

# ITEM 9

## COMMUNITY AND SOCIAL AFFAIRS COMMITTEE

14 NOVEMBER 2012

### REPORT OF HEAD OF COMMUNITIES & NEIGHBOURHOODS

#### JOHNSON COURT, SYSONBY STREET - AMENDMENT TO AGREEMENT

##### 1.0 PURPOSE OF REPORT

- 1.1 This report seeks member's approval to amend the Building Agreement and Transfer (2007) between Melton Borough Council and Muir Group Housing Association Limited, relating to land at Sysonby Street, Melton Mowbray.
- 1.2 The report seeks member's approval to amend the "Affordable Housing" definition within the agreement, for the 10 apartments built on land at Sysonby Street, Melton Mowbray, namely Johnson Court, from Shared Ownership to Affordable Rent.

##### 2.0 RECOMMENDATIONS

- 2.1 **Members approve, subject to legal requirements, the amendment to the Building Agreement and Transfer between Melton Borough Council and Muir Group and;**
- 2.2 **Members approve the Affordable Housing definition within the agreement from Shared Ownership to Affordable Rent.**

##### 3.0 KEY ISSUES

- 3.1 Land at Sysonby Street was transferred to Muir Group by Melton Borough Council for the purpose of developing The Cove Children's Centre and 10 apartments (Planning Application 07/00945/FUL). The development was completed in July 2008.
- 3.2 The 10 apartments, namely Johnson Court, were advertised as Shared-Ownership for a period of nine months. Despite the extensive consultation that took place in establishing this tenure, the downturn in the economy heavily impacted on the availability of Shared-Ownership mortgages and none of the units sold.
- 3.3 In January 2009 the units were advertised as Rent to Homebuy, a by-product of Shared-Ownership, where the tenant can utilise three years of reduced rental payments in order to save up for a deposit, so they can then purchase a share in the property.
- 3.4 Despite conversion to Rent to Homebuy, uptake was still not forthcoming. To date no tenant has expressed an interest in purchasing a share in their property and currently four of the ten apartments are empty, with one more tenant due to vacate on 5<sup>th</sup> November.
- 3.5 As a result, Muir have requested to convert the units to Affordable Rent, a rental level that is set at 80% of market rents, including service charges. This rental level was optioned since it ties in with the existing rents.

- 3.6 The option to purchase on these properties will cease once they are converted to Affordable Rent. The current rents are £97.88 for the 2 bed apartments and £82.86 for the 1 bed apartments; both include a service charge of £14.84. The conversion will not affect these rents and charges will remain the same for both current and future tenants.

#### **4.0 POLICY AND CORPORATE IMPLICATIONS**

- 4.1 The conversion of these units ties in with the Council's Housing Strategy in that it works with partners to deliver more rented accommodation for those in housing need, is working towards reducing the number of empty homes and is makes effective use of current housing stock. The recently approved Melton Tenancy Strategy approves and supports the introduction of Affordable Rent model schemes in the borough.
- 4.2 The conversion of these units relates well to the Council's Corporate Policy of a making Melton a better place to live, in that it will make effective use of current stock and utilises current empty homes for those in housing need.

#### **5.0 FINANCIAL AND OTHER RESOURCE IMPLICATIONS**

- 5.1 The conversion will have no financial implications for the Council since the land has already been gifted.
- 5.2 There are no other resource implications.

#### **6.0 LEGAL IMPLICATIONS/POWERS**

- 6.1 The initial Legal advice is that this conversion is acceptable since the land transfer has already taken place and a formal record of this decision is noted. A full legal opinion will be secured in relation to the building and transfer agreements and members are asked to note that recommendation 2.1 is subject to satisfying the Legal requirements.
- 6.2 There are no regulatory implications related to the recommendations' in this report.

#### **7.0 COMMUNITY SAFETY**

- 7.1 No direct implications have been identified with the conversion and community safety.

#### **8.0 EQUALITIES**

- 8.1 There are no equalities issues as a result of the proposed conversion from Rent to Homebuy to Affordable Rent, since the units will still be available at the same rental tariff and vacant units will be advertised in accordance with the Choice Based Lettings system, which has undergone its own equalities impact assessment.

## 9.0 RISKS

Probability					Risk No. Description	
Very High A					1	The conversion does not take place and the units remain empty.
High B						
Significant C					2	The scheme still does not attract suitable applicants
Low D			1			
Very Low E			2			
Almost Impossible F						
	IV Negligible	III Marginal	II Critical	I Catastrophic		

**Impact**

## 10.0 CLIMATE CHANGE

10.1 No implications have been identified.

## 11.0 CONSULTATION

11.1 Consultation has taken place with housing options and housing policy and all have considered on balance the conversion from Shared-Ownership to Affordable Rent to be suitable in this instance.

## 12.0 WARDS AFFECTED

12.1 Edgerton Ward is primarily affected since the units are located in this ward, but all others are also affected since the conversion represents the potential decline of the Shared-Ownership market in Melton.

Contact Officers: H Rai - Head of Communities & Neighbourhoods  
Samantha Fern - Housing Policy Officer

Date: 30<sup>th</sup> October 2012

Appendices: None

Background Papers: Letters from Muir group requesting conversion dated 12<sup>th</sup> October 2012.

Building and Transfer Agreement between Melton Borough Council and Muir Group Limited (2007).

Reference: C'tees, Council & Sub-C'tees/CSA/2012-13/14-11-12/Johnson Court, Sysonby Street – Amendment to Agreement