

**Report of: Chief Officers Housing Leeds**

**Report to: Housing Advisory Board**

**Date: 9<sup>th</sup> July 2015**

**Subject: Update on the Delivery of the Council Housing New Build Programme**

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

### Summary of main issues

The Council Housing Growth Programme is a £148m programme, made up of the Council Housing Growth Programme and the Little London, Beeston Hill and Holbeck Regeneration Project, being delivered via the Private Finance Initiative (PFI). The overall programme will provide approximately 1500 new Council homes including 750 new builds, bring back 400 long term empty properties into use as council homes and see the acquisition of other new properties directly from private developers up to 2018.

The overall programme is now well underway, and the first phases of new build properties have been completed and made available for letting. A total of 109 properties have been completed to date as part of the Little London, Beeston Hill and Holbeck Regeneration Project, and 18 new properties in Gipton have also been let following acquisition from a private developer.

As this is the first major Council Housing new build programme for many years, there has been huge interest from customers in these new developments. In letting the new properties the Council has recognised the importance to establishing stable and balanced communities, and balancing meeting housing need with offering some incentive to current Council tenants who have conducted their tenancy well. Housing Leeds has therefore developed local lettings policies for each of the new developments to balance these priorities.

## Recommendation

That the Housing Advisory Board:

- Note and comment on the information provided in this report.

### 1 Purpose of this report

1.1 To update the Housing Advisory Board on:

- Progress in delivering the Housing Regeneration Project in Little London and Beeston Hill and Holbeck, via the PFI.
- Progress in developing and delivering the Council Housing Growth Programme;
- Progress with letting the first round of properties, some lessons learnt and how the properties are contributing towards the development of strong communities.

### 2 Background information

2.1 The Little London, Beeston Hill and Holbeck Regeneration project became operational on 30<sup>th</sup> September 2013; this is the largest single area regeneration investment in Leeds for many years and one of the largest housing PFI projects in the country. The project will deliver significant capital improvements to 1245 existing Council homes (plus external improvements to 51 leaseholder properties), and deliver £49M to construct 388 new council homes by 2017, making a significant contribution to the overall delivery of the City's Core Strategy housing targets to 2028.

2.2 Of the 388 new build properties that will be delivered across the project, 113 will be at Little London and 275 at Beeston Hill and Holbeck. The breakdown of volumes across the different sites is shown in the table below.

Site Name	Number of Dwellings	Location
Carlton Gate	113	<b>Little London</b> 62x 2 bed flats 10x 2 bed houses 15x 4 bed houses
Beeston Hill and Holbeck	275	<b>Beeston Hill &amp; Holbeck</b> 126x 2 bed flats 29x2 bed houses 80x3 bed houses 30x 4 bed houses 10x5 bed houses
Folly Lane	18	Beeston Hill
Coupland Place	9	Beeston Hill
Malvern Road	21	Beeston Hill
Coupland Road	10	Beeston Hill
St Lukes	19	Beeston Hill
Bismarck Street	10	Beeston Hill
Fairfax Road	21	Beeston Hill
Bismarck Drive	60	Beeston Hill

Holbeck Towers and Gaitskells	108	Holbeck
-------------------------------	-----	---------

- 2.3 The first phase of the Council Housing Growth Programme was approved by Executive Board in September 2012. This original phase allocated £14.12M to the programme to deliver 100 units. Since 2012 additional resources have been allocated to the programme, now £99.37M is allocated to the Council Housing Growth Programme.
- 2.3 The Council's lettings policy provides the overall framework for allocating Council properties. Local lettings policies allow the Council to respond to local needs and have a localised approach to the letting of specific property types. Local lettings policies may give preference to offers of accommodation to defined groups of customers, for example on the basis of their employment status or connection with a local area.
- 2.4 The Council is keen to ensure that these new properties are let sensitively in order to ensure balanced and harmonious communities and to offer opportunities to move for existing tenants, who may not be prioritised through the lettings policy. For this reason, the Council decided it wished to allocate all new build homes through specific local lettings policies which were tailored to balance meeting local housing need and tenant aspirations. Individual local lettings policies have therefore been developed for each of the new build sites.
- 2.5 Housing Leeds is currently reviewing its approach to local lettings policies, which will consider the wider housing supply and need of an area in developing any local lettings approach.

### 3 Progress Update

#### Progress with Delivery of the New Build Programme

- 3.1 A total of 109 new build properties have been successfully handed over to date as part of the Little London and Beeston Hill and Holbeck Regeneration Project, made up of both houses and flats. The table below provides a month by month breakdown of new build activity until the end of the construction period.

Month/Year	Number of New Build Dwellings to be handed over
Jun-15	10 (remaining of 13)
Jul-15	28
Aug-15	26
Sep-15	51
Oct-15	51
Nov-15	12
Dec-15	1
Jan-16	19
Feb-16	0
Mar-16	0
Apr-16	10
May-16	6
Jun-16	32
Jul-16	0

Aug-16	0
Sep-16	6
Oct-16	5
Nov-16	2
Mar-17	30
<b>Total</b>	<b>282</b>

3.1 An update on progress with the Council Housing Growth Programme is outlined below:

Site	Ward	Units	Scheme Cost	Progress
Thorn Walk acquisitions	Harehills & Gipton	23no 2 + 3 bed houses		- 18 properties acquired in January and occupied  - 5 properties to be acquired in by the end of June 2015
East Park Road	Burmantofts and Richmond Hill	32no 1 + 2 bed apartments	£3.3m	- LCC awarded the contract to Geo Houlton and Sons Ltd  - The scheme is expected to complete in January 2016
Haworth Court	Otley and Yeadon	45no 1 + 2 bed extra care apartments	£7.3m	Contract awarded to Henry Boot Ltd  The scheme is expected to complete in August 2016

Squinting Cat Public House	Crossgates and Whinmoor	18no 1 + 2 bed apartments for older people	£2.3m	- At contract award stage
Broadleas	Bramley	24no 2 + 3 bed houses	£4.5m	- Planning application submitted January 2015, determination expected May  - Programmed for a 2015-16 start on site
Garnets	City and Hunslet	25no 2 + 3 bed houses	£3.6m	- Public consultation event held in January was well attended  -  Working towards planning application submission March 2015  - Programmed for a 2015-16 start on site
Whinmoor Public House,	Crossgates and Whinmoor	22no 2 bedroom houses	Tbc	- Forms part of the Partnership with Broadleas and Garnets  - Programmed for a 2015-16 start on site
Beech Walk, & Mount	Gipton and Harehills	27 units	Tbc	- Bespoke procurement approach for a specialist developer
Yeadon Town Street	Otley and Yeadon	2-5 units	Tbc	- Procurement of small contractor

- 3.2 The Mistress Lane Armley site ( $\geq 77$  units) is programmed for a 2016-17 start. The intention is for a specialist designer or architect to be commissioned to design the scheme. An additional 45 unit Extra Care Scheme should be delivered at Westerton Walk. A bid has been submitted to the Department of Health Care and Specialist Supported Housing Fund for funding of this scheme. An additional council house site for 16 units at Barncroft Road Close, Seacroft will be added to the programme.
- 3.3 The following form part of the Brownfield Land Programme and will be procured through the BLP as part of a private sector led mixed tenure programme (with options to deliver directly or through passporting the grant to RPs). The type & tenure required and the requirement to reflect the Leeds Standard will form part of the procurement.
- Brooklands, Seacroft – up to 20 units

- Middleton Park Avenue, Middleton – up to 34 units
- Miles Hill, Meanwood – up to 30 units
- Acre Mount, Middleton – up to 24 units

#### 3.4 Off Site/Off Plan housing acquisition from private developments

3.5 An acquisition programme beyond Thorn Walk is being established. Advanced negotiations are taking place to buy all 8 units from the former Lord Cardigan pub site in Bramley. Site selection criteria are based around the type of housing in terms of size and specification and supply and demand (council house stock being low and demand in the area being high). The Housing Growth Team and property surveyors in Asset Management have informally commenced discussions with developers to establish their interest in selling to the council and also what percentage of available discounts there might be from bulk purchases.

#### 3.6 HCA Empty Homes Programme

3.7 Under the 2014-15 Homes and Communities Agency (HCA) Empty Homes Programme, the council committed to purchase 20 'long term empty' properties and to refurbish them for letting as council housing and convert 2 empty community centres back into housing for letting as council housing.

3.8 The programme was completed on time and within budget. Work has now commenced on the 2015/18 programme to buy 100 empties and convert one community centre.

### **Progress with Letting of Properties and Creating Harmonious Communities**

3.9 Local lettings policies are being developed for all new build schemes. In developing the proposals for the local lettings policies for each area, consideration was given to information held about housing need of the area as well as the aspirations of local communities. Local tenants and residents have been fully consulted as part of the development of all policies.

3.10 The new build local lettings policies have put a particular focus on offering an opportunity for existing tenants who have conducted their tenancy well to transfer to a new property which better meets their housing need. This approach follows the principles of a social contract, emphasising to tenants the importance of meeting the responsibilities in the tenancy agreement. The local lettings policies developed to date have therefore included the following considerations:

- Excellent Tenancy Record – that the applicant has conducted their tenancy well, their property and garden is in good condition and they have a clear rent account.
- Local Connection – that the applicant has an existing connection to the local area, i.e. currently living or working in the area, or having close family living in the area.
- Employment – the applicant is in employment or training.
- Underoccupation / overcrowding – that the applicant is currently living in a property which is either too small or large to meet their housing need.
- Children living in High Rise – where families are living in high rise flats and wish to move to a house.
- Disabled People – where the applicant requires adaptations to meet their housing need.

- Armed Forces – applicants who are members or former members of the armed forces.

### First Lets on Beeston Hill and Holbeck Housing Regeneration Project

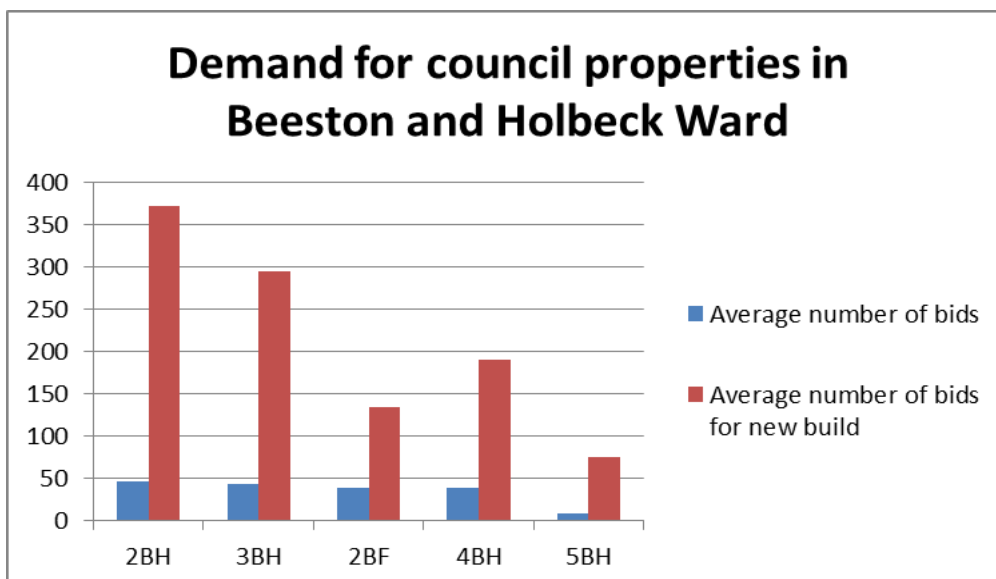
3.11 The local lettings policy developed for the first 57 new build properties let in Beeston Hill and Holbeck was agreed as follows:

- Applicants for 75% of properties were considered if they could evidence an excellent tenancy record and a local connection to the area. Applicants were prioritised if they were a tenant and based on their date of registration.
- Applicants for 25% of properties were considered if they could evidence an excellent tenancy record, a local connection to the area and one of the following – in employment or studying for a qualification in a keyworker profession, overcrowded, living in a flat with a dependent child, or is a member of the armed forces. Applicants were prioritised based on the order of their priority band.

3.12 The lettings outcomes for the first 57 new build properties in Beeston Hill and Holbeck were as follows:

- In accordance with the local lettings policy, 75% of properties were allocated based on date of registration. Of these 84% of successful applicants were existing tenants, and 72% were living in the Beeston and Holbeck or City and Hunslet wards.
- The remaining 25% of properties were allocated based on priority band. 36% of successful applicants were existing tenants and all had a local connection to the area. 57% were either working or studying towards a keyworker profession, and 50% were overcrowded. One applicant was allocated a property without meeting the criteria due to medical needs.

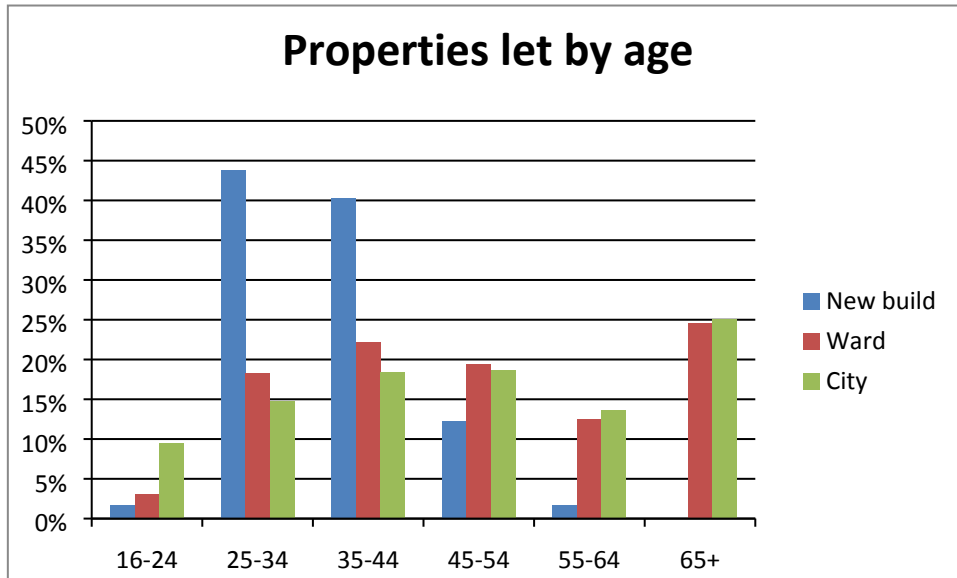
3.13 Demand for the new build properties in Beeston Hill and Holbeck has been significantly higher than general demand for properties within the area, as outlined in the below graph. While all property types experienced increased demand, 2 and 3 bed housed in particular attracted almost 8 times as many bids as the Ward average. However, lettings teams found the allocation of 2 bed flats a challenge due to the criteria that prospective tenants had to meet. Only 25% of the flats were let to council tenants living in the ward despite having preference for these properties.



3.14 While there was a refusal rate of 12% for the properties, this was significantly less than the city average of 20%, for a similar period. Refusal reasons included being rehoused elsewhere, property

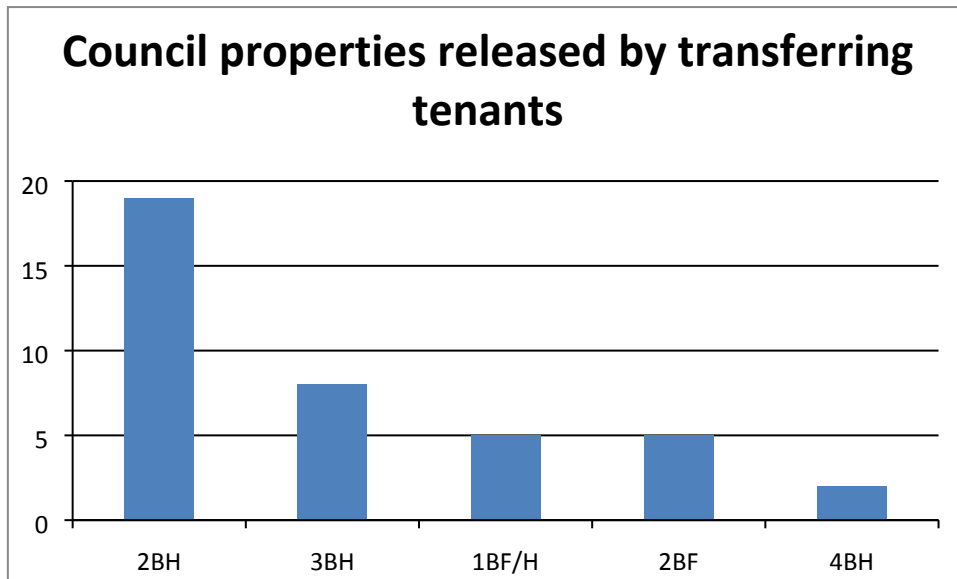
not big enough or enough bedrooms, personal circumstances, bought a property. and victim of racial abuse in the area.

- 3.15 The gender profile of successful applicants broadly reflected the overall lettings profile, with 58% of properties being allocated to women as the main applicant. The age profile of successful applicants differed from the overall lettings profile, with a larger proportion of 25-44 year olds being rehoused in the new build properties, as outlined below.



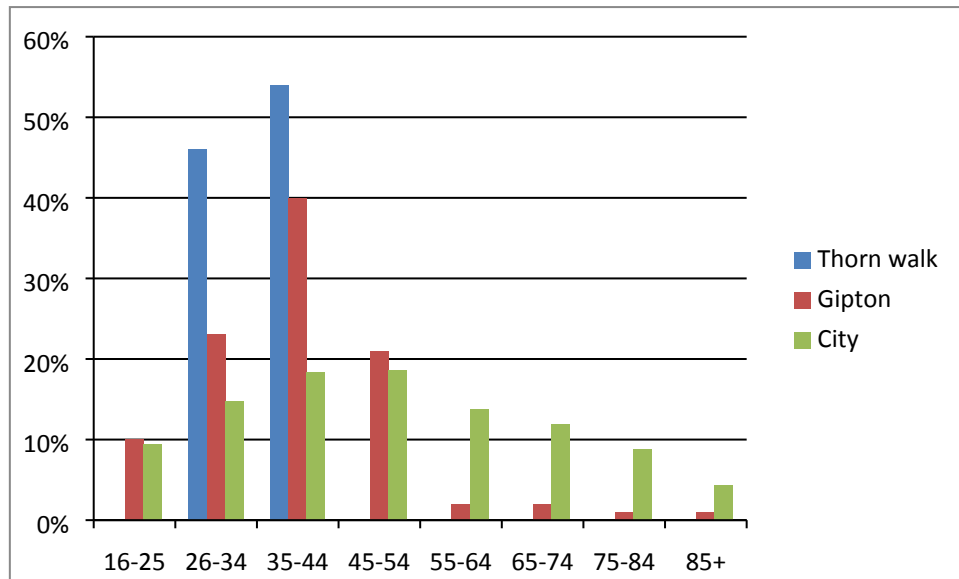
- 3.16 The local lettings policies have been extremely successful in facilitating the move of families with medical needs who were previously living in unsuitable housing, such as back to backs, properties with steep steps to access the property, maisonettes and properties without ground floor toilets. The new build properties have provided high quality, modern housing which better meets the needs of households with such medical needs. The policies have also allowed the move of many families who were overcrowded in their previous housing.
- 3.17 As 72% of the new build properties were let to existing Council tenants, this released 41 properties to be relet to applicants on the Leeds Homes Register. The property types released are outlined below.





#### First Lets on the Thorn Walk, Gipton Acquisition Development

- 3.18 The local lettings policy developed for the acquisition of 23 properties in Gipton was agreed as follows:
- Applicants for 50% of properties were considered if they could evidence an excellent tenancy record and a local connection to the area. Applicants were prioritised if they were a tenant and based on their date of registration.
  - Applicants for 50% of properties were considered if they could evidence an excellent tenancy record, a local connection to the area and one of the following – in employment or studying for a qualification in a keyworker profession, overcrowded, under-occupying their current home, living in a flat with a dependent child, or is a member of the armed forces. Applicants were prioritised based on the order of their priority band.
- 3.19 The lettings outcomes for the first 13 new build properties at Thorn Walk, Gipton were as follows:
- 85% of successful applicants were existing tenants.
  - All had a local connection to the Gipton area.
  - Of the properties allocated based on priority band, 50% were overcrowded in their existing home, 33% were either working or studying towards a keyworker profession, and 17% were living in high rise flat with children.
- 3.20 Demand for the new build properties at Thorn Walk has been significantly higher than general demand for properties within the area, with an average of 302 bids for a 2 bed property (3.5 times as many bids as the Gipton average) and 305 bids for a 3 bed property (4.5 times the average).
- 3.21 The gender profile of successful differed from overall lettings trends with 85% of the main applicants being women. The majority of properties were let to applicants aged 30-40, as outlined in the below graph.



3.22 As 85% of the new build properties were let to existing Council tenants, this released 11 properties (1 bed flat, 6x2 bed houses 4x3 bed houses) to be relet to applicants on the Leeds Homes Register.

#### Initial Outcomes / Lessons Learnt from the First New Build Lets

3.23 There are some outcomes emerging from the first phase of lets which it is important that we consider as we continue with the overall growth programme. The key outcomes and lessons learnt are as follows:

#### 3.24 Demand

There has been huge demand for 2 and 3 bed houses and so it has been difficult to manage customer expectations and disappointment when customers have been unsuccessful. There has been much lower demand for flats in the early phases, which while expected, it is important that we plan for this as we begin to let larger numbers of flats in later phases.

For the next phase of lettings for the Little London and Beeston Hill Regeneration Project, Housing Leeds is keen to further encourage the development of mixed communities by encouraging applications from people who are currently not on the housing register and would not normally consider council housing as a realistic option. A continued emphasis has been placed on developing local lettings policies which prioritise people with a local connection and in employment. However, a robust marketing strategy is being developed which will market the properties to local and city centre employers, with some particularly targeted marketing to low paid employees.

#### 3.25 Stable and Harmonious Communities

It is still very early days to determine how successful the local lettings policies have been in creating stable and harmonious communities. However, initial indications have shown that the local lettings policy was effective in identifying tenants that have previously conducted tenancies well, and that they largely continue to conduct their tenancies well in the new properties. Housing Leeds will continue to monitor the effectiveness of this policy for all new developments throughout 2015/16.

### 3.8 Allocation Process

The local lettings policies agreed for the new build include some additional checks to identify if the applicant has an excellent tenancy record, including additional checks of the applicant's tenancy history and a home visit to verify that they are managing their current home well. While this has been resource intensive at the early stages of the allocation process, it has proved extremely beneficial in demonstrating to tenants the high expectations of tenants moving into these properties. Tenants have confirmed to us that they have welcomed the additional scrutiny, which has also given them assurance to them that they are moving into a balanced and stable community. The approach follows 'invest to save' principles, and it is expected that this early investment will result in less reactive tenancy management at a later date.

As the 'excellent tenancy record' principles become embedded within other wider local lettings policies, it is intended that an assessment of a current tenant's tenancy record could be completed and communicated to a tenant as part of the Annual Home Visit process.

### 3.9 Additional Lets

Over the next 6 months almost 200 new properties will become available for letting, largely in the Little London, Beeston Hill and Holbeck areas of the city. In addition to this, as a significant number of successful applicants are expected to be current tenants this will generate further properties that will be let. In order to ensure that Housing Management is able to manage this increased workload, additional staffing resources have been recently recruited to support this additional workload for the next 6 months. Staff teams are working closely to effectively manage the lettings process, to ensure that impacts on average relet times are minimised.

### 3.10 Acquisition programme

The acquisition of 23 properties on Thorn Walk, Gipton from Bellways was the first acquisition site delivered as part of the Council Housing Growth Programme. There have been a number of points which have arisen from the acquisition programme which will be factored into future acquisition programmes:

- Housing Leeds had little opportunity to influence the specification of these properties as the properties were bought off plan. Consequently the properties are not of the same standards as properties being delivered as part of the Council Housing Growth Programme. Particular issues included bedroom sizes and showers not being installed in bathrooms.
- Installations, such as kitchens and bathrooms, are also not consistent with standard specifications for Council Housing. This will make component repairs / part replacements more difficult and expensive.

For future acquisitions, discussions will take place with the contractor to discuss design enhancements in line with the Leeds Standard.

## **Corporate Considerations**

### **4 Consultation and Engagement**

- 4.1 There has been an extensive advertising campaign for the new build properties, to ensure that as many local tenants and applicants are aware of that the properties are becoming available. This has included promotional information being available on the website, in the Leeds Homes magazine, and sending flyers to residents in the local area. For more recent phases this has also

included sending promotional information to city centre and local employers, to encourage applications from a wider range of applicants.

- 4.2 In developing the local lettings policies for each of the new build developments, there has been extensive consultation with local communities and applicants to identify their priorities for letting the properties, and the outcomes of this consultation has been incorporated into individual local lettings policies.

## **5 Equality and Diversity / Cohesion and Integration**

- 5.1 An equality impact assessment has been completed for each of the local lettings policies developed to ensure that equality impacts have been given appropriate consideration. For each of the policies, tenants are exempted from the requirement to be working where they have a disability or a caring responsibility which means that they are unable to work. Other requirements can also be waived where there are exceptional circumstances linked to equality and diversity.

## **6 Council policies and City Priorities**

- 6.1 The Council Housing Growth Programme supports 2 main objectives of the 2015-20 Best Council Plan. The programme will help meet the objective to support communities and tackle poverty by providing high quality housing in stable communities, via the local lettings policy. It will also promote sustainable and inclusive economic growth in areas of the city with high levels of deprivation.

## **7 Resources and value for money**

- 10.1 £148m resources have been set aside to support the delivery of the Council Housing Growth Programme, to include the delivery of new build properties in both the Little London and Beeston Hill and Holbeck Regeneration Project and the Council Housing Growth Programme.
- 10.2 A Programme Board is in place which is responsible for overseeing the delivery of the overall Council Housing Growth Programme, and for ensuring that Value for Money is delivered as part of the overall programme.
- 10.3 Housing Management has recently approved additional staffing resources to support the letting of properties included within the programme for the next 6 months, when almost 200 new properties will be completed. The timely approval of the local lettings policy, property advertisements and shortlisting is essential to ensure the properties are let as soon as they are available to reduce potential void costs to the council.

## **8 Legal Implications**

- 8.1 The council must abide by the Housing Act 1996, as amended, in developing its allocations scheme, including local lettings policies. Local lettings policies may be used to achieve a wide variety of housing management and policy objectives. However, the council must have regard to its duties under equalities legislation, as well as the requirement to give overall priority for allocations of social housing to people in the reasonable preference (housing need) categories, including homelessness, medical need or overcrowding. This is achieved through the council's approach to lettings across the wider ward areas and city.

## **9 Risk Management**

- 9.1 Risk associated with the overall Council Housing Growth Programme is managed by the Council Housing Growth Programme Board. Within Housing Management, an officer is responsible for project managing the letting of properties on completion, and for identifying risks associated with the letting of properties.
- 9.2 There is a risk that there may be low demand for the properties, particularly the 2 bedroom flats, due to changing patterns of demand for social housing and as a result of the economic climate and welfare reform changes. This has been mitigated by incorporating employment as a preference category for a proportion of lettings, and including an affordability assessment for any properties which are let to households who don't fully occupy the property.
- 9.3 The council has identified that additional staffing resources will be required to enable lettings teams to undertake checks and home visits to prospective tenants, and additional costs may arise through increased transfers. This will be mitigated by conducting enhanced tenancy checks prior to making offer.

## **10 Conclusions**

- 10.1 A total of 109 properties have been completed to date as part of the Little London, Beeston Hill and Holbeck Regeneration Project, and 18 new properties in Gipton have also been let following acquisition from a private developer. These have all been let through local lettings policies which balance priorities of meeting housing need and offering some incentive to current Council tenants who have conducted their tenancy well.
- 10.2 There has been huge interest in the new build properties and this has been reflected in the very high demand for the properties, through bidding levels. Housing Leeds has reviewed the outcomes of the early phases of the property handovers, and this has demonstrated the positive contribution that the new build properties have made to developing strong, harmonious communities of Council Housing. However, there are lessons that have been learnt from these early phases, which have been acted upon to make improvements to later phases.

## **11 Recommendations**

That the Housing Advisory Board:

- Note and comment on the information provided in this report.