

**REPORT FOR: CABINET**

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<b>Date of Meeting:</b>	17 July 2014
<b>Subject:</b>	Homes for Harrow
<b>Key Decision:</b>	Yes
<b>Responsible Officer:</b>	Paul Najsarek, Interim Head of Paid Service and Corporate Director of Community, Health and Wellbeing
<b>Portfolio Holder:</b>	Councillor Glen Hearnden Portfolio Holder for Housing Councillor Sachin Shah, Portfolio Holder for Finance and Major Contracts
<b>Exempt:</b>	No, except for Appendix 2 which is exempt under paragraph 3 of Part I of Schedule 12A to the Local Government Act 1972 (as amended) in that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information)
<b>Decision subject to Call-in:</b>	Yes
<b>Wards affected:</b>	Greenhill, Harrow on the Hill, Headstone South, Pinner, Pinner South, Queensbury, Roxbourne, Roxeth, and Stanmore Park
<b>Enclosures:</b>	Appendix 1: Draft Resident Engagement Plan Appendix 2: Initial Financial Appraisals and proposed repurchase of Former Council properties at Grange Farm Estate ( <i>note this document is exempt – Part II</i> )

## **Section 1 – Summary and Recommendations**

This report sets out to advise Cabinet on progress made with the feasibility review of regenerating HRA estates and in particular Grange Farm Estate and seeks approval to move to the next stage of developing the regeneration delivery plan.

### **Recommendations:**

Cabinet is requested to:

- 1) Approve officers working up detailed plans for the regeneration of the Grange Farm estate including entering into discussions with any adjacent landowners and interested parties and appoint consultants to assist in progressing the plans;
- 2) Agree the further work identified for the other estates as set out in the report;
- 3) Approve consultancy and staffing budgets to support the above work
- 4) Approve officers to start negotiating the repurchase of former council housing properties within the Grange Farm estate, and using these either as decants or as temporary accommodation;
- 5) Approve the suspension of future permanent lettings of properties on the Grange Farm estate to avoid creation of further Secure Tenancies and use them instead for decants or temporary housing use;
- 6) Approve increased expenditure from HRA reserves, HRA capital receipts and the Affordable Housing Fund of up to £8.5m to fund development of the first phase of the infill new homes programme;
- 7) Delegate to Interim Head of Paid Service and Corporate Director - Community, Health and Well-being in consultation with the Portfolio Holder for Housing, together with Director of Finance and Assurance in consultation with Portfolio Holder for Finance and Major Contracts; authority to accept tenders and enter into contract for any matters referred to in this report and to submit grant applications and bids for additional resources which may contribute towards the council's housing regeneration initiatives.
- 8) Instruct officers to continue to develop proposals within the range of financial parameters set out in this report and report back to Cabinet if there are substantive changes.

- 9) To Note the following;
- Draft Resident Engagement Plan for discussions and agreement with residents
  - Officers to undertake a Housing Needs survey on the Grange Farm estate to understand the specific rehousing needs of residents so that we can begin with identifying potential decant properties;
  - The approach to repairs and improvements to the existing homes on the Grange Farm estate while regeneration plans are being progressed;
  - The bid made to the Local Growth Fund for additional borrowing to support the development of new homes on infill sites and the revised budget estimates for this programme.

**Reason: (For recommendations)**

The initial consultation and feasibility reviews have highlighted the potential for development on key sites, in particular the need to address fundamental issues with the Grange Farm Estate. In order to progress these schemes and identify the true costs and development delivery plan further preparatory works need to be undertaken.

## **Section 2 – Report**

### **Introductory paragraph**

- 2.1 The Housing 30 year business plan sets out how we want to make best use of increased Housing Revenue Account (HRA) financial resources to be ambitious in the way we use our assets to develop our business, maintaining and improving our existing Council housing stock as well as building new affordable homes. The HRA business Plan is the subject of a further report on this agenda.
- 2.2 A report to Cabinet on 10 April 2014, provided a summary of the outcomes from a detailed redevelopment/regeneration feasibility study of several housing estates. This identified the Grange Farm estate as the highest priority regeneration site within the HRA portfolio. It was built using a non traditional form of construction (Resiform) and the flats are now past their ideal useful life proving difficult both for the council to maintain and for residents to heat.
- 2.3 Appendix 2 of this report gives further details of the estimated costs for the full range of regeneration and building works together with options

for financing and issues around the statutory notices and powers that will need to be relied upon.

## **Options considered:**

Various options were considered when deciding the best use of housing assets and the different ways in which the Council could build new affordable housing. These were considered by Cabinet in June 2013 and a new build Council programme was approved as well as detailed regeneration feasibility studies.

The options considered for the infill programme were:

Option 1, which was approved – the council build and owns new homes developed on existing council estates;  
Option 2 – sites are disposed of on the open market to Registered Providers who build the affordable housing to the Council's specification, to which the Council would then have nomination rights.

For the estate regeneration studies, the following options were considered for each estate: Do nothing, complete redevelopment, potential for additional new homes on underused land and improvement works to existing properties to make them energy efficient. The preferred option for each estate is detailed in the body of the report.

As the Grange Farm Estate makes up the majority of the potential spend referred to in this report it should be noted that initial estimates to retrofit measures to bring the Resiform flats up to a modern standards are £11m, this is not considered to be good value given that the basic building fabric will not be completely renewed.

This report is predicated on the option of retaining as much rented stock within the HRA as possible rather than transferring sites to other Registered Providers (RP's). This approach supports the viability of the HRA which other wise would be at risk from estate disposal in addition to Right to Buy sales.

## **Background**

2.4 The table below summarises the outcomes of the detailed feasibility studies and the recommended future steps.

<b>Estate</b>	<b>Type of development (Subject to Planning, detailed legal, service information etc)</b>	<b>Potential additional new homes</b>	<b>Proposed future</b>	<b>Latest position</b>
Alexandra Avenue	Infill	11 in infill blocks	Infill development potential to be aligned with capital programme	<b>Plans being prepared for infill development, subject to flood risk assessment</b>
Amy Johnson Court	Infill	3 in one small infill block	Infill development potential to be aligned with capital programme works	<b>Plans being prepared for infill development</b>
Brookside Close	Infill	11 (4 bungalows and 7 flats)	Infill development potential to be aligned with capital programme	<b>Plans being prepared for development, subject to flood risk assessment</b>
Grange Farm estate	Complete regeneration driven by need to replace existing homes in the long term	Replacement of existing 260 homes with c433 new homes and replacement community centre	Complete redevelopment once financial model established to support costs	<b>Proposed further work to develop scheme, costings and delivery plan</b>
Hazeldene Drive and Pinner Green flats	3 options considered: Complete regeneration, infill and major improvement of existing housing.	Proposals considered replacement of existing 123 homes with 177 new homes	Further feasibility required for partial redevelopment and comprehensive refurbishment	<b>Planned capital works for 2014/15 to proceed while further analysis of investment needs over next 30 years compared to</b>

				<b>partial redevelopment.</b>
Howards and Deacons Close	Complete regeneration or major improvement of existing homes	Proposals considered replacement of existing 84 homes with 147 new homes	Further feasibility required for complete regeneration with comparison of the costs of this versus comprehensive refurbishment	<b>Planned capital works for 2014/15 to proceed while further analysis of investment needs over next 30 years compared to redevelopment.</b>
Dickson Fold	On hold for the time being pending investigation of complicated legal issues	Not applicable at the moment	On hold pending assessment of legal ownership position	<b>A report is to be presented to Trustees of the land proposing regularisation of the ownership position</b>

### **Grange Farm**

- 2.5 The aspiration of both residents and the council is to undertake a comprehensive redevelopment and regeneration of the estate in which the council retains ownership of the affordable housing. In this respect it will differ significantly from previous regeneration schemes (Rayners Lane, Mill Farm Close) where the council transferred the homes to a housing association who took ownership and responsibility for the regeneration with the council receiving 100% nomination rights to the affordable housing units. The council is now in a different financial position as a result of HRA self-financing and therefore in a position to take forward the regeneration and retain ownership of the replacement affordable housing.
- 2.6 The initial financial feasibility assessment set out in Appendix 2, demonstrates there is a funding gap for this regeneration project. Put simply the estimated cost of rebuilding the estate including for example the buying back of leasehold properties, is more than the estimated income from sale on the open market of the additional homes to be built. This is not an unusual situation – both the Rayners Lane and Mill Farm estates had funding gaps and solutions were found to enable them to proceed. However this will require exploration of a number of options in discussion with residents and other key stakeholders.
- 2.7 The consultation events held on the estate in January and March 2014 were relatively well attended. However only around 30% of residents attended these events so there is much more work to do to engage with the majority of residents. The regeneration of the estate should be a catalyst for engaging and involving more residents in future plans. One

of the first tasks to take forward is to agree with residents how they want to be involved in shaping and deciding on the future for the estate. The proposals for this are set out in the draft Resident Engagement Plan attached at Appendix 1.

2.8 In order to progress the Grange Farm estate regeneration project the following next steps are proposed:

- a) Set up resident meetings and agree Resident Engagement Plan;
- b) Appoint consultant architects to take forward a detailed Planning application for the redevelopment and regeneration;
- c) Develop a 30 year business model which will include more detailed assessment of costs and income and model options for closing the funding gap;
- d) Conduct a survey of all residents to understand the specific rehousing needs of residents so that we can begin with identifying potential decant properties as well as other benefits that would assist the community e.g. training and employment initiatives;
- e) Open discussion with leaseholders over potential repurchase of their flats
- f) Consider options of further land assembly to support improving the overall regeneration and or to assist in bridging the funding gap
- g) Produce decanting plan to enable first blocks to be cleared allowing phase one of rebuilding to commence

2.9 In order to avoid creating additional costs of compensation to tenants, it is proposed that all future lettings at Grange Farm estate are made on the basis of temporary lettings and not secure tenancies. This will in addition help to minimise cost pressures on the homelessness budget.

2.10 In order to produce a viable scheme it should be noted that the regeneration will require incorporating more than just the 25 blocks of Resiform flats. The scheme boundary will need to encompass other property including an area of bungalows built by the council approximately 20 years ago, some of which have been sold. In addition it is proposed that land and buildings owned by other third parties be considered for inclusion. Discussions have already commenced with those landowners to test their willingness to engage and an update is provided in Appendix 2.

2.11 Prior to undertaking the regeneration feasibility work, a major capital improvement was being considered for the Grange Farm estate to replace some bay windows and a pilot scheme was progressed. In view of the intention to now progress a complete regeneration scheme, it would not be prudent to continue with this improvement programme. Whilst the redevelopment plans are being worked up with residents, staff and residents have been advised that the following repair and investment regime will be followed:

*Works to maintain health and safety of residents*  
*Emergency repairs*

*Gas boiler replacements where no effective reliable repair is possible*

*Works to maintain security of blocks*

We will be talking to residents over the next few months about necessary improvements to properties that will wait the longest before redevelopment commences.

## **Infill Developments**

2.12 Feasibility designs for the sites have been completed and the proposed programme is set out below:

<b>Site/Scheme Address</b>	<b>Units</b>	<b>Tenure</b>	<b>Type</b>
Binyon Crescent, Stanmore	2	Affordable Rent (AR)	2 bed bungalows
Chenduit Way, Stanmore	4	AR	4 bed houses
Grove Avenue, Pinner	7	AR	1,2,3 bed flats
Holsworth Close, North Harrow	4	AR	4 bed houses
Alexandra Avenue	11	AR	1,2,3 bed flats
Stuart Avenue, South Harrow	4	AR	3 bed houses
The Heights, Northolt	3	AR	1,2 bed flats
Amy Johnson Court	3	AR	1,2 bed flats
Moelyn Mews or Brookside Close	2	AR	3 bed flats or houses
Allerford Court, North Harrow	3	Shared Ownership (S/O)	3 bed houses
Atherton Place, Harrow	2	S/O	3 bed houses
Pinner Grove	2	S/O	3 bed flats
Stuart Avenue, South Harrow	3	S/O	3 bed houses
<b>Total</b>	<b>50</b>		

2.13 The estimated costs have been reviewed. Based on build prices for similar schemes and reflecting the intention to include a significant proportion of larger family homes, the estimated costs (including fees) of building the first 50 homes are now £8.5m to be funded from a combination of Housing Revenue Account (HRA) capital receipts (including 1-4-1 Right to Buy receipts), HRA reserves, S106 monies, social housing grant. A bid has been submitted to the HRA Growth Fund for additional borrowing of £1.7m to support the programme. Members will be aware that at the present time Harrow is at its HRA borrowing cap and is therefore unable to borrow to fund new development, even though it would be viable and prudent to do so. The HRA Growth Fund presents an opportunity to obtain specific additional borrowing for the building of new homes. The detail of the estimated costs is included in Appendix 2



- 2.14 We are now moving on with the process of appointing architects to take forward Stage D+ design and submission of planning applications, undertaking detailed site surveys and investigations and tendering building contracts. Resident consultation will take place during the design and planning application process. The intention is to achieve start on site on the first new homes in Spring 2015. It should be noted that all of these sites present their own development difficulties and therefore it may be necessary to substitute other sites during the development process.
- 2.15 The feasibility of building homes for outright sale is also being explored on some of the infill sites, not included in the first phase above. Development of a limited number of homes for sale would generate capital receipts to either cross subsidise future new affordable homes development or contribute to the delivery of regeneration schemes.

### **Governance and Engagement**

- 2.16 To facilitate the coherent development of the portfolio of regeneration schemes within Housing Services it is proposed that a Project Board be formed to include the Portfolio Holder, officers working on the projects and representative ward councillors.
- 2.17 At a local level a consultation and engagement plan has been drafted for the Grange Farm regeneration which is attached as Appendix 1 to this report. This will be subject to consultation and agreement with residents and ward councillors.
- 2.18 Appendix 2 to this report identifies a “Buy Back” policy which outlines proposals to repurchase former council properties using a range of capital resources. This is intended to give existing purchasers of former council stock the option of an early exit from the estate as they may wish to repurchase elsewhere before a buoyant housing market reduces their options. Any properties repurchased would be used in the short term as either temporary homeless accommodation or to decant existing Grange Farm residents. A report is proposed for a future cabinet that will explore the option of repurchasing stock more generally as well as rationalising other acquired miscellaneous units. This proposal would not conflict with this approach.
- 2.19 In order to facilitate the delivery of these projects, both infill sites and particularly Grange Farm, there is a need to develop a small project team which initially will require a Project Manager and a Tenant Liaison Officer / Administrator. It is proposed that the team be appointed on fixed term contracts or via the council’s agency arrangements during the course of the summer.

### **Legal Implications**

- 2.20 There are no immediate legal implications generated by this report. However, as the Homes for Harrow programme progresses there will be numerous legal issues to consider such as:

- The process for procuring development partners, where appropriate
- Legal arrangements and commercial agreements which underpin the agreed delivery model to take forward, particularly in relation to the estate regeneration proposals. These may vary from estate to estate;
- The process for moving secure tenants to enable regeneration schemes to commence, consultation with all residents is required and essential for minimising future complications should any resident be resistant to the proposals jointly agreed with the majority of residents;
- The process for acquiring leasehold interests on the regeneration of estates, including Compulsory Purchase Orders.
- At some point in the process of redeveloping the Grange Farm estate, an initial demolition notice, needs to be served on the existing tenants as described in Schedule 5A of the Housing Act 1985.
- If owners of freehold or leasehold properties refuse reasonable offers to repurchase their properties it maybe necessary for the council to use Compulsory Purchase Order (CPO) powers. This can cause delay to the process as well as additional cost and so, if at all possible, this will be avoided, by developing clear communication and engagement with all residents.

## Financial Implications

2.21 Funding for the specific proposals within this report is estimated below

	£,000
Provision of Consultants for a) overall scheme co-ordination and b) Architects for Grange Farm Master Plan	1,000
Potential short term repurchase of former council units at Grange Farm	1,000
Establishment of delivery team to manage projects plus costs of meetings / publicity p.a.	100

The above costs can be met from existing HRA resources

2.22 Taking forward the regeneration of Grange Farm estate will require new funding sources and delivery models as set out in paragraphs 2.5 and 2.6. There are no implications for the Medium Term Financial Strategy (MTFS) as the costs of new build housing in the HRA and housing regeneration will not fall to the General Fund.

2.23 The work to date identifies a range of options for Grange Farm regeneration and the model of costs is greatly influenced by the total number of new units, the number retained and the number sold as well as estimations of sales values. Because these factors together with a number of other design issues will be subject to engagement with residents the final net cost of the scheme can not be given in this report. However, currently there is a forecast deficit which could range from £3.7m to £13.4m. As the scheme design progresses the objective will remain to achieve an outcome which delivers regeneration at no net cost to the council if at all possible, however if necessary HRA balances and or other resources could be used to support the regeneration. Given the cost of retaining the stock and refurbishing it being in the order of £11m

the scheme looks capable of producing a positive contribution to the HRA.

2.24 New affordable homes developed through the HRA contribute to the New Homes Bonus (NHB) but the Council may not directly benefit from this in the future due to recent changes to the way in which NHB is to be distributed. The longer-term future of NHB beyond 2015-16 is currently unknown.

## Performance Issues

2.25 The table below shows the relevant key performance indicator for delivery of new affordable homes. The Homes for Harrow project will contribute positively to performance in this area in the future. Building new affordable homes will provide additional housing options for people in priority housing need and contribute to homelessness prevention and managing the predicted growth in homelessness costs.

2.26 However, in taking forward the regeneration of Grange Farm and finding decant solutions for some of the existing residents there may be a temporary impact on the number of void council properties that will become available for letting to homeless households. Consideration of the impact from this and on the performance indicators relevant to these areas will form part of the next steps proposed in taking the Grange Farm estate regeneration project forward.

2.27 The London Mayor wants all London councils to increase delivery of all housing types to meet the increasing demand for housing in the capital. The overall current annual housing supply monitoring target for Harrow is 350, and the council's policy requirement is that 40% or 140 homes per annum should be provided as affordable subject to financial viability. The Further Alterations to the London Plan propose an increased annual housing supply monitoring target of 593, which would translate to an annual affordable housing requirement of 237 homes. The Homes for Harrow programme will contribute significantly to achievement of these targets.

Performance Indicator	Q4 2013/14 Target	Q4 2013/14 Actual	2014/15 Target	Red Amber Green
Number of affordable homes delivered (gross)	95	95	171	Green at year end 2013/14 and predicted green for 2014/5.

## **Environmental Impact**

2.28 The Homes for Harrow programme will have a positive impact and contribute to the Council's Climate Change Strategy and Delivering Warmer Homes strategy through:

- Improving energy efficiency and reducing CO2 in the Council's housing stock.
- New affordable homes will be required to achieve a minimum of level 4 of the Sustainable Building Code.

2.29 Other environmental improvements often included in new housing developments or retrofitting of existing social housing include: provision of green roofs, solar thermal hot water systems to meet the target for use of renewable resources and resulting reduction in CO2 emissions, improved biodiversity as a result of increased tree planting and landscaped communal open spaces, provision of Sustainable Urban Drainage Systems, and green travel plans to encourage use of public transport and walking. Where possible, we will endeavour to recycle demolition material recognising this may be limited due to the construction type of some properties.

## **Risk Management Implications**

Risk included on Directorate risk register? Yes

Separate risk register in place? No risk registers are being developed for each scheme

This report asks that the council commits further funds for development of the options to build new council housing and replace the poor accommodation currently at Grange Farm. While the Grange Farm costs in themselves are substantial by achieving planning consent for redevelopment the site value is increased even if the council does not decide to proceed to complete the development itself.

## **Equalities implications**

Was an Equality Impact Assessment carried out? The Housing Strategy EQIA, completed in 2013, informed the development and adoption of the key objectives which underpin the Housing Business Plan. The provision of additional housing options through the development of additional affordable housing has an overall positive impact on a number of protected characteristics.

A specific EQIA will be carried out for the Grange Farm regeneration project (and any subsequent regeneration projects). The completion of the Housing Needs survey will provide the detailed evidence to underpin the EQIA and it will be developed with residents as part of the Resident Engagement Strategy.

## Council Priorities

The Homes for Harrow programme will contribute positively to the Council's vision for Harrow Working Together to Make a Difference for Harrow and the Council's priorities in the following ways:

1. Making a difference for the vulnerable – building a range of new affordable homes including homes for those who are most in need.
2. Making a difference for communities – This work provides an opportunity to involve and engage both residents on estates and from the wider community in the development of new homes, the replacement of poor housing and improvements to the external environment.
3. Making a difference for local businesses – The procurement of contractors for the infill development programme provides an opportunity to encourage and support local, small to medium sized contractors in tendering for the work.
4. Making a difference for families – building a range of new affordable homes with a significant proportion aimed at larger families and improving the worst social housing in Harrow. Other benefits flowing from these development programmes include the creation of apprenticeships, jobs and training opportunities to help those most in need, especially the young.

## Section 3 - Statutory Officer Clearance

Name: Dave Roberts	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 19 June 2014		
Name: Ian Goldsmith	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 4 July 2014		

## Section 4 – Performance Officer Clearance

Name: Jonathan Kilworth	<input checked="" type="checkbox"/>	on behalf of the Divisional Director Strategic Commissioning
Date: 20 June 2014		

## Section 5 – Environmental Impact Officer Clearance

Name: Hanif Islam	<input checked="" type="checkbox"/>	on behalf of the Corporate Director (Environment & Enterprise)
Date: 20 June 2014		

<b>Ward Councillors notified:</b>	Yes
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## Section 6 - Contact Details and Background Papers

**Contact:** Alison Pegg, Housing Partnerships and Strategy Manager, 020 8424 1933 [alison.pegg@harrow.gov.uk](mailto:alison.pegg@harrow.gov.uk) or Paul Mullins, Interim Senior Project Manager, 020 8420 9680 [paul.mullins@harrow.gov.uk](mailto:paul.mullins@harrow.gov.uk)

### Background Papers:

Cabinet report 20 June 2013, Housing Business Plan 2013, consultation draft Asset Management Strategy, Proposals for a future Affordable Housing Programme, and Proposed Grants to Move scheme

<http://www.harrow.gov.uk/www2/documents/g61429/Public%20reports%20pack%20Thursday%2020-Jun-2013%2018.30%20Cabinet.pdf?T=10>

Cabinet report 10 April 2014 Affordable Housing Programme Update

<http://www.harrow.gov.uk/www2/documents/g61438/Public%20reports%20pack%20Thursday%2010-Apr-2014%2018.30%20Cabinet.pdf?T=10>

**Call-In Waived by the  
Chairman of Overview  
and Scrutiny  
Committee**

**NOT APPLICABLE**

*[Call-in applies]*