

Stock Options Appraisal Study

Council

26 October 2007

Stock Options Appraisal Study

Cabinet agreed to revisit the OA study in June 2007 due to:-

- Our inability to meet tenants reasonable requests for investment above Decent Homes Standard.
- Negative subsidy resulting in over £3 million flowing out of the Borough (rising to £6.5 million by 2011/12).

Stock Options Appraisal Study

- Increasing construction costs and the impact on our capital programme.
- Increasing demand for affordable housing.
- The need to support Council's wider strategic objectives.

Stock Options Appraisal Study

The OA Study was updated over the summer, consultation was a key element.

- Options Appraisal Steering Group was established.
- Survey of all tenants carried out asking a key question, 2102 surveys were returned.

“Do you think it is worth looking again at the option to set up a housing association for Sedgefield Borough tenants?”

74.5% would support this option.

Choice of Landlord

- Two main options – standalone or part of a group structure.
- OA Steering Group had a lead role in considering the options.
- Assessed advantages, disadvantages and risks.
- Based on this assessment the most suitable option is a standalone Housing Association for Sedgefield Borough.

Key Facts on the Preferred Option

Key Facts:-

- Housing Associations have been set up by 170 LA's transferring 1 million homes.
- Steps outside the subsidy system i.e. keeps all its rent and a bigger share of RTB receipts.

Key Facts on the Preferred Option

- Can access significantly higher level of investment than the Council.
- Has a 25 year Business Plan and will deliver tenants promises in first 5 years. More like our old TLI standard.
- Resources available for environmental improvements.
- Can look to develop new affordable housing as part of its business plan.

Key Facts on the Preferred Option

- Rents are controlled in the same way as Council rents
- Tenants rights are preserved including RTB and security of tenure.
- Locally accountable through a voluntary board.
- Not for profit Housing Association.

Key Facts on the Preferred Option

- It will be a charity registered with the charity commission.
- Regulated by Housing Corporation and inspected by Audit Commission.
- Staff's terms and conditions are protected.

Recommendations

1. That Large Scale Voluntary Transfer be pursued as the preferred option for the future ownership and management of the Council's housing stock.
2. That a new standalone Registered Social Landlord for Sedgefield Borough is established as the preferred choice of landlord for the Large Scale Voluntary Transfer.