

North East Derbyshire District Council

Cabinet

26 October 2016

**Change of Designation – Stephenson Place, Meadow Road,
Rock Crescent – Holmgate**

**Report of Councillor Mrs E A Hill, Portfolio Holder with Responsibility for Housing
Strategy and Social Inclusion**

This report is public

Purpose of the Report

- The purpose of this report is to seek approval from Cabinet to change the designation of 2 bed first floor flats to 1 bed for (38) properties in Stephenson Place, Meadow Road and Rock Crescent as set out in **Appendix 1**.

1 Report Details

- 1.1 Within the current stock North East Derbyshire District Council (NEDDC) have (19) first floor flats at Stephenson Place which are designated as 2 bedrooms, a further (7) at Rock Crescent and (12) at Meadow Road; a total of (38) two bed properties.
- 1.2 These (38) properties that are being managed by Rykneld Homes Ltd (RHL) are considered to be hard to let (advertised more than 3 times or attracting no bids on the first advert) – see Appendix 1. This has demonstrated that we have exhausted the current housing waiting list. Considerable effort and resource has been put into letting the units which has included the creation of a show home at Stephenson Place through to placing adverts on Rightmove. Despite these efforts the properties continue to be difficult to let.
- 1.3 A key consideration on the first floor units is that they are designated as 2 bedrooms. In August 2013 the Coalition Government put out a highly detailed definition of what is a single bedroom, a twin bedroom and double bedroom. A single bedroom the Government says measures at least 75.55 square feet in floor space and includes:
 - A bed
 - A wardrobe
 - A chest of drawers
 - A bedside cabinet
 - A table and chair

Together with access space in between the above so the bed can be made and the wardrobe can be accessed and also further activity space for which they give the example of room to get dried after a bath or shower and room in which to get dressed.

- 1.4 RHL has undertaken an assessment of the existing bedroom 2 within these flats based on Architects Plans. This identifies that bedroom 2 measure 66.40 square feet which is smaller than stated in 1.3 above and below the standards proposed in a new discussion paper issued by the Department for Communities and Local Government which calls for a national minimum bedroom size, set at 69.96 square feet, but with local authorities free to set higher standard should they wish. The assessment also fails to take into consideration the inbuilt storage which intrudes into this bedroom area further reducing the floor space to 52.83 square feet.
- 1.5 The first floor 2 bedroom flats have proved considerably more difficult to let than the ground floor 1 bedroom flats. The result of this is that the first floor flats have remained unoccupied for a greater period of time. The first floor flats are not providing any added value in terms of floor space or functionality.
- 1.6 Although not the main reason behind this proposal the change would mean that under-occupancy could not be applied for those tenants on housing benefit for these properties.

2 Conclusions and Reasons for Recommendation

- 2.1 To change the designation of 2 bed first floor flats to 1 bed for (38) properties in Stephenson Place, Meadow Road and Rock Crescent is likely to increase the take up of these properties reducing the impact of void periods for these properties.

3 Consultation and Equality Impact

- 3.1 RHL will communicate with all tenants affected by the recommendations.
- 3.2 The elimination of discrimination – all strategies, policies and procedures will be subject to Equality Impact Assessments (EIAs).
- 3.3 Fostering good relationships between people – the recommendations held within this report support Rykneld Homes' delivery against the strategic partnership with NEDDC.

4 Alternative Options and Reasons for Rejection

- 4.1 RHL considered the option of reconfiguration of the first floor flat. This option was not viable due to the associated costs of relocation of services to the upper floors alongside the costs associated with the reconfiguration. The associated costs would not provide any significant uplift in floor space and would have remained below the proposed standards for a bedroom. The re-configuration would have also impacted upon ground floor residents.

5 Implications

5.1 Finance and Risk Implications

- 5.1.1 The proposal in the report is that (38) properties would be re-designated from 2 bedroom flats to one bedroom flats. The re-designation would have an impact on the rent charged to the tenants of these flats. The current rent level for these properties is £86.97 per week (48 week basis). The one bedroom flat rent would be £80.06 per week which is a reduction of £6.91 per week and a total reduction in HRA rental income of £10,053 for a full year. The report proposal covers a six month period for 2016/17 which equates to a rent reduction for the HRA of £5,818.
- 5.1.2 Current void loss on these properties equates to around £2,087 in the first quarter of the financial year 2016/17. If this rate continues then the rent loss is forecast at £8,349 for the full year.
- 5.1.3 The re-designation of these properties as 1 bedroom flats should help reduce the number of void properties currently experienced so the overall net loss on rent is reduced. However, there remains a risk that the properties remain void as the re-designation may not eradicate voids periods for these properties altogether.
- 5.1.4 The re-designation will mean the existing tenants receiving a rent reduction from a determined point in time if the proposal is approved. For the tenants who receive housing benefits the rent reduction would mean their benefits are adjusted. Any tenants of these properties who are currently deemed to be under occupying would no longer have the deduction of benefit for under occupancy.

5.2 Legal Implications including Data Protection

- 5.2.1 No legal implications have been identified.
- 5.2.2 The proposal would involve informing existing tenants of the change. This can be done by communicating with each tenant individually in order to explain the approach we are taking and the impact upon them as a tenant. The change will also be communicated to NEDDC Revenue and Benefits department so any appropriate changes can be implemented. This will be subject to existing protocols and Data Protection.

5.3 Human Resources Implications

- 5.3.1 All the resources required to undertake the work set out in the recommendations can be provided from within the existing structures of both NEDDC and RHL.

6 Recommendations

- 6.1 That Cabinet approve the change to the designation of 2 bed first floor flats to 1 bed for (38) properties in Stephenson Place, Meadow Road and Rock Crescent as set out in Appendix 1.

- 6.2 That Cabinet note that the annual reduction in rent of £10,053 resulting from the re-designation which will hopefully be offset by a reduction in the level of voids experienced for these properties.
- 6.3 That Cabinet agrees that existing tenants receive a rent reduction from 1st October 2016.

7 Decision Information

Is the decision a Key Decision? (A Key Decision is an executive decision which results in income or expenditure to the Council of £50,000 or more or which has a significant impact on two or more District wards)	Yes
Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)	Yes
District Wards Affected	Clay Cross
Links to Corporate Plan priorities or Policy Framework	Growth

8 Document Information

Appendix No	Title
1.	Schedule of Properties
Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	
None	
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