

REPORT TO: Housing Committee – 15 January 2001

REPORT BY: Director of Housing

**REPORT ON: Ardler New Housing Partnership
Transfer of Stock to Sanctuary Scotland Housing
Association**

REPORT NO.: 11-2001

1. PURPOSE OF REPORT

1.1. The purpose of this report is to bring forward proposals for the transfer of the Ardler Housing Estate to Sanctuary Scotland Housing Association.

1.2. Approval of this report will contribute towards the following Corporate Plan objectives:

“Tackle poor living conditions which are unpopular within communities, and take action to help residents put the heart back into their communities and provide quality housing and choice”.

“Ensure a child friendly, secure and healthy environment”.

2. RECOMMENDATIONS

It is recommended that Committee:

2.1. Agree that the Ardler Housing estate transfer at nil value to Sanctuary Scotland Housing Association, subject to satisfactory completion of the development and transfer contracts.

2.2. Remit the Director of Housing to seek formal approval from the Scottish Executive to transfer 1,631 properties, associated land and approximately 871 tenancies in Ardler to Sanctuary Scotland Housing Association.

2.3. Remit the Director of Housing to enter into a Development Contract with Sanctuary Scotland Housing Association, Wimpey Homes, and Scottish Homes, consulting also with the Ardler Steering Group and the Scottish Executive for the redevelopment of the Ardler Estate as detailed in the Ardler Masterplan (copy available in Councillors lounge).

2.4. Remit the Director of Housing to enter into a Transfer Contract with Sanctuary Scotland Housing Association (this may form part of the Development Contract referred to in 2.3 above).

2.5. Remit the Director of Housing to sell all remaining sites in Ardler to Sanctuary Scotland Housing Association at the values determined by the District Valuer (see plan on display at meeting) and obtain consent under Section 203 of the Housing (Scotland) Act 1987 to transfer these sites from the Housing Revenue Account to the General Account prior to sale to Sanctuary.

2.6. Remit the Director of Support Services to seek First Ministers consent to the sale and thereafter prepare and complete the necessary conveyancing documentation.

- 2.7. Remit the Director of Housing to transfer the swales (ponds which form part of water management system, see Plan on display at meeting) to Dundee City Council's Planning & Transportation Department as part of the road drainage network.
- 2.8. Agree that approximately 60 properties be leased to Sanctuary Scotland Housing Association during the period preceding the transfer. These properties will be sub let to tenants from Phase 1D in order to allow the Redevelopment Programme to be met (see Appendix I).

This will only be done by agreement between Sanctuary Scotland Housing Association and the individual tenants effected.
- 2.9. Remit the Director of Support Services to prepare a suitable tenancy agreement to enter into with Sanctuary Scotland Housing Association for this purpose, following agreement between the Director of Housing and Sanctuary Scotland Housing Association on the principal commercial terms.
- 2.10. Agree that relet work be carried out on the properties to be let to Sanctuary Scotland Housing Association.
- 2.11. Remit the Director of Housing to enter into an agreement with Sanctuary Scotland Housing Association for the sale of rent arrears of transferring tenancies as part of the Stock Transfer Contract.
- 2.12. Remit the Director of Finance to write off the balance of unrecoverable arrears following the sale of arrears to Sanctuary Scotland Housing Association.

3. **FINANCIAL IMPLICATIONS**

- 3.1. The current stock has a negative valuation. This will be transferred to SSHA at Nil value.
- 3.2. The outstanding debt on the property is £8.6m. The Scottish Executive has agreed to service this debt for 5 years and undertake subsequently to review the outstanding loan position at the end of that period.
- 3.3. Remaining sites being sold to Sanctuary Scotland Housing Association have been valued by the District Valuer at 3B; £180,000, 3C; £350,000 and 3D; £255,000. These will generate a receipt for the General Services fund which will be used towards the Ardler Community Facilities Budget.
- 3.4. Relet costs for properties to be let to Sanctuary Scotland Housing Association are estimated to be approximately £1,000 per unit, this will be recharged to Sanctuary Scotland Housing Association who will meet the costs from the New Housing Partnership Allocation.
- 3.5. Rent arrears totalling approximately £67,872.33 will be sold to Sanctuary Scotland Housing Association for approximately £34,076.43 subject to negotiation. This will generate a receipt for the Housing Revenue Account 2000/2001. The remainder will be written off as unrecoverable arrears. This is in line with the agreed formula as approved by the Scottish Executive and Scottish Homes.
- 3.6. Overall project costs amount to £69,379,000, which is sourced as detailed in Appendix II. Overall costs will not vary, however, there may be some fluctuation in the annual spends.

4. LOCAL AGENDA 21 IMPLICATIONS

These proposals seek to ensure that:

- Places, spaces and objects combine meaning and beauty with utility.
- Settlements are human in scale and form.
- Resources are used efficiently and waste is minimised.
- Local needs are met locally.
- All sections of the community are empowered to participate.

5. EQUAL OPPORTUNITIES IMPLICATIONS

None.

6. BACKGROUND

- 6.1. At its meeting on 18 September 2000, Committee ratified the final draft of the Ardler Masterplan and remitted the Director of Housing to appoint the Electoral Reform Ballot Society to conduct a ballot of all tenants in the estate to determine support for the stock transfer proposal. In the event of a positive ballot, the Director of Housing was to bring forward proposals for stock transfer to Sanctuary Scotland Housing Association.

7. TENANTS BALLOT

- 7.1. A tenants ballot was held during the period 27 November, and 18 December 2000. The results were as follows: (See fig. i).

Fig. i.

Total Number of Eligible Voters	865
Total Number of Valid Votes	752
Total Number Voting YES	718 – 95.5%
Total Number Voting NO	34 – 4.5%

Scottish Executive Guidelines on tenant support say that:

“A simple majority of tenants voting, voting in favour, is sufficient to ensure that enough people are not opposed to the proposal”.

This result not only meets, but exceeds this criteria, as 95.5 percent of tenants who voted have indicated their full support of the proposal.

It is, therefore, recommended that the Committee agree that the stock transfer to Sanctuary Scotland Housing Association proceed.

8. FORMAL APPROVAL

- 8.1. Further to this, it is necessary to first seek First Minister's approval for the transfer. This will be done early in 2001. (See guidelines Appendix III).

- 8.2. Approval is sought for Dundee City Council to enter into a Development Contract with the other partners which will detail the terms of agreement between the partners for the regeneration of Ardler.
- 8.3. Approval is sought for authority to transfer the stock by way of stock transfer documentation (which may form part of the Development Contract) and appropriate formal conveyancing.
- 8.4. The detailed Development Contract and Stock Transfer Contract documents will be brought back to Committee for approval once negotiations are complete.

9. **STOCK TRANSFER**

- 9.1. It is anticipated that the transfer of engagements could take place in Spring 2001, or as early as possible thereafter.
- 9.2. In the meantime, in order to facilitate development timescales in the masterplan, it is proposed that a number of properties be leased to Sanctuary Scotland Housing Association for temporary lets to residents in Phase 1D (see Appendix I). This arrangement is purely by agreement between Sanctuary Scotland Housing Association and the individual tenants involved and will be on the understanding that they will be offered an assured tenancy and the appropriate compensatory package from Sanctuary once their new property has been completed and is available for let.
- 9.3. Sanctuary Scotland will become responsible for the payment of Council Tax and rent for the properties.

10. **CONSULTATION**

- 10.1. Consultation has been carried out with all tenants in Ardler as detailed in consultation strategy, which exceeds the requirement of the Scottish Executive.
- 10.2. The Ardler Steering Group have been consulted on the proposal.
- 10.3. The Chief Executive, Directors of Planning and Transportation, Support Services, Finance and Economic Development have been consulted.

ELAINE ZWIRLEIN
DIRECTOR OF HOUSING

Signed: _____

Date: _____

Background Papers

Report to Housing Committee – 18 September 2000.
Report to Housing Committee – January 2001.

ARDLER NEW HOUSING PARTNERSHIP

DECANT PROCEDURES

1. SSHA identify property required for decanting based on tenants' 'needs' analysis by SSHA.
2. Area Office instructs DCS to carry out relet work on property.
3. Relet work to be carried out within _____ working days.
4. Relet work charged to code _____/_____ and SSHA recharged on (monthly / weekly / individual) basis.
5. SSHA sign Missive of Let for property.
6. Date of entry is agreed as the day that the relet work is completed (as agreed by DCS/SSHA).
7. Security during period between signing and date of entry remains with DCC, thereafter, from date of entry, rests with SSHA.
8. SSHA sub let property as necessary. Tenant will be required to 'sign off' secure tenancy with DCC and temporary Tenancy Agreement to be provided by SSHA.
9. Tenant will not receive home loss from DCC. This will be arranged by agreement between SSHA and tenant.
10. SSHA will be responsible for instructing and paying any other work to be carried out, e.g. viewings, removals, telephone connections, carpeting.
11. SSHA responsible for 'conduct' of tenancy as 'Secure Tenant'.
12. Repairs to be reported to Ardler Area Housing Office by SSHA as tenant.
13. Housing Benefit for tenant should be applied for to The City Council Housing Benefits Department 'Private Sector Tenants' Department. Tenancy Agreement must be made available for this purpose.

ARDLER NHP STOCK TRANSFER

Appendix II

Application from the Consent of Scottish Ministers

(extracts from 'Guidelines for Local Authorities')

'In principle' approval to proceed to Stage 1.

	<u>Action</u>	<u>Action By</u>	<u>Complete</u>
1.	<u>Details of the purchaser's governing body, membership, shareholders or members, and any links and contacts with the Local Authority.</u>	<u>SSHA</u>	<u>✓</u>
2.	<u>Confirmation of progress with application from registration with Scottish Homes if appropriate.</u>	<u>SSHA</u>	<u>✓</u>
3.	<u>Latest draft of the acquiring landlord's Business Plan and proposals for funding the transfer.</u>	<u>SSHA</u>	<u>✓</u>
4.	<u>Evidence that the proposals are considered fundable.</u>	<u>SSHA</u>	<u>✓</u>
5.	<u>The independent tenanted market value of the stock to be transferred, on disc and in hard copy, together with valuation assumptions and supporting material.</u>	<u>DCC, DTZ</u>	<u>✓</u>
6.	<u>An estimate of the outstanding debt associated with the properties and proposals for the use of the capital receipt.</u>	<u>DCC</u>	<u>✓</u>
7.	<u>Informal tenant consultation documents.</u>	<u>DCC</u>	<u>✓</u>
8.	<u>The Authority's estimate of Housing Benefit implications.</u>	<u>DCC/Exec.</u>	<u>✓</u>

Formal Consent to Transfer

	<u>Action</u>	<u>Action By</u>	<u>Complete</u>
1.	<u>Application for consent under Section 12(7) of the Housing (Scotland) Act 1987, (see Annex 1)</u>	<u>DCC</u>	
<u>or</u>	<u>Application under Section 12A of the Housing (Scotland) Act 1987, and Regulation 6 of the Housing (Preservation of Right to Buy) (Scotland) Regulation 1993 (if SSHA require to borrow for the acquisition involving the granting of a standard security).</u>		
<u>or</u>	<u>Application under Section 25 of the Local Government Act 1988, where LA is providing assistance to landlord, e.g., set up costs, transaction costs.</u>		
2.	<u>Statutory Consultation feedback, ballot result.</u>	<u>DCC</u>	<u>½</u>
3.	<u>Final stock valuation.</u>	<u>DCC/DTZ</u>	<u>✓</u>
4.	<u>Completed transfer agreement.</u>	<u>DCC</u>	
5.	<u>Copy of contract of sale.</u>	<u>DCC</u>	
6.	<u>Details of the purchaser's governing body, membership, shareholders or members and any links and contacts with the Local Authority.</u>	<u>SSHA</u>	<u>✓</u>
7.	<u>Confirmation of registration with Scottish Homes.</u>	<u>SSHA</u>	<u>✓</u>
8.	<u>Acquiring landlords final Business Plan and proposals for funding transfer.</u>	<u>SSHA</u>	
9.	<u>Details of the funders, the total facilities and repayment terms.</u>	<u>SSHA</u>	
10.	<u>The independent tenanted market value of the stock to be transferred, on disc and in hard copy, together with valuation assumptions and supporting material.</u>	<u>DCC/DTZ</u>	<u>✓</u>
11.	<u>An estimate of the outstanding debt associated with the properties and proposals for the use of the capital receipt.</u>	<u>DCC</u>	<u>✓</u>
12.	<u>Confirmation of any new landlord set up costs approved under Section 25 if applicable.</u>		
13.	<u>Tenant consultation documents, including copies of the statutory notices served, a list of any commitments made to tenants and a copy of the ballot paper.</u>	<u>DCC</u>	
14.	<u>A certificate from the Local Authority that tenants consultation has been carried out in accordance with Schedule 6A of the Housing (Scotland) Act 1987.</u>	<u>DCC</u>	
15.	<u>The result of the ballot.</u>	<u>DCC/ ERBS</u>	
16.	<u>The Authority's estimate of Housing Benefit implications</u>	<u>DCC/ Sc. Ex.</u>	<u>✓</u>

ARDLER NEW HOUSING PARTNERSHIP

Total Subsidy Requirement

EXPENDITURE	Prev. Yrs. £m	1998/1999 £m	1999/2000 £m	2000/2001 £m	2001/2002 £m	2002/2003 £m	2003/2004 £m	2004/2005 £m	2005/2006 £m	2006/2007 £m	TOTAL
Rented Housing	0.700			10.734	17.575	6.584	3.452	7.084	6.437	2.646	<u>55.212</u>
GRO Housing				2.885	2.489	2.051	0.080				<u>7.505</u>
Stock Transfer				0.150	0.100						<u>0.250</u>
DCC Infrastructure		0.527		0.142							<u>0.669</u>
Demolitions		0.148	0.314	0.281							<u>0.743</u>
Debt Servicing				1.000	1.000	1.000	1.000	1.000			<u>5.000</u>
TOTAL	0.700	0.675	0.314	15.192	21.164	9.635	4.532	8.084	6.437	2.646	<u>69.379</u>

INCOME											
NHP-HAG				9.039	11.089						<u>20.128</u>
NHP-GRO				0.977	0.423						<u>1.400</u>
NHP-DCC		0.675	0.314	0.573	0.100						<u>1.662</u>
NHP-Debt Servicing				1.000	1.000	1.000	1.000	1.000			<u>5.000</u>
NHP Sub Total	0.000	0.675	0.314	11.589	12.612	1.000	1.000	1.000	0.000	0.000	<u>28.190</u>
Other SH (SEG)	0.700										<u>0.700</u>
Sanctuary/Wimpey (X Subsidy)				0.480	0.131	0.341	0.341				<u>1.293</u>
SH (HAG)						1.000	1.000	1.717			<u>3.717</u>
SH (GRO)					0.461	0.525					<u>0.986</u>
DCC (Buy Backs)					0.620						<u>0.620</u>
ERDF					0.280						<u>0.280</u>
NOSWA							0.200	0.100	0.100		<u>0.400</u>
Sub Total – Public	0.700	0.000	0.000	0.480	1.492	1.866	1.541	1.817	0.100	0.000	<u>7.996</u>
Private: HAG				1.215	5.455	5.243	1.911	5.267	6.337	2.646	<u>28.074</u>
Private: GRO				1.908	1.605	1.526	0.080				<u>5.119</u>
Sub Total – Private	0.000	0.000	0.000	3.123	7.060	6.769	1.991	5.267	6.337	2.646	<u>33.193</u>

TOTAL	0.700	0.675	0.314	15.192	21.164	9.635	4.532	8.084	6.437	2.646	<u>69.379</u>
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