

Cabinet

23 APRIL 2012

**CABINET MEMBER
FOR HOUSING**

HOUSING ESTATES INVESTMENT PLAN

**Ward:
Town**

This report sets out the results of the evaluation of estates under the Housing Estates Investment Plan and seeks approval to take forward Fulham Court Estate and Barclay Close Estate as a pilot under this programme.

Further detailed reports will be produced in order to secure specific project approvals.

CONTRIBUTORS

EDFCG
ADLDS
EDHRD
EDCSA

**HAS THE REPORT
CONTENT BEEN
RISK ASSESSED?
YES**

**HAS A EIA BEEN
COMPLETED?
YES**

Recommendations:

- 1. That the evaluation of estates as set out in Section 2 of this report be endorsed.**
- 2. That Fulham Court and Barclay Close be approved as the pilot HEIP scheme and that the framework of the Draft Investment Plan for Fulham Court and Barclay Close as set out in Section 4 and Appendix 3 of this report be agreed as the basis for developing the detail of the specific projects.**
- 3. That approval be given to the proposed physical improvements components of the Draft Investment Plan for Fulham Court and Barclay Close as set out in Section 4 and Appendix 3 of this report, at an estimated cost of £0.750m to be funded from the existing budget for Fulham Court of £3.469m held within the Decent Neighbourhoods Pot.**
- 4. That authority be delegated to the Cabinet Member for Housing, the Executive Director of Housing and Regeneration and the Executive Director of Finance and Corporate Governance to develop an initial pilot project to oversee the disposal of up to 10 void properties to the Council's Local Housing Company as low cost home ownership units, following which a report will be brought to Cabinet.**

- 5. That the receipts generated from the sale of void properties be earmarked for affordable housing and regeneration investment purposes at Fulham Court estate and Barclay Close (so far as possible and consistent with statutory pooling regulations), with the first call for reinvestment being the £3.469m.**

- 6. That a Local Lettings Plan be drafted on the basis set out in Section 5 of this report.**

1. BACKGROUND

- 1.1 The policy framework for the Housing Estates Investment Plan (HEIP) was agreed by Cabinet on 18 April 2011. It was agreed that officers should consult on the basis of this policy framework.
- 1.2 On 7 November 2011, Cabinet approved the policy and resolved that officers would undertake an assessment, using the selection criteria under the HEIP and report back to Cabinet with a recommended estate to be the first to benefit from the HEIP.

2. EVALUATION

- 2.1 As set out in the Cabinet reports referred to above, officers undertook a 1st Stage evaluation of all housing estates of more than 100 units against the agreed selection criteria. The headline results of this evaluation are set out in Appendix 1 of this report.
- 2.2 The three top rated estates from the Stage 1 evaluation were in order: Ashcroft Square, Fulham Court and Emlyn Gardens. In relation to Ashcroft Square, the Kings Mall has recently changed ownership and the new owner is currently developing proposals for the regeneration of the ground floor retail accommodation at Kings Mall. Whilst there are no current proposals for Ashcroft Square the position will be kept under review having regard to the investment proposals that may emerge. It is considered therefore that any decision to develop proposals for Ashcroft Square under HEIP would be premature.
- 2.3 The headline results of the Stage 2 evaluation for Fulham Court and Emlyn Gardens are set out in Appendix 2 of this report. The top ranking estate was Fulham Court. Due to the scoring, the level of background information available and the high levels of resident engagement, officers propose that Fulham Court is taken forward as a pilot for the HEIP. The position of Ashcroft Square and Emlyn Gardens will be reviewed again in the future.
- 2.4 Barclay Close is a small estate which forms the western boundary of Fulham Court. The estate did not score in the top 20 under the HEIP evaluation process. It was therefore not subjected to a Stage 2 evaluation. However, the range of data that is available for Barclay Close clearly demonstrates that it has a number of similar factors as Fulham Court. In addition, the physical issues of public realm and access which are considered to be significant for Fulham Court are shared with Barclay Close and can only be fully addressed by a comprehensive programme across the two estates. The social and economic programmes will be targeted at Fulham Court where there is a greater concentration of need.

3. RESULTS OF CONSULTATION

- 3.1 In 2010, consultation took place around environmental improvements on the Fulham Court Estate.
- 3.2 The launch of the Tudor Rose Centre in December 2011 was used as an opportunity to consult residents on their key priorities. At the event, questionnaires were completed by residents and local service providers. This highlighted the main issues as:
- lack of community facilities particularly for young people
 - poor quality lighting
 - poor quality paving and external landscaping
- Residents were also asked to pinpoint the main parts of the estate which needed investment.
- 3.3 Officers have recently sought to reinvigorate the Tenants and Residents Association. These discussions are at an early stage and formal elections to the TRA positions have not yet taken place.
- 3.4 A meeting with the group of residents interested in creating the TRA took place on 26 January 2012 at which the Draft Investment Plan was outlined. The meeting was attended by tenants of Fulham Court. The outline proposals were fully supported. In addition the issue of repair and maintenance of fencing was brought up.
- 3.5 All residents of the two estates were invited by letter to a workshop on 9 February 2012 at the Tudor Rose Centre. The attendees were supportive of the proposals. Additional to this doorknocking, targeted on Barclay Close, has also taken place. As part of this further consultation, a number of leaseholders have been spoken to as well as tenants. The views expressed have informed the development of the proposals in the Draft Investment Plan.
- 3.6 Working with the Youth Involvement Officer in Children's Services, a meeting with young people on the estates, facilitated by Young Advisors, took place on 23 February 2012. The Young Advisors consist of young people from the borough who have been involved in either the Borough Youth Forum, the UK Youth Parliament, or as a Youth Commissioner for over 50 hours, and who have completed at least three training courses. The views expressed have informed the development of the proposals in the Draft Investment Plan.
- 3.7 Ward Councillor briefings have taken place with Councillors Smith and Craig.
- 3.8 Internal discussion within the Council has taken place with Housing Services, Housing Options, Economic Development, Learning and Skills, Property and Youth Involvement. The views expressed have informed the development of the proposals in the Draft Investment Plan.

- 3.9 Stakeholder consultation has taken place with Shepherds Bush Housing Association and the Pre-School Learning Alliance. Both were supportive of the proposals. The proposals have been discussed with the Crime Prevention Design Advisor who was supportive and keen to be involved in the detailed proposals.

4. FULHAM COURT AND BARCLAY CLOSE DRAFT INVESTMENT PLAN

- 4.1 On 11 January 2010, Cabinet agreed a Phase 1 Physical Improvement Strategy for the Fulham Court Estate. As part of this strategy, Tudor Rose, the new Children's Centre and Community Centre, has recently opened on the Estate. As part of the Decent Homes programme, £12m has been invested on works including kitchens, bathrooms and roofs on Fulham Court. £800,000 has been spent on external decorations and kitchens and bathrooms in tenanted property on Barclay Close.
- 4.2 Building on the priorities raised by residents during consultation in Summer 2010 and the consultation recently carried out, the draft Investment Plan is based around the following:
- local lettings plan which seeks to address the issue of overcrowding and strengthen the local community through the creation of more mixed and balanced tenures and incomes.
 - disposal of void properties and recycling of receipts (so far as possible – see section 12.3) into the estate in order to increase housing opportunities and available funding.
 - extending low cost home ownership opportunities for residents living on the estates.
 - increasing access to employment and training opportunities to address the barriers faced by residents on the estate.
 - by means of a new overriding head lease on the Fulham Road shops (to be sold to an investor as part of the restructuring of the HRA Shops portfolio previously approved by Cabinet) to improve the rear area to those shops and address management issues.
 - formation of a youth forum for the estate to increase youth involvement.
 - look at the option of creating a Trust to provide revenue funding for community development and economic development programmes on the estates.

- physical improvements:
 - lighting improvements to reduce fear of crime
 - landscaping improvements and estate boundary treatments to improve the public realm and integrate the estates into the wider residential neighbourhoods
 - provision of new cycle storage and removal of pram sheds to improve the local environment and meet the needs of residents
 - extension of existing bin store to improve the quality of the local environment and address some housing management issues

The Draft Investment Plan is attached as Appendix 3 to this report. A number of the proposals such as removing walls and railings on the estates will be the subject of further discussion with the Police in order to ensure that the safety and security impacts can be mitigated.

- 4.3 A preliminary costing exercise has been undertaken and the estimated cost of the physical improvements identified above is approximately £750,000. Further detailed work is being carried out prior to a report being brought back for project approval. There is currently budgetary cover for these indicative costs from within the £3.469m allocated in the Decent Neighbourhoods Fund for Fulham Court as approved by Cabinet on 11 January 2010.

5. LOCAL LETTINGS PLAN

- 5.1 It is proposed that a Local Lettings Plan is developed and adopted. One of the identified issues facing the residents on the estates is overcrowding. This is stated as one of the principal reasons for requesting a transfer off the estates. It is considered that by prioritising the allocation of larger properties to existing overcrowded households on the estates, as well as addressing a local housing need, there are community benefits through enabling residents to stay on the estates maintaining links to neighbours and local facilities particularly schools. It is proposed that priority would be given to working households for both transfers within the estate and larger voids generated within the estate that are retained for re-letting.

6. VOIDS FOR DISPOSAL

- 6.1 Funds for reinvestment may be generated from the disposal of void properties that meet the Council's Expensive Voids Policy disposal criteria. On the basis of current trends, it is anticipated that 20 voids per annum of 2 bed and smaller properties will be generated on the estates. A balance will need to be struck between those voids being made available for reletting in accordance with the local lettings plan prioritising working households and those identified for disposal to create funds for reinvestment. In terms of the disposal route, it is

considered that although the normal route of taking properties to auction could be used, the option of disposal to a Registered Provider (RP) or to the Council's Local Housing Company may be preferable as a way of promoting lower cost home ownership. The resulting receipt would be reinvested by way of capital expenditure into the estate. In the event of any disposal to an individual or individuals, this would only be so far as possible consistently with statutory pooling regulations – see Legal comments below.

6.2 However, from initial discussions with large Registered Providers operating locally, it is apparent that the limited pipeline of disposal opportunities is of limited interest. Discussions are continuing with RP partners working in the borough to further explore this option. In relation to the Local Housing Company the initial legal advice is that the disposal to the LHC would be possible provided that transaction was at “best consideration” or alternatively through obtaining Secretary of State consent. The funding for the LHC would be dependent on the proceeds generated from the sale of Discounted Market Sale units. The detailed cashflow, funding, tax implications, and business case for the first 10 properties will be developed and considered under the delegated authority given within this report and under the governance structure within the LHC. This will include consideration of the impact on capital allowances. A further report will be presented to Cabinet should additional funding be required via this route. Additional funding if required would come from the £3.489m held for Fulham Court to enable their sale as Low Cost Home Ownership properties, we will also explore the possibility of an element grant funding via the charitable company created as part of the Local Housing Company Structure.

6.3 The first £3.469m of void receipts is likely to be allocated to fund the existing budgetary provision for investment in the Fulham Court estate within the current Decent Neighbourhoods programme (£1.722m and £1.747m respectively in 2012/13 and 2013/14).

7. COMMUNITY TRUST AND TUDOR ROSE CENTRE

7.1 Although there has been significant capital investment in the estates and the new Tudor Rose Centre, there is a need for revenue funding for social and economic programmes to address the issues affecting residents on the Estate. It is proposed to assess the feasibility of establishing a Community Trust which could provide this ongoing revenue support. This could be via income generated by the Centre; however, we will also explore models used elsewhere including a scheme set up by Westminster Council at Dolphin Square. This scheme is sustained by generating an income stream from the interest earned on investing capital receipts from disposals. Given current interest rates, the feasibility of such a scheme may be less attractive financially, but a number of options will be investigated.

- 7.2 The Tudor Rose Centre creates an opportunity for community management of facilities. Officers have started discussions with the Old Oak Housing Association who manage the Old Oak Community Centre about them assisting the creation of a business plan for the long term management of the community space at Tudor Rose. The Pre School Learning Alliance have also expressed an interest in managing the community facilities within the building.

8. DELIVERY MECHANISM

- 8.1 In order to maximise the usable capital receipt and promote low cost home ownership options it is proposed that voids which meet the disposal criteria under existing policy are disposed of to either a Registered Provider or the Council Local Housing Company. These receipts would be offset against the capital investment on the estate including any grant required to enable the sale of the void properties as low cost home ownership. The pilot project to dispose of void properties to the LHC will require detailed appraisal under the delegated authority provided for in this report, and under the governance framework within the LHC as noted above.
- 8.2 The detailed actions required to deliver the programme of physical improvements (estimated costs are £750,000) are set out in the Draft Investment Plan at Appendix 3. The overall leadership to ensure delivery of these actions will be provided by the Assistant Director of Housing Services, and further detailed reports to Cabinet will follow to secure project spend approval.
- 8.3 The youth, education and economic development aspects of the Draft Investment Programme will be delivered from within existing revenue and staffing resources.
- 8.4 The overall Draft Investment Plan will be monitored by the Regeneration Team in Housing and Regeneration Department. This team will also be responsible for the consideration of further estates under the HEIP. This can be done within existing revenue and staffing resources.
- 8.5 In the medium to longer term, it is anticipated that the proposed Community Trust will provide a source of revenue funding for social and economic programmes, and a further report will be brought to Cabinet at the appropriate time.

9. RISK MANAGEMENT

- 9.1 The Regeneration Team will monitor the strategic risks associated with the Investment plan in accordance with the Council procedures. The proposal contributes to the management of the corporate opportunity risk 7 associated with maintaining and improving service for local residents.
- 9.2 An individual risk register will be completed for this project.

10. EQUALITY IMPLICATIONS

- 10.1 A full EIA has previously been completed for the HEIP. A full EIA has been completed for the Fulham Court and Barclay Close Investment Plan. The main findings of this EIA are that the proposals in the investment plan would have a positive impact on all residents with a particular effect on young people and BME groups due to the extensive consultation proposed.

11. COMMENTS OF THE EXECUTIVE DIRECTOR OF FINANCE AND CORPORATE GOVERNANCE

- 11.1 Given the nature of the recommendations, subsequent reports to Cabinet (or to the Cabinet Member for Housing where authority has been delegated) will be required, once detailed costs and financial/ investment appraisals for the pilot HEIP schemes at Fulham Court and Barclay Close have been prepared, in order to approve planned expenditure and confirm funding sources.
- 11.2 The comments below consider each recommendation in turn:

Recommendation 1: There are no financial implications of evaluating the estates as this work was completed within the remit of established, budgeted staff.

Recommendation 2: The Fulham Court and Barclay Close draft Investment Plan contains a number of plans covering the themes of economic development, youth involvement, education and community development. These plans will need to be further developed before the full financial implications can be determined and therefore, further reports to Cabinet will follow.

Recommendation 3: it is proposed to implement physical improvements to the estate with an estimated cost of £0.750m. The Decent Neighbourhoods capital programme contains approval to spend £1.722m and £1.747m respectively in 2012/13 and 2013/14, and it is anticipated that any physical works will be allocated against this

budget, subject to approval of this bid. This leaves £2.719m of the existing capital allocation available for investment in the estate.

Recommendation 4: This is concerned with exploring options to dispose of expensive voids to the local housing company in order to boost home ownership on the estates. The funding for the LHC would be dependent on the proceeds generated from the sale of Discounted Market Sale units. The detailed cashflow, funding, tax implications, and business case will be developed for the options and considered within the context of governance arrangements within the LHC and subject to the delegated authority conferred in this report. A further report will be presented to the Cabinet Member for Housing setting out the detailed proposal for the disposal of up to 10 properties to the LHC for low cost home ownership, and this will be followed by a later report to Cabinet to include details of any Council-funded grant required to enable delivery of the proposal.

Recommendation 5: The report seeks approval to re-invest receipts generated from the sale of expensive void properties into improvements at Fulham Court and Barclay Close. The first £3.469m of void receipts will be allocated to fund the existing budgetary provision for investment in the Fulham Court estate within the current Decent Neighbourhoods programme (£1.722m and £1.747m respectively in 2012/13 and 2013/14).

Recommendation 6: There are no financial implications of developing a local lettings plan, though it is noted that the effect of implementing this may involve financial risks including the impact of higher void rates and bad debt provisions.

- 11.3 It should be noted that expenditure is likely to be classified as capital only after each individual case for investment has been approved. Therefore any costs involved in pulling together such a case would be classified as revenue expenditure, and these would have to be met from HRA balances. As balances are currently fairly low and no specific budgetary allowance is available these funds would have to be found via additional savings.
- 11.4 All void disposals will be subject to existing regulations governing capital receipts. This is expanded upon in paragraphs 12.3, 12.6 and 12.7.

12. COMMENTS OF THE ASSISTANT DIRECTOR (LEGAL AND DEMOCRATIC SERVICES)

- 12.1 With respect to Local Letting Plans, Local authorities are required by the Housing Act 1996 ("The Act") to have an Allocation Scheme for determining priorities and the procedure to be followed in allocating housing accommodation. The Council's current Allocation Scheme

was approved by Cabinet on 13 July 2009. Section 167(2E) of the Act gives the Council the power to introduce local letting schemes.

- 12.2 The Allocation Scheme includes a general statement about the Council's intention to implement local letting policies within the Borough and gives authority for local lettings plans for certain areas, within the borough in order to achieve and maintain sustainable communities and to address social and economic polarisation in the borough. Before any such local lettings policy is introduced the council may consult with existing residents in that locality and will produce an explanation/ justification of the plan should there be a wish to view this.
- 12.3 Where expensive voids are sold to anyone (including the local housing company created by the Council) for improvement and resale for owner-occupation the whole capital receipt should be re-cyclable. In theory 50% of the net receipt will need to be pooled, but not if the Council off-sets against the receipt a corresponding amount of "available capital allowance". Available capital allowance consists of amounts which the Council has resolved to contribute towards projects of affordable housing or regeneration. However, in certain circumstances, the entire capital receipt from the disposal of void dwellings will not be available for recycling into these (or any other) estates. This is where the void is sold directly to an individual or individuals who intend to occupy the property as their only or principal home. In that case, the Council will need to pay over 75% of the net receipt to central government under national pooling rules. No pooling can apply on sales to the Local Housing Company or to a Registered Provider (as they are not individuals capable of having a "home"). Such sales will be compliant with the Capital Finance Regulations, so long as real (not a sham) and the terms of the relevant disposal consent are complied with (in that, broadly, the disposal must be for "market value"/"best consideration" or must meet the requirements of Consent B referred to in paragraph 12.7 below).
- 12.4 Even where a capital receipt can be retained, it can only be used to finance the investment plan for the estates insofar as it consists of capital expenditure.
- 12.5 Receipts generated from the sale of void properties on the estates should only be automatically reinvested in these estates in accordance with the approved investment plan and if the Council remains satisfied that there remains a clear case for priority to be given to expenditure on these estates.
- 12.6 Voids to be disposed of (being land held under Section 32 Housing Act 1985) can only be disposed of with Secretary of State consent. In some cases, disposals can be effected under the General Housing Consents 2005 . Where disposals do not fall within an applicable general consent, specific application will need to be made to DCLG. Auction sales fall within the latter category, because the general consents do

not necessarily cover sales to companies and of course it cannot be predicted whether the successful bidder at auction may be a company. Although there is a general consent covering sales to companies (and others) prepared to covenant to carry out works and then re-sell to persons intending to occupy the improved properties as their only or principal home, this would not necessarily authorise sale to the local housing company, because the general consent requires that disposal be at the best consideration reasonably obtainable. The same is true of a consent for disposal to an RSL (now called “registered providers” of social housing).

- 12.7 If therefore the local housing company does not pay the Council “best consideration” (or is allowed to defer payment for a lengthy period interest free) *ad hoc* consent ought to be sought from DCLG or it may be possible to rely on Consent B of the general consents under Section 25 of the Local Government Act 1988 (this specifically authorises local authorities to give financial assistance/gratuitous benefit to registered providers). For Consent B to apply the housing company must not only become a registered provider, it must also obligate itself to spend an amount equal to at least 25% of the market value of the relevant property on works of conversion, rehabilitation or improvement (not counting costs of design, supervision and provision of other facilities). The works must be completed within 3 years (though this can be extended due to circumstances beyond the control of the registered provider) and thereafter the property must be let by the registered provider in one of a number of specified ways, the most relevant for present purposes being a periodic tenancy or a shared ownership lease (discounted market sale is not mentioned as such). Two restrictions on the use of Consent B should be noted: Firstly, local authorities are expressly excluded from managing properties sold under it; Secondly, there is an annual limit of 50 properties or (if greater) 0.25% of the Council’s housing stock.
- 12.8 Arising from its decision to dispose of part of its retail portfolio, the Council is currently seeking a purchaser for the parade of shops at Fulham Court. The purchaser will be sold a long lease of the entire parade, with the lease granted subject to and with the benefit of the then current tenancies of the individual shops. The grant of this overriding headlease will provide an opportunity for the purchaser to improve the area behind the shops.
- 12.9 Once a specific scheme has been devised for the precise works to be carried out, the Council will need to consult with residents. In the case of secure tenants, this will be pursuant to Section 105 Housing Act 1985. In the case of leaseholders (who stand to contribute towards the cost of works) this will be in accordance with Section 20 of the Landlord and Tenant Act 1985. In general, where improvements are capable of being re-charged to leaseholders, the Council has a fiduciary duty to do so (subject to limited discretion to waive some charges, primarily in cases of hardship, and to leaseholders’s statutory right to service

charge loans).

- 12.10 It would be advisable for Legal Services also to be invited to comment on the detailed works decided upon, in case there may be any specific legal implications.

LOCAL GOVERNMENT ACT 2000
LIST OF BACKGROUND PAPERS

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	Cabinet 18/04/2011. Housing Estates Investment Plan	Neil Kirby X 1722	Housing and Regeneration
2.	Cabinet 07/11/2011. Outcome of consultation on the Housing Estates Investment Plan.	Neil Kirby X 1722	Housing and Regeneration
3.	Cabinet 11/01/2010. Fulham Court Estate Improvement Strategy: Phase 1: Physical improvements	Neil Kirby X 1722	Housing and Regeneration
CONTACT OFFICER:		NAME: Neil Kirby EXT. x 1722	