trust with the sole purpose of providing affordable rental accommodation as identified by Portsmouth City Council.

2. Recommendations

It is recommended that the Cabinet Member for Resources approves the following:

- 2.1 That 1-3 Angerstein Road be transferred by long lease to the Portsmouth Community Housing Trust for the provision of housing as identified by Portsmouth City Council
- 2.2 That delegation be made to the Director of Housing, Neighbourhoods and Buildings to agree a Lettings Agreement with Portsmouth Community Housing Trust that ensures Portsmouth has nomination rights to allocate the properties in line with the Portsmouth City Council Allocation Policy
- 2.3 That delegation be given to the City Solicitor to complete all necessary legal work to complete matters

3. Background

- 3.1 Housing need in Portsmouth is as acute as ever and the opportunities to increase the supply of low cost housing increasingly limited. Amongst the range of initiatives, one solution is to make better use of unused public property or land

through unlocking finance and other resources that the current public owners do not have access to or the capacity to take on.

3.2 There is currently an opportunity to pilot this with two properties (1-3 Angerstein Road) which are owned by PCC but no longer required for their former charitable use. Whilst they are not part of the Housing Revenue Account (HRA), it is deemed that they are suitable for asset transfer to an appropriate body which could bring them to a suitable standard to be offered to general needs housing applicants.

3.3 The Portsmouth Community Housing Trust is a Community Land Trust which was established in September 2018 and will take ownership or management of unused public property or land to provide accommodation towards meeting local housing need. It will take nominations from local authority housing, responding to a range of housing needs, including responding to the unmet demand for large family accommodation.

3.4 The Board of the Trust are members of the local community who have excellent knowledge, skill and experience of both the local communities in Portsmouth, but also of housing. They are:

Father Bob White - St Mary's Church and Fratton Big Local. Former Board Member of Portsmouth Housing Association (PHA) and who has spent many years working in community development and regeneration

Mark Waldron - Editor of The News – who has an awareness and involvement in the local community

Tracey Ansell, Baptist Minister and Hope Into Action which provides homes for the most vulnerable in society in partnership with local churches.

Father Ansell d'Milo, assistant priest at S John's Cathedral

Graham Brombley, former finance director of First Wessex and PHA

3.5 Community Land Trusts (CLTs) are a form of community-led housing, set up and run by ordinary people to develop and manage homes as well as other assets important to that community, such as community enterprises, food growing or workspaces. CLTs act as long-term stewards of housing, ensuring that it remains genuinely affordable, based on what people actually earn in their area, not just for now but for every future occupier. CLTs are increasingly found in urban as well as rural areas.

3.6 Portsmouth Community Housing Trust can access appropriate funding and advice as well as the benefits of networking with other CLTs. This includes accessing “seedcorn” funding, raising funds from CLT specialist lenders and possibly other grant funding. It will be accountable and responsive to the local community.

- 3.7 An urgent decision on this matter is considered necessary as the buildings in question are in a dilapidated state and have been vacant for several months now which will, particularly through the winter months lead to further dilapidation. In addition we have received complaints from local residents not only about the state of the properties but also about the frequency of alarms going off and the risk of vandalism.
- 3.8 A short consultation was undertaken with residents of properties in the immediate area, which included sending out a written questionnaire and face to face interviews. The responses were marginally in favour of transferring the properties to a CLT.

4. Reasons for recommendations

- 4.1 The properties in question have been used for Charitable purposes for many years and have fallen into disrepair.
- 4.2 The current market value in their current state has been estimated at between £240-£270k . The previous tenant had an independent valuation undertaken to assess the cost of returning the properties to a habitable state and said cost was estimated at approximately £112k. The previous assessment by PCC was circa £93k as per Finance comments below and a further £30k is estimated for project and contingency costs. In addition we have received approximate costs for conversion into flats and/or houses of between £320k and £350k. Whilst it obviously needs to be acknowledged that the market value of the properties on completion of renovation and conversion will significantly exceed the current market value, PCC would be seeking disposal of the properties.
- 4.3 Transfer to Portsmouth Community Housing Trust will secure the properties with no additional capital outlay from PCC, for housing for Portsmouth residents against the criteria decided by Portsmouth City Council at the time of tenancy. Further any net profit from the CLT will be re-invested into other projects and properties to support the needs of Portsmouth residents.

5. Equality impact assessment

- 5.1 A preliminary equality impact assessment has been completed (attached as appendix 1) and the recommendations do not / the recommendation does not have a negative impact on any of the protected characteristics as described in the Equality Act 2010 for the following reasons:
- We as a local authority do not want to spend a large amount of money on a building which will only bring it up to a minimum standard; we want to make sure the building is fit for purpose and is at an excellent standard not the minimum
 - The new affordable housing will enable people living in the area to find a home that is affordable to them as the housing rent will be proportional to the individual's earnings. This could benefit various protected characteristics for

example, people who are homeless, rough sleepers, women with children or the unmet need for large family homes

- There has been much discussion and consultation with the stakeholders for this project who know the area and people well and this will be a very positive move to use a building that is in disrepair for the unmet need for housing in the city

6. Legal implications

- 6.1 A draft set of terms outlining the provisions of the documentation necessary to effect the transfer to the Portsmouth Community Housing Trust is attached as appendix 2. These have yet to be approved by the Portsmouth Community Housing Trust and so may change.
- 6.2 However, it is agreed in principle that the lease of 125 years will only be granted to the Portsmouth Community Housing Trust after their works of refurbishment have been completed. If they are not completed within a certain time of the agreement (likely to be four years) then the lease will not be granted and the agreement will terminate.
- 6.3 In disposing of the land the statutory constraints in s123 Local Government Act 1972 must be taken into account.
- 6.4 Under s123 of the Local Government Act 1972 the Council may dispose of any land in any manner they wish provided that it must be for the best consideration that can reasonably be obtained. If the disposal is not for the best consideration obtainable then the consent of the Secretary of State will be required.
- 6.5 However, Secretary of State consent is not required for the disposal of any interest in land which the authority considers will help it to secure the promotion or improvement of the economic, social or environmental well-being of its area and the undervalue does not exceed £2,000,000.

7. Director of Finance's comments

- 7.1 Both of these properties are currently vacant and due to the current structural condition they are not in a state that could generate income without significant investment. The cost of bringing these properties into a habitable state would be £93,000. This is before doing any internal refurbishment work, once this is factored in the cost of the development could be £320,000.
- 7.2 In their current state with planning the properties could fetch £240,000 to £270,000 if they were to be sold on the open market.
- 7.3 The council have received preliminary estimates of what income could be derived if the properties were firstly developed into 5 x 2 bed flats or into 2 x family sized homes, once all costs of development and fees are taken into account the likely profit from both options would be £240,000 to £260,000.

- 7.4 Therefore doing no conversion or strengthening is equally as financially beneficial as carrying out extensive renovations.
- 7.5 The report recommends that the Council grant a long lease to the Portsmouth Community Housing Trust (PCHT), this is effectively a disposal of the properties and therefore would represent the Council forgoing £240,000 to £270,000 worth of income in the form of a capital receipt.
- 7.6 However the lease is granted with 100% nomination rights for the City Council which means that the costs of redeveloping these sites are borne by the PCHT. This means that the Council potentially gets 5 x 2 bed flats for £270,000, so an initial average cost of £54,000 each, with no ongoing maintenance liability or borrowing costs.
- 7.7 Any rental income will be collected from the tenants by the Trust and the cost of any void periods is at the Trust's risk.
- 7.8 The Council will retain the freehold but will only receive a peppercorn rent from this property.

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Signed by:

- Appendices:**
Appendix 1 - Preliminary Equality Impact Assessment
Appendix 2 - A draft set of terms outlining the provisions of the documentation necessary to effect the transfer to the Portsmouth Community Housing Trust

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location

The recommendation(s) set out above were approved/ approved as amended/ deferred/
rejected by on

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Signed by: