

## Report of Director of Resources & Housing

### Report to Executive Board

Date: 24<sup>th</sup> July 2019

**Subject: To consider the future of the two Highways high rise housing blocks in the Killingbeck area of east Leeds**

Are specific electoral wards affected?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If yes, name(s) of ward(s): Killingbeck & Seacroft	
Has consultation been carried out?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Will the decision be open for call-in?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, access to information procedure rule number:	
Appendix number: 1	

## Summary

### 1. Main issues

- The council owns and manages the two Highways housing high rise blocks in the Killingbeck area of east Leeds. These are each ten storeys, have a total of 120 homes, and were built in the 1960s. The blocks have exceeded their original design life and require significant investment to bring them up to the standards required by both the council and national guidance. We want everyone to be able to live in good quality homes and are committed to improving quality and standards.
- An options appraisal has now been completed on the future of the blocks. It has looked principally at either refurbishing the blocks, or demolishing the site to redevelop with new council housing. Factors considered have included the financial case - including capital costs, net present value over 30 years, and return on investment and the payback period; and alignment with council policies and plans.
- A decision to suspend new lettings, and start re-housing existing residents has already been taken (April 2019). This was the result of recognition that it was not possible to identify a workable refurbishment solution that would allow residents to stay in their homes whilst any works were carried out, given the scale and length of disruption involved.

- The preferred option (option 3) is to clear the site for future re-development with new council housing. The expectation is that this would be either a high density option and/or involve accompanying development on an additional site(s). This option would replace existing stock that has exceeded its design life with modern, energy efficient units, with buildings fit for a 60+ year life. It would also enable the right type of housing to be developed for this location, in line with all current standards including accessibility. Financially after year 30 the loss is £9.8m, which achieves a nominal pay back from year 44.
- The exact nature and number of new build properties to be built on the site will be subject to a separate decision. The Council Housing Growth Programme will consult Housing Leeds to determine what provision will be best suited to the site and the local housing context in due course.
- Demolition activity will involve close work with Leeds Building Services, and is expected to involve a call-off from their bespoke demolition services framework for an external contractor to undertake the main works. This will be the subject of a separate decision report.

## **2. Best Council Plan Implications** (click [here](#) for the latest version of the Best Council Plan)

- The proposals will contribute to the Best Council Plan outcomes of everyone living in good quality, affordable homes within clean and well cared for places; and for everyone to be safe and feel safe.
- This work is strongly aligned with the Best Council Plan Housing priorities.

## **3. Resource Implications**

- The options appraisal attached notes the financial implications of each option
- Adequate provision exists within the Housing Leeds Capital Programme to cover the associated costs of demolition. No significant capital costs are expected in the current 2019/20 financial year.
- Adequate resource is available therefore there are no resource implications.

## **Recommendations**

That Executive Board note the content of the report and the attached options appraisal, and is requested to:

- a) Declare the properties of 62-121 Highways Killingbeck Leeds West Yorkshire LS14 6AS and 1-61 Highways Killingbeck Leeds West Yorkshire LS14 6AT surplus to requirements;
- b) Agree to take out of charge the properties of 62-121 Highways Killingbeck Leeds West Yorkshire LS14 6AS and 1-61 Highways Killingbeck Leeds West Yorkshire LS14 6AT;
- c) Agree that the buildings on the site should be safely demolished, creating a clear site for future use;

- d) Approve the serving of an initial demolition notice, in line with Housing Act processes, in respect of tenants wishing to exercise their Right to Buy;
- e) Agree that the site should be developed as part of the Housing Growth programme, enabling new council housing to be built here in the future; and
- f) Note that a separate report will follow from the Council Housing Growth Programme to detail and request approval for the proposed replacement housing scheme.

## **1. Purpose of this report**

- 1.1** Following the finalisation of an options appraisal on the future of the Highways blocks, to seek the Director of Resources and Housing's agreement to take forward the option of demolition of the buildings on the site, with future redevelopment of council homes in this location – this is expected to be at high density.
- 1.2** This report also seeks approval to serve an initial demolition notice, the serving a final demolition notice would be a later consequence of this decision.
- 1.3** The report also provides background and information in relation to these decisions, including local engagement with residents, and an indication of estimated timescales involved.

## **2. Background information**

- 2.1** The council owns and manages the two Highways housing high rise blocks in the Killingbeck area of east Leeds. They are ten storeys high and have a total 120 homes. These blocks are safe to live in but and have exceeded their original design life, requiring significant investment to bring them up to the standards that the council wishes for their residents.
- 2.2** These blocks are of Reema Large Panel System (LPS) construction from the early 1960s, built using prefabricated reinforced large concrete panels. Given this specific structure, national guidance requires that any major refurbishment works include the undertaking of structural reinforcements consisting of multiple anchors in the walls, ceilings and floors of every flat – extremely intrusive, as well as costly.
- 2.3** The blocks have had a local lettings policy for people over 55 in place for many years; residents are already being re-housed. This followed a separate decision made in April, as it was recognised that there was no workable refurbishment solution that would allow residents to stay in their homes whilst any works are carried out, given the scale and length of disruption involved. Thus residents would need to move out, irrespective of what option was taken in relation to the future of these blocks.
- 2.4** At a national LPS Forum meeting in October 2018 it became apparent that many other local authorities are decanting blocks where works are needed, either for demolition or refurbishment.
- 2.5** Also in October 2018, Government abolished the Housing Revenue Account (HRA) borrowing cap. The lifting of the HRA borrowing cap presented an opportunity to

review options for the Highways, as funding could potentially now be secured, via prudential borrowing, for the re-provision of the homes provided in these blocks.

### 3. Main issues

#### Options appraisal and identification of preferred option

**3.1** An options appraisal has been undertaken in relation to the future of the Highways in line with the priorities in the Best Council Plan and the housing capital Investment Strategy.

**3.2** The option appraisal considered four options for the future of the blocks. Each option has been considered in relation to

3.2.1 its financial case where a Cost Benefit Analysis has been conducted; and

3.2.2 alignment with council policies and plans, and providing the most sustainable long term housing solution option and positive impact to customer satisfaction.

**3.3** The options appraisal summary is attached as an Appendix, and notes the detail and the assumptions made. In brief, the options are noted below:

**3.3.1 Option 1: A ‘managed decline’** of the blocks, with residents gradually moving out without financial compensation, followed by eventual demolition and site clearance. This is effectively the ‘do nothing’ option over a 10 year timescale, providing a baseline for comparison.

This option has been discounted. This option is not deemed viable due to the impact on residents; it also does not improve housing quality, it only removes the current 120 units of council housing stock which have exceeded their design life – in contradiction to our housing growth aims. By Year 30 it will make a nominal net loss of £13.9m.

**3.3.2 Option 2: Clearance and demolition**, with residents being supported to move to new homes, and then the site cleared as soon as possible. This provides a baseline for costs for taking action.

This option has been discounted. As Option 1, this option does not improve housing quality, it only removes the current 120 units which have exceeded their design life– in contradiction to our housing growth aims. By Year 30 it has made a nominal net loss of £16.7m.

**3.3.3 Option 3: Demolition and redevelopment with new build council homes.** As option 2, but with high density new build council housing and / or accompanying development on additional site(s) to replace the current stock of 120 units.

This is the preferred option. This option would replace the existing stock that has exceeded its design life with modern, energy efficient units, with buildings fit for a 60+ year life. It would also enable the right type to be

developed for this location, in line with all current standards including accessibility. Financially after year 30 the loss is £9.8m, which achieves a nominal pay back from year 44.

- 3.3.4 Option 4: Refurbishment of the blocks.** Once the residents have moved out to fully refurbish the blocks, undertaking all strengthening works as well as the resulting making good which would require replacing all kitchens, bathrooms, heating systems and so on.

This option has been discounted. This option would improve the council stock which have exceeded their design life, refurbished flats would also be more energy efficient. Structural improvements may only be warranted for 15 years – and further intrusive works may be required. The flats would continue to be of the same configuration – limiting the changes that can be made to meet modern standards and legislation including in relation to accessibility. By Year 30 it has made a nominal net loss of £4.1m.

### **Conclusion – Recommended option 3**

- 3.4** All options represent a net ‘cost’ over the 30 years modelled, have a net present value of between -£8-12m, and involve re-housing residents. Given this, it seems prudent to consider the potential for a more transformative and long term solution for the blocks and their residents. Option 3 would go on to pay for itself over a longer period.[ref OA 6.4] Utilising the financial freedoms that come with removal of the borrowing cap makes this an even more attractive option, with the new build costs covered by prudential borrowing. It would enable the re-provision of new council homes that address local housing needs, meet current standards, would have a considerably longer lifespan than two refurbished blocks and would provide better living conditions for their residents supporting improved customer satisfaction.

### **Emptying the site and demolition**

- 3.5** Activities to support the rehoming of residents are already being taken forward. At early July, 88 of the 120 flats were still occupied. Of these seventeen have identified moves which are being supported. Housing Leeds are working closely with residents in relation to their needs, and a separate significant operational decision is being progressed by Housing Management in relation to the ringfence of certain properties to assist these residents to move.
- 3.6** Demolition activity will involve close work with Leeds Building Services, and is expected to involve a call-off from their bespoke demolition services framework for an external contractor to undertake the main works.
- 3.7** As part of the options appraisal, costs of the range of activities involved in any demolition have been reviewed. Over the next twelve months further planning and activity will take place to refine the estimates as much as possible. Any procurement / call-off of an external contractor will be the subject of a separate decision report when details are clear, in line with the council’s Contract Procedure Rules.
- 3.8** A range of considerations will be taken into account when planning any clearance and demolition works, so that these are taken forward safely and appropriately. These include:

- 3.8.1 safety and security;
- 3.8.2 impact on nearby residents (including the residents of the council housing maisonettes adjacent to the site), and any rights of way;
- 3.8.3 the proximity of the A64;
- 3.8.4 the range of services and utilities on the site;
- 3.8.5 the waterway drainage culverts under the site;
- 3.8.6 any positive opportunities for working with the emergency services or other partners; and
- 3.8.7 the standards to which the site needs to be left.

### **Statutory Notifications**

- 3.9** We would also quickly take forward the serving of an initial demolition notice to residents. As well as informing them of our intentions, this will suspend the ability of tenants to exercise the Right to Buy their flats - in line with the legal process we need to follow under the Housing Act. The notice provides a broad indication of the dates when the properties are expected to be demolished but it does not confirm the precise date of demolition. The Initial Demolition Notice remains valid for seven years from service. Any current residents buying their property would face significant bills if the blocks were to be refurbished. If, for any reason, the council later decides not to demolish the blocks, this notice can be revoked.
- 3.10** The serving of the final demolition notice to residents stops the “right to buy” these properties completely. Any prospective “right to buy” purchases which are underway, but have not completed, will not proceed. No new right to buy application on these properties will be accepted. This will be served later in the process, aligned with planning notice activity by the demolition contractor.

### **Timescales**

- 3.11** Indicative timescales at present are as follows:

- Summer 2019: Initial demolition notice served, informing residents of suspension of their Right to Buy.
- April 2021: All residents moved out, and garages empty. This is based on the current estimate of two years to rehouse all residents.
- March 2022: Site made ready for demolition, including all remaining surveys undertaken, asbestos removal completed, utilities capped at site boundary, demolition contractor procured and mobilised ready to start on site following their activities including planning notice submission. During this time period the site will be made available for West Yorkshire Police and West Yorkshire Fire Services to use the blocks and site for training purposes.
- Dec 2022: Site demolished and clear, and ready for re-development.

**3.12** The timescales above are based on current assumptions, and will be explored over the coming months, including any ways of reducing these so work can progress more swiftly and to minimise the length of time that buildings are left empty prior to demolition.

### **New council homes**

**3.13** Option 3 assumes that any new build would be either a high density option and/or involve accompanying development on an additional site(s). The Highways as flats have historically always been in high demand due to their location, near local amenities, Halton, Crossgates, Seacroft, as well as the city centre, on a main bus route and have a local lettings policy of over 55 years old – and the area needs more council homes.

**3.14** The Council Housing Growth Programme will consult as per its established process to determine what provision will be best suited to the site and the local context of housing needs in due course.

**3.15** All new homes will be built to the Leeds Standard. This is a carefully selected mix of legal, environmental, design and construction standards and specifications which help provide housing of the right quality, type, tenure and affordability in the right places and which improve energy performance and reduce fuel poverty.

**3.16** It sets out minimum standards, requirements and contractor obligations to ensure all future new build council homes (houses, apartments and bungalows) provide excellence and innovation in design and use of space, meet current and future housing demand and, importantly, benefit the wellbeing of tenants. Requirements include:

- Good urban design and layout standards for car parking, relationships of dwellings to gardens and open space.
- Dwellings are built to enhanced M4(2) Accessible and Adaptable or M4(3) Wheelchair standards, and meet Nationally Described Space Standards.
- Minimised running costs of heating, lighting, water and maintenance for tenants and the council. High levels of insulation, maximized natural light, reduced heat loss and draughts, and water saving devices.
- Adaptable dwelling sizes which can be reconfigured to meet future housing needs.
- Schemes and dwellings are designed to maximize safety, security & improved visibility.

**3.17** The delivery dates for the new housing will depend upon a number of factors, including for example, the procurement approach taken. The procurement approach, funding arrangements and indicative timescales will be included in a subsequent report which will also include details of the consultation undertaken and the new homes to be delivered.

**3.18** It should also be noted (as shown at Appendix 2), that the adjacent sites to the east and west of the Highways blocks are proposed to be allocated for housing through the Site Allocations Plan (sites HG2-104 and HG2-121). These sites are in private ownership. Whilst the Site Allocations Plan is not yet adopted, subject to confirmation

from the Planning Inspectorate, it is hoped that the plan will be adopted in summer 2019.

## **4. Corporate considerations**

### **4.1 Consultation and engagement**

- 4.1.1 Residents of the Highways blocks have been kept informed throughout the improvement project since it originally commenced in 2013. At present they are receiving dedicated support (including from a vacant ground floor flat on site) in relation to moving, and updates to Frequently Asked Questions – including about what may happen with the blocks.
- 4.1.2 We will be looking to engage with other local stakeholders as we move forward – for example, residents in nearby housing, emergency services, the council's Highways department and planning departments in relation to demolition related activity.
- 4.1.3 The local Ward Councillors have been closely engaged in our plans over the last few years to improve these blocks, and continue to be consulted about both updates on resident re-housing and the decisions in this report. They are supportive of the results of the options appraisal. The Executive Member for Communities has also been engaged and consulted and is supportive.
- 4.1.4 It should be noted that Elected Members are acutely aware of the negative image that empty buildings can create and have expressed a desire to minimise the time the buildings are empty prior to demolition.
- 4.1.5 Reports have been taken to Senior Management meetings of Property & Contracts, and those jointly held with Housing Management. The proposals and information in this report has been agreed with Housing Management colleagues and reflects our joint approach as we move forward.
- 4.1.6 We have liaised closely with Council Housing Growth in relation to the contents of the options appraisal and in relation to their role moving forward with the preferred option that has been identified. The Council Housing Growth Programme will continue to consult upon the proposed replacement homes with both officers from Housing Leeds and other key stakeholders as per its established process.
- 4.1.7 We have engaged residents in nearby housing in relation to relocating residents in the Highways blocks and to advise we will provide progress updates on what will happen to the blocks and future plans for the site.

### **4.2 Equality and diversity / cohesion and integration**

- 4.2.1 An Equality, Diversity, Cohesion and Integration (EDCI) impact assessment has been completed and an appropriate action plan has been put in place. The assessment is attached as Appendix 3.
- 4.2.2 Of particular note is that the preferred option would provide housing built to the Council Housing Leeds standards as noted in 3.16 / 3.17 of this report. For example homes to promote health and well-being of residents including accessibility e.g. to



have wider door openings and internal spaces for wheelchair use; and that would have a significantly longer expected life-cycle and significantly less major investment needs in terms of ongoing improvement works.

### **4.3 Council policies and the Best Council Plan**

4.3.1 The proposals will contribute to the Best Council Plan outcomes of everyone living in good quality, affordable homes within clean and well cared for places; and for everyone to be safe and feel safe.

4.3.2 This work is strongly aligned with the Best Council Plan Housing priority, and our ambitions to:

4.3.2.1. have housing of the right quality, type, tenure and affordability in the right places

4.3.2.2. improve housing quality and standards;

4.3.2.3. improve energy performance in homes, reducing fuel poverty; and

4.3.2.4. achieve growth in new homes in Leeds.

4.3.3 The Housing Leeds Asset Management Strategy has a priority of 'delivering modern, fit for purpose homes and neighbourhoods'.

### **Climate Emergency**

4.3.4 Redeveloping the site could provide the opportunity to provide better urban design homes, meeting space standards and using sustainable construction whilst improving energy performance in homes and reducing fuel poverty

### **4.4 Resources, procurement and value for money**

4.4.1 The options appraisal attached notes the financial implications of each option.

4.4.2 All represent a net 'cost' to the HRA over the 30 years modelled and have an NPV of between -£8-12m.

4.4.3 This is not a purely financial decision though. The social and logistical challenges faced in re-housing all the existing residents exist for all options. Given this, it seems prudent to consider the potential for a more transformative future for the blocks and their residents. Clearance and redevelopment, as per Option 3, funded direct from the capital programme is a net 'cost' to the HRA of c£12m over a 30-year period, and would go on to pay for itself over a longer period. Utilising the financial freedoms that come with removal of the borrowing cap makes this an even more attractive option, with the new build costs covered by prudential borrowing. It would enable the re-provision of 120 new council homes (on this site and in neighbouring areas) that address local housing needs, meet current standards and would have a considerably longer lifespan than two refurbished tower blocks. Option 3 Clearance and Redevelopment is therefore the recommended option for the Highways.

- 4.4.4 Adequate provision exists within the Housing Leeds Capital Programme to cover the associated costs of demolition. No significant capital costs are expected in the current 2019/20 financial year.
- 4.4.5 The council delivers new council homes through the Housing Revenue Account (HRA). Historically, the amount local authorities could borrow within the HRA was restricted by a cap dictated by Government. However in October 2018 this cap on borrowing was abolished meaning that Local Authorities are now able to borrow for housebuilding in accordance with the Prudential Code, and the council is therefore now in a position to borrow to build its future generations of council homes at a scale and pace which would not have previously been possible. The council's new build housing schemes will be funded via a combination of either retained Right to Buy receipts or Homes England (HE) grant blended with HRA prudential borrowing.

#### **4.5 Legal implications, access to information, and call-in**

- 4.5.1 The decision set out in this report is a key decision and subject to call-in.
- 4.5.2 The decision to serve the initial demolition notice will suspend the ability of resident tenants to exercise the Right to Buy.
- 4.5.3 The subsequent serving of the final demolition notice stops the "right to buy" these properties completely. Any prospective "right to buy" purchases which are underway, but have not completed, will not proceed. No new right to buy application on these properties will be accepted. If an existing claim for the right to buy is in place, the claim ceases to be effective on the notice coming into force, and in the latter case, there is a right to compensation.
- 4.5.4 The EDCI notes that a refurbishment would limit the changes that we could make to these blocks to deliver against the Disability Discrimination Act and Nationally Described Space Standards, whereas a new build approach does not.
- 4.5.5 There will be a large number of complexities linked to taking forward the demolition, given the nature of the site. Some of these are noted in section 3.8 of this report. As the project moves forward all processes and any legal requirements of these will be taken forward and addressed.
- 4.5.6 As previously noted, there will be a separate decision report in relation to any procurement / call-off of an external contractor for demolition works when details are clearer, in line with the council's Contract Procedure Rules.

#### **4.6 Risk management**

- 4.6.1 A risk register has been established to capture and monitor key risks. Those to particularly note are:
- **Community safety** - as the Highways are vacated there will be less natural security within the blocks and empty units which could lead to an increase in crime and/or antisocial behaviour. The blocks will be vacated on a phased basis. As each flat becomes empty it will be made secure, and measures will be taken to minimise any obvious external signs of inoccupation. Community safety will be managed through a partnership

approach, involving the police, fire service and other council services. Community safety will be assessed throughout the process.

- **Timescales for emptying the blocks** - the timescales for rehoming residents are informed estimates, any significant under/over estimation could impacting on progress and timescales of the project. They include 2 years from April 2019 to empty the blocks – supporting the current tenants to find new homes. To help achieve this residents have priority letting status, and regular access to help from Housing Leeds staff based in a vacant ground floor flat.
- **Timescales for demolition related activities** - the timescales for activities related to planning and undertaking demolition works are informed estimates. Any significant under or over estimation could result in delays to the project, additional costs/loss of income from new tenants or missed opportunities to bring forward works / site development. Timescales will be regularly reviewed, and there will be close working with Housing Growth in relation to any changes.

## **5. Conclusions**

- 5.1** The two Highways blocks are safe to live in, but have exceeded their original design life and require significant investment. An options appraisal has been undertaken, identifying the preferred option as clearance of the site for future re-development with new council housing.
- 5.2** All options represented a net 'cost' over the 30 years modelled, but the preferred option provides a more transformative and long term solution for the blocks. It also enables the re-provision of new council homes that address local housing needs, meet current standards, would have a considerably longer lifespan than two refurbished blocks and would provide better living conditions for their residents.
- 5.3** There is substantial work to do as we move forward – continuing our re-homing support for residents, planning and preparing for the demolition and site clearance including engaging with those that will be affected, and looking at how we achieve the best outcome in that area in relation to new housing provision.

## **6. Recommendations**

- 6.1** That Executive Board note the content of and the attached options appraisal, and is requested to:
  - a) Declare the properties of 62-121 Highways Killingbeck Leeds West Yorkshire LS14 6AS and 1-61 Highways Killingbeck Leeds West Yorkshire LS14 6AT surplus to requirements;
  - b) Agree to take out of charge the properties of 62-121 Highways Killingbeck Leeds West Yorkshire LS14 6AS and 1-61 Highways Killingbeck Leeds West Yorkshire LS14 6AT;

- c) Agree that the buildings on the site should be safely demolished, creating a clear site for future use;
- d) Approve the serving of an initial demolition notice, in line with Housing Act processes, in respect of tenants wishing to exercise their Right to Buy;
- e) Agree that the site should be developed as part of the Housing Growth programme, enabling new council housing to be built here in the future; and
- f) Note that a separate report will follow from the Council Housing Growth Programme to detail and request approval for the proposed replacement housing scheme.

## **7. Background documents<sup>1</sup>**

None

## **8. Further Information**

### **8.1 [The Highways High Rise Housing Blocks – suspension of lettings, priority status award and approval of Home Loss & Disturbance Payment, decision report April 2019.](#)**

(The report and associated documents for Key Delegated Decision D48557 (*The Highways High Rise Housing Blocks: Suspension of Lettings, Priority Status Award and Approval of Home Loss and Disturbance Payment*) can be accessed via the link above, or via the 'Background Papers' section of the online version of the Executive Board agenda ([linked here](#)))

## **9. Appendices**

**Appendix 1** - Highways Options Appraisal Summary, June 2019.

**Appendix 2** – Highways blocks site location.

**Appendix 3** - Equality, diversity, cohesion and integration impact assessment.

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<sup>1</sup> The background documents listed in this section are available to download from the council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.