



## Hinckley & Bosworth Borough Council

### FORWARD TIMETABLE OF CONSULTATION AND DECISION MAKING

ASSET STRATEGY & REGENERATION STRATEGY GROUP 14 AUGUST 2019

EXECUTIVE 4 SEPTEMBER 2019

WARDS AFFECTED: HINCKLEY DE MONTFORT

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### 99 – 109 UPPER BOND STREET HINCKLEY

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#### Report of Director (Community Services)

#### 1. PURPOSE OF REPORT

##### 1.1 To seek approval:

- for the removal of a covenant relating to use of the properties for move on accommodation or sale to a Registered Provider

#### 2. RECOMMENDATION

##### 2.1 That Executive:

- agree to the removal of the restrictive covenant
- accept a financial contribution of 10% of the achieved sale price towards the provision of new affordable housing in the Borough

#### 3. BACKGROUND TO THE REPORT

- ##### 3.1
- Riverside Housing Association currently own the properties at 99 – 109 Upper Bond Street in Hinckley, which consist of five 2 bedroomed flats and one 1 bedroomed flat located in a 2 storey building. The properties were transferred to Riverside from Hinckley and Bosworth Borough Council ownership in 2007, with the following restrictive covenants attached:

“Not to use any of the flats for any purpose other than Move On Accommodation. Not (without the prior written consent of the Transferor) to dispose of the Property or any part of it (other than by way of an assured shorthold tenancy of a flat for a period not exceeding 24 months) to any person other than a Registered Social Landlord registered pursuant to section 3 of the Housing Act 1995.”

- 3.3 Riverside used Social Housing Grant from the Homes and Communities Agency (now Homes England) to refurbish the flats and for some years the properties were used for move on accommodation. However they have been standing empty for approximately 4 years, as Riverside has found the properties difficult to let under the terms of the covenant.
- 3.4 In common with many of our Registered Provider partners, Riverside have carried out a stock rationalisation exercise and have identified these flats as ones they would wish to dispose by reason of:
- they have proved difficult to let as they no longer fit the desired model for move on accommodation
  - they would need a significant investment to bring them up to a lettable standard and convert them to general needs housing
  - they do not fit with Riverside's strategic objectives to provide primarily family accommodation in this area
- 3.5 Discussions with Riverside and the council have been ongoing since 2017 and during this period Riverside and Hinckley and Bosworth Borough Council have tried to identify a Registered Provider to buy the properties, or an organisation in need of move on accommodation, but have been unsuccessful. In this period, the properties have remained empty and Riverside has incurred significant void losses in rental income, security fees and rates. The disposal will therefore mean a write off for them in historic costs and the recycling of Social Housing Grant.
- 3.6 Riverside has therefore approached the council to request that the covenant on the property is lifted to allow sale of the flats on the open market. To this end, Riverside and Hinckley and Bosworth Borough Council have agreed that an independent valuation of the properties should be carried out, which was duly completed in March 2019 by DVS Property Services. The valuation, assuming freehold interest with vacant possession and no restrictive covenants in place, gives a value of £425,000.
- 3.7 To acknowledge the loss of affordable housing which would result from open market sale, Riverside is offering a financial contribution of 10% of the open market value to Hinckley and Bosworth Borough Council to be spent in provision of affordable housing in the borough. This would give a receipt to the council of £42,500 should the sale achieve the open market valuation.
- 3.8 It is recommended that the covenant is listed to allow Riverside to sell the properties on the open market for the following reasons:
- The best endeavours of Riverside and Hinckley and Bosworth Borough Council have failed to identify a suitable use for the properties in the affordable housing sector;
  - Riverside have already incurred significant financial losses through the properties standing empty;
  - Sale of the properties on the open market will allow 6 empty homes to be brought back into use;
  - Despite having no obligation to do so, Riverside have offered 10% of the sale cost to the council for use in the provision of affordable housing in the Borough.

4. EXEMPTIONS IN ACCORDANCE WITH THE ACCESS TO INFORMATION  
PROCEDURE RULES

4.1 None

5. FINANCIAL IMPLICATIONS [AW]

5.1 There will be a capital receipt to the HRA estimated at £42,500 for use on affordable housing.

5.2 There may also be some costs associated with removing the restrictive covenant in terms of legal time and costs. This should be recovered from Riverside Housing Association as a separate charge if possible.

6. LEGAL IMPLICATIONS [MR]

6.1 If the properties were sold at less than market price to Riverside in 2007 because they were to be used for 'move on' accommodation then HBBC will need to be satisfied that it receives an acceptable share of any uplift arising from the removal of the restrictive covenant and the sale of the properties on the open market.

7. CORPORATE PLAN IMPLICATIONS

7.1 Affordable housing forms part of the strategic objectives of the Corporate Plan 2017 – 2021:

- Places: 4) Improve the quality of existing homes and enable the delivery of affordable housing

Disposal of these flats on the open market would bring empty properties back into use and a financial contribution from the sale would be used for investment in new affordable housing in the Borough.

8. CONSULTATION

8.1 None required

9. RISK IMPLICATIONS

9.1 It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

9.2 It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

9.3 The following significant risks associated with this report / decisions were identified from this assessment:

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
Loss of 6 affordable homes in Hinckley	Acceptance of a financial contribution towards replacement homes. Disposal will bring 6 empty homes back into use	Strategic Housing and Enabling Officer
A shortage of move on accommodation in the borough	Work is already under way with Adult Social Care partners to identify the quantity, type and location of move on accommodation needed in the borough	Strategic Housing and Enabling Officer
Replacement accommodation is not provided	Acceptance of a financial contribution on sale of the properties helps to ensure funding is available to deliver new schemes. Supported and move on accommodation will be included in the HRA delivery plan	Strategic Housing and Enabling Officer

## 10. KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS

- 10.1 Whilst the sale of the flats will mean a potential loss of 6 units of move on accommodation for vulnerable people, the properties have been empty for some time now and do not meet current requirements for move on schemes. Work is already under way to work with partners to identify opportunities to deliver new, fit for purpose move on schemes for vulnerable adults in the borough.

## 11. CORPORATE IMPLICATIONS

- 11.1 By submitting this report, the report author has taken the following into account:

- Community Safety implications
- Environmental implications
- ICT implications
- Asset Management implications
- Procurement implications
- Human Resources implications
- Planning implications
- Data Protection implications
- Voluntary Sector

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Background papers: None

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