



Epping Forest District Tenants & Leaseholders Federation

To all Members of the Housing and
Finance & Performance Management Scrutiny Panels

Epping Forest District Tenants &
Leaseholders Federation
C/o Civic Offices
323 High Street
Epping
CM16 4BZ

1st October 2010

Dear Councillor

Proposed Transfer of Non-Housing Assets from the HRA to the General Fund

We are writing to you personally in advance of the joint Housing and Finance & Performance Management Scrutiny Panels as we are both unable to attend the meeting, for which we apologise.

As the Vice Chair said at the Cabinet meeting on 13th September the Tenants & Leaseholders Federation are strongly opposed to the transfer of the non-housing assets to the General fund.

One of the reasons stated in the Cabinet report for the proposed decision is "to ensure the benefit of the rental income is shared amongst all residents and not confined to the HRA". We find that unfair as it places the effect of any financial benefits/pain disproportionately on the Tenants and Leaseholders who are among some of the poorest in the District. The Equality and Diversity Paragraph suggests there are no equalities issues, we think you should seek advice on that, we feel sure that Council Tenants are disproportionately among some of the equalities groups and will therefore be disproportionately affected.

The other reason stated in the report is "to ensure the HRA is operated on the correct basis as a landlord account." Our understanding is that this is based on the prospectus for the Housing Finance Reform on the dismantling of the Housing Subsidy System specifically Annex D which is shown on Page 7 of the agenda as an Appendix to the officer's report: "Draft revised guidance on the operation of the HRA ring-fence". This is as it states "DRAFT" and will presumably at some point be finalised or not as the case may be. In all likelihood it will be finalised when and if there is an agreed way forward on Housing Finance Reform, we think that you should await that before making this a reason for any Council decision that will have long term consequences.

Looking at the detail of that guidance - in section 12 of that Annex D the words that could apply seem to be found:

12. *Equally, properties which may originally have been provided under one of the powers in section 74 of the 1989 Act (or their predecessor powers) may no longer fulfil their original purpose. In these circumstances, the authority should consider their removal from the HRA. Examples of properties which might fall into this category are estate shops and other commercial premises, such as banks, post offices, workshops, public houses, industrial estates and surgeries, where there is no longer any connection with the local authority's housing. The decision is for the authority to take, though they should be able to explain the basis of the decision to their external auditor and tenants, if called upon to do so.*

We as the Tenants federation would therefore expect you to be able to explain your decision and at present feel you cannot do so. In fact in many instances we would say that the shops which have flats above, occupied by Council tenants or leaseholders in particular, are:

- a) still fulfilling their original purpose.
- b) still – and will continue to be – accounted for within the HRA.

And therefore should not be transferred.

We are also concerned about the level of the valuations. £1.75M predicted rental for 10/11 would mean an 11.3% return on capital on the current valuation. The Federation would expect when these properties are re-valued that the valuation will be much higher, resulting in a lower net loss to the HRA.