

Answers to questions posed by Cllr Kieran Thorpe at Cabinet Meeting (11 July 2017) relating to the Goldings House report.

(1) Cllr Thorpe was concerned as he was not aware of this proposal.

The original decision about the future management and the decision to instigate a trickle transfer programme of flats in the upper floors of Goldings House, Hatfield – from WHBC to Paradigm Housing Group (Chiltern Hundreds HA at the time) was taken in 2003, with updated position and recommendations on the technical aspects of this being reported during 2005.

The most recent report (July 2017) was presented following discussions and negotiations with Paradigm which have occurred very recently as a result of the completion of the trickle transfer process.

(2) Why did the Cabinet in 2003 agree a trickle transfer process and what are the benefits of this and the transfer of the freehold, as they seemed rather flimsy to justify to the Council and the community the action being taken. These included giving it away as it was expensive to repair, better management arrangements when they were successful anyway and saying there was no benefit to the Council at this stage in retaining the freehold as no gain could be realised until 2061 when the lease expired as this was still a long term interest.

The benefits of the trickle transfer at the time were that the council had a large number of voids at Goldings house, the building was very unpopular and had management challenges due to a high concentration of single people with complex needs. The properties were difficult to let (Choice Based Lettings system of bidding and choice was not in place at this time). It was often vulnerable groups that were allocated the vacant units, which exacerbated the challenges of managing a high number of individuals with complex needs.

The block and individual units required significant refurbishment with high costs. The structure of the Housing Revenue Account and the rules around this, including the old negative subsidy system, whereby a large proportion of the rent received was paid back to government, was a barrier to the council in carrying out the work.

Paradigm already leased the 6 lower floors of the building and had worked in partnership with the council to deliver the Foyer scheme – which did and continues to provide housing and support for young people. This was and is a valued initiative for the council. The foyer scheme was managed 24 hrs a day by Chiltern Hundreds (now Paradigm) and the trickle transfer also provided the opportunity to have one landlord to be in situ and provide a better service for residents in the block

Once the trickle transfer process was underway all tenants benefited from a 24 hr concierge service, Paradigm (Chiltern Hundreds) became responsible for the service charge costs (gas / electric / CCTV/ LIFTS / Cleaning / Insurance). As each void unit was transferred Paradigm's share of costs increased, until full responsibility. Therefore the council saved money.

New fire detection systems were installed, all communal areas were redecorated, new electric – wiring, the lifts were refurbished/ new CCTV cameras were put inside and outside the building and new controlled entry system was installed , the ground floor was refurbished and new external lighting was installed.

On average refurbishment costs invested by Paradigm for each void was in the region of 30k (some costs 40k plus, some cost 24k plus)

Properties had new kitchens, new boilers, new doors and were redecorated,

Financial benefits included a capital receipt received in excess of the capital grant provided by the council and a net gain of funds to the council

The original report always provided the option that on completion of the last trickle transfer unit, the Freehold would follow – Paradigm would then also be responsible for the externals and this offers them the ability to borrow and fund further long term works to the building that are likely to include new lifts a another major works

The Freehold transfer was always based on the capitalisation of the ground rents and all parties anticipated that this would not generate a significant capital receipt

(3) What investment would Paradigm make in the block?

We are currently confirming with Paradigm the proposed longer term investments planned by them, subject to the freehold transfer. They have confirmed that their intention is to invest to a greater extent, given they will be able to borrow more against the building once the freehold transfer has taken place.

(4) Is the cost of using affordable housing programme money to buy the one remaining leasehold flat and give it away to Paradigm offset?

There is one privately owned leasehold property in the flat which Paradigm are purchasing, with grant funding provided via the Affordable Housing Programme (AHP). The grant funding is useable Right to Buy receipts, which cannot be used for any purpose other than to deliver affordable housing. There is a time limit attached to expenditure of these receipts and if the fund is not spent by the deadline the money will be returned to central government and the council will also face a penalty which will be calculated from the date the receipts were originally received.

As part of the AHP, the council has an acquisition programme, whereby it purchases private sector homes to be used as affordable housing. We also grant fund housing associations to purchase properties in the private sector.

The current elderly owner is in a care home and has agreed to sell to Paradigm. The 2 bed unit has had no work done to it since purchased under the RTB in the 1980s and will require some significant refurbishment by Paradigm. The council will have nomination rights to this property, as it does to all the other units managed by Paradigm

The grant funding will be a subsidy which will enable Paradigm to let this unit at an affordable rent.