

REPORT TO: HOUSING COMMITTEE – 17TH APRIL 2000

REPORT ON: CITYWIDE STOCK CONDITION, VALUATION AND FINANCIAL APPRAISAL

REPORT BY: DIRECTOR OF HOUSING

REPORT NO.: 260-2000

1. **PURPOSE OF REPORT**

To report on the findings of the Citywide Stock Condition Survey, Valuation and Financial Appraisal. A full copy of the reports are available in the Councillors' Lounge.

2. **RECOMMENDATIONS**

It is recommended that:

- (1) Committee agrees the contents of the Stock Condition Survey, Valuation and Financial Appraisal reports.
- (2) Dundee City Council undertake further work during financial year 2000/2001 as follows:
 - (a) An affordability study.
 - (b) A Structural Engineer's/Surveyor's Report of the Council's non-traditional house types.
 - (c) A study of the viability of the Council's non-traditional house types and their impact on the valuation of Council stock.
 - (d) A Housing Demand Study.
- (3) In the interests of Best Value, with the approval of the Scottish Executive, the contract with DTZ Piedad be extended to cover the above work.
- (4) In the interests of Best Value, with the approval of the Scottish Executive, the contract with the Tenants' Information Service be extended to cover the Tenants' Adviser role during the above work.

3. **FINANCIAL IMPLICATIONS**

The Director of Finance advises that the costs of the work, estimated at a total of £145,000 can be funded from the New Housing Partnership allocation for 2000/2001 except for costs relating to the Housing Demand Study. The Scottish Executive have instructed that such studies should be met from Council resources. The cost of the Housing Demand Study is estimated at £20,000 and can be met from HRA Revenue Account.

4. **LOCAL AGENDA 21 IMPLICATIONS**

Local needs are locally met.

All sections of the community are empowered to participate.

5. **EQUAL OPPORTUNITIES IMPLICATIONS**

None.

6. **BACKGROUND**

On 15th March 1999 Housing Committee agreed to a Stock Condition Survey, Valuation and Financial Appraisal being undertaken. The work was carried out by DTZ Pineda who have been reporting progress to the Financial Viability Study Working Group on a regular basis. The final draft report was accepted by the Working Group in March with the recommendations that:

- (a) The findings be reported to the Housing Committee.
- (b) Further work in the form of Affordability Study, Structural and Viability Studies into the Council's non-traditional housing be completed.
- (c) Officers prepare a consultation strategy to report the findings to the Council's partners.

7. **CONCLUSIONS**

The Financial Appraisal report draws on findings from the Stock Condition Survey and Stock Valuation and takes account of the Council's desired stock condition as detailed in the "Dundee Standard 1 and 2", agreed by the Financial Viability Working Group.

The Stock Condition Survey reveals that to maintain the stock at a reasonable standard the Council would have to spend £263,000,000 over the next ten years. This makes no allowance for improvements which will require an additional £232,000,000 over the next 15 years if the Dundee Standard is to be achieved. At present the Council spends approximately £21,000,000 per annum on repairs, maintenance and improvements to council houses. This investment will continue, however given the Council's financial constraints, outstanding debt, and current rent levels, the required level of spend, as indicated by the financial appraisal, is beyond that which the Council is likely to achieve.

The New Housing Partnership agenda provides an opportunity for the Council to relieve itself of the housing debt but only if the stock is transferred to an alternative landlord. Even if this were to happen it is the consultants' view, supported by officers, that there would still be insufficient resources to meet the investment needs for Dundee housing. Evidence suggests that only a mixture of debt write off, a dowry and rent increases will satisfy the financial investment required. This scenario would also require transfer of the stock to another landlord.

The study findings are to be discussed with the Scottish Executive with the intention of determining their position on the possibility of debt write off and dowry. However, tentative enquiry suggests that they are unwilling to make any statement on these issues without returns from the additional work as recommended at 2(2). Similarly, it is unlikely that the Council will be able to decide the future of Dundee housing without this information.

Subject to Committee approval, it is the intention that the Financial Viability Working Group continues to oversee this work and report to Housing Committee in due course.

8. **CONSULTATION**

All Chief Officers have been consulted.

Elaine Zwirlein
DIRECTOR OF HOUSING

Signed _____

Date _____

Background Papers

Dundee City Council Financial Viability Study, Stock Condition and Valuation Report.