

# Future of the Alderton Heights and Gipton Gates high rise and resident rehousing

Date: 19 October 2022

Report of: Director of Communities, Housing and 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

## Brief summary

As part of our housing estate the council owns and manages the three Alderton Heights high rise blocks in Alwoodley, and the two Gipton Gate West and East blocks in Gipton. These five blocks are of a Large Panel System (LPS) construction, each 10 storeys high with 60 flats - 30 one bedroom and 30 two bedroom – 300 homes in total.

As significant investment work is needed to bring the blocks up to an appropriate standard, including intrusive and costly strengthening works, an options appraisal was undertaken. The recommended approach is for all residents to be rehoused, with appropriate support for those who need it, and for subsequent demolition to clear the sites to enable the development of new modern housing.

This supports our aim for all our residents to live in good quality and affordable homes and for them to be safe and feel safe, and to deliver an approach that provides best value.

## Recommendations

Executive Board is recommended to

- a) Approve the rehousing of residents of secure tenanted flats in the blocks, and that Home Loss and Disturbance payments are made to qualifying residents. This will be supported by ongoing engagement with residents during implementation,
- b) Approve the award of 'band A' housing priority and direct let status to tenants of the blocks,
- c) Declare the affected properties as surplus, and approve the suspension of lettings (to the flats and nearby garages), with any void properties taken out of charge,
- d) Approve the negotiation and undertaking of the re-purchase of the leasehold flats, and for compulsory purchase to be pursued if a voluntary approach is unsuccessful,
- e) Agree that the buildings should be safely demolished, creating clear sites for future housing development,

- f) Agree that in parallel activity should be progressed to explore options for developing each site for new modern housing. This activity will inform a future report to the Executive Board presenting the revised proposals and the recommended options for the sites,
- g) Authorise the spend of £5,339,200 from the Housing Revenue Account capital programme to deliver rehousing and building emptying activity and the development of design proposals for the redevelopment of the cleared sites for new modern housing, and
- h) Agree that Initial Demolition Notices and Final Demolition Notices will be served by the Council at the appropriate time.

## **What is this report about?**

### Background

- 1 The three Alderton Heights and two Gipton Gate housing high rise blocks need significant investment to be brought up to an appropriate standard to have a future as part of the council's housing estate.
- 2 These blocks are of a Large Panel System (LPS) construction by Reema, and in use since 1960. They have exceeded their original design life, are in poor condition, and have significant investment needs including improvements for energy efficiency, concrete repairs, re-roofing, sprinkler installations, and replacement of heating and sewerage systems.
- 3 The overall need for investment is urgent, with significant challenges to maintain watertightness and undertake repairs and maintenance that represent value for money, as well as significant impacts on the quality of lives of many residents. This is also supported by low customer satisfaction ratings from residents for heating and insulation, and overall quality of their home.
- 4 This significant investment is not possible without major strengthening works, due to the specific design of the blocks. In addition, although these blocks currently meet all required safety standards, these will change over time, and this is important to plan for.
- 5 Options appraisal activity has been undertaken to inform the best course of action to take, in parallel with communications and engagement with residents over the summer. The main options under consideration were refurbishment or demolition of the blocks to allow for new modern council homes to be built. Both options would involve support to rehouse residents to homes suitable for them in the longer-term. Given the nature, scale, and length of the advised structural works any refurbishment could only reasonably take place with no residents in occupation.
- 6 The affected properties are listed in Appendix A, together with maps to show their location and potential site redevelopment areas. The initial options appraisal summary is at Appendix B.
- 7 At end September 2022, 291 of the 300 flats are occupied (6 void properties at Alderton Heights, and 3 at Gipton Gates). Of these, 3 are owner occupied by leaseholders. 4 tenants have live Right to Buy applications.

### The Proposal

- 8 From the options appraisal, it was recognised that creating new modern housing on the sites would be lower cost and lower risk than refurbishment as well as providing more energy efficient homes for the long term that would meet all current quality and safety standards.

- 9 The appraisal activity has enabled oversight of the potential scale of impact and thus importance of consideration of how sites can be developed affordably to make the best use of resources.
- 10 It is therefore proposed that all residents of the blocks are rehoused, the buildings emptied and subsequently demolished ready for development for new modern housing.
- 11 *Rehousing and support for moving.* We are committed to supporting residents through the rehousing process and to successfully move to new homes that suit them longer-term, whilst working to manage the impact of this on the Leeds Homes Register. We will work with all individual residents to identify their rehousing needs and support them to seek alternative housing. We will continue to undertake regular communications with residents during the rehousing phase to ensure that they are updated on any activity onsite and issues, along with sharing a point of contact in case issues arise.
- 12 To enable tenants to find new homes we propose to award them 'band A' priority on their housing applications from 1<sup>st</sup> November and will work closely with them to understand both their needs and preferences. At the same time, we also intend to give tenants 'direct let' status so that they can be considered for a direct offer of suitable accommodation. We will explore ringfencing of properties to support rehousing, which would be resulting decisions as we work with residents to understand their location preferences and consult with affected Ward Members.
- 13 Home Loss compensation and Disturbance payments for reasonable expenses will be made to qualifying tenants when they move, in line with statutory requirements. All tenants who qualify for the payments will become eligible to receive them when they move out on or after 1<sup>st</sup> November 2022. From October 2022 the statutory rate for Home Loss payment will be £7,800.
- 14 *Leaseholders.* We intend to work with the leaseholders involved and City Development to buy back these properties on a voluntary basis, as it is expected that this will be the best outcome for both parties. In the unlikely event of not being able to reach an agreement on the acquisition of leaseholder properties, then we would look to undertake this by compulsory purchase.
- 15 *Right to Buy.* If the recommendation for demolition is agreed, it should be noted that a resultant action will be that an Initial Demolition Notice (IDN) will be served to tenants of the blocks, in line with Housing Act 1985 processes. This will suspend tenants' ability to exercise their Right to Buy their flats. Only the serving of a Final Demolition Notice (FDN) to residents stops the Right to Buy for these properties. The FDNs would be served later in the process, aligned with planning notice activity by any future demolition contractor. It is a requirement that the Council must also publish a demolition notice in the local newspaper and on its own website at the same time it serves any IDNs and again when it serves the FDNs.
- 16 *Suspending lettings and taking void properties out of charge.* This will enable the council to start to empty the blocks, with void properties (flats and garages) secured rather than made ready for re-letting, and to remove these properties from our assessment of key performance indicators for turnaround of voids and rent loss.
- 17 *Demolition.* The aim will be to minimise the time that buildings are empty before on-site activity starts to prepare the blocks for demolition. Demolition is expected to be undertaken using a top-down deconstruction approach, floor by floor, given the nature of the blocks. This would be specialist activity for which a contractor would be competitively procured by the council in accordance with Public Contract's Regulations 2015.
- 18 *Activity to progress preferred options for developing the sites for new modern housing.* In parallel activity should be progressed to better inform decisions on the preferred option for

developing each site for new modern housing. It is proposed that NPS Leeds, the council's technical consultancy partner, would be appointed to develop RIBA Stage 2 Concept Design proposals for the development of new modern housing on each of the cleared sites.

- 19 To inform these proposals there will be consultation to establish local housing needs and the provision that would be best suited to the different sites. In discussion with the Local Planning Authority and other statutory bodies, it is proposed to establish an informal planning framework to inform the development of the design proposals for each site. The framework will amongst other things set out the key design principles relating to the number and type of units that may be accommodated, building heights, car parking provision and greenspace requirements, together with the proposed redevelopment delivery strategy for each site.
- 20 It should be noted that given the different size and configuration of the sites, the redevelopment for each site may differ ranging from a scheme directly delivered by the council, to the sale of the land to a third party (such as a Registered Provider of Social Housing) with restrictions on the nature of the new housing to be provided, or via development with a joint venture partner.

### **What impact will this proposal have?**

- 21 Working to empty and then demolish these blocks will enable us to remove unsustainable and lower quality homes from the council housing stock and enable these to be replaced by new modern housing.
- 22 The most significant impact of the proposal will be on the current residents of the high rise blocks who will need to move. The resident response to engagement has been constructive. Whilst some residents have expressed sadness of having to move, the majority of residents understand the requirement to invest in the blocks or to provide better quality homes. One in five residents had an active housing application prior to being informed, for these residents the proposal is an opportunity and help for them to secure new homes.
- 23 We are committed to support our tenants through the rehousing process. We will also work to maintain the blocks in good order whilst they are occupied, ongoing maintenance and repairs will continue as normal.
- 24 The rehousing of these residents, and the temporary net loss of our council housing stock, will create additional pressures on the availability of social housing for people with applications on the Leeds Homes Register (see key risks and how they are being managed). The largest impacts will almost certainly be felt by the wards where the blocks are located and adjacent areas, however the impact will be city-wide as we learn more about residents' location preferences.
- 25 We will also engage with nearby residents and stakeholders who may be affected by activities over the coming years to empty and demolish the blocks and develop the sites, including any garage users that are not resident in the blocks.
- 26 Equality, diversity, cohesion and integration has been considered and has informed the approach to resident engagement to date. An impact assessment has been undertaken and included as Appendix C to the report. The action plan will be carried forward by the team, including to ensure that appropriate support for residents is in place throughout delivery, with ongoing outreach to tenants helping to make sure we understand their needs.

### **How does this proposal impact the three pillars of the Best City Ambition?**

Health and Wellbeing

Inclusive Growth

Zero Carbon

- 27 Health and wellbeing. Given the known investment needs of these blocks, for many residents a new home will have a positive impact on their health and wellbeing. For example a number of residents are living in flats where it has been challenging to effectively tackle mould and damp, and others where a housing priority will enable them to move more swiftly into a property more suited to changed needs such as fewer or more bedrooms or with adaptations.
- 28 Inclusive Growth. As well as working to make sure that our rehousing support will be inclusive, we will also use internal service providers where possible. Civic Enterprise Leeds, through Leeds Building Services, already provides the voids and repairs service for these blocks and we will work with them, and with Facilities and Fleet Services, in relation to support for resident moves and building emptying activities, as well as with Safer Leeds in relation to CCTV and security services.
- 29 Where we need to undertake any procurements (for the demolition contractors) we will also look to deliver additional social value.
- 30 Zero Carbon. During the proposed demolition of the tower blocks, the demolition contractor will be required to minimise and report total carbon dioxide emissions arising from the demolition process. Actions to be undertaken include:
- The operation of an Environment Management System covering the main operations, with such system to be third party certified (to ISO 14001 or in compliance with BS 8555:2016).
  - Setting targets for site energy consumption (in Kwh) and where relevant litres of fuel used, as well as potable water consumption arising from the use of plant, equipment and site accommodation. Targets for minimising transportation movements and impacts resulting from the delivery of materials to or from site, including demolition waste to disposal, processing or recovery centres, will also be set.
- 31 Any proposed new build housing development on the cleared sites shall incorporate the latest energy efficient and environmentally acceptable principles of design and construction. The Stage 2 Concept Designs shall ensure that the orientation, layout, form of construction, heating and ventilation systems work together to provide optimum fuel cost efficiency and low carbon dioxide emissions. All components and materials shall, wherever possible, be capable of being recycled and be obtained from renewable resources which are integrated in the building fabric, resulting in competitive whole life cycle costs.

### What consultation and engagement has taken place?

Wards affected: Alwoodley, and Gipton & Harehills

Have ward members been consulted?  Yes  No

- 32 Resident engagement and consultation have been undertaken to meet statutory requirements under the Housing Act 1985 (section 105) and government standards, to enable affected residents to make their views known and for the council to take these into account in decision making.
- 33 The majority of resident engagement was carried out over three weeks in July. This followed a communication to all residents which outlined the current position and provided a range of supporting questions and answers. At mid-August, approximately two thirds of residents had spoken with staff about the proposals at a combination of; drop-in sessions visiting the mobile office, home visits, phone appointments and local residents meetings. Engagement with

residents was held at various times and dates including evenings and weekends to reflect the respective resident profiles, particularly the more working age profile of residents within the Alderton blocks. The engagement sessions were well attended, with 187 residents taking the opportunity to speak with officers.

- 34 From August onwards the service has continued to undertake further engagement on a one-to-one basis to seek to engage with every household. By end-September we had discussed the proposals and the resulting rehousing process and our support with 212 (73%) of the 291 households. From the start of the engagement, we have made clear to residents they can speak with officers at any point with any concerns or questions they may have.
- 35 We have also engaged with all three leaseholders (one in Alderton Heights and one in each of the Gipton Gate East and West blocks). We first wrote to them in July with specific information related to the ownership of their flat and implications and provided a named point of contact for any queries. Leaseholders have asked practical questions related to valuation and rehousing, and we will work with them on an individual basis after the decision has been made.
- 36 The vast majority of conversations with residents were constructive, with residents accepting the investment needs of the blocks and the need to provide high quality housing. Residents are also reassured by the Home Loss and Disturbance payments to help them with the costs of moving. The engagement with residents has:
  - a) Provided an early indication of the rehousing preferences in terms of preferred locations, to inform our approach to rehousing and lettings,
  - b) Highlighted those residents who may need additional help and support with registering their housing applications,
  - c) Highlighted a range of equality considerations, including those with caring responsibilities, physical impairments and mental health conditions that will help provide more tailored support when rehousing starts, and
  - d) Given us insight in terms of the additional questions and issues where tenants would like further information or clarity.
- 37 The service wrote to all residents again on the 15<sup>th</sup> and 16<sup>th</sup> September with an expanded list of questions and answers based on the queries raised so far.
- 38 Following any Executive Board decision, the service will consider updating residents more widely who live in the immediate vicinity of the blocks.
- 39 The Executive Member for Environment and Housing has been regularly briefed on the development of these proposals. Alwoodley and Gipton and Harehills Ward Members were briefed ahead of resident engagement commencing, with information shared with local MPs. Ward members in other wards will be engaged as or when consequential impacts arise.
- 40 Close working across the council will continue to be needed to support delivery and further development of this work. Partnership working with key colleagues in City Development is already in place, they will be playing a lead role in relation to both the demolition and site development activity.

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

- 41 The total cost to deliver the proposed activity is estimated as £5,339,200, with spend from this financial year 2022/23 to 2026/7, estimated as follows:

Year	2022/3 (Y0) £000s	2023/4 (Y1) £000s	2024/5 (Y2) £000s	2025/6 (Y3) £000s	2026/7 (Y4) £000s
Cost	1,149.1	2,256.1	1,124.5	797.7	11.8

42 An Authorisation to Spend of £5,339,200 to the Housing Revenue Account capital programme is needed to progress this activity. This will be initially funded by realignment of budgets from the existing approved capital programme and temporary use of the Major Repairs Reserve. By cash flowing the costs using HRA reserves, this will negate the need to borrow until such as time the more detailed proposals have been fully developed.

REEMAs Programme							
Scheme Number	Project Title	22/23	23/24	24/25	25/26	26/27	Total
		£000s	£000s	£000s	£000s	£000s	£000s
XXXXX/XXX	Alderton Heights	592.4	1225.6	558.6	492.4	11.8	2880.8
XXXXX/XXX	Gipton Heights	556.7	1030.5	565.9	305.3	-	2458.4

43 Within these costs, £4,039,200 is related to rehousing and building emptying. Nearly two thirds of this is accounted for by the Home Loss compensation payments for qualifying residents where the statutory rate for compensation increases in October each year, linked to housing market prices. Other costs include those related to move support for residents, buying back leasehold properties, and activities as needed to empty the building, and allowance for additional security measures as needed.

44 The cost of developing the RIBA Stage 2 Concept Design proposals for both the Alderton Heights and Gipton Gate sites is estimated at £1.3m inclusive of external and internal fees, client contingency and surveys required to inform the evolving design proposals. There will subsequently be a separate full report on the site development proposals.

45 Although not part of these costs, it should be noted that indicative demolition costs for the sites are estimated at £7.67m inclusive of fees.

46 Dedicated staffing resource will also need to be identified to support rehousing and building emptying, and for project management, funded by the HRA. This will be prioritised from existing staffing.

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

47 Building safety. Work continues to be undertaken to mitigate against the inherent structural risk of any of our LPS blocks. The new Building Safety Act 2022 also means that we will be required to submit a safety case for each of our high rise blocks, for review by the regulator. There is risk that the regulator may not grant an Occupancy Certificate for some or all the Alderton Heights and Gipton Gate blocks unless adequate mitigations and plans are in place. This risk is being monitored and overseen by a dedicated High Risk Residential Block (HRRB) Project Board. As flats become vacant they will be made secure, and we will also consider and work to manage any community safety needs e.g. for additional security from CCTV, patrols or additional regular inspections as blocks become emptier.

48 Pressure on council housing stock and achieving timescales for rehousing. Rehousing residents from multiple blocks will increase the current high demand for council housing stock and

increase waiting times. This could also lead to reputational damage and have a financial impact if emergency private housing is required. Not meeting estimated timescales for rehousing will increase costs and impact on timely procurement and delivery of demolition activity. A phased approach to rehousing residents, planned over several years to manage impact, and accompanied by effective support for residents, close working with leaseholders, and appropriate resourcing, is therefore critical.

- 49 Existing budgets and resources. Irrespective of the preferred long-term solution, ongoing repairs and maintenance will continue to ensure the flats remain habitable for the residents. It is noted that these maintenance costs exceed the average for non-LPS blocks owing to the deterioration of the flats and communal areas resulting from fact that they have reached the end of their design life. Where investment is needed to the blocks, this will be forthcoming and proportionate to the remaining lifecycle they offer.

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

- 50 The decisions set out in this report are being taken as a key decision and are subject to call-in.
- 51 Future resulting decisions arising from this report include decisions related to ringfencing properties for affected residents to support rehousing; the procurement and undertaking of demolition activity for the sites; and any required decisions related to the acquisition of leasehold properties including their compulsory purchase if voluntary sales are not able to be successfully negotiated.
- 52 The decisions relating to how the land will be redeveloped for new housing is planned to form a separate report to Executive Board following completion of the design proposals.
- 53 The Initial Demolition Notices referred to above must specify the period within which the Council intends to demolish the relevant building, and this period must not be more than what is a reasonable period to carry out the demolition and, in any event, no longer than 7 years. If the Council subsequently fails to demolish the relevant building within that period, the Council will need to re-start the notice process and will not be permitted to do that for a further five years unless it obtains Secretary of State consent to serve and publish new notices sooner.
- 54 There is close working with legal colleagues to ensure activity is being taken forward in compliance with key legislation. This includes the Land Compensation Act 1973 and the linked Home Loss Payments Regulations, and Right to Buy legislation. Ongoing engagement will include activity in relation to buying back leasehold properties, advice on any issues that arise with rehousing tenants and in relation to any compensation that tenants with live Right to Buy applications may be entitled to.

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

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

- 55 All options considered are set out in Appendix B, with detail on the two main options appraised and conclusions.
- 56 The full refurbishment option was discounted. This would have been the highest cost, least affordable, and most risky approach with uncertainty including the additional extra years of building life that could be expected.
- 57 For refurbishment the indicative cost is approximately £130m, averaging at £26m per block, compared to indicative costs for a like for like new build at approximately £100m, or £20m per block.

## How will success be measured?

- 58 Residents are supported to move to new homes that suit them for the longer-term.
- 59 Rehousing and building emptying activities progress to plan, delivering empty buildings at Alderton Heights by end October 2025 and Gipton Gates by end July 2025.
- 60 Demolition activity delivers clear sites at Alderton Heights by February 2027 and Gipton Gates by May 2026.
- 61 Recommendations on future development of the sites for new modern housing are proposed, that are considered best value.

## What is the timetable and who will be responsible for implementation?

- 62 Rehousing activity and support would start in November, with all tenants receiving priority band A status and compensation when they move if they are eligible.
- 63 The indicative strategic timetable for rehousing and the demolition of the blocks is summarised below.

	Alderton Heights (three blocks)	Gipton Gates (two blocks)
Priority rehousing status awarded	Nov 2022	Nov 2022
Buildings empty	end Oct 2025	end Jul 2025
Demolition starts on site	Feb 2026	Oct 2025
Site(s) clear, ready for development	Feb 2027	May 2026

- 64 The Chief Officer Housing will be responsible for implementing the recommendations detailed in the report. Housing Leeds will rehouse residents, maintain the buildings whilst occupied, and undertake activities to achieve empty and secure buildings for handover to the appointed demolition contractor(s).
- 65 City Development will lead on all demolition activity, including working closely with procurement colleagues, and on site development options development, and authorised colleagues will represent the council in relation to negotiations on leasehold property buybacks.
- 66 It is planned that the design proposals for the sites detailed in the report and the proposed delivery strategy for the development of new modern housing will be available for consideration by Executive Board in autumn 2023.

## Appendices

- Appendix A – Affected properties and location of the sites
- Appendix B – Initial Options Appraisal Summary
- Appendix C – Equality, Diversity, Cohesion and Integration Impact Assessment

## Background papers

None.