



WARDS AFFECTED: North Braunstone

CABINET

24 September 2001

**Further Housing Options for Webster Road, Wellinger Way, Hollins Road
Hand Avenue, Hockley Farm Road and Gallards Hill in the Braunstone
New Deal Area**

Report of the Director of Housing

PURPOSE OF REPORT

1 SUMMARY

- 1.1 At the Cabinet meeting on 8 May 2001 the Council agreed in principle to demolish the area in North Braunstone known as the 'Four Streets'. This decision was taken after a tenants' survey, which indicated 77 (46%) tenants supported this option, although an additional 5 (3%) of tenants supported partial demolition.
- 1.2 Since that meeting tenants and residents of the area have submitted a petition signed by ninety-eight households (within the area) asking for their homes not to be demolished. Also a group of tenants and residents have worked with the Braunstone Community Association (BCA) to develop an alternative proposal based on refurbishing the existing stock. The proposal includes giving existing tenants the choice to stay or leave the area, investing £6 million of private money into the homes, transferring the stock to an RSL to carry out the work who will then transfer onto the Community Association who will set up a co-op to own and run the homes in the future (full details are included in the additional information of this report).
- 1.3 The tenants and residents involved and the BCA believe their proposal satisfies all the Council requirements whilst providing a greater range of choices to all tenants and residents in the area. This report provides the strengths and weaknesses of the two options (BCAs new regeneration option and the demolition option) and presents Cabinet with recommendations on a way forward.

2 RECOMMENDATIONS

2.1 Cabinet is recommended to delegate to the Director of Housing in consultation with the Cabinet Lead for Housing and Neighbourhood Renewal the authority to:

- Produce balanced consultation material to enable residents to make an informed choice and commission a ballot of all tenants, residents and shop lessees in the affected area on the two options.
- Adopt the decision of the ballot as Council policy and to proceed with the detailed work and negotiations to take forward the winning proposal.

2.2 To agree to the decision being based on a simple majority of the ballot.

3 FINANCIAL IMPLICATIONS

3.1 The ballot will cost between £700 and £1 000, to be conducted by an independent electoral service.

3.2 Regeneration Option: This option has the most financial certainty attached to it. It involves the council selling the properties to a Leicester Housing Association (LHA) for £1. The Council would incur no demolition or home loss costs. There would be a subsidy benefit to the HRA estimated at £124 000 per annum. £6 million of private finance and £1.7 million of New Deal funding would also be used in regenerating the area.

3.3 Demolition Option: The demolition is estimated at costing £1.75 million including home loss and disturbance payments. This would be off set by subsidy benefit to the HRA of £124,000 per annum. In addition there could be a capital receipt arising from the sale of the cleared site in the range of £1million to £2.5million. This option has a degree of uncertainty as it is difficult to be precise about the value of the cleared site because of any unknown site abnormalities and the effect of BCA regeneration on the estate and its future marketability.

3.4 Whichever option is chosen has a beneficial effect on the HRA Business Plan because of the subsidy implications. Also both options will incur a gross rent loss of £398 250 p.a. that will be partially offset by reduced management and maintenance costs.

4 LEGAL IMPLICATIONS

4.1 The ballot would be conducted by allowing one vote per household. In the case of joint tenants they would both be given a separate ballot

paper entitling them to half a vote each or an appropriate fraction of a vote if there are more than two joint tenants. This way each tenancy, owner-occupier household and shop lessee have one vote.

- 4.2 Regeneration Option: The Council may need DTLR consent to dispose of the properties for £1 as the Housing Department would only want nomination rights to new types of stock e.g. flats, two bed bungalows, 4 bed houses etc. This may not amount to nominations of 75% that is the government guideline on discounted disposals. Homeloss, disturbance payments and all expenses associated with moving home will be paid by LHA to those tenants who opt not to stay in the 4 streets area.
- 4.3 Demolition Option: The Council may need to use CPO powers if any of the existing home owners do not wish to sell their homes back to the Council.

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SUPPORTING INFORMATION/APPENDICES**

1 BACKGROUND

- 1.1 For the last 12 months the Housing Department have been involved in discussions with the BCA and local tenants and residents regarding the 4 streets areas. Formal consultation started after a report to Cabinet on 18 January 2001. Throughout March and April tenants were sent information and surveyed on five options. The results and consultation material were discussed at Cabinet on 8 May 2001. On the basis of the demolition option receiving the most support from tenants, Cabinet agreed in principle to support demolition.
- 1.2 Since that meeting tenants and residents opposed to demolition working with the BCA and Leicester Housing Association (LHA), who have particular expertise in housing co-op development, have devised an alternative option to prevent the homes from being demolished whilst providing residents with a choice regarding their future housing requirements and proposals to regenerate the area.
- 1.3 At a recent meeting between Officers and Members and the BCA a group of residents from the 4 streets gave a presentation on their alternative proposals. They also presented the Leader of the Council and the Cabinet Lead for Housing and Neighbourhood Renewal with a petition from 98 Households (within the 4 streets area) asking for the properties not to be demolished.
- 1.4 Due to these recent events, it was decided to bring the matter back to Cabinet.

2 THE BALLOT

2.1 This involves carrying out a ballot of all tenants, residents and shop lessees of the area. The ballot would be a straightforward choice between the two options detailed below. The ballot would be conducted via a postal system by an independent electoral service. Everyone affected would be given materials detailing the two options prior to the ballot, to enable them to make an informed choice. If agreed it is anticipated the ballot would be conducted in mid October 2001.

2.2 Strengths and Weaknesses of holding a ballot

Strengths

- A ballot enables every tenant and resident to express a preference and respects the community spirit that exists in Braunstone.
- Could give Cabinet a new mandate from people living in the area.
- Demonstrates that the Council listens whilst keeping the views of all the community at the heart of its decision-making.

Weaknesses

- May get a low turnout because of consultation fatigue in the area.
- The validity of the ballot result may be questioned as undoubtedly some parties would be unhappy with the outcome.

3 THE OPTIONS

3.1 There are two policy options for consideration by Cabinet, a new regeneration option and the existing demolition option. Details of each are given below.

3.2 The Regeneration Option

This option has been put forward by a group of local residents, the BCA and LHA, its details are as follows.

- **Treatment of Tenants**

Existing tenants would be given the choice of two options. Moving into an alternative Council home out of the area using the Council Home loss Allocations Procedures. LHA would pay those tenants homelessness and disturbance payments under the Council's current rules. Alternatively tenants could choose to stay in the area and live in a refurbished home with an assured tenancy. These tenants would lose their right to buy. A voluntary sales policy would be adopted within

which sales would be based on cost price with no discount. However, if the Co-op model is agreed, primary legislation comes into force that prohibits individual property purchase. Tenants who stay would also lose their right to succession but again a voluntary succession arrangement would be used.

- Information On Future Rents

As the houses would be sold for a total of £1, the rental income can be used to pay for the management and maintenance of the houses and paying off the £6 million private loan to refurbish and remodel the area. LHA have guaranteed that future rents will be within the current guidelines set up by the Housing Department for RSLs. The indicative rents LHA have given are:

	Indicative LHA	LCC Current
• 2 bed/4 person house	£52.50	£45.83
• 3 bed/5 person house	£45.00	£46.41
• 4 bed/8 person house	£65.61	£53.53

The indicative rents show a reduced 3 bed rent because the Housing Department asked for similar rents to it's own stock, which is predominantly 3 bed. Tenants on benefit will not be affected by higher rents but those in work or seeking work would be affected as affordability is reduced.

- Remodelling Proposals

Although very detailed proposals have not been made because exact numbers of different property and tenure types would be subject to consultation with tenants and residents and the Council. The proposals do indicate the desire for a proportion of shared ownership to diversify tenure, a mix of property types including one, two, three and four bed accommodation. BCA have indicated their preference for some supported housing for young and vulnerable households.

Their proposals include methods of remodelling the built environment that includes traffic calming, parking lay bys, the creation of cul de sacs', and soft landscaping.

On average the proposal estimates £25 000 of internal improvement to dwellings including better internal layouts, new kitchens and bathrooms. Also, £7 000 will be spent on the external treatment of the properties.

- Training and Employment

A commitment has been given that the project will provide 64 employment and training places for Braunstone people in building, catering and environmental concerns. Also, the workforce to maintain

the properties in the long-term will be drawn from Braunstone Residents.

- Time

It is expected to take 3 years to complete the physical project. On completion it is planned for the properties to be transferred to a new community owned co-op, during the initial 3 years LHA will help develop the skills and expertise of BCA in this field.

3.3 Strengths and Weaknesses of Regeneration

Strengths

- Provides greater choice for tenants and residents
- Guarantees £6 million of private investment into the area.
- Demonstrates to Braunstone residents and the Government the Council and BCA working together.
- Could create the first community owned and managed housing co-op in Leicester.
- Starts tenure diversification on Braunstone, which the Council signed up to when the Government gave the £49 million.
- No financial costs to the Council or its approved development programme.

Weaknesses

- There are uncertainties or risks attached regarding the Housing Corporation registering a new co-op although informal approaches have been favourable.
- It may not deal with issues of 'no demand' in the area which the Housing Department believe is because of an over supply of one type of accommodation rather than related to deprivation, poor estate and home conditions as the BCA believe.
- It does not yield a capital receipt for the Council but avoids expensive homeloss and demolition costs.
- Tenants of LHA would lose their RTB discount.
- Higher rents increase benefit dependency.

3.4 The Demolition Option

This is the existing option drawn up by the Housing Department. In the survey of tenants carried out in April, of the five options presented at that time this option received the most support. The details are as follows:

- Treatment of Tenants & Residents

Existing tenants would be displaced to new homes using the Council's home loss procedures. The Council would pay homeloss

compensation (to tenants of longer than 12 months), disturbance payments (to tenants of less than one year) and reasonable expenses (to all tenants). Tenants would be able to move to a new home in an area of their choice (subject to availability). The Council would negotiate with owner-occupiers on an individual basis to buy back properties. For those that do not wish to sell the Council would use CPO procedures, which could take sometime.

- Redevelopment of the Land

Once the homes had been emptied and demolished the Council would seek to sell the land to a private developer to use the land for mixed activities. Current developer interest in the land is low but this may increase as other parts of Braunstone are improved, this could also increase any potential capital receipt. Until the land is sold the Council would be responsible for site security and maintenance.

- Training and Employment

The Housing Department anticipates that local employment and training opportunities will arise out of both the redevelopment of the land and the longer-term commercial and service sector enterprise carried out from new facilities on the land.

- Time

The Housing Department estimate 1½ to 2 years to transfer existing residents and tenants and demolish the homes and clear the site. This could take longer if CPO powers need to be used for owner-occupiers. The redevelopment of the land will be determined by favourable market conditions and is difficult to give an estimated timetable to complete.

3.5 Strengths & Weaknesses of Demolition

Strengths

- Using this method has worked well elsewhere e.g. Caversham Road, Braunstone South Boot houses.
- Could generate a capital receipt that may be in excess of the cost of demolition and tenants expenses and compensation.
- It is the favoured option from the original tenants survey.
- It would deal with the over supply issue, which the Housing Department believes is responsible for the increasing number of vacant properties.

Weaknesses

- There are uncertainties and risks relating to the outcome of negotiations with homeowners, the value of the cleared site, its marketability and what happens after demolition.

- It doesn't give tenants and residents the choice of remaining in the 4 streets and keeping their community intact.
- It would damage the relationship of the Council and BCA and possibly affect the Council's standing with GOEM.
- The petition trying to stop demolition has more names on it from people within the area than those that supported demolition in the survey.
- It could affect negotiations between the Council and BCA on other projects and investment opportunities.

3.6 Under both options tenants will not be able to stay in their current home (or anywhere else in the four streets) and remain a Council tenant.

4 CONSULTATION

4.1 The BCA, Legal Services and the Housing Development Team have been consulted in the preparation of this report.

Other Implications	Yes/No	Para within supporting papers	References
Equal Opps	No		
Policy	Yes	Section 2	
Sustainable & Environmental	Yes	Section 2.1 and 2.2	
Crime and Disorder	No		
Human Rights Act	No		

5 BACKGROUND PAPERS

5.1 The following background papers are held at the Braunstone Police Station:

- Letters from tenants and residents endorsing option one
- A petition signed by 126 individuals from 98 households in the 4 streets area asking for their homes not to be demolished
- Previous Cabinet reports as detailed in the text
- Submissions from the BCA and LHA on Option 1