

Meeting:	Cabinet
Date:	14 February 2008
Subject:	Mill Farm Close Regeneration Proposal
Key Decision:	No
Responsible Officer:	Gwyneth Allen, Divisional Director Adults and Housing Services
Portfolio Holder:	Cllr Camilla Bath, Portfolio Holder for Housing
Exempt:	No
Enclosures:	Draft Consultants report

Section 1 – Summary and Recommendations

This report sets out proposals to improve and regenerate the Mill Farm estate, Pinner following an options appraisal carried out with residents from May – September 2007.

Recommendations:

Cabinet is requested to:

1. Authorise officers to progress a comprehensive redevelopment proposal for the Mill Farm estate along the principles set out in Option 3 by formally inviting Registered Social Landlords to submit proposals on a competitive basis for consideration and assessment by Members, officers and local residents;
2. Agree that a resident steering group be set up to work with the Council in taking this project forward and that reports on progress be submitted to the Tenant and Leaseholder Consultative forum.

Reason: To enable a comprehensive improvement of the Mill Farm estate to meet and exceed Decent Home standards and provide a better mix of housing to meet existing and future residents needs.

Section 2 – Report

2.1 Introductory paragraph

The council must ensure all its homes meet the Decent Homes standards by 2010. The HRA Business Plan must have a robust asset management strategy for managing its properties over a 30 year period. This report puts forward a proposal to meet these objectives for the Mill Farm estate, Pinner. It therefore aims to improve care for adults and children who most need our help in line with the Council's corporate priority 5.

2.2 Options considered

The option appraisal has considered a range of options to improve the Mill Farm estate as follows:

Option 1 – Refurbishment of existing housing and building of around 30 new homes on vacant land. An allowance has also been made for some environmental improvements including the provision of children's play areas.

Option 2 – Refurbishment of some existing homes, demolition of some existing flats and replacement with around 110 new homes of which 26 would be replacement social housing. There would be an estimated net gain of 77 homes.

Option 3 – Redevelopment of the estate except for Miller Close and Rickmansworth Road, which would receive Decent Homes refurbishments where needed to meet the 2010 target. It would involve the demolition of all the flats in Mill Farm Close and new build housing to provide 86 replacement social rented homes and between 111 and 115 other new homes for sale. There would be an estimated net gain of 87 – 91 homes. In this option it is assumed that the land would be transferred to a housing association and all the new properties would be built and owned by the housing association.

Option 4 – Redevelopment of the estate including Miller Close and Rickmansworth Road. All existing properties would be demolished and replaced with 103 replacement social rented homes and between 164 and 168 new homes for sale. There would be an estimated net gain of 122 new homes. In this option it is assumed that the land would be transferred to a housing association and all the new properties would be built and owned by the housing association.

2.3 Background

2.3.1 Consultants were commissioned to undertake a full options appraisal of the Mill Farm estate in May 2007. As this is an estate based project residents have been involved fully in working up the options with the Council and the consultants.

2.3.2 4 (including two variant sub options) different design options have been worked up with residents, and then costed. The consultants have then considered the funding options available for each and the likelihood of them being funded.

- 2.3.3 A specialist structural engineer has carried out an initial structural survey of Mill Farm Close. This survey concluded there were no major structural problems with the blocks commonly associated with this type of construction. However there are various structural repairs that do need to be undertaken and there are additional works over and above Decent Homes works, for example external insulation that would be recommended to ensure maximum life expectancy for the buildings and to provide modern quality homes.
- 2.3.4 Where the options include additional new housing, it has been assumed the estate would be sold to a Housing Association and the additional new housing would be built and owned by a housing association.
- 2.3.5 Where the options involve demolition of existing homes occupied by leaseholders, an allowance for buying back these properties and offering a shared ownership option to resident leaseholders has been assumed.
- 2.3.6 All of the options assume an increased amount of housing on the estate and it is this that brings funding income. The redevelopment options require a substantial increase in the amount of homes. Planning have advised there is a valid argument to be made in support of increasing the number of homes on the site.

2.3.7 Consultation

Consultations with residents on this project has taken place as follows:

1. Open meeting to residents to explain process	March 07
2. Selection of consultants (residents involved)	May 07
3. Newsletter to residents	May 07
4. Estate walkabout with residents (evening)	July 07
5. Open meeting/drop in to present initial design options	August 07
6. Consultation with officers internally (including planning)	August 07
7. Presentation of final costed options to residents (Drop in event running over 3 days including a Saturday)	Sept 07
8. Meeting with leaseholders	Sept 07
9 Newsletter to residents	Jan 2008

There has been good attendance at the various meetings and drop in events. At the Saturday drop in event around 50 people representing 45 households attended. This is approximately 30 % of the total homes on the estate, which is generally agreed as a good level of consultation.

2.3.8 Preferred Option

The design options and estimated costs and funding implications were presented to residents during the consultation events in September 2007. Residents were asked to comment on their preferred option. 52 residents responded. The preferences were as follows:

Option 1	6 in favour (12%)
Option 2	3 in favour (6%)
Option 3a/b	26 in favour (50%)

Option 4a/b 14 in favour (27%)
Not clear 3 (5%)

2.3.9 Clearly most residents at this stage would prefer to consider a full redevelopment option for their estate even if this might mean transferring the estate to a housing association. The consultants report attached at Appendix A confirms that a redevelopment option involving the transfer of the estate to a housing association would be the best solution for comprehensively improving the estate whilst minimising the financial costs to the Council.

2.3.10 Recommendation

As residents are in favour of option 3a/b, a redevelopment proposal for the Mill Farm estate along the principles set out in Option 3 is recommended for progression by formally inviting Registered Social Landlords (also known as housing associations) to submit proposals for consideration and assessment by Members, officers and local residents.

That a resident steering group be set up to work with the Council in inviting and assessing the proposals and that reports on progress be submitted to the Tenant and Leaseholder Consultative forum. The resident group would include both tenant and leaseholder representatives as well as representatives from the Pinner Hill Tenant and Resident Association and representatives from the local youth group.

A further report will be made to Cabinet once proposals have been received and evaluated.

2.3.11 Risks

- Housing associations are not interested in putting forward proposals for redeveloping the estate. This is unlikely to occur since this is core business for many housing associations.
- That the funding gap may not be reduced – a competitive selection process will provide opportunity to negotiate a scheme that will reduce the funding gap.
- That planning permission will not be obtained for the required increase in homes – early discussions with planning colleagues have indicated an increase in homes would be acceptable
- That the majority of tenants may not be in favour of transferring to a housing association – further consultation is already underway to explain the full implications of a stock transfer. Residents must be involved in the decision making process about the future of their estate so that they are able to properly assess the benefits.

2.3.12 Equalities Impact

In response to the recent reports by the CRE on the outcome of regeneration on ethnic minority communities, a full Equality Impact Assessment will be undertaken on the proposals.

2.3.13 Legal comments

Any disposal of land held for housing purposes would be under the provisions of Section 32 and 43 of the Housing Act 1985 and would require the consent of the Secretary of State. Existing tenants would have their Right to Buy preserved as specified in the Act.

A transfer of tenanted properties can only take place following a ballot of tenants. A majority of those who vote must be in favour of the transfer for it to proceed. It is good practice to also conduct a ballot of leaseholders and this would be undertaken if a decision is taken to proceed with a transfer of the estate.

3. Financial Implications

- 3.1 All of the options have been costed and funding sources considered. All of the options have a funding gap after allowing for income received from the sale of any new homes. The table included in the Appendix at paragraph 4.1.1 pg 16, sets out the broad financial assumptions and estimated net costs of each option.
- 3.2 For options 1 and 2 there is a net cost (funding gap) of around £2.1m. A provisional Decent Homes budget allocation of £1m exists for the Mill Farm estate but this is being reviewed due to other budget pressures on the HRA capital programme. There is no additional funding available to meet the funding gap as the budget is fully allocated to meet other Decent Homes and urgent health and safety works.
- 3.2 For options 3 and 4 there is a net cost (funding gap) between £5m - £8m. There are a number of funding solutions to bridge this gap, for example stock transfer, PFI, redevelopment by the Council using a separate vehicle.
- 3.3 Stock transfer – whereby following a competitive selection process there is a sale of a tenanted estate to a housing association usually at nil value – is generally the most cost effective and least risky to implement and resolve the funding gap, provided the majority of residents want to consider it. There is already a comparable example of this in Harrow when the Rayners Lane estate was sold to Home Group. Through the competitive process an estimated funding gap of c£20m was reduced and the Council did not have to provide any additional finance for the regeneration of Rayners Lane.
- 3.3 The consultants have considered the potential for PFI or other delivery vehicle. They consider the estate too small to be economically viable for either option.
- 3.4 The HRA Business Plan assumed that removal of Mill Farm Close from the HRA in 2009-10 would not generate any capital receipt or transfer costs to the HRA. It assumed that all dwelling income would be lost, that there would be no savings in management and service costs. There would be some savings on the revenue and capital repairs on the basis of the assumed average unit costs.

- 3.5 The impact of the transfer is assumed to result in the HRA operating account balance falling in year 10 and pushing it below the required minimum in year 28 instead of year 30. It will also result in increasing the capital shortfall by almost £4m over 30 years and will have the effect of bringing forward the year of capital shortfall to year 10 instead of 11.
- 3.6 A budget for progressing this project has been identified within the existing HRA capital budgets. A provisional sum of £50,000 has been agreed to cover the consultancy and consultation costs of this project.

Performance Issues

BVPI 184(a) and (b) measure performance against the government target that all social housing should meet the Decent Home standard by 2010. They form part of the CPA block for Council housing and are affected by this proposal.

BVPI 184 (a)	The CPA lower threshold is:	47%
The proportion of homes that are non decent at the 1 April each year	The CPA upper threshold is:	16%
	Harrow as at the end of Q3:	61%
	Target for the year end is:	38.5%
 BVPI (b)	 The CPA lower threshold is:	 3.5%
The percentage change in the percentage of non decent homes	The CPA upper threshold is:	28.3%
	Harrow as at the end of Q3:	11%
	Target for the year end is:	38%

Both targets are underperforming with the first in the red CPA band and the second in the amber band. BVPI 184(a), which has been calculated against the Harrow standard, is fixed as at the start of the year. As at 1 April 2007, 72% of the stock was classed as non decent using the Harrow standard. This represents 3,068 properties out of a stock of 5,076. Mill Farm (86 rented properties) represents 1.7% of the stock. A re-calculation of the numbers, in accordance with the government standard, show the level of non decency will shift from red to amber as only 22% of Harrow's properties fail the government's standard.

The properties on the Mill Farm estate do not meet the Decent Homes standard and the Council does not have sufficient budget to bring them up to the necessary standards. The proposed comprehensive redevelopment proposal will enable the Decent Homes standard for this estate to be met and assist the Council in meeting the target that 0% of properties fail the government standard by end March 2010 thus avoiding any negative impact on the Council's overall CPA score. If necessary it would be possible to get an extension of time to the 2010 target for properties undergoing comprehensive redevelopment to achieve enhanced standards and create a longer term positive impact.

Section 3 - Statutory Officer Clearance

Name: ...Donna Edwards.....	<input checked="" type="checkbox"/>	on behalf of the* Chief Financial Officer
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Date:24 January 2008..

Name: Ade Amisu..... on behalf of the*
Monitoring Officer

Date: 24 January 2008.....

Section 4 – Performance Officer Clearance

Name:.....Tom Whiting..... Divisional Director
(Strategy and
Improvement)

Section 5 - Contact Details and Background Papers

Contact: Alison Pegg, Housing Enabling Manager, 020 8424 1933

Background Papers: Draft consultants report, Information provided at the public consultation events