

DUDLEY METROPOLITAN BOROUGH COUNCIL AGENDA ITEM NO 5

**MEETING OF THE SELECT COMMITTEE ON THE ENVIRONMENT
10 MARCH 2005**

REPORT OF THE DIRECTOR OF HOUSING

HOUSING OPTIONS APPRAISAL REPORT

1.0 PURPOSE OF REPORT

- 1.1 The purpose of this report is to seek the views of Members on the Directorate's draft Housing Options Appraisal report. This is part of a consultation exercise with a range of stakeholders and will form part of the report to the Council's Cabinet.
- 1.2 A copy of the report is available on the Housing Directorate's website: <http://www.dudley.gov.uk/council/housing/services/news/OptionsAppraisalReportVersion4.pdf>. A paper copy of the report can be obtained through contacting the Housing Directorate. Copies of the report will also be available at the meeting.

2.0 BACKGROUND

- 2.1 The Directorate has provided the Committee with updates during the Housing Options Appraisal project. This report focuses on the draft report which is the result of the work completed during the Housing Options Appraisal.
- 2.2 The Directorate was required by Government to undertake a Housing Options Appraisal to identify how it was going to meet the Decent Homes Standard by 2010 and any other agreed objectives and priorities.
- 2.3 This appraisal was expected to look at the costs and benefits of each of the options:
- Arms Length Management Organisation
 - Private Finance Initiative (PFI)
 - Stock retention
 - Stock transfer

and their ability to meet the Decent Homes Standard and any other agreed objectives or priorities before deciding on an option(s).

- 2.4 It was also expected that the process should look at mixed model solutions and partial options but only as part of an overarching strategy for the whole stock. The impact of any option on the Council's overall objectives, including the financial impact on the General Fund, also needed to be considered.

2.5 There was also a requirement that an Independent Tenants Advisor (ITA) was appointed to provide good quality independent advice to tenants and leaseholders during the process.

2.6 The Government Office West Midlands (GOWM), will assess whether the Housing Options Appraisal process has been carried out properly through checking that: tenants have been engaged in the process and support the conclusions; that it is based on robust data; that underlying assumptions are reasonable; and that analysis is sound. The report must be submitted for sign off no later than July 2005.

2.7 A draft copy of the report has been reviewed by GOWM who are generally happy with the approach we have taken during the process.

2.8 **HOUSING OPTIONS APPRAISAL REPORT**

2.8.1 The report is the result of the work completed by the Directorate during the Housing Options Appraisal.

2.8.2 The report is based on the Housing Option Appraisal Assessment Criteria outlined in the Office for the Deputy Prime Minister's (ODPM's) Guidance for Local Authorities 'Delivering Decent Homes – Option Appraisal.'

2.8.3 The first part of the report (chapters 2 – 4) outlines how the Housing Options Appraisal has been managed, our approach to tenant and leaseholder involvement and how tenants and leaseholders have contributed to the decision making process. There is also information about how we have communicated with different stakeholders.

2.8.4 The information section of the report (chapters 5 –7) reports the findings of the stock condition survey, the investment need and the resources available under the different options. The demand and need for the Directorate's properties is also assessed.

2.8.5 A total of 6,809 (27%) of the Directorate's homes were assessed as non-decent as at April 2004. This represents significant progress on the 9,881 homes that were non-decent in April 2001.

2.8.6 The cost of achieving the Decent Homes Standard, whilst carrying out necessary cyclical and responsive repairs and a minimum programme of community safety works and adaptations up to 2010 is forecast to be £362 million.

2.8.7 It must be stressed that the Decent Homes Standard is a low standard and will not provide:

- a programme of modernisations
- a planned maintenance programme to replace kitchens and bathrooms that are not over 30/40 years old and in poor condition
- a double glazing programme

- environmental programmes (car parking, fencing).
- 2.8.8 We know through consultation with tenants and other stakeholders that aspirations for housing improvement go far beyond the Decent Homes Standard. They include: environmental improvements, new kitchens and bathrooms, double glazing and new house building.
- 2.8.9 The financial analysis in chapter 6 identifies the available resources under the different options to meet the investment need. The main conclusions are:
- **Stock retention.** On the basis of delivering a minimum programme of repairs and improvements and reducing expenditure on housing management as properties are sold under the Right to Buy, the Council could achieve the Decent Homes Standard under this option.
 - **Arms Length Management Organisation.** This option could deliver around £16 million of additional resources between now and 2010 to assist with delivery of the Decent Homes Standard.
 - **Large Scale Voluntary Transfer.** We forecast that this option would deliver the investment required to meet the Decent Homes Standard by 2010 and an additional £160 million to deliver other tenant and stakeholder aspirations.
- 2.8.10 Demand for social housing in Dudley is considered to be relatively stable. A survey undertaken by the Directorate found that:
- Flatted accommodation was less popular than houses – there were a greater proportion of voids and the turnover of flats was significantly higher than average turnover.
 - The most popular areas in the borough are Kingswinford, Wordsley, Sedgley Central. They tend to be located in the suburban fringe.
 - There are parts of Dudley and Brierley Hill which are relatively unpopular – Holly Hall, Priory, Kates Hill, Chapel Street.
- 2.8.11 The middle section of the report (chapters 8-9) covers how we have considered mixed solutions including the efforts we have made to disaggregate information to a local level, and to consult tenants and other stakeholders at a local level. This section also shows links to other initiatives.
- 2.8.12 The final part of the report (chapters 10 –13) outlines the evaluation of the options, the decision making process and the final conclusion and recommendations. It includes an assessment of stakeholder acceptability of the options through the tenants and leaseholders survey (chapter 10); the comments of stakeholders (chapter 11); and the final conclusion and recommendations (chapter 13).

The comments from the Select Committee on the Environment will be reported verbally to the Cabinet but will be included in the final version.

2.9 TENANT & LEASEHOLDER SURVEYS

- 2.9.1 The Directorate commissioned MEL Research to consult tenants and leaseholders separately on their views of the four options for meeting the Government's Decent Homes Standard and to determine if there was a convergence of opinion around any one option. The survey also covered a range of issues and priorities around housing improvement.
- 2.9.2 MEL interviewed a total of 3001 tenants with the sample structured to reflect housing proportions across the borough. A total of 423 leaseholders were also interviewed for the leaseholders survey.
- 2.9.3 The survey identified that 80% tenants thought that improvements to their homes, and the local area were important with strong support also for improvements to key services – e.g. speed of repairs, dealing with anti-social behaviour. Tenants were also asked how important they considered a number of tenant rights to be. Existing rights were considered to be important especially that they should continue to have a secure tenancy.
- 2.9.4 The survey also identified that 50% of tenants were aware of the four options – this compares well to other local authorities prior to them undertaking a promotional campaign promoting one option over another.
- 2.9.5 The preferred option for tenants across the five areas and in all major demographic groups was for 'Council own and maintain the housing' with 65% support. The stock transfer option gained 30% of first preference support.
- 2.9.6 The strength of opinion did, however, vary across the five areas. In North Dudley the ratio of support for stock retention compared to stock transfer was a large 3:1 margin - 76% to 24%. In Brierley Hill it was much closer at 62% to 38% and in Dudley 61% to 35%.
- 2.9.7 The ALMO and PFI options gained little first preference support but when second preferences were considered the ALMO option gained 50% support.
- 2.9.8 These findings were confirmed through a series of questions designed to 'dig deeper' into what was of overriding importance to residents. The overriding priority stemmed back to the core features of 'being a council tenant.'
- 2.9.9 The first preferences of leaseholders were overwhelmingly in support of 'council own and maintain' at 91%.

2.10 VIEWS OF STAKEHOLDERS

- 2.10.1 The draft report has been considered by the five Area Housing Panels, the Project Board – set up to oversee the Housing Options Appraisal project - and the Dudley Federation of Tenants & Residents Associations (DFTRA)
- 2.10.2 There was an acceptance from the Area Housing Panels that tenants & leaseholders wanted to stay with the Council. There were concerns, however, over feedback from the survey that had suggested that tenants mistrusted the Council, or had not believed or understood the messages. It was commented that since the previous vote, services had improved and that perhaps tenants and leaseholders did not believe that services would necessarily deteriorate under the stay with the Council option. It was also commented that particularly with the stock transfer option, tenants were asking themselves ‘what’s the catch’ - historically improvements led to higher rents. There was also a concern over the unrealistic expectations that tenants had of what the Council could deliver under stock retention.
- 2.10.3 The Panels believed that the Directorate needed to move on (although there was a minority view that more work was required before a decision could be made) and meet the Decent Homes Standard and continue with the service improvement agenda through stock retention. It was felt that there was a need to deliver clear messages about what the Council would be able to deliver under this option - including managing aspirations and expectations - and to tackle mistrust. The majority of panels also expressed the view that they would not want to close their minds to a future review in the medium to longer term if the service needed it and tenants supported it.
- 2.10.4 The discussions at Project Board also focussed on communication and the approach that the Directorate had adopted. The issue of mistrust amongst tenants was also raised. The Board did not express a view on a preferred option.
- 2.10.5 The Dudley Federation of Tenants & Residents Associations (DFRTA) believed that stock transfer would have been the best option for both the Council and tenants of the borough, but recognised that pursuing this option was pointless given the results of the tenants & leaseholders surveys. They also questioned whether it would be worth the time, expense and upheaval in establishing an ALMO given the limited amount of resources it would attract and that stock retention and streamline planning could meet the Decent Homes Standard.
- 2.10.6 They also expressed the view that they believed that the majority of tenants were content with their council service. There had been marked improvements in council services: repair times reduced, void turnover times reduced, a better choice of doors, kitchens, a more efficient call centre, patch working and the involvement of local area panels. They believed that these improvements coupled with the high percentage of

older tenants resulted in tenants preferring a landlord they knew and a secure tenancy with that landlord over any aspirations they may have.

3 PROPOSAL

3.1 It is proposed that members note and make any comments on the contents of the draft Housing Options Appraisal report.

4.0 FINANCE

4.1 The financial implications of options for the housing stock are outlined in section 3 above and explained in more detail in the Housing Options Appraisal report.

5.0 EQUAL OPPORTUNITIES

5.1 This report takes account of the Council's equal opportunities policies.

6.0 RECOMMENDATION

6.1 Members are asked to note and make any comments on the contents of the draft Housing Options Appraisal report.

Stuart

On behalf of the DIRECTOR OF HOUSING

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