

**To consider the future of the maisonette block on the Highways housing site in the Killingbeck area of East Leeds and receive an update on progress with the redevelopment proposals for the site**

Date: 21<sup>st</sup> July 2021

Report of: Director of Communities, Housing & Environment

Report to: Executive Board

Will the decision be open for call in?  Yes  No

Does the report contain confidential or exempt information?  Yes  No

**What is this report about?**

**Including how it contributes to the city's and council's ambitions**

- This report sets out proposals for including the maisonette block of 12 homes at 122-133 Highways, York Road, LS14 6AR in a wider redevelopment of the Highways tower block site previously agreed by Executive Board in July 2019.
- It also seeks approval to suspend new lettings to the maisonettes, and start re-housing existing residents with a view to achieving vacant possession as soon as possible.
- The report also provides a further update on the programme for the demolition of the Highways tower blocks and on the emerging proposals for redevelopment of the site to provide new council housing to help meet the Council's programme to deliver affordable new homes for the people of Leeds.
- The proposals for the Highways tower block site enable the Council to replace some long term unsustainable council housing stock and replace it with modern, highly energy efficient homes that can much better meet the needs of local people, whilst ensuring that the existing residents displaced by the proposals are offered a suitable package of rehousing option and compensation.
- The clearance of the maisonette block as part of a comprehensive redevelopment of the Highways tower block site, enables the Council to deliver a new landmark development which will
  - help the Council meet one of our key Best Council Plan targets of increasing the number of new affordable homes and to support sustainable and inclusive growth in the city by increasing the number of homes on the site from 132 existing homes to around 230-250 new homes;
  - demonstrate our commitment to addressing the climate emergency and developing low carbon homes by replacing unsustainable homes with new homes that meet much higher energy efficiency standards, improving the quality of greenspace and make use of the excellent transport links to the city centre and other local facilities.

## Recommendations

That Executive Board note the content of the report and is requested to:

- a) Declare the properties of 122-133 Highways, York Road, LS14 6AR. surplus to requirements;
- b) Agree to take out of charge the properties of 122-133 Highways, York Road, LS14 6AR;
- c) Agree that the buildings on the site of 122-133 Highways, York Road, LS14 6AR 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; and
- 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.
- f) Note that separate reports will follow to deal with the demolition proposals for existing homes and for any proposals for replacement housing under the Council Housing growth programme.
- g) Note that the officers responsible for this report are the Head of Housing Management (Communities Housing & Environment) and the Head of Council Housing Growth (City Development).

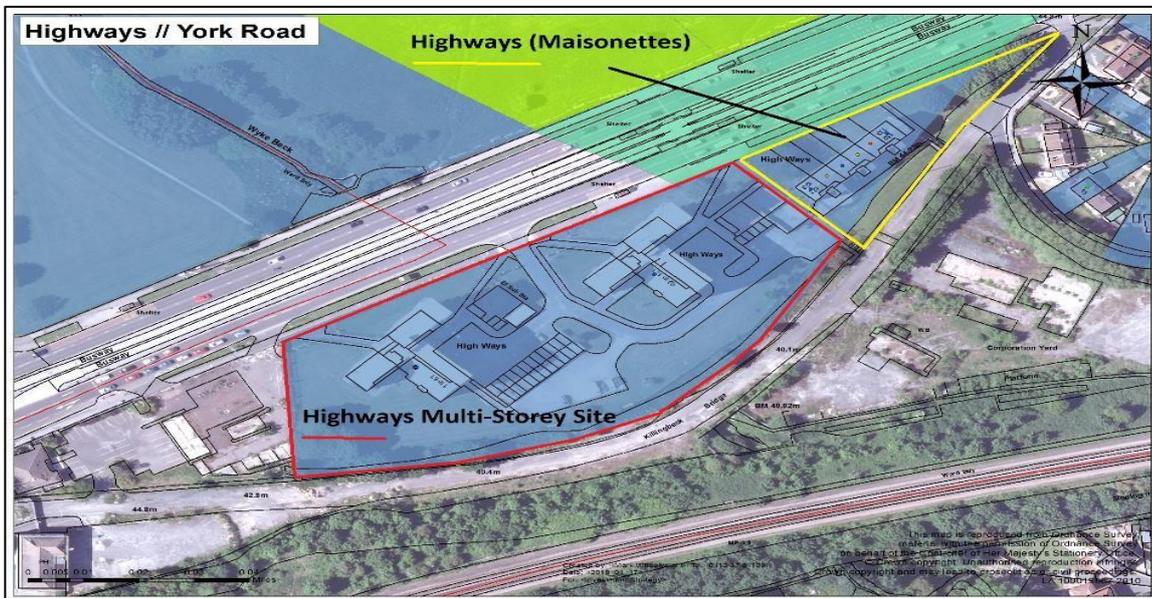
## Why is the proposal being put forward?

- 1 Executive Board previously took the decision to demolish the two Highways housing high rise blocks in the Killingbeck area of east Leeds on 24<sup>th</sup> July 2019 following resident consultation and completion of an option appraisal exercise which looked at the future of those properties. <https://democracy.leeds.gov.uk/documents/g9770/Public%20reports%20pack%2024th-Jul-2019%2013.00%20Executive%20Board.pdf?T=10>
- 2 Since then officers have worked with affected residents to support the rehousing of the existing residents and this work is nearly complete, enabling the Council to undertake demolition and clearance of the site.
- 3 The preferred option identified at that time was to clear the site for future re-development with new council housing. The expectation was that this would be a high density development 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 homes, with buildings fit for a 60+ year life. It would also enable the right type of housing to meet priority housing needs to be developed for this location, in line with all current standards including accessibility.
- 4 At the time, Executive Board noted that the exact nature and number of new build properties to be built on the site would be subject to a separate decision and that Housing Leeds would determine what provision will be best suited to the site and the local housing context in due course.
- 5 The Highways tower block site is adjacent to a small block of 12 x 3 bedroom maisonettes which were not originally included in the scope of the option appraisal. The maisonettes are of concrete construction and were built in 1962 as part of the REEMA system build programme. The maisonettes are built over 2 levels but have no lift access.
- 6 Whilst some improvement works have been undertaken including external wall insulation around 2013 and the roof was replaced around 2006, these were only able to raise the SAP ratings into average bandings with the majority of the homes being rated at Band D and fall well below the standards being achieved for new council dwellings and do not all meet the average

SAP rating of C for other improved stock in the Council's ownership. There is little scope to achieve further improvements in the suitability of the maisonettes as family homes with no major investment planned before 2030.

- 7 Now that the rehousing of the tower blocks is nearing completion and redevelopment of the site is imminent, the opportunity has been taken to review the position on the maisonette block, and a further analysis undertaken to consider the suitability of retaining these homes in the long term, given the proximity to the demolition site next door as shown in **Table 1** below

**Table 1 - Highways Area Plan**



- 8 In order to take forward such a large scale and complex scheme, the Council Housing Growth team considered the available procurement options and secured Director approval to commission a project feasibility and option appraisal from Wates Construction Limited utilising the Scape Major Works £10-50 million public procurement framework.
- 9 The at-risk feasibility enabled the Council to assess the site and the options for redevelopment and to develop initial design and cost options to enable consultation with elected members and stakeholders to take place, without committing to a full procurement exercise which would have added significantly to the timescales and costs for all parties involved. Using the Scape process, the Council has been able to engage directly with an experienced contractor partner and their design team to bring proposals forward for the site whilst only committing to the costs of initial surveys and site assessments.
- 10 As a result of the project feasibility and some initial site capacity study assessment, it has been identified that the overall Highways site redevelopment can achieve a new high-density development which will enhance stock levels with a significant number of new homes.
- 11 The new development would likely comprise new 1 and 2 bedroom homes to meet the overwhelming demand for homes of this kind in the local area with almost 70% of those waiting for a home being in those categories and 40% of those waiting being in the top priority bands.

**What impact will this proposal have?**

<b>Wards affected: Killing beck and Seacroft</b>		
Have ward members been consulted?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

- 12 The redevelopment proposal clearly has the greatest impact on the existing residents of the maisonette block who would be displaced if the redevelopment were to take place. The

residents have been consulted and the outcome was that the majority of them are willing to support the redevelopment proposal. Further details of the consultation are set out later in this report.

- 13 Officers have begun the work to ensure that residents are supported through this process with the offer of a suitable package of rehousing options and compensation package in line with that offered in similar circumstances. A named officer as single point of contact will be given to tenants to support them through the rehousing process, regular contact will be established with tenants to ensure that they are kept up to date with progress. Band A priority and a Direct Let will be awarded to tenants to assist with fast track rehousing.
- 14 The redevelopment and rehousing proposal also recognised that the forthcoming demolition of the Highways tower blocks combined with the likely development of a site at Diadem Drive adjacent to the maisonette block will result in a prolonged period of disruption, noise and disturbance for the maisonette residents. These demolition and construction works are expected to take around 3-4 years to complete, so the scale and likely length of disruption involved was also a major factor in considering the impact on the maisonette residents.
- 15 The clearance of the maisonette block as part of a comprehensive redevelopment of the Highways site, would enable the Council to deliver a new landmark development to showcase our commitment to significantly increasing the level of high quality, modern, affordable homes for rent in the city available on the site. This will help us meet one of our key Best Council Plan targets of increasing the number of new affordable homes and to support sustainable and inclusive growth in the city.
- 16 At the same time, we will be supporting the climate emergency agenda through the provision of highly energy efficient new homes and Finally, the new scheme will do everything possible to provide an enhanced sense of place through the provision of high quality on-site greenspace with improved access, whilst promoting the excellent transport links and proximity to the city centre and other local facilities.
- 17 If the maisonette block was included in the comprehensive redevelopment, the new council homes would have a considerably longer lifespan than would be possible by trying to refurbish the existing maisonette block. It is therefore recommended that Clearance and Redevelopment of the maisonette block should be recommended to members as the preferred approach, to enable the comprehensive redevelopment of the Highways site.

### **What consultation and engagement has taken place?**

- 18 Residents of the maisonette blocks have been consulted about the potential for redevelopment and an assessment of the alternative housing options shared with them. The outcome of those discussions was that the vast majority of residents were in agreement with the proposals outlined in this report. Face to face consultation took place on the 17th May 2021, tenants from ten maisonettes attended the consultation event. 50% of tenants already have application forms registered for alternative accommodation and have been actively bidding, three tenants expressed concern about the proposal. Further updates will be provided to tenants on the decision outcome and a named officer has been given to tenants as a single point of contact.
- 19 Local ward councillors have been provided with updates on resident re-housing from the tower blocks and have now been consulted on the proposals for including the maisonettes in the wider redevelopment proposals for the site. Members noted the position in regard to the impact on residents of the wider redevelopment in the area, and recognised that the maisonette block would fall well short in standards in comparison with the new homes to be developed. Members therefore would support rehousing and a compensation package for the existing residents with the proviso that they be offered the opportunity to return to the new development once completed.
- 20 In respect of the new development proposals, members welcomed the new scheme and would support high energy efficiency standards and the provision of additional housing in the ward to

meet local demand. Members were also acutely aware of the negative image that empty buildings can create and have previously expressed a desire to minimise the time the buildings are empty prior to demolition.

- 21 The Executive Member for Communities (pre-AGM) was also consulted and supportive of the proposals in this report.
- 22 Housing Management and other Housing Leeds staff have helped to drive the new development proposals and will continue to be involved in the proposals as they develop to ensure that issues like design quality, building safety and specification are all appropriately specified.
- 23 The feasibility assessment for the redevelopment proposals have been discussed with the council's planning, design and highways departments to ensure that any proposals are appropriate and in accordance with council and statutory requirements. Before any planning application is submitted, the Council would undertake a wider resident and community consultation exercise as part of developing its statement of community involvement. Other key stakeholders and statutory consultees will also be engaged as appropriate.

### **What are the resource implications?**

- 24 The meeting of Full Council on the 26th February 2020 approved a further capital injection of £116m into the Council Housing Growth Programme, taking the overall funding injected and available for the Council House Growth Programme to £337.1m.
- 25 The specific proposals in this report will require HRA funding to meet home loss, security and potential transportation/removal costs and supporting residents with moving into their new homes.
- 26 A dedicated multi-disciplinary team has been established to ensure the delivery of the council housing growth programme under the leadership of the Director of City Development and works closely with Housing Leeds colleagues to deliver schemes.
- 27 The feasibility assessment for the Highways site redevelopment has been commissioned through Wates Construction Limited utilising the Scape Major Works public procurement framework. The initial feasibility and option appraisal will provide an initial cost plan and programme for consideration.
- 28 Schemes will be funded via a combination of either RtB receipts or Homes England (HE) grant plus HRA borrowing. The Council will determine the optimum funding mix for each scheme subject to confirmation of what grant rates are available from Homes England and whether these compare favourably to the RtB funding that could otherwise be utilised.

### **What are the legal implications?**

- 29 The decision set out in this report is a key decision and subject to call-in.
- 30 The decision to serve the initial demolition notice will suspend the ability of resident tenants to exercise the Right to Buy. 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.
- 31 The Equality, Diversity, Cohesion and Integration (EDCI) impact 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.
- 32 There will be a large number of complexities linked to taking forward the demolition, given the nature of the site. As the project moves forward all processes and any legal requirements of these will be taken forward and addressed.

33 There will be a separate decision in relation to the procurement / call-off of an external contractor for demolition works when details are clearer, in line with the council's Contract Procedure Rules.

### **What are the key risks and how are they being managed?**

34 Delivery of the proposals set out in this report will contribute to mitigating one of the Council's corporate risks around the failure to meet additional housing supply targets and the consequent lack of homes for people in Leeds.

35 An initial risk assessment for the programme has identified the following risks:

- a. **Failure to achieve vacant possession of the site in a timely manner** – Housing Leeds has a successful track record in effectively and sensitively managing significant rehousing programmes including on the adjacent Highways tower block site. A large number of existing residents in the maisonettes have already requested rehousing and the resident consultation exercise showed the majority of residents would work with the Council to identify alternative homes and accept an offer of rehousing. It is recognised that appropriate rehousing options can take some time to be realised, but the wider demolition of the tower blocks can be commenced before the maisonettes are vacant should this prove necessary;
- b. **Site conditions/abnormal site development costs** – it is clear from initial feasibility work and desk top assessments that any redevelopment of the site will be impacted by existing infrastructure and ground conditions. The site will be subject to a series of detailed surveys and intrusive site investigations to ensure that any risks and costs associated with site conditions can be priced and mitigated.
- c. **Supplier capacity is inadequate to deliver the project** – the Council has opted to utilise the Scape public sector framework (major works) lot covering projects with a value from £10-50 million and engage Wates Construction Ltd in undertaking a feasibility assessment of the Highways site. Wates have significant design and construction experience in delivering major, complex construction projects including schemes involving high rise development within the city. Initial legal and commercial assessment has shown that the Council can choose to utilise the Scape procurement route to commission both the demolition and construction elements of the project.
- d. **Financial viability and value for money cannot be achieved** - The initial at-risk feasibility enables the Council to undertake some initial surveys and design assessments to develop a cost plan and programme to take scheme forward with more confidence, subject to assessment and financial viability. There are a number of challenges to address in respect of replacing the existing homes on site due to funding requirements relating to Homes England grant funding and the application of right to buy receipts which will need to be worked through;

36 The Council Housing Growth Programme is delivered using the Council's agreed project management methodology and a project risk log will be maintained and risks managed, monitored through agreed governance processes as the project develops.

### **Does this proposal support the council's three Key Pillars?**

Inclusive Growth

Health and Wellbeing

Climate Emergency

37 Housing has been identified as one of the Best City priorities and this programme will directly support the following priorities:

- a) Housing of the right quality, type, tenure and affordability in the right places;
- b) Minimising homelessness through a greater focus on prevention;
- c) Providing the right housing options to support older and vulnerable residents to remain active and independent, and;
- d) Tackling fuel poverty

- 38 The programme will also directly contribute to the achievement of a number of the key performance indicators the Council will use to measure success including:
- Growth in new homes in Leeds;
  - Number of affordable homes delivered;
  - Improved energy and thermal efficiency performance of houses; and
  - Number of households in fuel poverty
- 39 As well as enabling the Council to build to meet its housing needs, the programme will also contribute to delivering against our social value charter aspirations via the creation of employment, skills and apprenticeship opportunities within the City.
- 40 The Council developed the Leeds Standard and specification to set out its requirements in respect of all new homes in Leeds a few years ago. The specification primarily focusses on cutting carbon, improving air quality and tackling fuel poverty, and central to this is the well-being of tenants. It plays a key role in ensuring excellence in delivery through design quality, space standards and energy efficiency standards.
- 41 Examples of building specific elements that will support the road to low carbon include the following:
- All dwellings are built taking a 'fabric first' approach – meaning we achieve extremely high insulation levels which in turn reduce energy demand (recent schemes U values up to 60% better than current Building Regulations requirements);
  - High performance glazing and sizing of windows to minimise heat loss and maximise natural light;
  - Use of alternative energy efficient hot water and heating systems and where applicable the development of min-district heating schemes to serve larger scale developments;
  - Installation of solar panels – providing some free electricity when appropriate;
  - Inclusion of water saving devices such as water meters, over bath showers, dual flush toilets, aerated taps, low capacity baths and water butts.
- 42 This approach helps us achieve the ambition to reduce carbon by achieving a very high performance levels and build standards whilst at the same time ensuring our properties are designed in such a way as to ensure they will meet the housing needs of existing and future generations.
- 43 Energy costs for Leeds Standard homes are over £500 a year lower when compared to averages in England and Wales. The average household in England and Wales produces an assessed 6 tonnes of carbon with Leeds Standard homes assessed at 1 tonne.
- 44 The Council is committed to ensuring that our new housing is delivered in sustainable locations, and the process of assessing potential sites for their suitability for new council housing includes due regard to considerations such as availability and proximity to public transportation, and cycling and pedestrian infrastructure, as well as access to other services and amenities and employment hubs in the local area.
- 45 This is to help reduce dependency on car travel, and ensure tenants have a range of affordable transport options, as well as encouraging and contributing to a reduction in carbon. All major schemes are required to submit transport assessments as part of the planning process, and if improvements are required, such as enhancements to bus stops, these will also be delivered and funded as part of the schemes.

## **Options, timescales and measuring success**

### **What other options were considered?**

- 46 The maisonettes are of concrete construction and were built in 1962 as part of the REEMA system build programme. Between 2010 and 2020 there has been investment in the building envelope with a roof covering and an external wall insulation with a rendered finish to increase the warmth and affordability of the property. However despite this investment the properties still only have an average SAP rating of band C/D.

- 47 There has already been a planned programme of elemental upgrades including kitchens, bathrooms, windows and doors, boundary treatments, re-wires and heating etc and whilst the homes fully meet the Decent Homes standard, there is only minimal further planned investment due until 2030. The most recent 'sustainability' model suggested that these assets are sustainable based on tenancy length, void-relet times, capital investment, annual repair costs, void costs, STAR rating, SAP rating, Choice Based Letting (Average Bids per property).
- 48 Despite these improvement works, access remains poor with no lift access to upper properties, and the energy efficiency of the majority of the homes is at SAP rating D which falls well below the standards being achieved for new dwellings and for other improved stock in the Council's ownership. There is therefore little scope to achieve further improvements in the suitability of these homes, which will be surrounded by new council homes or private housing built to modern standards with a 60+ year life.
- 49 The Housing Asset Management Strategy recognises the need to improve our housing stock beyond decency standards, to be an exemplar housing provider and support the council's ambition to reach carbon neutrality by 2030 and tackle inequalities in the city. However, in order to meet these ambitions it is acknowledged that levels of investment will need to be secured which are considerably higher than the funding available.
- 50 The original option appraisal for the Highways tower blocks approved by Executive Board recognised that the difficult decision to agree to offer rehousing and compensation to residents was not a purely financial decision and recognised that all of the options would require residents to be rehoused. The original option appraisal also recognised the benefits of considering a more transformative future for the homes and their residents.
- 51 The retention of the maisonettes would not support the proposed regeneration of the wider Highways site. The clearance and redevelopment option gave the Council more ability to invest much more sustainable long term solution than any additional refurbishment option could achieve, and with the added benefit that this could be repaid over a longer time 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.
- 52 The assessment outcome therefore resulted in the proposal to demolish the maisonettes so that the site could be included within the wider regeneration and redevelopment of the Highways site.

### **How will success be measured?**

- 53 The proposals in this report enable the Council to replace some unsuitable stock and replace it with modern, accessible, highly energy efficient homes that can much better meet the needs of local people, whilst ensuring that the existing residents displaced by the proposals are offered a suitable package of rehousing option and compensation.
- 54 The clearance of the maisonette block as part of a comprehensive redevelopment of the Highways site, enables the Council to deliver a new landmark development to showcase our commitment to significantly increasing the level of modern, affordable homes for rent in the city by increasing the number of homes on the site. This will help us meet one of our key Best Council Plan targets of increasing the number of new affordable homes and to support sustainable and inclusive growth in the city.

### **What is the timetable for implementation?**

- 55 The rehousing of the two tower blocks has not yet been completed. The current estimate is that the remaining residents will be rehoused by August/September 2021. Until all of the residents are rehoused from at least one block, initial demolition surveys cannot be undertaken and this is impacting the programme for demolition of the tower blocks.
- 56 Demolition activity was originally to be undertaken by Leeds Building Services. An alternative option has now been identified through the Scape procurement framework, enabling the Council

to undertake an initial feasibility of the site and to identify an initial plan for demolition of existing buildings and to plan for future redevelopment.

- 57 It is anticipated that the demolition process for the tower blocks involving initial surveys, serving of notices and securing the necessary planning permissions could be completed by summer 2022, subject to vacant possession being achieved in the next few months. If the redevelopment proposals for the maisonette block is approved by Executive Board, then this work could be incorporated, again subject to vacant possession being achieved.
- 58 In terms of the wider redevelopment proposals for the Highways site, then it is currently estimated that the overall redevelopment including construction work could be completed during 2024, but again subject to achieving vacant possession of the site and further formal approvals being secured.
- 59 These approvals would be sought through further reports under the Council's scheme of governance, approvals and delegations as appropriate.

### **Appendices**

- 60 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 1.

### **Background papers**

- 61 None.