

**EXECUTIVE SUMMARY – HOUSING STOCK OPTIONS REVIEW**

**Summary of Purpose and Recommendations:**








This report explains the process that has been undertaken to complete the Housing Stock Options Review.

The report recommends that the Council retains the ownership of the Council's homes.

**Cost to Council:** £ The budget set aside for the Review was £154,000.

**Within existing budget?** Yes, the Review has been completed within this budget.

**Contribution to Corporate Plan (Minor/Moderate/Major/Neutral):**

	+		-		+		-
	Moderate			<b>Priorities</b>			
	Major			Clean Streets and Public Space		Neutral	
		Neutral		Crime and Disorder		Neutral	
	Major			Housing	Major		
		Neutral		Managing our Finances	Major		

**Comments on Impacts on Corporate Objectives and Priorities:**

The Review has enabled an Asset Management Plan and Stock Condition Survey to be undertaken which will ensure the housing stock will be managed effectively.



## Report to Cabinet – 2 February 2005

### HOUSING STOCK OPTIONS REVIEW

#### 1. The Purpose of This Report

- 1.1 The purpose of this report is to ask Cabinet to approve the work undertaken on the Housing Stock Options Review and make a decision about the future of the Council's homes.

#### 2. Background

- 2.1 In June 2003 the Office of the Deputy Prime Minister (ODPM) sent out guidance for Local Authorities on delivering decent homes and carrying out an Options Appraisal. The requirement is to deliver decent homes by 2010. This Options Appraisal needs to be submitted by July 2005 and be signed off by the Government Office for the South East (GOSE).
- 2.2 In broad terms, the guidance mentioned above asks Councils to make a judgement as to whether or not the decent homes standard can be met and what options should be reviewed.
- 2.3 On 5<sup>th</sup> November 2003 Cabinet received a report which set the project in motion by asking the Housing, Health and Social Inclusion Panel to set up a project panel to oversee the work. At the time, the Cabinet set itself two main strategic objectives:
  1. To meet the Decent Homes Standard
  2. To try to provide more affordable homes
- 2.4 The options suggested by the ODPM for finding the money for decent homes are:
  - *An Arms-Length Company*, which could provide some money for decent homes, but not new homes.
  - *The Private Finance Initiative*, which is not a whole stock solution, but might be available for work to some homes.
  - *Stock Transfer*, which will provide money to reach decent homes and some new homes.
  - *Stock Retention*, which can be considered if the decent homes standard and other services, required by Tenants, can be met within the Housing Business Plan. Stock retention will not provide new money to build affordable homes.
- 2.5 On the 19<sup>th</sup> January 2005 the Housing, Health and Social Inclusion Panel reviewed the work of the Stock Options Project Group and wishes to make the following views known to Cabinet:

- LSVT is expensive and not wanted by Tenants and should be shelved.
- The Housing Stock Options Review has been generated by Government and the Council has spent scarce resources to achieve it.
- Stock retention is the only viable action, bearing in mind the views of Tenants, including the quality of service they felt they received.
- The Panel was satisfied that every effort had been made to inform Tenants about the full implications of each option and to illicit a response.
- The Panel is frustrated by the lack of response from some Tenants.

### **3. The Decent Homes Standard**

- 3.1 A full explanation of this standard is contained in the report that went to Cabinet in November 2003.
- 3.2 In short, the standard requires that our homes must (by 2010) be in a reasonable state of repair and have reasonably modern facilities and services. For example, a kitchen which is 20 years old or less or a bathroom which is 30 years old or less.
- 3.3 The guidance from Government requires this council to:
- Establish a baseline level of non-decency
  - Predict the future potential for non-decency
  - Develop an action plan to deal with current non-decency and to prevent future non-decency
- 3.4 To develop this information we will be expected to have an up-to-date Stock Condition Survey (no more than two years old). A survey was commissioned in March 2004 and the results are now available.

### **4. The Results from the Stock Condition Survey**

- 4.1 This survey was completed by King Sturge and project-managed by Ridge and Partners. The main news from it is that our stock is well maintained. Currently 14% of our homes fail decent homes, the national average being around 40%. On the other hand, if we don't spend any money on the stock in the next 5 years (which of course is unlikely), 73% of it will fail the standard.
- 4.2 The survey showed that up to 2010/11, £47M needs to be invested and the 30-year total (the life of the Housing Business Plan), £177M is needed.

- 4.3 From the survey results, work has been carried out by Ridge to develop alternative approaches to investment spending through the running of what are called “sensitivities”, picking up different levels of investment for different building components, varying the extent of improvements and looking at alternative ways of providing for revenue-funded liabilities such as responsive and cyclical repairs.
- 4.4 The latest Sensitivity Analysis is adjusted for planned maintenance liabilities and revenue liabilities at levels much closer to national and regional benchmarks. The effect is to reduce revenue-funded liabilities considerably. This requires an investment of £43.6M to 2010/11 and £160M over the 30 years. Revenue-funded liabilities, for reactive and cyclical repairs total about £2.6M per year, a drop of £1.3M per year.
- 4.5 The implications of these figures will be discussed in the next section.

## **5. Financial Implications**

- 5.1 To provide help with an analysis of financial implications, Butlers (our Treasury Management Advisers) were appointed. Their advice, based on the Stock Condition Survey and the Sensitivity Analysis is now available.
- 5.2 Butlers have developed a range of funding scenarios under Retention, Arms-Length Management and Stock Transfer and compared the revenue and capital resource position for each. Because of the nature of the positive Housing Revenue Account forecasts at New Forest, there are a range of different approaches to the use of resources which could be used.
- 5.3 Their findings are that the Council has considerable flexibility as to how it uses its Housing Revenue Account revenue resources into the longer term. However, no approach other than stock transfer will provide sufficient funds to meet decent homes and provide new affordable homes. The detailed analysis is set out below.
- 5.4 **Arms-Length Management (ALMO)**

It is the view of Butlers that an ALMO bid is possible, if not a little uncertain at the moment. It may be possible to bid for up to £18M. This money would only be possible if the new ALMO reached a 2-star standard after being inspected. The level of resources for the next ALMO round have been announced by the ODPM. It is apparent that more detailed and penetrating questions are being asked of bidders. It is Butlers' view that consultation with Tenants could only proceed on the basis of an ALMO bid of £18M, given the national context and that in all probability the Council could not realistically expect to be funded at this level.

The set-up costs of an ALMO would be between £150,000-£200,000 payable from the Housing Revenue Account.

The short-term implications on the General Fund have generally been found to be marginal. Currently, ALMO capital investment is funded through additional supported capital expenditure. Given the potential amounts involved, there will be an impact on the General Fund and further work is recommended by Butlers should the ALMO options prove favourable within the appraisal.

## 5.5 **Stock Transfer**

The value of the stock for stock transfer purposes is based on a 30-year cashflow forecast called the "Tenanted Market Value". The value seeks to capture the value to a landlord of future rents, less future costs when sale of the properties on the open market is not possible. Future rents are governed by rent restructuring. Future costs reflect current day-to-day management and repairs costs and the contents of the Stock Condition Survey with or without the Sensitivity Analysis applied. In short, more costs leads to a lower valuation.

The value of the stock based on the full survey is £29.4M. At the level of the sensitivity analysis the value is £61.1M.

The set-up costs of a stock transfer are around £2M. Should a ballot of Tenants fail, pre-ballot costs would be charged to the General Fund, with the exception of statutory consultation costs, which would be charged to the Housing Revenue Account. These are generally limited to less than £50,000.

The use of this capital receipt is controlled by the Stock Transfer regulations. After taking into account such items as debt clearance and the Government's levy, the net receipt is estimated at £48.5M.

The ODPM consent on the transfer would be dependent upon the proposals for the use of the cash receipt. Typically, investment to mitigate the adverse General Fund impact and affordable housing are absolute requirements.

The negative effect on the General Fund is estimated by Butlers to be around £700,000 per year for the medium term. If this were to be covered by the deposit of capital receipt to earn revenue interest, the amount required (at a rate of 4.5%) might be around £17M. This would reduce the level of investment in new housing post-transfer to £31.5M (£48.5M net receipt, minus £17M).

As a single lump sum utilised for social housing grant enhanced by preserved Right to Buy receipts (producing £45M over 10 years in total) some 750 new build homes could be provided. If the £31.5M receipt is left intact and invested, it could provide an extra 25 new homes per year, into the long term, with preserved Right to Buy receipts providing another 250 properties over 10 years. This of course, would be subject to land availability.

## 5.6 **Private Finance Initiative**

This has not been investigated by Butlers as it is not a whole stock solution. Further work would be necessary if say, stock retention is the preferred route, as it may be possible to use it for say improving the non-traditional housing stock.

## 5.7 Stock Retention

Based on the full Stock Condition Survey and the required spend of £47M up to 2010/11 and £177M up to 2033/34, stock retention is not an option. Based on the Sensitivity Analysis requiring £43.6M spend up to 2010/11 and £160M up to 2033/34, stock retention may be possible.

Butlers expect Housing Revenue Account surpluses to be maintained well into the future, but careful management will be needed into the longer term. They expect though, a shortfall in available capital to spend on the stock of £22M up to 2010/11 and £83M up to 2033/34. Some of the revenue account surpluses can be used to support the capital programme which adds £17M over 7 years and £60M over 30 years.

In total, up to 2010/11 such action produces a shortfall in capital of £5M and over 30 years £23M.

It is possible to manage this shortfall by managing the housing assets or using prudential borrowing. Over the next few years the level of Right to Buy sales is expected to decline, thereby reducing available capital receipts. One solution would be to sell a few vacant properties on the open market each year to provide the necessary capital to make up the shortfall. Another possibility is to manage the Council's garages by a combination of increasing rents and selling vacant sites for redevelopment. If Stock Retention is the chosen option, such an asset management strategy would need to be developed over the next couple of years. To this end, Ridge and Partners have already been commissioned to produce such a strategy by February 2005.

Lastly, but by no means least, the Sensitivity Analysis requires a significant reduction in service to Tenants as it requires £1.3M to be taken away from the day-to-day and cyclical maintenance budgets and this money spent on capital work. This means Tenants can expect to wait longer for day-to-day maintenance to be completed. This was carefully explained in a letter that went to all Tenants in December 2004 and the views of Tenants are explained in the next section.

## 6. Consultation With Key Stakeholders

6.1 To achieve sign-off we are expected to consult with stakeholders. These are:

- *Tenants*  
The major stakeholders and what has been done so far is covered later
- *Staff*  
They have been briefed about the review and what it will cover
- *LSP, Town and Parish Councils, Registered Social Landlords and Leaseholders*  
Have all received presentations and information

- 6.2 To assist the Tenants with independent advice, the Tenants' Consultative Group appointed Aldbourne Associates from a group of possible Independent Tenant Advisors who tendered for the work.
- 6.3 Subsequent Tenant consultation has had mixed results. Starting off the project, Tenants received a copy of "Tenants Matters" which explained the project, the four options under consideration and sought their views. We also arranged five evening venues for the Independent Tenants' Advisor to meet Tenants. There was little interest in these and they were abandoned after the first night. We then arranged a Roadshow in all the major towns but over the five days, just under 50 people visited the exhibition.
- 6.4 10% of the Tenants did let us have their views via the questionnaire in "Tenants Matters". 94% did not want any change, the remainder were split between favouring stock transfer or an Arms-Length Company. This result needs to be treated with some caution, as at this stage the full financial implications were not available. Most importantly of all, we now have a database of 800 Tenants who are prepared to be contacted to seek their views again.
- 6.5 A second edition of "Tenants Matters" went to the Tenants in October 2004. In this newsletter the options were explained in more depth and 415 Tenants returned a questionnaire and 84.8% wanted to remain council Tenants, with the remainder being evenly split between an ALMO and LSVT.
- 6.6 We also sent out an aspirations survey which went out to 800 Tenants. (These are Tenants who are prepared to be consulted by post).  
# Their views are shown in Appendix 1. Once again, the vast majority would prefer to remain council Tenants.
- 6.7 In order to explain the significance of a Stock Retention Strategy a letter went to all Tenants in December explaining the implications and what they would mean to Tenants. The Tenants will have an opportunity to let the Council have their views via the Independent Tenants' Advisor. The letter sent is shown in  
# Appendix 2.
- 6.8 1138 Tenants responded to this letter (the best response so far). 94% were in favour of Stock Retention and the remainder were happy to consider LSVT.
- 6.9 No-one can know how the Tenants would vote in a formal ballot after a debate about the advantages and disadvantages of stock transfer. At this moment in time it is clear that in spite of a reduction in day-to-day maintenance service, the vast majority (who are prepared to offer their views) are still prepared to remain Council Tenants.

## **7. What is Required for Sign-off of the Project**

- 7.1 As mentioned earlier, GOSE will need to sign off this project and they will be assisted by the Community Housing Task Force (a body created to help Authorities reach decent homes).

- 7.2 GOSE will require written evidence (which is detailed in guidance) about how this project was tackled. They will look in particular at how Tenants were consulted and advised, what the Stock Condition Survey shows and what financial advice the Authority has received.
- 7.3 Regular contact is maintained with GOSE and the Community Housing Task Force. Recently, they were informed about our financial advice, the results from the Stock Condition Survey and the way Stakeholder consultation has been achieved. Both say they are happy with progress to date and are not pressing for any particular outcome from the project.

## **8. Providing New Homes**

- 8.1 Butlers have produced a separate piece of work to advise the Council on what could be done to provide additional new homes if stock transfer is not the Council's chosen option. Butlers advise that it is possible to provide extra new homes outside of stock transfer, through for example, prudential borrowing. Providing extra homes does though, depend on finding the land, obtaining planning permissions and being satisfied that the finance is available.

## **9. Summary and Conclusions**

- 9.1 Out of the four options we have been asked to consider by the ODPM, the Private Finance Initiative can be left to one side as it is not a whole stock solution. This leaves Stock Transfer, ALMO and Stock Retention.
- 9.2 Stock Transfer is the only option that meets all the Council's objectives of reaching decent homes and providing new homes. It is the only option that requires a ballot of Tenants. How the Tenants would view this option is uncertain. The main gauge of their views is a 10% return from the questionnaire in "Tenants Matters", the results from the second edition of "Tenants Matters", the aspirations survey and the latest letter sent to them in December. Failure of the ballot would have a significant impact on the General Fund as the vast majority of the £2M set-up costs would fall there.
- 9.3 If the ballot is successful then the Council would have a capital receipt, part of which can be used to mitigate the negative effects of transfer on the General Fund, whilst the remainder would produce a steady stream of affordable homes (subject to land availability). The Housing Association which receives the stock would then have the funds to reach decent homes and sustain the standard.
- 9.4 An ALMO would potentially provide additional funds of up to £18M, but at the moment Butlers are not certain about this. Set-up costs are £150,000-£200,000 and would fall to the Housing Revenue Account. Any additional funds received by the Council are dependent on the ALMO reaching 2-star status.
- 9.5 Stock Retention is possible by using available capital and revenue, but there will need to be changes in the reactive maintenance service. In addition an asset management plan will need to be implemented to ensure there are sufficient resources to meet the decent homes standard.



## **10. Portfolio Holder Comments**

- 10.1 This is a major decision, not just for the housing service but for the Council as a whole. I have asked that the Housing, Health and Social Inclusion Review Panel give the Cabinet their thoughts on the matter as the issue comes close to final decision. Also I await a final view from the Tenants' Consultative Group.

Before hearing those views, my view at preset is that we retain the stock. This is based on the fact that looking at the figures we are only really getting half the value of the stock on transfer and although we would have a considerable sum to invest, this is not the true value of our extensive housing stock. Also this would only be a relatively short term fix - once this major asset is gone we will have lost the value of this major council asset forever.

Secondly our Tenants appear to not to be supportive of anything other than retention. If the ballot produces a 'No' vote, which is highly likely, we have predictably wasted £2 million in ballot costs from the general fund, the loss of such a sum being an almost unsustainable loss to the Council.

Given our stock is in good condition as a whole, I consider that we focus on the Asset Management Survey to fund the work needed to reach the Decent Homes Standard and maintaining that position.

I would like to record my appreciation to the Officers, Tenants and Members, particularly the Stock Options Group, for the considerable work that has been undertaken to review and investigate this complex and important issue.

**Councillor Peter Greenfield**

## **11. Tenants' Consultative Group Comments**

- 11.1 The Tenants' Consultative Group feels that every effort was made to engage with Tenants. The views from Tenants on the estates, that the individual Members represent, are still mainly in favour of Stock Retention.

## **12 Recommendations**

Cabinet is recommended to:

- 12.1 Approve the work undertaken on the Housing Stock Options Review.  
12.2 Retain the housing stock in the ownership of New Forest District Council.

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**Background Papers:**

Report to Cabinet  
*November 2003*

New Forest DC  
Housing Options Appraisal  
Financial Report Draft Version 3  
*15<sup>th</sup> November 2004*

Stock Condition Survey by  
King Sturge  
*August 2004*

Sensitivity Analysis by  
Ridge and Partners  
*August 2004*

## Appendix 1

# YOUR HOME, YOUR FUTURE IN YOUR HANDS

### Housing Options Appraisal survey form

<b>Q1</b>	<b>Tenants (excluding leaseholders) When thinking about your home, which of these responses comes closest to how you feel?</b>			
		<i>Agree</i>	<i>Don't Know</i>	<i>Disagree</i>
	My home is well maintained by the Council	493 (93.2%)	18 (3.4%)	18 (3.4%)
	My home is well managed by the Council	477 (93.2%)	24 (4.7%)	11 (2.1%)
	I am satisfied with the standard of heating	473 (90.3%)	14 (2.7%)	37 (7.1%)
	I am satisfied with the standard of the kitchen	344 (67.3%)	27 (5.3%)	140 (27.4%)
	I am satisfied with the standard of the bathroom	350 (68.5%)	27 (5.3%)	134 (26.2%)
	I am satisfied with the standard of my window and doors	458 (86.1%)	11 (2.1%)	63 (11.8%)
<b>Q2</b>	<b>Tenants (excluding leaseholders) When thinking about your home, how important are the following?</b>			
		<i>Very Important</i>	<i>Important</i>	<i>Not Important</i>
	That it is properly repaired and maintained	484 (90.0%)	52 (9.7%)	2 (0.4%)
	That it is modernized and improved within the next 5 years	198 (42.7%)	148 (31.9%)	118 (25.4%)
	That it is modernised and improved within the next 10 years	123 (33.4%)	167 (45.4%)	78 (21.2%)
	That it is owned by the Council	486 (91.5%)	38 (7.2%)	7 (1.3%)
	That I have strong legal rights protecting my tenancy	466 (91.2%)	45 (8.8%)	0 (0%)
	That my rent is kept affordable	503 (94.9%)	26 (4.9%)	1 (0.2%)
	That it is managed and maintained by the Council	503 (93.3%)	30 (5.6%)	6 (1.1%)
<b>Q3</b>	<b>Tenants (excluding leaseholders) Which of the following improvements to the home are most important to you? If you already have any of them, please tick the appropriate box in the middle column.</b>			
		<i>Want</i>	<i>Have</i>	<i>Not Important</i>
	Central heating	18 (3.4%)	492 (92.5%)	22 (4.1%)
	Double glazing	18 (3.3%)	511 (95.0%)	9 (1.7%)
	New bathroom	204 (42.3%)	198 (41.1%)	80 (16.6%)
	Shower over bath	184 (40.4%)	202 (44.3%)	70 (15.4%)
	New kitchen	188 (38.8%)	195 (40.3%)	101 (20.9%)
	Internal security improvements	91 (21.1%)	222 (51.4%)	119 (27.5%)
	External security improvements	135 (32.3%)	165 (39.5%)	118 (28.2%)
	Improvements to communal areas	101 (29.2%)	78 (22.5%)	167 (48.3%)
	<i>Other (Please specify)</i>			

## Appendix 1

<b>Q4 Sheltered housing residents only How important would you say the following are to you?</b>			
	<i>Very Important</i>	<i>Important</i>	<i>Not Important</i>
The emergency alarm service	68 (85.0%)	10 (12.5%)	2 (2.5%)
Sheltered housing wardens	55 (73.3%)	15 (20.0%)	5 (6.7%)
Communal facilities (laundry, common room etc.)	35 (56.5%)	16 (25.8%)	11 (17.7%)
Security	62 (83.8%)	11 (14.9%)	1 (1.4%)
Maintaining the gardens	35 (49.3%)	30 (42.3%)	6 (8.5%)
Outside lighting	54 (71.1%)	19 (25.0%)	3 (3.9%)
Level Access to your home	46 (64.8%)	20 (28.2%)	5 (7.0%)
<b>Q5 Leaseholders only How important would you say the following are to you?</b>			
	<i>Very Important</i>	<i>Important</i>	<i>Not Important</i>
That the Council properly maintains the structure/common parts	19 (79.2%)	5 (20.8%)	-
That the Council retains the freehold	15 (62.5%)	7 (29.2%)	2 (8.3%)
That the terms of your lease are protected	22 (88.0%)	3 (12.0%)	-
That service charges remain affordable	16 (72.7%)	4 (18.2%)	2 (9.1%)
Improvements to communal areas and security	8 (50.0%)	7 (43.8%)	1 (6.3%)
<b>Q6 All When thinking about the area in which you live, how important are the following?</b>			
	<i>Very Important</i>	<i>Important</i>	<i>Not Important</i>
That the streets are kept clean	375 (71.7%)	143 (27.3%)	5 (1.0%)
That external lighting is improved	238 (50.4%)	164 (34.7%)	70 (14.8%)
That open spaces are well maintained	285 (57.2%)	194 (39.0%)	19 (3.8%)
That play areas are provided	203 (44.4%)	153 (33.5%)	101 (22.1%)
That parking is improved	274 (56.4%)	137 (28.2%)	75 (15.4%)
<b>Q7 All When thinking about the housing service in general, how important are the following?</b>			
	<i>Very Important</i>	<i>Important</i>	<i>Not Important</i>
More affordable homes for rent should be provided	359 (70.8%)	140 (27.6%)	8 (1.6%)
Tenants should have more of a say in how the service is run	180 (37.5%)	258 (53.8%)	42 (8.8%)
Maintenance and improvements should be of a higher standard	182 (39.1%)	246 (52.8%)	38 (8.2%)
There should be more services for elderly and disabled tenants	283 (58.6%)	178 (36.9%)	22 (4.6%)
Housing services should have a higher standard of management	119 (27.2%)	262 (59.8%)	57 (13.0%)
More should be done about anti-social behaviour	373 (76.1%)	102 (20.8%)	15 (3.1%)
<b>Q8_ It would be very helpful if you could fill in some details about yourself What type of home do you live in?</b>			
<i>Flat</i>			62 (11.6%)
<i>House</i>			401 (75.1%)
<i>Sheltered scheme</i>			71 (13.3%)

## Appendix 1

		<b>PLEASE WRITE IN</b>
<b>Q9</b>	<b>What is your postcode?</b>	
<b>Q10_</b>	<b>What age group are you in?</b>	
	18-25	1 (0.2%)
	26-35	16 (2.9%)
	36-45	33 (6.0%)
	46-55	62 (11.2%)
	56-65	96 (17.4%)
	66-75	140 (25.3%)
	75+	205 (37.1%)
<b>Q11_</b>	<b>To which of these groups do you consider you belong?</b>	
	<b>WHITE</b>	
	<i>British</i>	546 (99.1%)
	<i>Irish</i>	-
	<i>Any other White background (please write in)</i>	5 (0.9%)
	<b>MIXED</b>	
	<i>White and Black Caribbean</i>	0
	<i>White and Black African</i>	0
	<i>White and Asian</i>	0
	<i>Any other Mixed background (please write in)</i>	0
	<b>ASIAN OR ASIAN BRITISH</b>	
	<i>Indian</i>	0
	<i>Pakistani</i>	0
	<i>Bangladeshi</i>	0
	<i>Any other Asian background (please write in)</i>	0
	<b>BLACK OR BLACK BRITISH</b>	
	<i>Caribbean</i>	0
	<i>African</i>	0
	<i>Any other African background (please write in)</i>	0
	<i>Chinese</i>	0
	<i>Other ethnic group (please write in)</i>	0

## **Your home, your future in your hands**

Housing options appraisal survey form

# **WIN £150CASH**

To help us find out what you think of our current service, please complete this survey form, by ticking the relevant box, or boxes. The question should only take a few minutes to answer and you will not need to answer all of them - some are specific to tenants in sheltered housing, or to leaseholders. When you have completed the survey, please return it to using the enclosed envelope, by 30 October 2004. Postage is free.



Tenants Consultative Group

December 04

Name  
Address 1  
Address 2  
Address 3  
Address 4  
Postcode

Dear

\*\*\*\*\*Winner of the draw for the television was **Mr J Alexander**\*\*\*\*\*

**WIN a £100 Christmas Hamper**

All it takes is a free phone call. Read on for how to win .....

~~~**THE FUTURE FOR YOUR HOMES –IT'S DECISION TIME**~~~

Over the last few months we have told you a bit about the changes that are ahead for everyone who lives in a home owned by New Forest District Council. We have asked you all to tell us what you want and how you feel about some of the options we have had to consider. Many of you have told us exactly how you feel. Thank you. The final decision about how to make sure all of our homes reach a good standard and stay there must be made in February 2005. This is now your **final** chance to tell us what you feel the right choice would be. All you have to do is read the rest of this letter and answer the question at the end. You can let us have your answer by phone, letter or e-mail. You will find all the details on Page 3. This letter has some new facts, which could affect YOU. Please read it carefully.

**THE FACTS:**

- Council must ensure that all NFDC homes meet at least the government Decent Homes standard by 2010.
- The findings from the last survey of which we received 420 replies were:
  - **84%** of Tenants wanted the **Council to stay as their Landlord**
  - **8%** preferred the **ALMO** option
  - **8%** preferred the **LSVT** option
- Currently 14%, (728) of the homes do NOT meet this standard.
- Council must ensure that the homes can be kept at the new standard for the next 30 years whilst keeping customers satisfied.
- Alternative options have been considered which may have been a way of getting extra money to improve your homes. These were Private Finance Initiative (PFI), Arms Length Management Organisation (ALMO) and transferring all of the homes to a housing association (LSVT).
- There is now a shortfall of **£22 million** between what is needed to spend on your homes **by 2010** and what the Council can now afford.
- There is now a shortfall of **£80 million** between what the Council needs to spend on your homes over the **next 30 years** and what it can currently afford.

- **Error:** In the last issue of Tenants Matters we said on the back page that £177 m was needed over 3 years. This should have read 30 years. The figures have now been reviewed.
- The **PFI** option is **not suitable** to assist with meeting the Decent Home Standard for New Forest.
- The **ALMO** option is **unlikely** to offer a solution that would give an overall benefit.
- The only options that are now being seriously considered are **STAY as NFDC** or **TRANSFER to a Housing Association**.

### What would a HOUSING ASSOCIATION mean for YOU?

- Transferring the homes to a Housing Association would mean that the Council would have extra money to help to provide something like an additional 700 more new homes to be built locally subject to finding the land to build them on, because the Council would be likely to get around £30 million to spend.
- Rents are set by a government formula – the Council and Housing Associations must use the same formula and meet target rents by 2010.
- As an existing Council tenant all but one of your rights would be Protected.
- The TCG would still continue to support Tenants' rights. Tenants and Leaseholders would have the right to sit on the Board of Management where the decisions are made.
- The money that is needed could be provided by transferring to a Housing Association either in full, if less money were paid for the homes or in part if the Council want to get as much for the homes as possible.
- The more money the Housing Association pay for the homes, the less they will have to spend on them. The more money the Council gets for the homes, the more money they would have for providing more new homes in the area.
- The more money the Housing Association has to spend on your homes the less savings they need to make on the repairs service.
- **NFDC may be able to set up it's own Housing Association to transfer the homes to, thereby tenants will retain their identity.**
- *FOR MORE INFORMATION ON HOUSING ASSOCIATIONS, SEE THE 'TENANTS MATTERS' NEWSLETTERS OR CALL 0800 243994 TO FIND OUT MORE.*

### What would it mean if you STAY as NFDC?

- The Council need to find £22 million by 2010 and £80 million over the next 30 years. To find this money some savings must be made.
- The Council cannot put up your rent to find this extra money.
- Some of the money could be found by something called 'Asset Management'. The Council could agree to sell off some of the buildings it owns (these are assets), such as garages or perhaps some of the homes here and there, but only when they become empty because people leave, or garage rents could be increased substantially. The efficiency of managing these 'assets' is also to be reviewed.
- The main way that the money will be found is by changing the way the Council repairs and maintains the homes. The changes that are most likely are listed below:
  - If your bath is old and difficult to keep clean, we won't replace it until the whole bathroom is due for improvement.
  - We will tend to repair rather than renew if this is cheaper.
  - You will need to re-decorate after repairs.



- We will only replace misted or cracked double glazed windows if they are dangerous.
- We will strictly enforce the current re-charging policy so for example, if you get locked out, we will only replace the locks if you pay.
- If you have a mutual exchange, you will have to pay for electrical checks (£150) and gas check (£70).
- We will only do basic electrical, gas and health and safety checks to empty property. This will affect you if you have a transfer.
- We will only decorate communal areas every 7-8 years (currently 5 years)

So, **staying as NFDC** means there **will** be changes to the way repairs are done. Transferring the homes to a **Housing Association** means that there **may** be changes to the way repairs are done, but this could be avoided if the price for the homes was right. If the decision is to **STAY** as **NFDC**, then the hard work to find the money must start as soon as possible after the final Council decision in February 2005. If the decision in February is to consider transferring the homes to a Housing Association, a lot more work and consultation must be done. There would be many months of working on the details and then all secure Tenants would be given a vote in a ballot. The transfer could not go ahead unless the majority of Tenants voted in favour in this ballot.

**What now?**

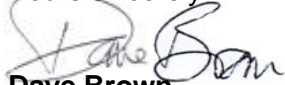
This is your last chance to tell us how you feel. You can win a £100 Christmas Hamper. All you have to do is answer the questions at the end of this letter. Make sure we have your answers by **5pm on Friday December 17<sup>th</sup>** and you will be entered into the draw. You can call your Independent Advisors, **Aldbourn Consultancy** on **0800 243 994** if you have any questions of concerns or if you would rather speak to a Council Officer you can call **Antonia Hall** or **Jan Barratt** on **023 8028 5372**.

When all of the responses are in, the TCG and Aldbourne, your Independent Advisors will be making sure that the Council takes them ALL into account when the final decision is made. Even if you have sent back a reply before, you should tell us what you think now.

**MAKE YOUR VIEWS KNOWN NOW.** Call us, email us or post it back to us. (See below).

Thank you for taking the time to read this letter.

Yours sincerely



**Dave Brown**

Assistant Director (Housing Landlord Services)



**Anne Murphy**

Chairman (Tenants Consultative Group)

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**WIN a £100 Hamper for Christmas (delivered in time for Christmas Eve)**

Please tell us which **ONE** of the statements below you agree with the most:

1. I want to keep NFDC even if it means changes to the way the repairs are done as given in this letter.
2. I think the Council should consider transferring the homes to a Housing Association but the Council should accept less money for the homes so that the Association has more to spend and less need to change the way repairs are done. I understand this would mean less new homes for the area.
3. I think the Council should consider transferring the homes to a Housing Association and should get as much money for them as possible to maximise the number of new homes that can be provided in the area.

**Appendix 2**

I understand that this means there may still need to be changes to the way repairs are done.

You can tell us your choice by:

- 1) **Calling** us on : **0800 243994**  
 It's a free call. Tell us you are a New Forest Tenant.  
 Give us your number choice and if you want to win the hamper, you also need to tell us your name, address and phone number.
- Emailing** us at : [antonia.hall@nfdc.gov.uk](mailto:antonia.hall@nfdc.gov.uk)
- 2) **Filling out the slip below and sending it to:**  
**Antonia Hall, Tenant Participation Manager,**  
 New Forest District Council, FREEPOST, Lyndhurst, Hampshire SO43 7PF

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Name .....

Address .....

Telephone number .....

|                                |
|--------------------------------|
| * I agree with number<br>_____ |
|--------------------------------|