

TYPE OF REPORT:	
Date:	24 October 2007
Items for:	Discussion
Confidential Report Status:	Not Confidential
REPORT TITLE:	Lovell Park MSFs – Decent Homes - submission for additional funds
PURPOSE OF REPORT: To present to the Board, a summary of the options available for refurbishment of the Lovell Park Multi Storey Blocks as part of the Little London Comprehensive Regeneration plan agreed for the area.	
To consider the recommendation from the option review that a bid for Decent Homes funding be made to Government, as the most appropriate option for these blocks of flats.	
EXECUTIVE SUMMARY / DEBATING GUIDANCE POINTS:	
<ol style="list-style-type: none"> 1. The Lovell Park MSF blocks have proposed to be sold for refurbishment by the private sector as part of the Comprehensive Regeneration plan for the estate, approved by Council as part of the bid for Public Private Finance (PFI) funds for the estate. 2. The Lovell Park MSF blocks are not part of the PFI scheme, but form a separate development proposal under the Comprehensive Regeneration Plan. 3. Prior to agreeing to the Comprehensive Regeneration Plan for the estate, a detailed consultation exercise was undertaken with tenants and residents. The consultation exercise overall showed majority support for the proposed comprehensive plan. However residents within the Lovell Park blocks showed a preference for the Decent Homes option for their blocks. 4. Following representations from local residents, resident representatives and local Members, the Council has agreed to a review of the proposed disposal plan for the blocks. 5. As part of that review consideration has been given to the overall market demand for private housing and social housing in and close to the City Centre, the views of the residents, the potential availability of funding to secure the refurbishment of the blocks. 	
BUSINESS PLAN OBJECTIVE: P1 Achieving Decency and P4 Major Regeneration Schemes	
RISK RATING AS PER RISK FRAMEWORK: Medium to High risk in being successful in a bid for additional resources. Only one bid for additional Decent Homes resources from the City has been successful to date – funds to undertake Decent Homes works to Woodhouse estate following its removal from the PFI scheme.	
RESOURCES REQUIRED: Additional Decent Homes resources to include the 3 blocks into the current WNWH Decent Homes programme.	
BACKGROUND PAPERS LIST:	None.
DATE OF REPORT:	10 th October 2007
SMT APPROVED DATE:	October 2007

1.0	Introduction
1.1	<p>This report provides a summary on the options available for refurbishment of the Lovell Park Multi Storey Blocks as part of the Little London Comprehensive Regeneration plan agreed for the area</p> <p>This report recommends that the most appropriate option for the blocks would be to incorporate the properties into the Decent Homes Investment programme and to recommend to the Council that a bid for Decent Homes funding be made to Government to support that proposal.</p>
2.0	Background
2.1	<p>The Lovell Park Multi Storey blocks, Lovell Park Heights, Grange and Towers, contain a total of 297 flats, of which 16 are in leasehold ownership, with the remainder being let as Council tenancies.</p> <p>The blocks were built in 1967 and are of a Terson 'H' block construction.</p>
2.2	<p>The blocks are located within the Little London Regeneration area. The area was defined in 2001 as an area that could benefit from refurbishment action using the Public Private Finance Initiative funding programme.</p> <p>An expression of interest for PPFi funds was made in 2001 as part of the Round 2 PFI bidding programme (prior to the ALMO bid made in 2002). An initial PPFi allocation was awarded to Little London later in 2002. The development of the detailed Outline Business Case involved further detailed work on the range of measures that best suited the area, a redefinition of the target area and involved two major tenant and resident consultation events on the options. The development of the PPFi approach was also linked to the approach being developed through the pathfinder PPFi scheme at Swarcliffe.</p> <p>The final Outline Business Case for the Little London PPFi scheme was approved by Government in 2006, providing up to £94.9m in PFI credits to support the programme.</p> <p>As part of that Business Case in 2006 the Council proposed that the 3 Lovell Park Multi Storey blocks be sold for refurbishment by the private sector, for mid market sale and leasing, to improve the tenure mix for the area, and undertake the necessary refurbishment work to the blocks. This proposal is separate to the PPFi contract arrangement, but a linked part of the overall comprehensive regeneration plan for the area.</p> <p>The area, including the Lovell Park blocks, was not included for Decent Homes funding when the bid for ALMO resources was made in 2002. However a variant bid for Decent Homes funding was made at the same time in the event that PPFi did not proceed.</p> <p>As part of the development of the regeneration plans for the area it has been recognised that refurbishment action on multi storey blocks incurs a higher cost than for other low rise property types, partly due to the high cost of structural repair that is required currently and in the future. Those higher than average investment needs have</p>

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	an impact on the longer term sustainability of such blocks.
2.3	<p>Following the proposals made in the Outline Business Case, the Council has received representations from local residents, resident groups and local Members to reconsider the proposed disposal of the blocks and to consider a Decent Homes option for the blocks.</p> <p>The Council agreed to review the options for the blocks, however any alternate option proposed needed to be viable in terms of funding availability and should compliment the need for comprehensive regeneration of the area.</p>
2.4	As part of the development of the PPFi and linked land development proposals there has been further work undertaken on the potential to improve the tenure mix of the area, the potential for higher levels of new house building on available development sites and the development of affordable non-Council housing within the area.
2.5	Over time there have also been changes in the overall market conditions and market demand that impact on the original proposal.
3.0	Tenant Consultation Results
3.1	In February 2006 a major estate wide consultation exercise was undertaken to seek tenants and residents views on the principle two options for the estate: Comprehensive Regeneration with PPFi or Decent Homes .
3.2	<p>Around two-thirds of the households on the estate returned reply slips - 967 replies from 1431 properties.</p> <p>Residents expressed a preference in all areas other than the Lovell Park multi storey blocks for Comprehensive Regeneration;</p> <p>Overall 64% prefer Comprehensive Regeneration, whilst 36% prefer Decency</p>
3.3	<p>In the Lovell Park multi storey blocks there is a majority preference stated for the Decent Homes option in the Lovell Park tower blocks (97 to 77). This preference was most pronounced in Lovell Park Grange (40 to 17), with a smaller majority in Lovell Park Heights (35 to 30) and evenly balanced in Lovell Park Towers (30 to 30);</p> <p>Overall 56% of residents preferring the Decent Homes approach to the Comprehensive Regeneration approach.</p>
3.4	The Council decided at the time not to seek to disaggregate the Lovell Park blocks from the rest of the estate, but utilised the overall estate response in their considerations for the estate as a whole.
3.5	There is currently a Lovell Parks Tenants and Residents Group in operation, with whom both the Council and West North West Homes have been consulting with. This group is separate from the wider Little London Tenants and Residents Group.
3.6	Representations have been received from both groups requesting reconsideration of the option to dispose of the blocks and consideration of a Decent Homes approach to refurbish the blocks.

4.0	Market Demand Information
4.1	<p>At the inception of the area regeneration plan in 2001, housing demand was fragile in the area. At the time there was a high level of tenancy turnover, particularly from the high rise and low rise flats in the area.</p> <p>Multi Storey Flat Tenancy Turnover was high at 23% per annum, compared to the City average of 18%. Some blocks in the Little London area had tenancy turnover rates in excess of 30%. (In 2001/02 Lovell Park Heights 39% turnover, Lovell Park Towers 33%)</p> <p>Void levels were also relatively high at 3 % compared to the City average of 2.2%.</p> <p>Right to buy sales were also lower in the area than for the City as a whole, with most sales related to the higher demand houses, rather than the lower demand flats.</p>
4.2	<p>The Little London area has been identified as an area of Multiple Deprivation, showing lower than average earnings, higher than average dependency on benefits, lower educational attainment and higher crime rates, than the City average.</p> <p>The Councils Neighbourhood Orientated Model of Area Demand had the area identified as an 'Area in Significant Decline' in 2001 to 2004.</p>
4.3	<p>The principle tenure in the area is social housing for rent, a mix of Council housing and Register Social Landlord accommodation. Only just over 19% of the housing is in owner/occupation (against a City average of 63%).</p>
4.4	<p>Government policy is to seek to develop mix tenure communities, such areas show less tendency towards the issues of multiple deprivation.</p>
4.5	<p>However over the intervening years demand for the Council housing stock has changed.</p> <ul style="list-style-type: none"> • Tenancy turnover has halved in the intervening years, with MSF turnover at 12% • The number of voids at any one time has also reduced correspondingly • The NOMAD score for the area has improved with the area now classed as a 'Popular Area with Problems'
4.6	<p>Overall demand for private housing has increased in the area. Market values for private housing in the area are between £110k and £125k. Although lower than for the City average of £163k, it is still a sign of a healthy demand for private accommodation.</p>
4.7	<p>The City has benefited from significant development of City Centre accommodation (mainly flats) since the late 1990s, with accelerated demand in the first part of the 2000s. There was limited City Centre accommodation in 1997. Now there is a total of 6,300 units of accommodation in the Centre, with a further 2,500 units in construction, and a further 7,800 pipeline units having received planning permission.</p> <p>The Leeds City Centre Residential Market Report 2007 (Draft for consultation) has</p>

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	<p>confirmed that the increase in City Centre accommodation has been driven by investor demand rather than the owner occupied market, leading to a high proportion of 1 and 2 bed new accommodation for the private rented market.</p> <p>The report questions the sustainability of the City Centre market without there being a shift towards different types and tenures of accommodation. The report suggests a shift towards a greater number of 3 bedroom apartments targeted at families.</p> <p>The recent shift in the financial markets may also impact on the future demand for new development opportunities in this part of the City.</p> <p>The Lovell Park MSF blocks, is immediately adjacent to the City Centre area, and could only provide further units of 1 and 2 bedroom accommodation if offered onto the private market.</p>
4.8	<p>Not only would the Lovell Parks potentially compete with City Centre market it could also compete with the proposed new developments planned as part of the Development programme aspect of the Little London Regeneration plan.</p> <p>The new developments planned as part of the Regeneration plan will offer units of new build accommodation in the same range of market values as would be proposed for the Lovell Parks, if sold for private refurbishment.</p>
5.0	Comprehensive Regeneration Development Plans
5.1	<p>The Comprehensive Regeneration plan for the estate has a number of key targets :</p> <ul style="list-style-type: none"> • Construction of 125 new Council homes (PPFI contract) • Construction of new private sector homes (Development Agreement) • Target of up to 40% of new homes to be affordable <p>There are 5 main development sites in the area. The principle site being created by the clearance and demolition of the Carlton Tower Multi Storey blocks (100 units) and the Carlton Bells Maisonettes (40 units).</p>
5.2	An overall Planning Framework has been approved for the estate guiding the scale and planning context for the development and refurbishment activity planned.
5.3	It is anticipated that a higher total of new homes will be created in the estate than was originally considered as part of the Outline Business Case. The total of new homes will include the 125 new Council homes, and an overall target of 40% to be affordable homes.
6.0	Options for Lovell Park Blocks
6.1	<p>A full range of options have been identified that could be chosen to seek to tackle the need for refurbishment action for the blocks. These include :</p> <ul style="list-style-type: none"> • Original scheme of disposal of all 3 blocks • Option to retain all 3 blocks and refurbish to Decent Homes standard

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	<ul style="list-style-type: none"> • A mixed approach of Decent Homes and some disposal • Private refurbishment and lease back of the blocks for renting • Refurbishment through a tenant or community led arrangement • Demolition to allow new housing to be built in place of the 3 high rise block.
6.2	The main advantages and disadvantages of the 6 options are noted in the attached appendix.
6.3	<p>Costs have been estimated for the two principle options of Decent Homes and Disposal of all 3 blocks.</p> <p>It is estimated that capital investment of between £3.8 and £4 million will be required to bring the Council dwellings in the blocks up to the Decent Homes standard and to deal with other essential investment needs (e.g. lift refurbishment, environmental repairs, community safety action.)</p> <p>The cost of rehousing of all residents and the repurchase of leaseholders in the blocks is estimated at between £1.7 and £2.7 million.</p> <p>Baseline funding for the Lovell Parks blocks over a 10 year period 2003/04 to 2013/14 is estimated at £1.7 to £1.8 million.</p>
6.4	<p>It is proposed to seek to implement the Decent Homes option for the following reasons:</p> <ul style="list-style-type: none"> • Matches tenant and resident stated preferences. • Can be implemented once funds become available. • Available baseline funds can be used for refurbishment rather than rehousing and repurchase. • Demand for Council housing continues on an upward trend in the area, from scheme inception in 2001. • Private development is likely to compete with the main regeneration area development plans in the current market climate. • The option is reliant on persuading Government to release additional Decent Homes funding to the City.
6.5	<p>Bidding for additional Decent Homes funding is normally undertaken through the bi-annual submission of a Building Cost Model. The last model was submitted for the North West area in November 2006 and a further model is not due until November 2008.</p> <p>It is therefore proposed to approach Government to make a bid for additional Decent Homes funding outside of the normal arrangements for bidding for extra funds.</p> <p>It should be noted that a bid was made by Leeds West Homes in 2006 for additional funding towards the non-traditional housing stock. The bid to date has not been successful.</p> <p>However it should also be noted that a successful bid for additional funds was made to cover the properties in the Woodhouse estate, that were previously excluded from the PPFi scheme following consideration of tenants preferences for Decent Homes works.</p>

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7.0	Current Position
7.1	The blocks currently stand outside both the WNWH Decent Homes programme and the Little London PFI scheme. Without agreement on a clear forward strategy, WNWH is unable to properly advise tenants and residents on appropriate courses of action to tackle issues raised, other than short term solutions.
7.2	<p>As the approved option for the blocks has been to seek disposal, WNWH has not sought to actively relet properties in the blocks. Any voids requiring capital works have been held void, to avoid the need to pay home loss and disturbance payments, when rehousing was to commence. Currently there are 47 voids in the blocks, with 240 dwellings tenanted.</p> <p>As part of the Decent Homes option it is proposed that the capital works be undertaken on the held voids to support the rehousing from the Carlton Redevelopment site and where not required for the rehousing be made available for general reletting.</p>
7.3	The blocks have been subject in over the latter part of the summer to problems of anti –social behaviour, drug misuse, rough sleepers and increased criminal activity. At a recent meeting of the Tenants and Residents group the issues of security had a higher immediate priority than the future of the blocks.
7.4	<p>In seeking to tackle the immediate security issues at the blocks multi agency action has been undertaken involving the Police, the Councils Anti Social Behaviour Unit and Rough Sleepers Unit, the Drug Action Team and the Neighbourhood Housing Office staff.</p> <p>The aim of the action has been to apprehend the criminals where appropriate, to deter the anti – social behaviour and to take action against any tenants failing to meet the requirements of their tenancy agreement. The programme has to take account of the potential for the problem to be displaced into other parts of the estate.</p>
7.5	Following the current round of multi agency work being undertaken it is proposed to consider a medium term improvement plan for security improvement works and actions. One of the principle wishes expressed by the tenants has been to improve the control of access into the blocks to prevent rough sleepers, drug users and drug dealers and other criminal activity from taking place inside the communal areas of the blocks, i.e. outside of tenants and residents front doors.
8.0	Conclusions and Summary
8.1	The Lovell Park MSF blocks were proposed to be refurbished through a private development agreement, whereby the flats would be refurbished for private sale or renting. The plan formed part of the Comprehensive Regeneration plan for the area.
8.2	Following representations from tenants and residents representatives, the Council agreed to review this part of the overall plan. A range of options have been reviewed as noted in the Appendix to this report.
8.3	The option to seek to retain the blocks as Council accommodation and to undertake refurbishment action up to the Decent Homes standard is proposed as the most appropriate course of action taking account of :

	<ul style="list-style-type: none"> • Tenant and resident preferences • The increased demand for Council housing in the area • The need to change the focus for development of further private sector accommodation in the adjacent City Centre area away from 1 and 2 bedroom flats • The potential, in the light of the current market conditions, that promoting the Lovell Parks scheme could compete with the other proposed development plans within the Comprehensive Regeneration plan for the area. <p>It is therefore proposed to recommend to the Council to amend the Comprehensive Regeneration plan and seek to bid for Decent Homes funding towards the refurbishment of the Lovell park blocks.</p>
8.4	<p>Further as part of the need to improve the short term security arrangements for the blocks an improvement plan is proposed to match the work being undertaken to resolve the range of issues impacting on tenants and residents. The plans to be submitted to the Inner North West Area Panel for support to the overall programme of action.</p>
9.0	REPORT RECOMMENDATIONS:
9.1	<p>The Directors are recommended to</p> <ol style="list-style-type: none"> a. Review of options for taking action on the Lovell Parks MSF blocks b. To approve the proposal requesting that the Council reconsider the preferred option for the blocks as part of its Comprehensive Regeneration plan for the area. c. To approve the proposal to seek Decent Homes Funding to enable WNWHL to refurbish the blocks to the Decent Homes standard.

Appendix :

Option 1	Advantages	Disadvantages
Disposal of all 3 blocks	<p>Brings private sector funding to support the refurbishment of the blocks.</p> <p>Consistent treatment of the blocks</p> <p>Introduces new private sector tenure to area.</p> <p>Offers additional lower cost private housing close to City Centre</p>	<p>All current residents require rehousing.</p> <p>Repurchase and rehousing for all leaseholders</p> <p>Current market for City centre is slowing down.</p> <p>Likely to compete with redevelopment plans in rest of Regeneration Plan in current market climate.</p> <p>Rehousing has to be delayed to allow completion of the Phase 1 rehousing.</p> <p>Funding gap exists to pay for rehousing.</p>

Option 2	Advantages	Disadvantages
Decent Homes standard to all blocks	<p>Retains the dwellings available for the more recent upturn in demand for Council housing in this area.</p> <p>Ensures that the homes are brought up to the Decent Homes standard</p> <p>Allows residents to choose to remain in the blocks.</p> <p>Can seek to commence</p>	<p>Additional Decent Homes funding is not assured.</p> <p>The scale of refurbishment will be more limited than for private sector refurbishment.</p> <p>Uncertain timescales on funding bid and successful bidding.</p>

	<p>refurbishment as soon as funds are available.</p> <p>Timing not dependent on PFI and Redevelopment Plans.</p>	
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Option 3	Advantages	Disadvantages
<p>Mixed approach of Decent Homes works and disposal action.</p>	<p>Spreads the risk across two main options.</p> <p>Offers a range of tenures within the immediate area.</p> <p>Allows rehousing for those tenants who expressed a wish to move from the area, and allows those who prefer not to be rehoused to remain.</p> <p>Lower competition to main redevelopment plans for area.</p>	<p>Funding gap still exists for rehousing and for Decent Homes works.</p> <p>More difficult to ensure consistency in approach across all 3 blocks.</p> <p>If wide differential in funding may hamper integrated approach across all 3 blocks.</p>

Option 4	Advantages	Disadvantages
<p>Private refurbishment and lease back.</p>	<p>Maximises use of private sector funding and avoids reliance on Decent Homes Funding.</p> <p>Local example that offers one possible solution.</p>	<p>Likely to be unaffordable to the Housing Revenue Account.</p> <p>Delayed return to Council for some models.</p> <p>Reliance on higher income households such as student market to make financially</p>

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Option 5	Advantages	Disadvantages
Community or tenant led refurbishment.	Encourages community involvement in developing option. Otherwise same advantages as Decent Homes Option, unless housing transfer is linked to option.	Does not in itself bring in extra funds. Could be linked to Decent Homes option.

Option 6	Advantages	Disadvantages
Demolition and subsequent new build.	Brings private sector funding to replace the blocks. Consistent treatment of new accommodation Introduces new private sector tenure to area.	All current residents will require rehousing. Repurchase and rehousing for all leaseholders Current market for City Centre is slowing down. May compete with redevelopment plans in rest of Regeneration Plan. Funding gap exists for rehousing and demolition.