

MUNICIPAL YEAR 2015/2016 REPORT NO. 87

MEETING TITLE AND DATE:

**Cabinet: 21st October
2015**

REPORT OF:

Director – Regeneration &
Environment

Agenda – Part: 1

Item: 15

**Subject: Estate Renewal Programme 2016-
2025**

Wards: Various

Key Decision No: KD3980

Cabinet Member consulted: Cllr Oykenor

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1. EXECUTIVE SUMMARY

- 1.1 This report sets out a programme of further estate renewal schemes for 2016-2025. Proposed schemes are set out in the appendix to part 2 of the report. The schemes are proposed to be developed over the next few years and cover a range of interventions including full estate redevelopment, partial development and infill development.
- 1.2 The aim of the estate renewal programme is to bring forward delivery of at least 250 additional homes each year from 2017/18. Current developments will contribute new accommodation to meet the needs of decanting residents affected by proposals for the next phase of the renewal programme. Schemes and estimated numbers of homes providing this accommodation are detailed in the report.
- 1.3 It should be noted that, given the continued pressure on the Council's budgets, both HRA and General Fund schemes will only be delivered if cost neutrality can be achieved, i.e. the schemes are financially viable. Alternative options may have to be pursued in order to expedite delivery of some schemes, for example, delivery by a Registered Provider. Consideration may also have to be given to selling some HRA sites in order to fund other parts of the proposed programme.
- 1.4 Estate renewal contributes to improving the overall condition of the Council's housing portfolio and other assets and helps towards the London Mayor's minimum house building target for the Council of 798 homes a year minimum between 2015/16 and 2024/25.
- 1.5 As well as contributing towards the housing target the proposed schemes will contribute to an improvement in the areas in which the estates are located and the lives of those leaseholder and tenants living on those estates.

2. RECOMMENDATIONS

- 2.1 That Cabinet approves the programme of estate renewal schemes, noting that it is intended to achieve delivery on a cost neutral basis.
- 2.2 That Cabinet approves a feasibility budget in order to further work up plans and proposals for the schemes listed in appendix 1 of the part 2 report.
- 2.3 That within the overall programme, approval for individual schemes and their budgets is returned to Cabinet for approval.
- 2.4 That Cabinet notes the significant contribution this programme will make towards meeting the Council's housing delivery target of 798 a year minimum until 2024/25.
- 2.5 That Cabinet approves the undertaking of consultation on the proposed schemes.

3. BACKGROUND

- 3.1 A number of schemes proposed within this report fall within the 'Hinterland' area of Enfield Council's Housing Zone, and are in close proximity to the Meridian Water Masterplan Area, therefore fitting into the Council's strategic housing and regeneration objectives. London-wide strategic infrastructure projects such as Crossrail 2 and increased capacity on the Liverpool Street line through eastern Enfield may assist future estate renewal schemes by improving the density of accommodation on those estates. Existing and future estate renewal schemes are now under way having previously been approved by Cabinet. These contribute economic inward investment benefits e.g. apprentice placements and work opportunities on sites and investment in Council owned assets.

Previous and current schemes within the estate renewal programme include:

- Highmead – a recently completed scheme of 118 homes, retail, community space and a GP surgery.
- Ladderswood – this scheme is on site and will see the provision of 517 homes, a hotel, commercial (non office) space, and community space.
- Alma estate – a redevelopment for which planning has been submitted for a total of 993 new homes (and approved for phase 1 for 228 homes), a GP surgery, community and retail space.
- New Avenue – a development of 400 homes, a nursery and community space is planned and due to start on site in 2017.

- 3.2 In addition to these larger schemes a number of schemes are being developed via the Council's Small Sites programme. Within this programme are the redevelopments at Parsonage Lane and Forty Hill. A significant number of further sites have since been identified and architects are currently designing new schemes.
- 3.3 Estate renewal schemes contribute to the physical regeneration of Council owned estates and offer existing residents the opportunity to move to new homes to meet their housing needs. As well as ensuring new supply of homes for existing residents additional homes are developed for affordable rent, other affordable housing tenures, market sale and private rent thereby helping to create mixed communities and meeting the diverse housing needs in the borough. New schemes can also improve local retail provision, other employment uses, and community services to benefit wider communities.
- 3.4 The Council has a London Mayor's house building target to meet. This is currently 798 minimum per year between 2015/16 and 2024/25. A Housing Supply Board consisting of officers from Regeneration and Environment is looking at ways to exceed this target to meet the Council's aspiration of 10,000 homes on the way by 2018. The estate renewal programme schemes will make a significant contribution towards the target. If approval is given to all the schemes it is currently anticipated that between approximately 3,155 and 3,310 additional new homes overall could be provided.
- 3.5 In reviewing its stock the Housing Department considers a range of factors to help determine which estates to prioritise for redevelopment or improvement. In identifying the next phase of the renewal programme three factors were agreed between a working group of officers from Housing, Planning and Regeneration, to be the highest priority. These factors; net present value (NPV); public transport accessibility level (PTAL) and structural condition were then scored for each estate to produce an ordered long list. NPV assesses the value of the stock to the Council and is calculated by considering rental income offset by factors such as maintenance costs over a twenty five year period. PTAL scores contribute to the indication of the density of homes that can be provided and is used to calculate a range of how many units could be expected to be provided on any given estate. Structural condition takes into account a range of data that includes survey reports, repairs, component and building life time analysis to assess properties that are in poorer condition and therefore more likely need complete replacement.
- 3.6 From this long list, consideration was then given to the highest scoring estates to include in a new programme. Two estates identified are already subject to estate renewal proposals. The highest scoring top sixteen estates and the sixteen highest scoring estates of over 50 units not already in the overall top sixteen were then visited and reviewed as

to their potential for increasing density and where considered appropriate for redevelopment.

- 3.7 Findings were cross referenced with previous estate development studies undertaken for the Council by consultants Donaldsons & Savills and Navigant. The combination of the site visits, the data provided for the scoring and the previous case studies has been drawn upon to make recommendations for each of the estates. Two additional estates have been identified through previous case studies and visits, and are included in the suggested programme, as they have the potential to produce net additional homes, one of the estates significantly so.
- 3.8 Estates proposed for the next phase of the estate renewal programme are contained in an appendix in part 2 of the report.
- 3.9 Officers are in the process of commissioning architectural and financial feasibilities for the listed estates. The cost of these is set out in part 2. These assessments will confirm or otherwise the development potential and financial viability of the proposed schemes. The outcome of these feasibility studies will be included in the reports either back to Cabinet.
- 3.10 Whilst schemes will be considered for financial viability in their own right they will be looked at in parcels and within the whole programme. This way schemes that create surpluses can be used to offset those that do not. It is important to consider this programmed approach as some estates that may produce large amounts of additional new homes can be costly to deliver and so may benefit from some cross subsidy. Consideration will also be given to alternative options for delivery, for example delivery through a third party, delivery through a company in which the Council has an interest or the sale of some sites in order to fund other schemes.
- 3.11 Within the HRA there is scope to fund schemes through ring-fenced sales. The Council owns sites e.g. high value and garage sites that could be sold for capital receipts to help fund the programme and other housing development schemes.
- 3.12 Tenants Decanting and Tenants Moving off Estates
 - 3.12.1 Although the outcome of redeveloping estates provides residents with the advantages of new homes that are of a much higher standard than their existing homes, good design and improved open space and other facilities it does involve disruption to existing living arrangements. Residents can be supportive of estate redevelopment but it does not mean that they do not have concerns about how they will manage their families' lives during the period of works. Tenants are offered the opportunity to stay on the estate and receive a new home or take the opportunity to move permanently elsewhere.

- 3.12.2 If they choose the former option the likelihood is that they will need to be decanted i.e. moved temporarily before moving into a new home. Whereas this is usually within the estate it can be a move off of the estate. In any event it means that the tenant has a period of living elsewhere which requires the Council to facilitate the availability of other accommodation and undertake additional management arrangements.
- 3.12.3 The requirement to move people either for decant purposes or to rehouse them permanently off of the estate they used to live on places a burden on the number of available lets for other households. People having to move because of estate redevelopment are awarded Group 2 priority for a certain amount of lettings every year.

Allocation Group	Actual Lets				Target Lets No.	Percentages		+/- %
	2013 -14	2014 -15	2015 -16*	Total		Target %	Actual %	
Transfers	104	82	33	219	223	16.7	16.7	0
Decants	100	87	18	205	280	21	15.6	-5.4
Quotas	157	163	42	362	312	23.4	27.5	+4.1
Homeless	238	192	98	528	521	38.9	40.2	+1.3
Total				1314	1336	100	100	0

* Lets to 31.8.15

If these group 2 applicants do not take up the allotted quota, properties are then offered to other quota groups on the housing register e.g. transfers and homeless households.

The reduction from 2015/16 onwards in the current programme reflects the lessening demand for decants now that decanting of phase 1 of the Alma redevelopment has almost completed and subsequent phases have fewer families requiring decanting.

Decanting requirements for the 2016-25 programme will be better assessed following full feasibilities however these will be offset by completions coming from the existing estate renewal programme and other residential schemes of which anticipated net lettings (rehousing of decanting tenants excluded) over the next few years that will contribute to overall available lettings include:

2016 - 2021	Current Estate Renewals	145
2017 - 2019	Electric Quarter	50
2017- 2020	Small Sites Rolling Programme	300 – 400
2018 – 2037	Meridian Water Phase 1	2000+

- 3.12.4 In order to reduce the pressures on overall letting supply all new schemes will be considered for how they can be developed in such a way that the need for decanting is reduced. This for

example may mean that non-residential areas within an estate can be identified for earliest development so that tenants from other parts of the estate can move directly into the properties without the need for decant. If such a rolling decant programme of building, moving and building can take place this approach will be adopted, subject to scheme feasible. Scheme design constraints may mean this approach can have negative effects on the length of the development programme and viability and as a result may not work for a whole estate. However where possible this approach will be used to help alleviate decant pressures. This will always be considered as part of the design and financial feasibility assessment.

3.12.5 In addition to on-site solutions it is important that new supply is available to people wishing to move from the estate. Therefore if homes can be developed on infill sites (e.g. unused land or disused garage blocks, etc.) within estates, these can speed up the re-housing process. This approach has been adopted as part of the Alma redevelopment, whereby new Council homes being developed on the Dujardin Mews scheme and properties from the Small Sites 1 programme are being offered to group 2 in the allocations policy. Support for the smaller schemes within the Estate Renewal programme is required to continue this supply and combined with the Small Sites Rolling Programme will aid those needing to decant as well as increasing overall supply.

3.12.6 Where larger estates are being redeveloped, these will be linked to smaller nearby sites to help meet the requirements of tenants wishing to move. Should the need arise newer developments could be used for decanting off the estate. The proximity of the decant unit should help ensure that tenants can continue to maintain existing social networks and access to schools and work, etc.

3.13 Consultation

3.13.1 This report seeks Cabinet approval to undertake consultation with residents and other stakeholders for all the schemes included in the estate renewal list recommended for development.

3.13.2 Initial consultation will give residents the opportunity to give their input to the redevelopment proposals and most importantly whether or not they support a scheme. Residents support is vital in progressing ambitious estate renewal schemes and their continued involvement through further consultation events and resident panels will be developed once schemes are approved and underway.

3.13.3 Each estate will have a proportion of leaseholders; either tenants who have exercised the right to buy or people who have bought ex-RTB properties on the open market. The level varies from estate to estate and within this group there will be a split between those still resident and those who have moved off the estate. While the view of non-resident leaseholders will be sought it is the views of those still resident that require the most consideration as it is their homes that are being redeveloped. Leaseholders will be offered advice and support and resident leaseholders wishing to remain on the estate will be consulted upon options to do so.

3.13.4 Other stakeholders will also be included at the appropriate time. These include residents associations, ward members, occupiers of retail units on or adjoining estates, other Council departments, schools and neighbouring residents, etc.

3.13.5 Progression of developments will be reliant on the support of residents. An extensive consultation plan will be prepared following initial discussions.

3.14 Delivery Methods

3.14.1 The architectural and financial viabilities will help assess which method of delivery the Council can use for each respective scheme. What may work for one scheme may not for another. Often it is in the Council's long term financial interests to retain ownership of newly improved land and housing assets. However different approaches will be considered to ensure that schemes are deliverable and provide value for money. This involves the consideration of different mechanisms to involve development partners and could include disposal of land or properties within a scheme to a housing association.

3.14.2 Innovative delivery mechanisms have already been adopted with the example of Enfield Innovations Limited on the Small Housing Sites 1 programme. With new financial challenges being faced by the Council e.g. the 1% rent reduction from 2016 the ability to fund all schemes through the HRA will be difficult so officers are currently exploring other joint venture arrangements that could enable development.

3.14.3 In all methods of delivery the Council will consider negotiating with adjoining land owners where land assembly could lead to a better scheme. To ensure vacant possession can be obtained to enable the proposed developments the Council will need to make use of Compulsory Purchase (CPO) powers, as has been the case on current schemes.

3.15 Stock Condition

- 3.15.1 As part of the review of the current housing stock, detailed analysis has been undertaken of both the historic stock condition information that we hold, as well as the life expectancy of the renewable components (such as windows, bathrooms, kitchens, etc.) and also the structural integrity of the blocks. The weighting attached to these elements therefore reflects not only the current condition of the schemes, but also the required investment to keep the blocks habitable over a 30 year life span.
- 3.15.2 On some estates (particularly medium / high rise blocks, where an element of non-traditional construction has been involved), the investment required to keep the blocks in reasonable order, far outweighs the rental stream that could be achieved, meaning that these units have a “negative net present value” in the HRA business model (i.e. the investment in monetary terms is greater than the income that can be obtained). Whilst therefore a number of these estates might appear to be in an adequate condition at present, the potential life cycle costs of renewal, plus the potential incidence of structural failure in the future, inevitably leads to the conclusion that some of the blocks should be classified as more suitable for regeneration / demolition rather than further re-investment.
- 3.15.3 After analysis, it has also been decided that some of the estates would benefit from minor development covering such as redundant garages, sheds, etc. rather than complete demolition. These would be re-developed with infill new build development alongside the housing blocks that we can retain for the future. This integrated approach also helps to facilitate regeneration, with minimal impact on decanting and the attendant pressures that exerts on the remainder of the housing stock.

3.16 Next Steps

- 3.16.1 Initial feasibilities have been undertaken on the sites identified for full scale redevelopment. These indicate good initial potential viability for the proposed schemes and will be built upon to develop more detailed proposals that will be submitted to Cabinet for further approval.
- 3.16.2 Consultation will be integral to progressing schemes and will be undertaken as schemes are drawn up. Consultation will enable residents' views to be incorporated into general redevelopment proposals as well as more detailed design aspects and scheme layouts, etc.

3.16.3 It is anticipated that the major schemes within this report will be returned to Cabinet for approval throughout this and next financial years. However updates on all schemes contained within the report will be made to Cabinet as and when significant matters need approval or need to be noted.

3.16.4 The programme as a whole will complete over a number of years and will be dependent on the availability of funding either through the HRA or through other delivery mechanisms e.g. a housing association (Registered Provider) set up as a joint venture between the Council and suitable partner.

4. ALTERNATIVE OPTIONS CONSIDERED

4.1 The report gives Cabinet the option of supporting proposals for various levels of redevelopment for the estates that are listed. In proposing the suggestions financial viability has been considered along with the data that the Council holds to conclude that the proposals will be of financial and/or housing target benefit to the Council and also help meet the future housing needs of the borough's residents.

4.2 Alternative options were considered and rejected prior to this report as these either did not meet the needs of the Council in seeking to fulfil its obligations to maintain its properties e.g. through the increasing cost of maintaining poor condition buildings or because they did not generate sufficient new homes. On many of the sites different scale development could have been achieved or development not considered at all. However these options have not been put forward for one of the following reasons:

- they do not represent value for money (significantly financially unviable)
- they do not produce a net increase of units on the estate
- they do not contribute significant numbers towards the Council's house building targets

5. REASONS FOR RECOMMENDATIONS

5.1 The report recommends a next phase of estate renewal schemes so that the Council can deliver:

- Better condition housing stock
- Improved housing estates, retail and other facilities
- Contribute to meeting London Mayor and Council house building targets
- Increased net housing stock
- The Council's responsibilities and duties to provide accommodation for those that need it and those that choose to live in Enfield
- Better economic and social outcomes for the borough's residents

- Improved energy efficiency by connecting to the LVHN
- An estate renewal programme that can be delivered on an overall cost neutral basis

6. COMMENTS OF THE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES AND OTHER DEPARTMENTS

6.1 Financial Implications

6.1.1 It is assumed in the Council's 30-Year HRA Business Plan that a future programme of estate renewal will be delivered on an overall cost neutral basis. As the programme of work described in this report is developed, proposals will be modelled through the Business Plan to ensure overall affordability and that the Business Plan remains in balance in individual years.

6.1.2 This will be a challenge in the years up to 2021/22 when the Business Plan is particularly tightly constrained. This constraint has recently been compounded following the Government's summer budget announcement that rents will reduce by 1% per year over the next four years. Revenue balances will be reduced by £325m over the 30 years and there are capital shortfalls of £81.7m. In 2016/17 alone, rental income to the HRA will be reduced by £2.2m. A major review of the Business Plan is therefore currently being undertaken, the outcome of which will be reported to Cabinet in November.

6.1.3 However, the Council now has experience in offering alternative financial solutions to continue to meet its estate renewal aspirations. Schemes so far have been developed through Housing Associations, the use of a Council-owned company, the sale of some assets to fund other projects and positive negotiation with developers. The Governments "Right to Buy one for one replacement scheme" and the Council's status as a Greater London Council Investment Partner also present opportunities to lever in funding to contribute towards scheme development.

6.1.4 The requirement to fund feasibility work in 2015/16 will be taken into account in reviewing and rebalancing the Business Plan.

6.2 Legal Implications

6.2.1 The proposals set out in this report are in accordance with the Council's main powers and duties, as local housing authority, contained in Part II of the Housing Act 1985.

6.2.2 Local authorities have a general power of competence which is set out in s. 1.1 of the Localism Act 2011 and states that "a local

authority has power to do anything that individuals generally may do. “ Ss (2) states that “Subsection (1) applies to things that an individual may do even though they are in nature, extent or otherwise— (a) unlike anything the authority may do apart from subsection (1), or (b)unlike anything that other public bodies may do.” Where the authority can do something under the power, the starting point is that there are to be no limits as to how the power can be exercised. For example, the power does not need to be exercised for the benefit of any particular place or group, and can be exercised anywhere and in any way. Section 2 sets out the boundaries of the general power, requiring local authorities to act in accordance with statutory limitations or restrictions. Further, section 111 of the Local Government Act 1972 confers on a local authority power to do anything which is incidental to the discharge of any of its functions.

6.3 Property Implications

6.3.1 The estate renewal programme is supported by Strategic Property Services as one of the strands for the Council’s house building target of 798 homes a year between 2015/16 and 2024/25.

6.3.2 Following the high level review of urban capacity, it is essential that further feasibility review work is undertaken to better understand the local context and in particular further due diligence including but not limited to the following :

- Town Planning opportunities and constraints
- Title report and potential encumbrances including rights of way, easements, wayleaves and any other rights granted to leaseholders and third parties on land affected by the proposals.
- Highways capacity (on and off street provision)
- Utility Services (location and capacity)
- Impact on Public Realm and amenity space

6.3.3 Further consideration will also be required in terms of method of sale, joint venture or direct development following completion of the feasibility studies on identified estates.

6.3.4 Decanting arrangements may be required depending upon the quantum, scale and type of proposal on each estate which may involve additional development costs which should be fully considered at the viability stage.

7. KEY RISKS

- 7.1 The Council has responsibility to ensure that it is:
- meeting the needs of its tenants and leaseholders
 - contributing to house building targets
 - maintaining its accommodation both to ensure its physical fabric is sound but also ensuring that value for money is being obtained by not investing in buildings that are becoming uneconomical to repair
 - to provide housing for people that are living in the borough both to whom the Council has a statutory duty towards e.g. the homeless or those seeking accommodation via the open market
- 7.2 By not having a continuous supply of sites for new development the Council will find it harder to achieve the above objectives. By using its own land resources it can help deliver the wide range of targets in 7.1 without being wholly reliant on others.

8. IMPACT ON COUNCIL PRIORITIES

8.1 Fairness for All

The proposed redevelopments of these sites can provide replacement accommodation to a much higher standard, and provide an increase in the supply of much needed new housing for different tenures and income levels, along with higher quality related facilities.

New housing for mixed tenure, delivered by the Council can help tackle inequality and provide high quality, affordable and accessible accommodation for Enfield residents.

8.2 Growth and Sustainability

Increasing the supply of new housing can satisfy market demand in the borough for new housing, and help meet the borough's housing needs.

New homes will be designed to meet relatively high standards for sustainability. The Code for Sustainable Homes is being superseded but the Council will insist on Code for Sustainable Homes Level 4 or equivalent for its new developments.

8.3 Strong Communities

Increasing housing supply, designing new mixed tenure homes and schemes with strong urban design principles will encourage activity, interaction and community cohesion will have a positive impact on the local communities.

Residents living in close proximity to proposed developments, and those with interests affected by scheme proposals will be consulted on the design of new housing development proposals.

9. EQUALITIES IMPACT IMPLICATIONS

An Equalities Impact Assessment is yet to be undertaken for these schemes. These will be undertaken if the Council proceeds with the schemes.

10. PERFORMANCE MANAGEMENT IMPLICATIONS

10.1 This report does not recommend a change of service or implementation of new practices and therefore Performance Management Implications are not applicable.

11. PUBLIC HEALTH IMPLICATIONS

11.1 Housing is fundamental to health; housing-related hazards that increase the risk of illness are discussed later but include damp, mould, excess cold and structural defects that increase the risk of an accident (such as poor lighting, or lack of stair handrails). Excess ill-health is estimated to cost the NHS some £600 million a year through cardiovascular diseases; respiratory diseases; rheumatoid arthritis; depression and anxiety; nausea and diarrhoea; infections; allergic symptoms; hypothermia and physical injury from accidents. In themselves cold homes are linked to in more than 30,000 excess deaths a year.

Housing has further social implications; there is evidence that people who live in cold homes may face social isolation as they may become embarrassed and not wish to invite people into their home. This will compound physical and mental health issues.

Background Papers

None