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| Report of: | Head of Housing and Waste Management |
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| Portfolio Leader: | Housing |
| Key Decision: | Yes |
| Report Track: | Cabinet: 30/01/14 |

CABINET
30 JANUARY 2014
CONVERSION OF "TYPE 40" ONE BEDROOM BUNGALOWS

1 Purpose of Report

- 1.1 To review the conversion of the Council's occupied "Type 40" one bedroom bungalows to two bedroom bungalows in the light of the proposed national social housing rent policy from 2015.

2 Recommendations

- 2.1 That Cabinet determine, in the light of the proposed national social housing rent policy from 2015, whether or not to proceed with the conversion of the Council's occupied "Type 40" one bedroom bungalows to two bedroom bungalows.
- 2.2 That the two bedroom conversion works and the associated rent increase continues to be implemented in respect of all future vacant "Type 40" bungalows.

3 Key Issues and Reasons for Recommendation

- 3.1 The conversion of the Council's occupied "Type 40" one bedroom bungalows to two bedroom bungalows forms part of the agreed 2013-14 Housing Revenue Account (HRA) Capital Programme.
- 3.2 The cost of undertaking the conversion works is estimated to be £2,900 per bungalow. In accordance with the agreed policy this would have been recovered over a 7 year period through a three year phased rent increase in line with the current national social housing rent policy and formula.

- 3.3 The Government propose to change the national social housing rent policy from 2015 onwards which will include further limitations on future rent increases to occupied bungalows. As a result it would only be possible to implement a single year increase which would only allow a third of the cost to be recovered, until the bungalows become vacant.
- 3.4 Cabinet are therefore asked to determine in the light of the proposed revised national rents policy whether or not to proceed with the conversion work to the occupied "Type 40" bungalows.
- 3.5 The continuation of the current policy of converting all vacant "Type 40" bungalows has also been reviewed, in light of the impact of the social sector size criteria. It is however considered beneficial in the longer term to continue with the current policy.

4 Relationship to Corporate Priorities

- 4.1 The conversion of the Council's occupied "Type 40" one bedroom bungalows forms part of the agreed 2013-14 HRA Capital Programme, the implementation of which is a specific action within the Housing Portfolio section of the agreed 2013-14 "Place" Priority Delivery Plan.

5 Report Detail

- 5.1 Cabinet on 20 December 2012 agreed to undertake conversion works to the Council's 56 "Type 40" one bedroom bungalows to enable the former "utility room" to be utilised as a second bedroom. The location of these bungalows is shown on schedule attached as Appendix 1.
- 5.2 It was further agreed that the cost of the conversion works (£2,900 per bungalow) should be recovered over a 7 year period through a rent increase implemented in accordance with the national social housing rent policy and formula. Whilst the full increase could be implemented immediately in respect of vacant bungalows, the "rent limitation" requirements within the national policy required the increase for occupied bungalows to be phased over a three year period.
- 5.3 Conversion works to three vacant "Type 40" bungalows have been implemented and have been funded from the Void Properties (Decent Homes) budgets within the HRA Capital Programme for 2012-13 and 2013-14. A separate £80,000 budget to fund the conversion work to the remaining 53 occupied bungalows forms part of the agreed 2013-14 HRA Capital Programme, with scheme implementation planned for the latter part of the financial year.
- 5.4 A Department for Communities and Local Government consultation paper which sets out the Government's proposed social housing rent policy from April 2015 was considered by Cabinet on 19 December 2013. The Government propose to

change annual rent increases from the Retail Price Index plus 0.5% and up to £2 per week, to a limit of the Consumer Price Index plus 1%.

- 5.5 This proposed change will further limit future rent increases to occupied properties and as a result will impact on the agreed policy, to recover the cost of the "Type 40" bungalow conversion works through a rent increase. Whilst the full rent increase can continue to be applied to vacant bungalows, it would only be possible to implement a single year increase to occupied bungalows (rather than increases over three years) which only allow a third of the cost to be recovered, until these bungalows also become vacant.
- 5.6 The tenants of the occupied "Type 40" bungalows are to be given the choice of whether or not they wish to have the works undertaken. Therefore prior to any survey work, it is necessary for Cabinet to review the conversion of the occupied "Type 40" bungalows in the light of the proposed national social housing rents policy from April 2015.
- 5.7 Cabinet are therefore asked to determine whether:-
- (i) Not to proceed with the scheme as the full cost of the conversion works to the occupied bungalows would not be recovered from increased rents and tenants have not yet been consulted.
 - (ii) To proceed with the scheme (where the works are requested by the existing tenant) on the basis that only a third of the cost of the conversion work will be recovered until the bungalow becomes vacant.
- 5.8 In view of the impact of the social sector size criteria, consideration has also been given to the continuation of the policy regarding the conversion of all vacant "Type 40" one bedroom bungalows. However, the demand for two bedroom bungalows continues to exceed supply and whilst there has, as a result of the social sector size criteria been an increase in the demand for one bedroom bungalows, it is considered beneficial in the longer term to continue with the current policy.

6 Implications

6.1 Financial

A budget of £80,000 for conversion works to the occupied "Type 40" bungalows forms part of the agreed 2013-14 HRA Capital Programme.

The cost of undertaking the conversion works is estimated to be £2,900. In accordance with the agreed policy this would have been recovered over a 7 year period through a three year phased rent increase in line with the current national social housing rent policy and formula.

The Government propose to change the national social housing rent policy from 2015 onwards which will include further limitations on future rent increases to occupied bungalows. As a result it would only be possible to implement a single

year increase which would only allow a third of the cost to be recovered, until the bungalows become vacant.

Cabinet are therefore asked to determine in the light of the proposed revised national rents policy whether or not to proceed with the conversion work to the occupied "Type 40" bungalows.

It is proposed to continue with current policy of converting all vacant "Type 40" bungalows, with the cost continuing to be met from the Void Properties (Decent Homes) budget within the agreed HRA Capital Programme for the period 2013-14 to 2015-16.

6.2 Legal

None

6.3 Human Resources

None

6.4 Section 17 (Crime Prevention)

None

6.5 Human Rights Act

None

6.6 Data Protection

None

6.7 Risk Management

None

6.8 Equality & Diversity

An Equality Impact Assessment was undertaken in relation to the initial proposals considered by Cabinet on 20 December 2012. As a result, it was considered that the (then) proposed conversion of "Type 40" one bedroom bungalows to two bedroom bungalows had positive impacts for certain of the protected characteristics with no identified negative implications.

6.9 Best Value

None

7 Appendices to the Report

Appendix 1: Location of "Type 40" Bungalows

Previous Consideration

| | | |
|--|---------|--|
| Conversion of "Type 40" One Bedroom Bungalows | Cabinet | 20 December 2012 |
| Housing Revenue Account Capital Programmes 2013-14 to 2015-16 | Cabinet | 31 January 2013 (agreed by Council 13 February 2013) |
| Consultation on Rents for Social Housing from 2015-16 | Cabinet | 19 December 2013 |

Background Papers

DCLG Consultation Paper: "Rents for Social Housing from 2015-16"

DCLG Draft Guidance: "Guidance on Rents for Social Housing"



LOCATION OF "TYPE 40" BUNGALOWS

| | <u>Number of Bungalows</u> |
|---------------------------|--------------------------------|
| 1. Broomhill Area | |
| - Albion Place | 13 (one bungalow converted) * |
| 2. Norton Canes | |
| - Breeze Avenue | 10 (two bungalows converted) * |
| 3. Chadsmoor | |
| - Arthur Street | 4 |
| - Camelot Place | 8 |
| - Huntington Terrace Road | 4 |
| - Taplow Place | 8 |
| 4. Cannock Wood | |
| - Danby Drive | 9 |
| | <hr/> |
| | 56 |
| | <hr/> |

Note: * Conversions undertaken whilst the properties were void.