

Notice of:	SHAREHOLDER'S ADVISORY BOARD
Relevant Officer:	Andrew Foot, Head of Housing
Date of Meeting:	17 May 2018

RE-DEVELOPMENT OF FLATS AT 19-29 TROUTBECK CRESCENT

1.0 Purpose of the report:

- 1.1 To inform the Shareholder's Advisory Board and seek support for a proposal to demolish and re-develop 81 flats at 19-29 Troutbeck Crescent, Mereside, including 77 flats currently managed by Blackpool Coastal Housing.

2.0 Recommendations:

- 2.1 That the Shareholder's Advisory Board notes the proposal to demolish and re-develop 81 flats at 19-29 Troutbeck Crescent, Mereside, and the role of Blackpool Coastal Housing in identifying the need for action, re-locating residents, and informing proposals for new development.
- 2.2 That the Shareholder's Advisory Board recommends to the Council's Executive that the flats owned by the Council and managed by Blackpool Coastal Housing Limited at 19-29 Troutbeck Crescent should be demolished and re-developed as set out in the report.

3.0 Reasons for recommendations:

- 3.1 To address the unpopularity and poor conditions in the existing flats and enable development of new homes.

3.2a Is the recommendation contrary to a plan or strategy adopted or approved by the Council? No

3.2b Is the recommendation in accordance with the Council's approved budget? Yes

- 3.3 Other alternative options to be considered:

None.

4.0 Council Priority:

- 4.1 The relevant Council priorities are:

“The Economy: Maximising growth and opportunity across Blackpool”

“Communities: Creating stronger communities and increasing resilience”

5.0 Background Information

- 5.1 Over the last few years, 77 flats rented by the Council through Blackpool Coastal Housing Limited (BCH) at 19-29 Troutbeck Crescent, Mereside, have become increasingly unpopular. There has been high turnover of the homes – an annual turnover ranging from 20-25% compared with around 10% for the whole Council housing stock - and it has been difficult to let the homes to new tenants.

- 5.2 The flats were constructed in the 1960s and comprise 42 one bedroom flats and 39 bedsits. 57 of the flats and bedsits are in T-shaped three storey blocks that are accessed through internal stairwells, and a further 24 flats are in three storey deck access blocks. Three of the flats in the deck access blocks and one of the flats in the T blocks have been sold to leaseholders through the Right to Buy. The blocks are located on the very edge of the Blackpool urban area, facing Preston New Road and Junction 4 of the M55, and thereby form one of the main gateways to Blackpool.

- 5.3 The principal reasons for the unpopularity of the flats are:

- Bedsits have become unpopular wherever they exist in the Council housing stock because most applicants prefer and can afford a one bedroom flat, even if they are single and under 35 years old and restricted to Housing Benefit at the Single Room Rate of £61.15 pw.
- Some of the flats and bedsits have very small kitchens or bathrooms that do not meet modern standards and the flats have electric heating systems that are costly to run.
- The communal access areas are dark and unattractive.
- There is a concentration of small units of accommodation mostly occupied by single people, with shared access arrangements.
- The relatively remote location is unattractive to some potential tenants.

- 5.4 The current and future projected costs of managing and maintaining the flats are high. Although the flats received Decent Homes investment several years ago, there remains a need for significant investment in the blocks for them to continue to meet this standard. The estimated cost of planned maintenance work for the 77 flats still owned by the Council over the next 30 years is £2,958,859 (at today's prices), equivalent to £38,427 per flat or £1,280 per flat per annum. The high cost for such small flats and bedsits reflects the large extent of communal areas, grounds and

outhouses. There would be a need to re-cover access decks and carry out balcony remediation works in the next 30 years and replace boundary walls, fencing, paving and hard-standings. The six T blocks have communal TV systems and door entry systems which are expensive to replace. Of the estimated spend of just under £3 million in the next 30 years, £500,000 would be required in the next five years.

- 5.5 There are also high on-going responsive repairs, management, and servicing costs of £85,000 p.a, equivalent to £1,104 p.a for each Council rented flat. High turnover, and difficulties in re-letting, lead to high management costs and rent loss. Management costs have been exacerbated by high levels of anti-social behaviour and there have been higher than average levels of rent arrears among tenants in the blocks. BCH has instigated management measures to try to address the unpopularity of the flats, including increasing the lettable standard to attract new tenants, but this has not led to a significant uplift in demand. Consideration has also been given to introducing new lettings policies but the flats are not sufficiently attractive to a wider customer base. BCH has ceased re-letting flats as they have become vacant since late 2016 because of the difficulty in finding new tenants, and because of the recognition that significant action is required which would potentially require tenants to move. There are currently 35 of the 77 rented flats held vacant.
- 5.6 It is now clear that radical action is required, and that this needs to address the configuration and not just the condition of the flats if it is to be sustainable in the long term. Two options have been considered:
1. Refurbishment and re-configuration. This would include converting all of the bedsits to create a wider mix of flats in the T blocks, addressing the problems of unacceptably small kitchens and bathrooms, and introducing gas central heating. A re-configuration would produce 24 one bedroom flats and 12 two bedroom flats in the T blocks and retain 24 one bedroom flats in the deck access blocks. A refurbishment scheme would also seek to make communal areas and external elevations of the blocks more attractive, including applying external wall insulation and rendering. The costs of a refurbishment scheme would be £3.43 million, equivalent to £61,250 per flat managed by BCH (as there would be 56 flats managed by BCH at the end with four leaseholders remaining).
 2. Demolition and new build. It would cost an estimated £500,000 to acquire vacant possession of all of the existing flats, including Home Loss payments to tenants and buying out leaseholders, and a further £230,000 to demolish the existing blocks ready for a new development on the site. Around 40 new family homes could be constructed on the site. These could be affordable homes for rent, with affordable homes able to attract new grant funding from Homes England.
- 5.7 It is recommended that the option of demolition and new build is taken forward because:

- The refurbishment scheme would not be sufficient to ensure the sustainability of the flats in the long term - while it would remove bedsits and create some larger flats, there would still be a concentration of flats with shared access arrangements. It would be impossible or uneconomic to adapt the existing building forms to create a wider mix of house types.
 - The demolition and new development scheme will enable the construction of new homes that better meet the greatest needs for affordable homes in Blackpool. The existing Council housing stock and private rented sector has a majority of one bedroom flats and bedsits, and families needing affordable homes currently have to wait longer for a family house than single people and couples looking for flats. There is also a lack of homes for people with limited mobility who require level access.
 - A re-development scheme will help improve this important gateway into Blackpool, opposite the new Whyndyke Farm development planned for the other side of Preston New Road.
 - The initial costs of a refurbishment scheme would be less than the costs of demolition and building new homes, but access to grant funding for new build, higher rents from larger new homes, and the lower future management and maintenance costs would more than offset the initial cost difference – see Section 9 below.
 - While a refurbishment scheme would enable some existing tenants and leaseholders to stay in their homes while work is carried out, most would have to move to enable the re-configuration, making it almost as disruptive as re-development.
- 5.8 Demolition and re-development will mean that all existing tenants and leaseholders will need to move out. The demolition option will mean that new homes built on the site will not generally meet the needs of existing residents because they are likely to be predominantly family-sized homes and not small flats. But there are alternative Council flats elsewhere at Mereside and the 42 existing tenants will all be offered alternative Council tenancies and be able to stay at Mereside if they wish to do so. It is intended that there will be a temporary suspension of the usual re-letting arrangements for one bedroom flats by BCH at Mereside so that they can be made available for tenants moving from 19-29 Troutbeck Crescent who wish to stay in the area.
- 5.9 Blackpool Coastal Housing is highly experienced at supporting vulnerable tenants to move to new homes, such as at Queens Park and All Hallows, and will support tenants to find a new home which meets their needs and support them with the removal arrangements. Tenants will be entitled to Home Loss payments of £6,200 per household if they have been resident for at least 12 months and also further disturbance payments to help with removal costs.

- 5.10 Two of the four leasehold properties are currently owner occupied and two are privately rented. Owners will be compensated, and residents of the flats will be assisted to find alternative homes by BCH based on their individual circumstances. Any resident who has lived in a leasehold property for more than a year will also be entitled to a Home Loss payment.
- 5.11 Following a decision on the report, work will begin immediately by BCH to find alternative homes for existing residents. At the same time, plans will be drawn up for a re-development scheme, potentially including land to the east of Troutbeck Crescent. The mix of new homes will focus on family sized houses. Local residents in the wider area will be consulted as the plans are worked up. A further report will be brought for consideration when plans for new development on the site have been drawn up and are ready to be taken forward.
- 5.12 Does the information submitted include any exempt information? No

5.13 **List of Appendices:**

None

6.0 Legal considerations:

- 6.1 Tenants and leaseholders have been consulted in accordance with legal requirements, and Council tenants will be given the required notice of the termination of their existing tenancies and given offers of appropriate alternative accommodation in accordance with individual needs. The acquisition of leaseholder interests will be undertaken through voluntary agreement where possible but will otherwise be subject to Council powers to compulsorily purchase to enable demolition and re-development. The Council will pay statutory levels of compensation in the acquisition of all interests, including the termination of tenancies and acquisition of leasehold interests through voluntary agreement or Compulsory Purchase Order.

7.0 Human Resources considerations:

- 7.1 The demolition and re-development will be undertaken using existing staff resources. The scheme will be led by the Council's Housing team, with support on the planning of new development from the development team at My Blackpool Home. Officers of BCH will lead the re-location of existing tenants, advising on the requirements for new Council homes, and letting of new Council homes. Negotiations with leaseholders will be conducted by the Council's Estates team and support at all stages will be provided by the Council's Legal and Finance teams.

8.0 Equalities considerations:

- 8.1 There are no specific additional consequences for groups with protected characteristics but re-development will have a significant impact on all existing residents. The re-location of residents will be undertaken by giving appropriate support to all those affected, in helping residents to understand their options, and in assisting with moves.

9.0 Financial considerations:

- 9.1 The financial implication to the Council's Housing Revenue Account business plan of pursuing the demolition and redevelopment option compared with no investment is a net cost to the Housing Revenue Account over 30 years of £734,000 excluding acquisition and demolition costs (or £1,464,000 including acquisition and demolition costs). But in reality demolition is likely to be cost neutral or financially positive because managing the retained blocks without investment would be likely to be increasingly costly and there would be a risk of vacancy levels further increasing over the next 30 years.
- 9.2 New affordable housing development on the site should stack up financially on its own terms over 30 years, assisted by new Affordable Housing Grant from Homes England which is likely to be available at a rate of around £30,000 per new home. New rented homes at Troutbeck could be delivered by the Council; although the borrowing headroom in the Council's Housing Revenue Account is limited by Government rules, the available borrowing is currently sufficient for the Council to bring forward around 100 new Council homes over the next five years.
- 9.3 The financial implications to the Council's Housing Revenue Account (HRA) business plan of pursuing the alternative refurbishment option compared with no major investment would be a higher net cost to the HRA over 30 years of £2.9 million.

10.0 Risk management considerations:

- 10.1 The principal risk at this stage is the risk of not being able to acquire possession of all of the flats. BCH will give support to ensure that all tenants can find and move to suitable new homes. Approval will also be sought from Executive for the Council to prepare for a Compulsory Purchase Order if it is required to acquire leaseholders' interests.

11.0 Ethical considerations:

- 11.1 While re-development is disruptive to existing residents, the Council and BCH will work with residents with compassion and transparency to deliver the scheme as set out in this report.

12.0 Internal/ External Consultation undertaken:

12.1 BCH officers have spoken and/or written to everyone affected on behalf of the Council, encouraging them to give their views on the proposal for demolition and re-development and explaining what it could mean for them. Of those contacted, over 80% said that changes are required at Troutbeck. Around 60% supported demolition or had no objection, and 40% were against demolition. Of current tenants contacted, over half said that they had considered moving, and of those who hadn't over half supported demolition.

13.0 Background papers:

13.1 None