



Agenda item:

[No.]

**CABINET**

**on 21st July 2009**

Report Title: **FORMER HOSTEL UNITS, 20-108 PARKLAND ROAD, N22**

Report of: **Niall Bolger, Director of Urban Environment**

Signed :

*Niall Bolger* 7<sup>th</sup> July 2009

Contact Officer : Nic Grayston, Enabling Manager, Strategic & Community Housing  
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Wards(s) affected: **Noel Park**

Report for: **Key Decision**

**1. Purpose of the report**

- 1.1. The purpose of this report is to revise a previous delegated authority decision taken in 2007 to dispose of the Housing Revenue Account (HRA) hostel properties located within the Council owned block at 20-108 Parkland Road, Wood Green N22, (see Appendix 1) and to de-convert the properties to permanent family homes retained in Council ownership and managed by Homes for Haringey.
- 1.2. The original decision was made on financial grounds of insufficient resources to refurbish the hostel but negotiations for the sale have proved unsuccessful and funding (including external grant which was not available in 2007) has now been identified to allow the hostel units to be retained and de-converted to provide 9 units of permanent family accommodation.

## **2. Introduction by Cabinet Member**

- 2.1 I am pleased that funding has been found to allow these units to be returned to use as permanent family accommodation retained within the council's housing stock. I am keen to ensure that we can repeat this with other council properties by using funding from the sale of several units to refurbish and retain other units that were originally also intended to be sold.

## **3. State link(s) with Council Plan Priorities and actions and /or other Strategies:**

### **3.1 Council Plan Priorities:**

- Encouraging lifetime well-being at home, work, play & learning.
- Promoting independent living while supporting adults and children in need.

### **3.2 The Council's Housing Strategy 2009-2019.**

- 3.3 One of the key objectives within the Strategic & Community Housing Services business plan is to maximise the development of affordable housing, by attracting investment and ensuring effective partnership working, to meet the needs of residents and help build strong and environmentally sustainable communities.

- 3.4 Retention of these hostel units is related to a range of related strategies supported and approved by the Council.

## **4. Recommendation**

- 4.1. To revoke the previous decision to dispose of the former HRA hostel units at 20-108 Parkland Road, Wood Green N22 (made under the delegated authority of the then Director of Finance on 5 June 2007), retain the property within the HRA and de-convert the hostel units into permanent family accommodation that will be managed by Homes for Haringey.

## **5. Reason for Recommendation**

- 5.1. The disposal of the hostel units was originally agreed under delegated authority, in June 2007, by the then Director of Finance. However, due to a change in the financial situation, it is now recommended that this decision is reviewed and that the property is retained in Council ownership and de-converted (using a combination of external grant and internal resources not available at the time of the previous decision) to provide permanent family homes

- 5.2. This decision cannot be made under delegated authority due to a reduction of the financial limits since the time of the previous decision and it is therefore necessary to refer this decision to Cabinet for approval.

## **6. Other Options Considered**

- 6.1. Leave the property in its current use.

The property is currently vacant and incurring costs for security and maintenance. It would require substantial unbudgeted investment to bring it back into use as temporary accommodation for people who are homeless. This is no longer considered to be an appropriate or desirable use for this property.

- 6.2. Disposal to a registered social landlord (RSL).

Following the original decision to dispose of the property, expressions of interest were received from a number of RSLs. However, Corporate Property Services (CPS) were unable to reach an acceptable conclusion to these negotiations.

The hostel accommodation block is physically connected to a permanent accommodation block (retained in the Council's ownership) by a link staircase and shared lift giving access to the upper floors of both blocks. The two blocks share a common services intake located in the basement of the hostel block.

As a result of these issues, the Council would need to retain rights over the disposed property, making any independent redevelopment of the site difficult. It is therefore preferable for the property to remain in Council ownership and to be used as permanent family homes, subject to the identification of funding for de-conversion.

## **7. Summary**

### **7.1 Location**

20-108 Parkland Road, N22 is a Council owned property (held in the HRA for housing purposes) which is located off Station Road, Wood Green.

It comprises a five storey building constructed in the early 1970's containing a total of 45 flats in two blocks that are linked by a shared staircase and a lift that provides access to the upper floors.

The 36 flats numbered: 22/40, 46/66, 72/92, 98/104 (evens only) are not the subject of this report and remain occupied in their original permanent social housing use.

This report concerns the part of the block and accommodation at 20, 42, 44, 68, 70, 94, 96, 106 & 108 Parkland Road that had previously been converted from their original use into temporary hostel accommodation for homeless households. The hostel units are currently vacant.

## 7.2 Background

In order to meet the borough's need for a specialist facility for vulnerable single adults and to prepare clients for independent living, the section of the block containing 9 flats (that was separated from the main block by the communal lift and stairs) was converted, in 1993, into hostel accommodation providing 24 rooms with shared facilities. However, in January 2004, this service was de-commissioned because the property was in need of significant investment to bring it back up to an acceptable standard. It has been vacant since that date.

For a period of time (and while they were vacant), the hostel units attracted drug users, alcoholics, prostitutes and rough sleepers. As a consequence, a considerable amount of time and resources were used on a regular basis to clinically clean the shared communal areas that were being used by the residents of the adjoining permanent accommodation. Due to anti social behaviour, the area has also been under surveillance by the Police's Safer Neighbourhoods Team.

7.3 Due to the financial constraints at the time, it was not possible to refurbish the hostel units. In June 2007, the Director of Financial Services used delegated powers to dispose of the hostel units to an RSL.

7.4 Expressions of interest were received from Genesis Housing Group, Metropolitan Housing Trust and Servite Houses. As Servite Houses own the freehold and manage the adjacent Middlesex University halls of residence, negotiations took place in respect of a comprehensive development of the two sites.

7.5 These negotiations were protracted, due to a number of issues, namely:

- Homes for Haringey needs to retain the ground floor stores currently used by the local estate management team and which also give access to the shared mains utility intakes that supply both parts of the building and would be difficult to divide.
- Retention of the lift and staircase is needed for Haringey tenants living on the upper floors of the retained part of the building.
- Service charges that any purchaser would have to meet in respect of the management and maintenance of the shared communal areas.

7.6 In 2008, Servite Houses received an adverse Housing Corporation Assessment report which effectively prevented it from engaging in new development. As a result, it was unable to pursue the acquisition of the Parkland Road hostel.

7.7 Although Corporate Property Services then sought further expressions of interest from a number of other RSLs, their search for a buyer proved unsuccessful.

7.8 Consideration was therefore given to the feasibility of retaining the hostel units in Council ownership and de-converting them back into permanent accommodation that is managed by Homes for Haringey (HfH). Sufficient resources have now been identified from external grant available from the London Regional Housing Pot Targeted Funding Stream (TFS) allocations for 2008/9 and 2009/11 combined with funding from Haringey's decent homes programme.

7.9 Current estimates are that £520,000 is needed to fund the renovation and de-conversion of the hostel units to provide 9 x 3-bedroom flats:

Regional Housing Pot TFS 08/09 (rolled over)	£195,000
Regional Housing Pot TFS 09/10	£217,000
Decent Homes	<u>£108,000</u>
	<u>£520,000</u>

#### 7.10 Planning

Given that the property was previously used as residential accommodation (for council tenants), the change of use to a hostel in 1993 is considered 'sui generis' (in its own right). However, in order to change the property to permanent self contained family homes, planning consent will be required. Homes for Haringey will apply for this, as project manager and agent for the Council.

The external appearance of the building will be unchanged and it would be returning to its original use.

#### 7.11 Conclusion

Although it was originally decided (in 2007) that the hostel units should be disposed of (because of the lack of available resources to renovate the property) the financial position has now changed due to the availability of external grant for de-conversion of the hostel units to family homes.

During the last couple of years, Strategic and Community Housing Services (S&CHS) has led a successful programme to convert a number of surplus hostel properties into permanent family accommodation with the aid of external grant from the Regional TFS and top up funding from the Council's Capital Programme.

The de-conversion of the Parkland Road hostel units would form part of this regional TFS programme for 2009/11 and will provide 9 x 3 bed family homes managed by Homes for Haringey, with a view to alleviate overcrowding and reducing the use of temporary accommodation.

## **8 Chief Financial Officer Comments**

- 8.1 The report proposes to revoke a previous decision to dispose of a number of former HRA hostel units. The loss of a potential capital receipt of £1.4m will have a detrimental impact on the Council's capital programme. Generally, the anticipated level of capital receipts to be received in 2009/10 is significantly below that anticipated when the Council's capital programme was agreed. We had an estimate of £0.4m of sales of general HRA voids which is looking increasingly unlikely to be achieved. Options to mitigate the overall projected shortfall are currently being reviewed and disposal of these hostel units would be one way to close the projected shortfall.
- 8.2 The report further proposes that the hostels are de-converted to provide permanent family homes at a total estimated cost of £520k (including fees). This will need to be agreed by Cabinet in order to make a formal amendment to the Council's Capital Programme.
- 8.3 £412k of external funding is available to support the proposed works as Targeted Funding Stream allocations have been confirmed by the North London Sub-Region. The report proposes that the balance of £108k is funded from Decent Homes resources as the de-converted hostels will be used as general needs dwellings.
- 8.4 The creation of 9 extra dwellings would assist the authority in implementing the Temporary accommodation reduction Strategy and make annual savings of up to £36k in homelessness costs. As these dwellings would be part of the HRA, they would also attract Housing Subsidy and increase the Major Repairs Allowance.

## **9 Head of Legal Services Comments**

- 9.1 The Head of Legal Services notes the content of this report. It does not raise any constitutional or legal issues and therefore has no further comments to make.

## **10 Head of Corporate Property Services Comments**

- 10.1 20 Parkland Road N2 was identified for disposal due to a lack of funding, and authority was subsequently given by the then Director of Finance (now Chief

Financial Officer) on 5 June 2007, following an 'in principle' decision to sell, made by Cabinet in July 2004. The property, which was previously used for temporary accommodation, has been vacant for a number of years, and has fallen into disrepair, becoming a focal point for crime and anti social activities

- 10.2 Corporate Property Services entered into negotiations with Servite Homes as they proposed to redevelop the site as part of a larger programme. However, it became clear that there were a number of issues and negotiations fell through.
- 10.3 The decision to revoke the previous decision to dispose will have a further negative impact on capital receipts of approximately £1.4m which was the Council's estimated value.
- 10.4 As funding is now in place to enable the retention and conversion of the property to provide much-needed family sized units within the borough (and in light of the current global recession and downturn in the housing market), the Head of Corporate Property Services concurs with the recommendations.
- 10.5 In future, protocols should now be put in place to ensure that prior to a property being declared as surplus to requirement, all potential options are considered in detail. This will enable effective management of the capital receipt programme.

## **11 Equalities & Community Cohesion Comments**

- 11.1 Minority and disadvantaged groups have a higher than average dependence on affordable housing and bringing these properties back into use as affordable homes will therefore be beneficial for those groups in helping to meet local housing needs. The local community will also benefit from having these units brought back into use by alleviating any anti-social behaviour issues with the empty property.

## **12 Consultation**

- 12.1 The Council's Lead Member for Housing supports the retention and de-conversion of this property.
- 12.2 Ward Members have been advised of the proposed retention of these units.
- 12.3 Local residents will be consulted via the formal Planning process, the results of which will be reported to the Council's Planning Committee.

### **13 Service Financial Comments**

13.2 Current estimates are that £520,000 is needed to fund the renovation and de-conversion of the hostel units to provide 9 x 3-bedroom flats. Letters of allocation have been provided from the North London Sub Region to confirm the Targeted Funding Stream (TFS) allocations below.

13.3 Homes for Haringey has confirmed that Decent Homes funding may be spent on this. Financial provision would have to be made within the Decent Homes budget if this project is approved.

Regional Housing Pot TFS 08/09 (rolled over)	£195,000
Regional Housing Pot TFS 09/10	£217,000
Decent Homes	<u>£108,000</u>
	<u>£520,000</u>

13.3 These units are currently void and they are incurring significant costs on items such as security and site clearance. They are generating no income. If they are brought back into use, as a part of the HRA, the Council will gain rental income flows from these. The creation of nine three bedroom homes will make savings of up to £36k per annum in homelessness costs.

### **14 Use of appendices /Tables and photographs**

14.1 Appendix 1, Ordnance Survey plan.

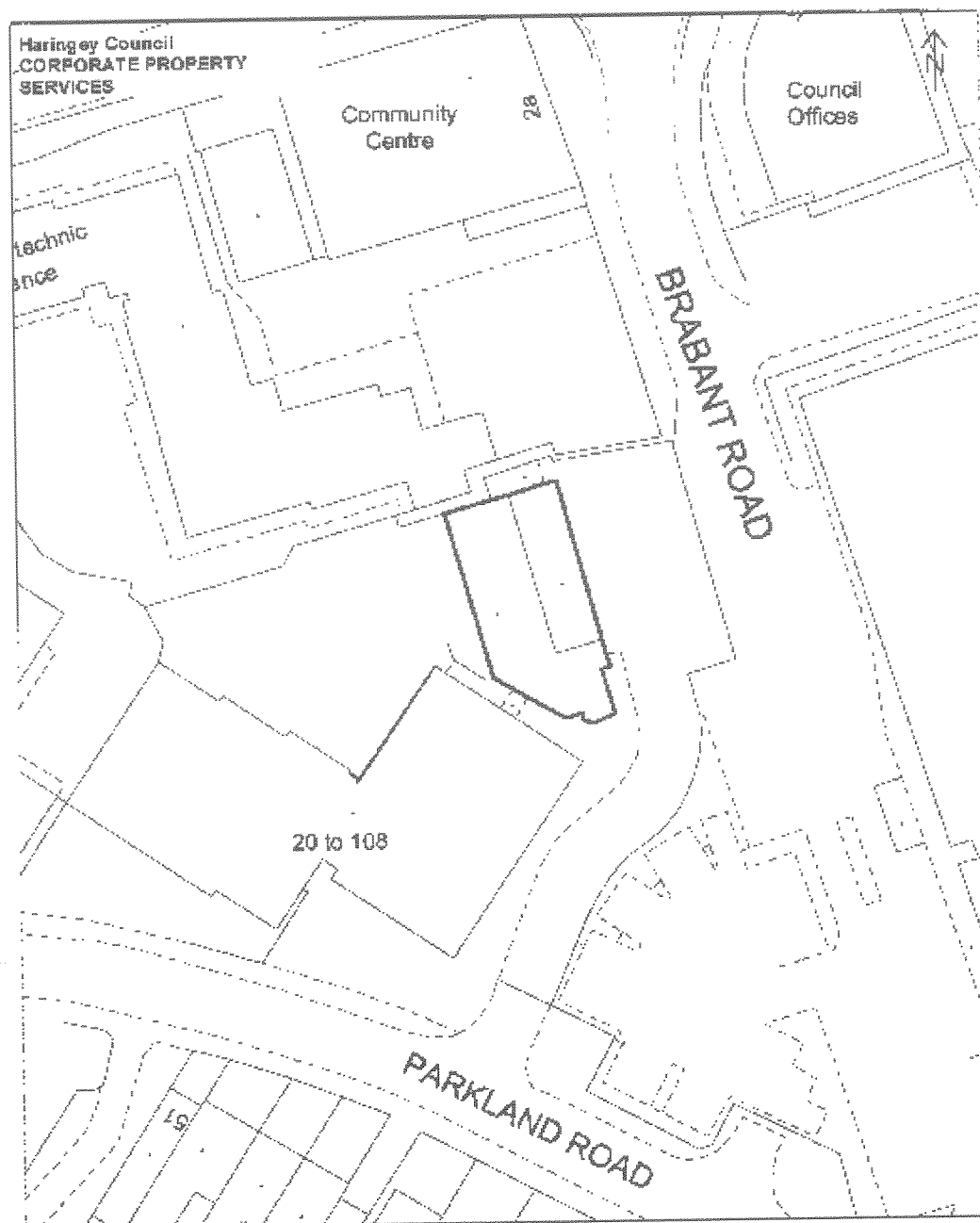
14.2 Appendix 2, photographs of property.

### **15 Local Government (Access to Information) Act 1985**

15.1 Delegated Authority Director of Finance 5 June 2007



## Appendix 1



20 Parkland Road  
Wood Green  
LONDON N22

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Scale 1:500

CPM No.

Overlay - H&SS - Mornen & Mordels

Plan produced by Kevin Lincoln on 28/07/2007

Drawing No. BVES A4 2453

