

Report of Chief Officer of Property and Contracts

Report to Director of Resources and Housing

Date: 21 March 2019

Subject: The Highways high rise housing blocks – suspension of lettings, Priority Status award and approval of Home Loss & Disturbance Payment.

Are specific electoral wards affected?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If yes, name(s) of ward(s):	Killingbeck & Seacroft
Are there implications for equality and diversity and cohesion and integration?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the decision eligible 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: n/a	

Summary of main issues

1. The council owns and manages the two Highways housing high rise blocks in the Killingbeck area of east Leeds. The blocks are ten storeys and have a total of 120 homes. The blocks have had a local lettings policy for people over 55 in place for many years.
2. The Highways blocks are of Reema Large Panel System (LPS) construction from the early 1960s and LPS blocks are known to have structural issues. Although they are safe to live in currently, they 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.
3. Since 2013 the council has investigated a range of structural solutions to improve the condition of these blocks. However, given the scale and length of disruption involved, it has not been possible to identify a workable refurbishment solution that would allow residents to stay in their homes whilst any works are carried out.

4. An options appraisal is currently underway to determine the future of the Highways site. This will consider two main options: to refurbish the empty blocks or demolish the blocks and redevelop with new council housing on the site.
5. Whichever option the council decides to proceed with, all residents will need to be rehoused. The option to be chosen in relation to the site will be the subject of a separate decision.

Recommendations

That the Director of Resources and Housing notes the content of the report, and:

1. Approves the suspension of new lettings to the flats in the Highways, and the removal of voids from charge as and when properties become vacant;
2. Approves the suspension of the garage lets, and the removal of voids from charge as and when they become vacant;
3. Approves Home Loss and Disturbance payments and reasonable expenses to be made to qualifying residents, funded by the Housing Revenue Account (HRA) Capital Programme;
4. Approves the negotiation and undertaking of the re-purchase of the two leaseholder flats; and
5. Approves commencement of re-housing and the award of priority status for Highways tenants.

1. Purpose of this report

- 1.1.** To seek Director of Resources and Housing approval to empty the Highways blocks, and take forward Home Loss and Disturbance payments and other support activity to help residents find new homes.
- 1.2.** The report also provides background and information in relation to these decisions, including local engagement with residents.

2. Background information

- 2.1.** The council owns and manages the two Highways housing high rise blocks in the Killingbeck area of east Leeds. These are of Reema Large Panel System (LPS) construction from the early 1960s, built using prefabricated reinforced large concrete panels. They are ten storeys high and have a total 120 homes (2 are leasehold), and have had a local lettings policy for people over 55 in place for many years.
- 2.2.** The Ronan Point incident in May 1968 resulted in safety recommendations from the Building Research Establishment (BRE) about these specific type of high rise. The council responded to these recommendations including the removal of any piped gas the installation of collision protection systems.
- 2.3.** Since 2013 the council has investigated a range of structural solutions to improve the condition of the blocks. The focus has been on undertaking these with the residents in situ. However, given the scale and length of disruption involved, it has not been possible to identify a workable refurbishment solution that would allow residents to stay in their homes whilst any works are carried out.
- 2.4.** The most recent proposal was presented by the chosen contractor in September 2018. This was rejected by the council because of both the significant disruption and impact for residents, and the increasing costs. The inconvenience and noise from the drilling and other works to walls, ceilings and floors of the flats was proposed to take around two years to complete. There were increases to the initial projected cost; as well as risks of costs increasing further once intrusive works began.
- 2.5.** Post-Grenfell there has been increased focus on LPS buildings at a national level. At a national LPS Forum meeting in October 2018 it became apparent that other local authorities are decanting blocks where works are needed, either for demolition or refurbishment. Also in October 2018, Government abolished the Housing Revenue Account (HRA) borrowing cap.
- 2.6.** The lifting of the HRA borrowing cap has presented an opportunity to reconsider proposals for the Highways, as funding could potentially now be secured, via prudential borrowing, for the re-provision of the homes provided in these blocks.

- 2.7. With this new intelligence an options appraisal is currently underway to determine the future of the Highways site in line with the priorities in the Best Council Plan and the housing capital Investment Strategy. This will consider two main options: to refurbish the empty blocks or demolish the blocks and redevelop with new council housing on the site.
- 2.8. Whichever option the council decides to proceed with, all residents will need to be rehoused. The option to be chosen in relation to the site will be the subject of a separate decision, expected in summer 2019.

3. Main issues

- 3.1. An option appraisal is underway which will analyse options for the Highways site. This has a focus on two options: to refurbish the vacant blocks; or, to demolish the blocks and the nearby garages to create a clear site and then build new council housing here. Both options would require all residents to move out of the blocks.
- 3.2. In order to empty the blocks, and support the current residents who have to move, decisions are needed to:
 - 3.2.1. suspend any new lettings on homes and garages as properties are, or become, empty (void);
 - 3.2.2. remove void properties from charge. The council won't then prepare them ready for re-letting, and will remove these properties from our assessment of key performance indicators for turnaround of voids and rent loss;
 - 3.2.3. agree that we can pay Home Loss and Disturbance payments to residents that need to move out, as well as reasonable expenses. The payments will be £6,300 per household, and we estimate that 90 households are affected giving costs of £567k, plus disturbance payments as evidenced and claimed. Agreed reasonable expenses could include costs such as for the reconnection of phone lines, or carpet fitting, and are looked at on a case by case basis;
 - 3.2.4. agree that we should buy back the two leasehold properties. These, together with the Home Loss and Disturbance payments and reasonable expenses, would be funded from the HRA Capital Programme; and to
 - 3.2.5. start re-housing residents, giving them priority status to help them find appropriate new homes more quickly and easily.
- 3.3. The Highways blocks have a local lettings policy for people over 55 in place and, as a result, the blocks have a significant proportion of elderly residents with age related conditions. Bespoke support packages would therefore need to be developed with residents to ensure that their requirements are fully considered throughout the rehousing process.

- 3.4. Housing Leeds' previous experience indicates that the rehousing of residents from the blocks could take around two years. To facilitate the rehousing process it is proposed that Highways residents are given priority status, in line with our usual approach.
- 3.5. In addition to help residents move as quickly as possible we will look at ring-fencing of properties within certain areas in Leeds to give residents preference over and above other applicants on the Housing Register; we will consult with any affected Ward Councillors. Further consideration will be given to any ring fencing proposals when we have undertaken a full assessment of individual needs and re-housing requirements. It is anticipated that this process will take approximately 12 weeks, at which point we will assess the need to apply any ring fencing arrangements.
- 3.6. If the option to refurbish is taken, it is our intention to offer residents a return to the refurbished blocks. If new build homes are created on the site we will consider whether a return for residents would be possible. However, home loss and disturbance payments will only be made once.
- 3.7. We will also be working to make sure that the blocks remain safe and secure as flats become empty, working with partners including the police, and fire service, as well as with other council services. Any additional costs incurred for this will, where appropriate, be funded through the HRA.

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.
- 4.1.2. Following the rejection of the most recent improvement proposal in September 2018, a number of letters were delivered to residents (in October, November, December and February) to keep them informed of developments.
- 4.1.3. At meetings held with residents on 7 and 8 March 2019 it was explained that they will need to move out, and the support that would be made available to them, and with council officers in attendance to answer questions. In addition a Frequently Asked Questions document was shared with them (also attached to this report). Following the meetings a drop in centre has been set up in a vacant ground floor flat on the Highways site to provide dedicated rehousing support to Highways residents.
- 4.1.4. The three local Ward Councillors have been closely engaged in our plans over the last few years to improve these blocks, and have been consulted about these decisions and are supportive of the proposals – some attended the March resident meetings. In addition the Executive Member for Communities has also been engaged and consulted.

- 4.1.5. Internally as Housing Leeds, Property and Contracts and Housing Management have been working closely together over many months in relation to the future of the Highways. 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 are also working with Housing Growth in relation to the options appraisal and in relation to their role and input depending on the option chosen.

4.2. Equality and diversity / cohesion and integration

- 4.2.1. An Equality, Diversity, Cohesion and Integration screening and impact assessment has been completed and an appropriate action plan has been put in place. The assessment is attached.
- 4.2.2. Of particular note is that a drop in centre has been established on site so that the residents can easily access re-housing support including help with identifying needs and later bidding for new properties. Housing Leeds staff will also be undertaking home visits to discuss re-housing needs and activities.

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 ambition to have housing of the right quality, type, tenure and affordability in the right places, and to improving housing quality and standards.

4.4. Resources and value for money

- 4.4.1. The emptying of the Highways blocks will result in the loss of rental income to the council. The net loss of rent for the 118 units (excluding the 2 leasehold flats) over one year if they were all vacant is estimated at £409k. This is based on 2019/20 rental rates, not including any rent increases (potentially CPI+1% each year, in line with Government rent policy).
- 4.4.2. As noted in section 3, Home Loss and Disturbance payments costs are estimated to be £567k. It is a legal requirement that we compensate qualifying tenants with a payment. £6,300 per flat is based on the higher of the statutory minimum rate or 10% of the property value, in line with guidance.
- 4.4.3. We will also refund residents in relation to reasonable costs incurred in moving from one property to another where these are approved and evidence

is provided (e.g. receipts). These could vary considerable by household, an indicative total estimate is in the region of £63k.

4.4.4. Buy back of the two leasehold properties is estimated at a total cost of up to 150k, including any legal costs involved.

4.4.5. Adequate provision exists within the Housing Leeds Capital Programme to cover the associated costs. The Housing Leeds Capital Programme for 2019/20 has £724,600 allocated for those costs in relation to the Highways that are expected to fall within that financial year, from which these costs would be covered. The remaining costs that will that fall within the 2020/21 financial year will be identified and approved to spend in line with the annual process.

4.4.6. An options appraisal is currently in development in relation to costs and benefits of future options for the blocks. As previously noted the option to be chosen in relation to the site will be the subject of a separate decision.

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, given the impact on residents and the expected scale of home loss and disturbance payments.

4.5.2. There are two leasehold flats within the blocks. We have made contact with the leaseholders around the potential purchase of the flats and have reached an agreement on a sale for one of them to date.

4.6. Risk management

4.6.1. A risk register has been establish to capture and monitor key risks. Those to particularly note are:

- **Decant of the blocks: Timescales** - Housing Leeds has established a drop in centre within a vacant ground floor unit at the Highways. This provides a base from which support is being delivered that will help to facilitate the rehousing process. Priority lettings status and related activity will support finding new homes for residents as quickly as possible.
- **Decant of the blocks: Community safety** - The blocks will be vacated on a phased basis. As and when a property becomes empty, it will be rendered uninhabitable and made secure. 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.

5. Conclusions

- 5.1. The two Highways blocks are safe to live in, but have exceeded their original design life and require significant investment. Given the scale and length of disruption involved, it has not been possible to identify a workable refurbishment solution that would allow residents to stay in their homes whilst any works are carried out.
- 5.2. As such, we now know that residents must be rehoused, and the decisions set out in this report will enable us to empty the Highways blocks, and take forward home loss and disturbance payments and other support activity to help residents find new homes.
- 5.3. Separately an options appraisal is currently underway to determine the future of the Highways site. Whichever option the council decides to proceed with, all residents will need to be rehoused. The option to be chosen in relation to the site will be the subject of a separate decision

6. Recommendations

- 6.1. The Director of Resources and Housing notes the content of the report and:
 1. Approves the suspension of new lettings to the flats in the Highways, and the removal of voids from charge as and when properties become vacant;
 2. Approves the suspension of the garage lets, and the removal of voids from charge as and when they become vacant;
 3. Approves Home Loss and Disturbance payments and reasonable expenses to be made to qualifying residents, funded by the Housing Revenue Account (HRA) Capital Programme;
 4. Approves the negotiation and undertaking of the re-purchase of the two leaseholder flats; and
 5. Approves commencement of re-housing and the award of priority status for Highways tenants.

7. Background documents

- 7.1. None.