

# HAYES REGENERATION: OPTIONS APPRAISAL REPORT

<b>Cabinet Member(s)</b>	Councillor Sir Ray Puddifoot MBE Councillor Jonathan Bianco Councillor Phillip Corthorne
<b>Cabinet Portfolio(s)</b>	Leader of the Council Finance, Property and Business Services Housing & The Environment
<b>Officer Contact(s)</b>	Perry Scott, Residents Services Daniel Kennedy, Residents Services
<b>Papers with report</b>	1. Savills' Option Appraisal Report for Austin Road Estate: Oct 2020 2. Savills' Option Appraisal Report for Avondale Drive: Oct 2020 3. Red line plan of the Austin Road Estate Red line plan of the Avondale Estate

## HEADLINES

<b>Summary</b>	This report seeks Cabinet approval to move forward with a new build redevelopment option for Austin Road and Avondale Drive Estates, in consultation with residents and subject to a resident ballot, as recommended in the Options Appraisal Report.
<b>Putting our Residents First</b>	This report supports the following Council objectives: <ul style="list-style-type: none"><li>• <i>Our People</i></li><li>• <i>Our Built Environment and</i></li><li>• <i>Strong financial management.</i></li></ul>
<b>Financial Cost</b>	The financial cost to the Council of this decision will be approximately £556k (£505k plus 10 % contingency of £51k).
<b>Relevant Policy Overview Committee</b>	Residents, Education & Environmental Services Social Care, Housing and Public Health
<b>Relevant Ward(s)</b>	Townfield

## RECOMMENDATIONS

### **That the Cabinet:**

- 1. Approves the proposal to undertake further design work on a new build option for the redevelopment of the estates, in consultation with residents.**
- 2. Approves that a residents ballot should be undertaken in relation to the proposals once they have been finalised.**
- 3. Approves all necessary expenditure leading up to the residents' ballot including architectural fees and surveys and the appointment of an Independent Tenant and Leaseholder Advisor.**
- 4. Grants delegated authority to the Leader of the Council, the Cabinet Members for Finance Property and Business Services and Housing and the Environment, in consultation with the Director of Infrastructure, Procurement, Business Improvement, Communications, Waste Services & ICT, to make all necessary decisions in the lead up to the residents ballot including agreeing the final Landlord offer which is to be the subject of the ballot.**
- 5. Agrees to receive a further report on the next steps if the outcome of the ballot is positive.**

### **Reasons for recommendation**

Approval of these recommendations would enable the Council to move forward with developing the preferred option for the estates.

This is in line with the Council's objectives in terms of addressing concerns about the quality and longevity of the homes, delivering excellent resident engagement, maximising the opportunities to provide new high quality housing, including affordable housing, in the Borough and enhancing place-making around Hayes town centre.

### **Alternative options considered / risk management**

The alternative options are set out in the Options Appraisal Reports at appendix 1 and 2

The decision set out here is to work up proposals for redevelopment and test resident support for these through a GLA compliant ballot. The Council will not be committed to carry out the redevelopment until the delivery structure is agreed and a developer partner secured.

Therefore, the primary risks of the decision set out in this report are those associated with a potential failure to achieve resident support for the redevelopment proposals. In this event, there would be a significant abortive cost although a proportion of the work done to date would still be relevant to any future planning for the estate. The risk is being mitigated by involving residents in drawing up the design and housing offer proposals to reduce the likelihood of the council issuing a Landlord offer that is unpopular with the majority of residents.

As part of this there is a risk of lack of resident participation in the next stage, particularly in the light of changing covid measures, and the mitigation for this involves the commissioning of a specialist resident consultation consultancy and readiness to adopt alternative methods of communication such as digital options.

The detailed risk to the Council in committing to the redevelopment proposals will be examined in a future Cabinet paper, once the full financial position is clear and the partner secured. Until contract close there will be risk around some of the financial assumptions on GLA funding and ability to cross subsidise the affordable housing through receipts from the private sales. However, the Council is regularly updating its assumptions and possible mitigation measures with advice from its consultant Savills.

### **Democratic compliance / previous authority**

In March 2016, in respect of the Housing Zone project, Cabinet granted delegated authority to the Leader and Cabinet Members to:

- a) agree any revisions to the Housing Zone schemes as the project develops,
- b) make all necessary decisions in relation to implementing the Housing Zone project, including entering into any agreements on behalf of the Council and all related policy, project, property, procurement and financial decisions where constitutional democratic authority is required from the Project Board.

Whilst some relevant previous delegated authority exists, the Leader and Cabinet Members can constitutionally refer such matters to the Cabinet to determine, particularly if they are of a significant nature and for additional public transparency in decision-making, of which Cabinet would be the relevant body.

### **Policy Overview Committee comments**

None at this stage.

## **SUPPORTING INFORMATION**

### **Background**

Austin Road estate consists of 260 homes including 78 leasehold properties built in the 1970s consisting of medium rise flats and maisonettes with a high-rise point block of 15 storeys, made up of a mixture of 1,2 and 3 bedroom homes.

Avondale Drive estate contains 144 homes, of which 27 are leasehold properties. The estate consists of three 'system built' 12 storey point blocks constructed in the late 1960s and all flats are two bedroomed.

In response to concerns raised by residents about building condition and anti-social behaviour on these estates the Council is exploring ways to improve the standard of residential provision for current residents on the Avondale Drive and Austin Road estates in Hayes.

At the same time the Council would like to examine the opportunity to deliver additional housing supply and a high quality public realm, which is in line with its planning policies for Hayes town centre, the Hayes Housing Zone and the Borough generally.

The Council is committed to undertaking this work in line with Greater London Authority (GLA) and Ministry of Housing, Communities and Local Government (MHCLG) good practice guidance and to that end, the Council has undertaken a formal Options Appraisal exercise to look at the potential options that would achieve the objectives above. This compares the options to retain and maintain the stock with the option of complete redevelopment.

The Council has commissioned Savills to advise on the methodology for this assessment along with resident consultation specialists to ensure excellent community engagement as part of the process.

To inform the Options Appraisal a baseline assessment of the current stock performance has been undertaken and a high-level preliminary assessment of the potential for a new build development on the sites.

As set out in detail below the Council has also undertaken resident consultation on the key problem issues on the estate and indicative support for either a retain and maintain or redevelopment option.

Officers have also carried out preliminary work on the re-housing offer to residents in the event that they have to move to enable an option, in line with current housing policies including the Social Housing Allocations Policy October 2020.

## **Proposal**

Following the recommendations in the Options Appraisal Report the proposal is to move forward with developing a redevelopment option for the estate, in close consultation with residents and in line with GLA good practice.

The next stage will be for the Council to work with architects and residents to develop design proposals for a redevelopment option. This would take place over a 4 month period and this consultation would involve design workshops with residents and exhibitions. There would also be alternative methods available to consult differently in response to any Covid 19 requirements.

At the same time the council will consult with residents on a 'Residents Charter' that will set out the key commitments on re-housing for all residents.

The Council will also commission an Independent Tenant and Leaseholder Advisor to provide residents with independent advice over this period and an 'Independent Body' to oversee a residents' ballot.

Residents will then be able to vote for or against the final redevelopment proposals, in line with GLA guidance..

This is expected to take place at the end of March 2021.

## **Delivery model for the new build option in the event of a yes vote**

New build proposals will need to consist of a mixture of tenures to comply with Hillingdon Council and GLA planning requirements and to ensure the viability of the scheme. This means that, above the re-provision of the existing council homes, any additional homes will be a mixture of affordable homes and homes for sale.

Should residents vote in favour of the proposals, the Council intends to seek a development partner with suitable skills and experience to help the Council deliver this type of mixed tenure scheme on this scale. The final choice of delivery structure will be the subject of a further report to Cabinet post-ballot but based on initial feasibility work the working assumption is that this will be through a partnership such as a 50/50 joint venture.

## **Procurement of a development partner**

Should residents vote in favour of redevelopment, the Council will secure their partner through the most suitable OJEU compliant competitive route, to be agreed at a later date following specialist procurement advice.

## **GLA funding**

A new build solution that delivers the resident re-housing principles below plus additional affordable housing on site is only viable due to the availability of GLA grant funding for these types of projects. The GLA is supportive of the scheme in principle and although the Council does not have a confirmed allocation GLA officers have indicated that this project is likely to fit the criteria for the next round of Building Council Homes for Londoners (BCHfL) funding when the prospectus is published in November 2020. A positive resident ballot is a pre-condition of funding.

## **Assumptions on rehousing for residents**

The Council will work with residents on a 'Residents Charter' in line with good practice that will set out the Council's detailed commitments on re-housing and compensation. This will form part of the Landlord Offer on which residents will vote.

Re-housing plans will aim to minimise disruption to residents by undertaking the redevelopment in phases to allow as many residents as possible to have a one move decant. All council tenants will be offered suitable alternative accommodation. Existing secure council tenants will be able to remain council tenants, unless they choose otherwise.

If there is a yes vote the Council will start discussions to acquire all leasehold property by agreement. Resident leaseholders will be offered a fair deal, including affordable options to help them buy a new home on the estate if required. If necessary, the Council will consider promoting a Compulsory Purchase Order as a fall back so that it can be sure it can achieve vacant possession and deliver the redevelopment for residents..

All residents, leaseholders and tenants, will also have access to an Independent Tenant and Leaseholder Advisor.

Although the Council intends to ensure that existing Council secure tenants will have the right to return, there is an opportunity to take advantage of the relatively large numbers of affordable homes coming available in Hayes in the next 18 months to enable residents to choose to move earlier to suitable alternative accommodation off-site. This is one reason that it is important that momentum is maintained on the project.

### **Headline requirements for a GLA compliant ballot**

The GLA's detailed requirements for a resident ballot are set out in their publications "Better Homes for Local People: The Mayor's good practice guide to estate regeneration" and the "Capital Funding Guide, Section 8". A link to these documents can be found in the background papers section of this report. Key headlines from that guidance are set out below.

#### *Landlord offer*

Residents should be asked to vote on the Council's 'Landlord Offer' which should be sent out in advance of the ballot paper. It should contain; the broad vision including information on the design principles, estimated overall number of new homes, future tenure mix and proposed social infrastructure. It should also contain the right to return for social tenants, details of the offer to leaseholders and commitments to ongoing engagement.

#### *Arrangements for the ballot*

The Council is obliged to appoint an 'Independent Body' (IB) to undertake the ballot and they must; review the arrangements for voter registration, undertake and oversee the distribution of the landlord offer, advise on the form of the ballot question and ensure votes cast are recorded and counted accurately. There is no minimum turnout and voters must be given at least 21 days in which to cast their vote.

#### *Voter eligibility*

The following residents are eligible; social tenants (of the council or a registered provider) named as a tenant on a tenancy agreement, resident leaseholders or freeholders who have been living in their properties as their principal home for at least one year prior to the date the landlord offer is published and residents living on the estate who have been on the local authority's Housing Register for at least one year prior to the date the landlord offer is published.

### **Financial Implications**

This report seeks Cabinet authority to progress the redevelopment of Austin Road and Avondale estates with any financial implications contained within the Council's Housing Revenue Account (HRA). If Cabinet approves the progression of the scheme as outlined in the report the initial financial implication is the commitment of further expenditure necessary to take the scheme to a residents' ballot. The required expenditure between October 2020 Cabinet and ballot is estimated to be £556k (£505k plus 10% contingency of £51k) - the largest component of this overall projected fee budget is just over £180k for architectural fees and surveys to allow for extensive design work with residents, but it also covers the appointment of an 'Independent Tenants' and Leaseholders' Advisor' (ITLA) to support residents, the commissioning of an 'Independent Body'

(IB) under the GLA ballot guidance to ensure a compliant ballot, plus on-going viability work and legal advice.

The cost of the previously approved preparation work and options appraisal exercise is £82k and including the £556k expenditure committed by this report results in a total cost in 2020/21 of £638k, assuming a ballot is undertaken before the end of March 2021. There is sufficient budget within the existing 2020/21 HRA revenue development and risk contingency budget to fund these costs.

There is a risk that this expenditure to ballot will be largely abortive cost should there be a 'no' vote. However, demonstrating progress toward a scheme supported by residents will help to secure the GLA funding which is likely to be a key element in the financial viability of the project.

The context to the wider business case is included within the attached option appraisals. These note that both estates currently have a negative impact on the financial sustainability of the HRA with significant investment required in the near future to address stock conditions and other issues. The long-term viability of the stock is poor and it does not compare well when benchmarked across London boroughs which is demonstrated by the negative Net Present Value (NPV) measures calculated to show the impact on the HRA 30 year business plan which are shown below in Table 1. The redevelopment provides an opportunity to address these issues, maintaining rental income and generating additional homes alongside the wider benefits that come from estate regeneration.

**Table 1 - Savills Stock Performance Benchmarks**

Measure	London Benchmark	Austin Road	Avondale Drive
30 year NPV	£30,740	-£5,183	-£576
30 Year Investment Need (per unit)	£30,160	£57,631	£59,726

The decisions taken through this report will allow the Council to move forward with developing the preferred option for the estates which will include the development of a full financial business case, funding solution and recommended delivery model. In conjunction with Savills work has been undertaken on the financial feasibility of the project under a number of different scenarios. The working assumption following on from this is that the project would be delivered on a partnership basis such as a 50/50 joint venture and the outline business case for the new build option has been based on this assumption. While Council's HRA has significant borrowing capacity and financial resilience a partnership delivery model would allow the Council to retain borrowing capacity for other projects, the ability to respond to future legislative and housing standards requirements and assist in mitigating some of the risks associated with this long-term project.

As noted elsewhere in the report the decisions set out here are to progress the proposals for redevelopment and test resident support. The decision to commit to the redevelopment including the full business case and risks to the Council will be the subject of a future Cabinet paper should the ballot indicate support for the redevelopment. However, with reference to the initial feasibility work the council is regularly updating its assumptions and possible mitigation measures including changes in the wider economic climate and funding availability, with advice from its consultant Savills.

## RESIDENT BENEFIT & CONSULTATION

### **The benefit or impact upon Hillingdon residents, service users and communities?**

In terms of context, Council analysis shows that Townfield ward has the highest number of people who live in deprived households in Hillingdon, accounting for 22% compared to the Borough average of 14%.

In addition, the national Indices of Multiple Deprivation (IMD) 2019, which show local measures of deprivation and indicates where each Lower Super Output Area (LSOA) is ranked in relation to other areas, shows that the estates include LSOAs that are subject to higher barriers to housing and services and more income deprivation, compared to Hillingdon as a whole.

Should it proceed, the redevelopment option will provide positive opportunities for existing residents and the wider community including those with 'protected characteristics'. This is because it provides more affordable homes of a higher quality that are safer, more accessible and more fuel efficient and sustainable and therefore have the potential to help reduce fuel poverty and improve the quality of life for people of all ages and backgrounds. The new homes will be an opportunity to 'design out crime', therefore improving community safety in Hayes. They will also be an opportunity to build new homes to modern accessibility standards such that those with disabilities will be able to benefit from more appropriate and adaptable homes in terms of level access, wheelchair accessibility etc.

Often the process of regeneration is a catalyst for action in the community that builds on existing strengths and encourages inclusion, community cohesion and fosters good relations between those with protected characteristics and those without. It also allows existing residents to benefit from additional social value aspects such as training and employment opportunities.

The Council is also aware that if the redevelopment proceeds it may have some short-term adverse impacts on certain groups for instance older or more vulnerable groups. The disruption of moving home can cause anxiety for vulnerable groups, particularly if they have lived in their home for many years. To mitigate this, in addition to providing financial compensation and arranging removals, the Council will provide an additional comprehensive package of support to assist vulnerable tenants such as packing and unpacking services, help with moving utilities and physical adaptations to the new homes where needed. The Council will also try to arrange moves with neighbours where they provide informal support where requested. The aim is to make moving as stress free as possible and this will be a commitment under the 'Residents Charter' drawn up with residents.

In line with our duties under the Equality Act 2010, an Equality Impact Assessment will be undertaken in advance of the ballot, once the proposals are more fully formed in terms of design and Landlord offer.

## **Consultation carried out or required**

### *Resident consultation*

In preparing this report the Council commissioned specialist communications consultants to draw up a Consultation Plan to ensure that residents' feedback could inform the decision on the preferred option and beyond.

The first step was to undertake a resident survey to establish housing needs on the estate and residents' top priority concerns. All residents were alerted to the telephone survey in advance by letter and encouraged to send in contact details if they were not already held, enabling responses from council tenants, resident leaseholders and any housing association tenants living in leasehold properties. Leaseholder landlords were also informed that the survey was taking place.

The survey was carried out between late July and late September primarily by phone in the light of Covid 19 concerns but residents who preferred to complete the survey in person were given the opportunity to do so at drop in sessions on the estates on 8<sup>th</sup> and 22<sup>nd</sup> August.

Consideration was given to potential barriers to engagement, for instance translation services were available if this was found to be needed. In the event, residents generally involved family members or friends if they felt that it would help communication. Residents were also invited to indicate the best time to reach them. As a result, surveys were carried out in the early evening as well as the daytime if this suited residents better.

In terms of participation on Austin Road, 171 surveys were returned from 260 households and on Avondale Drive 105 surveys were returned from 144 households. These were from a mixture of residents reflecting the different tenures, i.e. resident leaseholders, housing association tenants and private tenants were all represented as well as council tenants.

For the Austin Road Estate the output from the analysis suggested that residents liked the location of the estate and being near amenities.

However, there was a strong alignment of views on the problems with the estate and the top priorities were antisocial behaviour, crime and safety with additional concerns around estate maintenance and the cleanliness of the estate.

For the Avondale Estate the output from the analysis suggested that residents valued the quiet location and proximity to amenities. The priority concerns were around antisocial behaviour, particularly in the circulation spaces in the building, crime around the blocks, some overcrowding, lack of defined amenity space, smells, parking, refuse and various stock condition issues.

The Council then made contact with the resident representatives to alert them to present high-level findings and to ask for their thoughts on maximising participation in the next stage.

For the second stage of the initial consultation, on Saturday 26<sup>th</sup> September, Tuesday 29<sup>th</sup> September and Saturday 3<sup>rd</sup> October 2020 exhibitions were held on each estate to play back the headline issues from the survey responses and to explore with residents the possible options for overcoming the problems, with a view to gaining a better understanding of resident support for either retain and maintain or redevelopment.

The architects designed graphics to demonstrate the issues and were on hand to answer residents' questions along with housing management staff who could answer re-housing questions.

Due to covid restrictions these sessions on Austin Road were by appointment and held outdoors and so the uptake was not as high as for the survey however 62 households attended with 61 completing a feedback form, albeit with some residents omitting to answer all of the questions.

In terms of feedback, of the 59 respondents, 49 felt that a retain and maintain option would not successfully solve the issues on the estate, with 7 thinking it possible and 2 unsure. When asked if a new build option could solve the problems on the estate 53 agreed that it would, with 3 disagreeing and 3 unsure.

This would indicate that the majority of residents who attended support the proposal that the Council further explore the option of redevelopment in collaboration with residents, subject to there being a ballot on the final proposals.

Following the advice of residents' representatives of Avondale Drive estate, and the opportunity for an outdoor consultation event to be more easily managed in accordance with social distancing guidelines, the second consultation on this estate was held as a drop-in.

On the Avondale Estate, 38 households attended and of these 37 returned a feedback form, 26% of the total number of homes on the estate.

In terms of feedback, of the 37 respondents, 28 felt that a retain and maintain option would not successfully solve the issues on the estate, with 6 thinking it possible and 2 unsure. When asked if a new build option could solve the problems on the estate 33 agreed that it would, with 2 disagreeing and 1 unsure.

This would indicate that the majority of residents who attended support the proposal that the Council further explore the option of redevelopment in collaboration with residents, subject to there being a ballot on the final proposals.

In line with good practice, further resident consultation will be required, should Cabinet approve this report, in the lead up to the ballot, through the ballot period and beyond.

The immediate priority will be to involve residents in developing an indicative design and to work with the resident representatives on a 'Residents Charter' setting out the Council's commitments to residents required to move.

For ongoing consultation, consideration will be given to potential barriers to engagement for protected groups, for instance translation services will be available where needed and consideration will be given to the demographics before newer, technology based, consultation

methods are adopted. Consideration will be given to the timing and location of consultation events to allow all groups to participate - for instance for those childcare responsibilities, mobility issues or non-standard working hours.

### *Consultation with other stakeholders*

Local Ward Councillors were notified about the events and provided valuable feedback on how this should take place. They will continue to be consulted should the recommendations of this report be approved.

As part of the next stage, there will be consultation with a wider range of stakeholders to help develop the design with residents and this will include the planning department and the police.

## **CORPORATE CONSIDERATIONS**

### **Corporate Finance**

Corporate Finance has reviewed this report and concurs with the financial implications outlined above, noting that regeneration proposals for the Austin Road and Avondale estates are intended to both improve standards of residential provision and strengthen the financial viability of the Council's Housing Revenue Account. Initial costs associated with progressing these schemes to ballot stage set out within this report are to be contained within existing budgets.

Subject to a successful ballot, the Council will proceed to develop a full financial business case, funding strategy and recommended delivery model - including the identification of suitable development partners should a partnership model be deemed the best approach. At that stage, financial implications arising from the redevelopment will be considered in full and impacts on the 30 Year Business Plan assessed.

### **Legal**

The GLA issued a Capital Funding Guide in July 2018. Section Eight of this document is headed, 'Residents Ballots for Estate Regeneration'. The Guide makes it clear that GLA funding is conditional upon evidence of a positive vote in a resident ballot in favour of redevelopment.

The Guide states that a resident ballot should be the culmination of a period of resident consultation, engagement and negotiation. However, it should not be the end of the process in terms of engaging with residents. Where a vote in favour of a new estate regeneration project has occurred, resident consultation and engagement should continue after a ballot has taken place to ensure there is ongoing input from residents into the process.

Landlord proposals for consulting and engaging with residents on an ongoing basis should form part of the offer to residents on which they will vote in a ballot.

As is stated in the body of the report, significant consultation has already been undertaken with residents but further consultation will be required in the lead up to the ballot and beyond in the event that there is a positive result.

It is of the utmost importance that any future consultation which the Council undertakes is fully compliant with the common law principles governing a lawful consultation which are more commonly known as the 'Gunning principles'.

It is also vital that the Council is able to demonstrate that it is fully compliant with its Public Sector Equality Duty under Section 149 of the Equality Act 2010. Therefore, an Equality Impact Assessment will need to be undertaken in advance of the ballot. For example, Recommendation 4 is asking Cabinet to grant delegated authority to the Leader and Cabinet Members to take all necessary decisions in the lead up to the ballot. The Landlord Offer will have to be informed by the Equality Impact Assessment which will be made available to Members by officers. It is important that this Assessment is kept under review if the regeneration project moves forward after the ballot.

### **Infrastructure / Asset Management**

The recommendations seek approval to further design work for the redevelopment of the estates and to undertake a resident ballot once the proposals are finalised. At this stage therefore, there are no Infrastructure / Asset management implications arising from the recommendations. Clearly if the proposals progress beyond the design and consultation phases, there will be significant Infrastructure / Asset management implications arising from the redevelopment of the estates.

### **Comments from other relevant service areas**

#### *Planning*

The potential redevelopment of both the Austin Road and Avondale Estates would be subject to planning. As already noted, the Austin Road estate is located within the Hayes Housing Zone which is the area identified in the Council's Local Plan as having the capacity to deliver the majority of the Borough's new housing. Work has already been undertaken to ensure that the infrastructure necessary is in place to support this growth. More specifically, Austin Road is included within Site Allocation 12 Silverdale Road/ Western View of the Local Plan. This gives in principle support for the provision of new homes in this location.

The Avondale Estate is not an area currently identified for change in the Local Plan. However, the redevelopment of a brownfield site to improve the quality of housing for all residents would have in principle support. More detailed planning considerations such as design and massing would require assessment against the relevant Local Plan policies as the options for both of the sites develop.

Planning applications for both sites will require referral to the Greater London Authority (GLA) and discussions will need to be held with the planning team regarding when/how pre-applications discussions occur with the GLA.

## **BACKGROUND PAPERS**

- Better Homes for Local People: The Mayor's good practice guide to estate regeneration: Feb 2018- <https://www.london.gov.uk/sites/default/files/better-homes-for-local-people-the-mayors-good-practice-guide-to-estate-regeneration.pdf>

- GLA Capital Funding Guidance Section 8 - Resident Ballots - [https://www.london.gov.uk/sites/default/files/gla\\_cfg\\_section\\_8\\_resident\\_ballots\\_-\\_18\\_july\\_2018.pdf](https://www.london.gov.uk/sites/default/files/gla_cfg_section_8_resident_ballots_-_18_july_2018.pdf)
- [Cabinet report – Housing Zone – March 2016](#)