

# HAYES ESTATE REGENERATION

## PUBLIC REPORT & APPENDICES

<b>Cabinet Member(s)</b>	Councillor Jonathan Bianco Councillor Eddie Lavery Councillor Martin Goddard
<b>Cabinet Portfolio(s)</b>	Property and Infrastructure Environment, Housing and Regeneration Finance
<b>Officer Contact(s)</b>	Perry Scott, Infrastructure, Building Services and Transport
<b>Papers with report</b>	Appendices: 1. Financial Appendix: Confidential ( <b>Part 2 - exempt</b> ) 2. Hayes Town Centre Estate Landlord Offer - April 21 3. Avondale Drive Estate Landlord Offer - April 21 4. Red line plan Avondale Drive Estate 5. Red line plan Hayes Town Centre Estate 6. Equalities Impact Assessment

**PUBLIC/PRIVATE**

**This report is public, but it contains a confidential (exempt) A Appendix 1 in Part 2 of the agenda.**

## HEADLINES

<b>Summary</b>	This report seeks Cabinet approval, in the light of the recent ballot results, to move forward to the next stage of the redevelopment of Hayes Town Centre Estate and Avondale Drive Estate.
<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 the decision to submit a planning application will be approximately £1.91m. Other costs associated with promoting the scheme, including surveying fees, legal fees and homelessness payments, will be £1.833m. The financial cost to buy in leasehold interests is set out in appendix 1.
<b>Relevant Select Committee</b>	Environment, Housing & Regeneration
<b>Relevant Ward(s)</b>	Townfield Ward

## RECOMMENDATIONS

### **That the Cabinet:**

- 1. Notes the results of the resident ballots for Avondale Drive and Hayes Town Centre Estates.**
- 2. Approves the proposal to move to the next stage of the redevelopment of the Avondale Drive and Hayes Town Centre Estates**
- 3. Approves the proposal to procure a suitably qualified developer partner for the delivery of the project including the high-level selection criteria**
- 4. Approves the proposal to progress planning applications on both sites ahead of developer selection**
- 5. Approves the proposals to buy back leasehold property by negotiation in preparation for redevelopment, with the relevant compensation package, using the agreed criteria for prioritisation**
- 6. Approves the possession strategy to take all necessary steps to facilitate the decant of secure Council tenants and assured registered provider tenants on a phased basis and suspend the right to buy**
- 7. Takes into account the Equalities and Human Rights Impact Assessment at Appendix 6 in making its decision.**
- 8. Grants delegated authority to the Leader of the Council and Cabinet Members for Property & Infrastructure, Environment, Housing & Regeneration and Finance, in consultation with the Corporate Director of Infrastructure, Transport & Building Services, to make any further decisions necessary to implement the above actions and progress the project.**

### **Reasons for recommendation**

Approval of these recommendations would enable the Council to move forward with proposals to redevelop the Hayes Town Centre and Avondale Drive 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.

Delegated authority to Cabinet Members (via democratic Cabinet Member decisions) is sought for efficient democratic decision-making to progress the proposed actions. This may include, for example, the authorisation of budget virements (in-line with the approved MTF by Council), developer procurement decisions, leaseholder acquisitions and the possession strategy. Cabinet

Members may also be requested use existing delegations, such as to agree any capital expenditure or submit planning applications, to progress the project.

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

The alternative option would be not to go ahead with redevelopment, despite the resident ballot in favour. This would not be optimal in that the fall-back position of maintaining the stock in its current form does not address issues of crime and antisocial behaviour and even significant additional improvement works would not achieve the transformational change desired. Also, the opportunity would be missed to take advantage of the GLA's Building Homes for Londoners funding, which is only available for new build development.

The decisions set out here are to work up proposals for redevelopment. The Council will not be committed to carrying out the redevelopment until it has selected its developer partner and has ensured that it has a viable scheme and the ability to secure all of the third-party land interests.

One of the primary risks of the decisions set out is the risk associated with a failure to secure a partner on terms that achieve a viable scheme for the Council. This risk is being mitigated through early market engagement and robust pre-market viability testing.

The second primary risk is that of failure to secure all of the third-party interests needed to progress the scheme in line with the development timetable. This will be mitigated through early engagement with leaseholders, attractive compensation and options to stay on the estate, along with a willingness to apply for compulsory purchase powers if necessary.

The detailed risk 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 that time there will be risk around some of the financial assumptions in the appraisal, in particular the ability to cross subsidise the affordable housing through receipts from private sales. However, the Council is regularly updating its assumption and possible mitigation measures with advice from its advisors 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 and
- b) Make all necessary decisions in relation to implementing the Housing Zone project, including entering into and 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

However, despite the fact that some relevant previous delegated authority existed, the Leader and Cabinet members chose to refer the project to Cabinet at options appraisal stage as the matters were of a significant nature and for additional public transparency in decision making.

On 22<sup>nd</sup> October 2020 the Cabinet considered the options appraisal report and gave authority to officers to undertake design work on potential redevelopment schemes, in consultation with residents, and to undertake a resident ballot on proposals once they had been finalised. These actions have been completed and the result is now known, and Cabinet approval is being sought to progress the scheme to the next stage.

### Select Committee comments

None at this stage.

## SUPPORTING INFORMATION

### Background

Hayes Town Centre Estate, sometimes known as Austin Road Estate, consists of 260 homes including 79 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 bedroomed homes.

The Avondale Drive Estate, also in Hayes, contains 144 homes, of which 28 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 has been exploring ways to improve the standard of residential provision for current residents.

It has also taken into account 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.

Working in line with Greater London Authority (GLA) and Ministry for Housing, Communities and Local Government (MHCLG) good practice guidance, the Council undertook a formal Options Appraisal exercise in the summer of 2020 to look at the potential options that would achieve the objectives above.

In October 2020 Cabinet agreed that officers should undertake further design work on a redevelopment option for both estates, in consultation with residents, with final proposals on the re-housing offer and indicative design to be put to residents in a GLA compliant resident ballot.

In November 2020 the Council received an allocation of funding from the GLA under their "Building Council Homes for Londoners" programme 2018-23 to help deliver the affordable homes on the scheme. A condition of this funding was that there was a "yes" vote in a resident ballot.

From November 2020 onwards the Council's architects and resident consultation specialists engaged with residents both on the emerging design and the proposals for re-housing for all tenures.

In December 2020 the Council appointed an Independent Tenant and Leaseholder Advisor (ITLA) to provide residents with independent advice on the information they were receiving and to provide support in understanding the design and re-housing proposals.

In compliance with the GLA resident ballot requirements, in January 2021 the Council commissioned Civica Electoral Services (CES) to conduct the ballot independently of the Council.

Once the Council's proposals were finalised the Council issued these in its Landlord Offer on 14<sup>th</sup> April and on 28<sup>th</sup> April voting opened for the resident ballot with a three-week period to vote, as specified by the GLA.

### **The Landlord Offer and ballot arrangements**

There were 236 residents eligible to vote at Hayes Town Centre Estate and 139 at Avondale Drive Estate. There is no discretion for the Council in terms of eligibility as it is obliged to follow the GLA rules for resident ballots.

If you are 16 or over, you can vote if you are:

- A Council secure tenant or a housing association assured tenant, inc. introductory and fixed term, named on the tenancy agreement.
- A resident leaseholder who has been living in the property as your principal residence for a year.
- A resident on the estate who has been on the housing register for a year or more.

The Council has been guided in the arrangements for the ballot by its "Independent Body" Civica, commissioned to carry out the ballot completely independently of the Council in accordance with GLA requirements. They sent out letters to all residents in advance to check that they have the correct details etc... before ballot papers were sent out on 28<sup>th</sup> April 2021.

Residents were sent unique voting codes and could vote using a prepaid envelope, on-line or over the phone. Assistance was available to anyone who is finding the process hard to understand.

Residents had three weeks in which to cast their vote from the day the ballot paper is issued which is a GLA requirement.

The Landlord Offer was delivered to all eligible households two weeks before the ballot opened. It was produced in an eye-catching way to convey the main features of the new development and attempts to balance providing the detail that some residents want with the communication of the key facts for those who prefer the information summarised – for instance in the form of the 'commitments' page at the front of the document that contains the key facts.

It was produced in 12 pt font to make it easy to read and was available in translation on request. In acknowledgement of the large group of Somali speakers on the estate, a letter containing the key information from the Landlord Offer was sent out in Somali to all Council tenants, where the Council had a record of their first language. The Council also put posters up on the estates in

Somali emphasising the key commitments so that there is no misunderstanding and the offer to provide translation services has been repeated on regular newsletters.

Civica were responsible for providing the Council for a letter to be provided to the GLA confirming that a legitimate ballot had taken place in line with their requirements and this was received by the Council on 24th May 2021.

### **Result of ballot**

Voting closed on 21<sup>st</sup> May 2021 and the results were 94.1 % in favour of the proposals on Avondale Drive Estate and 78.7% in favour on Hayes Town Centre Estate. Turnout at Avondale Drive Estate was 84.9 % and at Hayes Town Centre Estate was 89.8%.

### **Proposal**

The ballot result demonstrates significant support and enthusiasm for redevelopment among residents. It also fulfils the GLA's requirements as a condition of funding. It is, therefore, proposed that the Council proceed to the next stage of preparation for redevelopment. Actions required at this stage involve:

- procuring a suitably qualified developer partner for the delivery of the project.
- progressing planning applications on both sites.
- taking steps to acquire all of the third-party interests needed to deliver the scheme.
- taking steps to ensure possession of the site on a phased basis by facilitating the temporary rehousing of Council and registered provider assured tenants in phase one and suspending the right to buy.

### **Delivery model and developer procurement**

The Council intends to seek a development partner with suitable skills and experience to help the Council deliver the scheme. The key factors in selecting a development partner will be:

- Delivery – proposals for how the scheme is delivered in terms of project resourcing, logistics, construction management, and phasing.
- Stakeholder engagement – how a developer will support the Council in resident and stakeholder engagement ensuring that the scheme is delivered to minimise disruption and foster good relations with the community.
- Social value – proposals for additional benefits, such as employment and training, that a developer can deliver as part of delivering the scheme.

- Commercial proposal – the financial offer and proposed risk allocation within the contractual structure.

It is anticipated that the Council will enter into a Development Agreement with the procured partner that transfers delivery and construction risk to a partner that is better placed to manage and mitigate these risks.

It is also the intention of the Council to enable, through the procurement process, the formation of a longer-term partnership with the chosen development partner. This will facilitate the delivery of additional future projects, subject to suitability and performance, within the partnership.

A formal joint venture has been considered as an alternative option. Whilst a joint venture offers the potential for greater reward through profit sharing, the Council has limited capacity for funding and appetite for development risk. This may change in the future and it is the intention to structure the partnership in such a way as to allow for alternative arrangements to be put in place for future phases of the projects or additional schemes.

The Council will undertake a formal procurement process using a Competitive Dialogue procedure. The notice will be issued in July 2021 with final tenders being invited by the end of 2021 and approval of the preferred bidder in early 2022.

### **Acquisition of leasehold property to prepare for redevelopment**

To proceed with redevelopment the Council will have to acquire all third-party interests on the estates ahead of demolition. The demolition and redevelopment will be undertaken in 3 or 4 phases so that the Council does not need to take possession of all of the leasehold stock at the same time.

The Council will make strenuous efforts to purchase these interests by negotiation where possible. However, the Council may consider seeking authority to exercise its compulsory purchase powers as a last resort if it appears unlikely that all of the land interests cannot be acquired by agreement within a reasonable timescale, and to ensure that it can deliver the redevelopment scheme for its residents. This would be the subject of a separate Cabinet report at a later date and would contain a full justification to support the making of any compulsory purchase order.

The Landlord Offers (Appendices 2 and 3) set out the offer to leaseholders. This is largely dictated by statutory requirements under compulsory purchase as set out in the Compensation Code. For instance, the proposal is for resident leaseholders to be paid the full market value plus 10%, plus reasonable costs of moving and non-resident leaseholders will be offered full market value plus 7.5% and reinvestment costs. As an alternative, the Council is also offering **resident** leaseholders shared equity or shared ownership options to make it affordable to buy one of the new homes on the estate.

The proposal is to approach all leaseholders individually to start the process of negotiation to buy their property, although the Council would only need to complete on those purchases in line with the phased development programme. The priority will be on completing purchases of all of the leasehold properties, resident and non-resident, in phase one over the next 12 months in order to ensure a developable parcel of land on both sites to form the new build phase one.

Although the Council will engage with the leaseholders with property in other phases, it intends to complete on those purchases at a later date, in line with the development programme. However, as part of the Council's offer to resident leaseholders, it is willing to buy out any **resident** leaseholder early if they wish.

Importantly the offers from this point onwards will include the compensation package set out in the Landlord Offer to incentivise sellers, as early purchases on phase one and elsewhere mitigate the risk of failure to achieve vacant possession in line with the development programme.

In terms of exit strategy, if for some reason these redevelopment proposals do not go ahead the Council could hold the leasehold properties as rented stock long-term or re-sell them.

There are currently 107 leasehold properties on the two estates with around 34 to be bought to facilitate phase one on both estates. Resident leaseholders own around 45 of these and the rest are owned by non-resident leaseholders or housing associations with the largest holding that of Guinness who own 18 properties.

Further details of the estimated cost of acquisition are set out in confidential appendix 1.

### **Design and planning submission**

In November 2020, the Council secured an allocation under the current round of the GLA's 'Building Council Homes for Londoners' programme. This has allowed the Council to assume a high percentage of affordable homes on the sites, going beyond re-provision to a significant number of additional Council homes as well as shared ownership.

It was originally envisaged that the planning application would be submitted by the Council's developer partner once selected and to comply with GLA requirements the Council is not procuring a developer until after the resident ballot. However, to comply with conditions attached to the GLA funding a planning application will need to be submitted earlier than assumed and therefore the Council will need to promote its own planning application with a target submission date of October 2021.

The Council is in a good position to do this as a great deal of architectural work has taken place to draw up the indicative design as part of the Landlord Offer. This planning application needs to be one that allows the Council to get comfort that it can deliver the wider scheme but also has detailed planning for the first phase for a quick start. Therefore, the proposal is for a planning application for each estate which is likely to be a hybrid (part detailed / part outline). These would be accompanied by a suite of supporting environmental statements. The applications would be determined in accordance with the relevant policies within the development plans, most notably the Hillingdon Local Plan (2020) and the London Plan (2021) and would be reported to the Major Applications Planning Committee and referred to the GLA.

This approach has the advantage of giving the Council additional control over the design and achieving the Council's objectives around the net zero carbon agenda. It is expected that this cost should be mostly recouped through additional land value.

To date consultation has been confined to residents on the estate but promoting a planning application at this stage will mean that wider pre- application stakeholder engagement can take place over the summer, along with more design workshops with existing estate residents.

Detail of the resource implications are set out in confidential appendix 1.

### **Re-housing assumptions**

Existing residents will have to move to allow redevelopment to take place but the Council's plans for rehousing 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 have the right to move into one of the new Council homes being built on the estate on social rents and remain a Council tenant, or they can move to other social housing if they choose.

Housing association residents on assured tenancies will also be able to move into one of the new Council properties on the estate or move away if they choose.

If they have lived on the estate for more than a year, those in Council temporary accommodation will be offered one of the additional new homes being built on the estate, along with residents who are renting privately if they are on band A or B on the Council's housing register.

Resident leaseholders will be offered full market value plus 10% for their property if they wish to move elsewhere, but if they want to move into one of the new properties on the estate there will be affordable options to help them to achieve that.

As part of the process, residents from the resident steering groups worked with their Independent Tenant and Leaseholder Advisors to give the Council feedback on its original ideas on rehousing. As a result, the rehousing offers were refined and a list of Council commitments agreed that form part of the Landlord Offer, along with the detailed arrangements for those in each type of tenure. The final offer is set out in the two Landlord Offers (Appendix 2 and 3).

The cost to the Council of the commitments contained in the Landlord Offers have been taken into account in the overall business case as set out in confidential financial appendix 1.

### **Possession strategy and initial decant requirements**

To facilitate the redevelopment, and to ensure that there is a developable phase one site on both estates, the Council will take all necessary steps to re-house Council tenants and eligible registered provider assured tenants in phase one over the next 12 months. This involves approximately 62 moves. This will be on a temporary basis if they wish to take up their right to return or to a permanent move if that is their preference.

This will be subject to the necessary consultation process and approvals under the delegated decision making in recommendation 8. The Council will seek possession using the appropriate grounds where necessary in order to ensure it can deliver the project.

Secure Council and registered provider assured tenants being asked to move at this point will be entitled to their home loss and disturbance payments when they move.

As set out above, in the light of the intention to redevelop the Council will take steps to suspend the right to buy for Council tenants within the red lines, as set out in appendices 4 and 5, subject to the necessary approvals under the delegated decision-making in recommendation 8.

## **Financial Implications**

The financial implications of the proposals in this report consist of the cost of fees to progress the scheme including external consultants and staff, up to March 2022, the estimated cost of leasehold buy-ins up to March 2022 and the architectural and associated fees to progress the two planning applications.

The total estimated cost for the consultancy for the necessary detailed design work and planning costs inclusive of all surveys and investigations are £1,910k. The costs associated with the procurement process to bring a developer on board and the necessary work around the land assembly work inclusive of Compulsory Purchase Order (CPO) consultancy, home-loss compensation, legal costs, and the staffing resources to support decant total £1,833k. These 2 elements required to progress the project, total £3,743k and are set out in detail in the confidential financial appendix 1. These costs will be funded in the first instance from the existing HRA capital budget but ultimately the costs and value of this work are reflected within the viability business case and the development deal that is anticipated to be procured over the next 9 months. It should be noted in the situation of a specific design not progressing there will be an element of these costs that would be abortive.

The capital cost for the buyback of leaseholder property has already been costed within the current capital acquisitions budget held in the 2021/22 HRA capital programme. This is in line with the proposals agreed by the Housing Regeneration Board in January. The capital investment to buyback these properties is fully reflected in the viability business case and is ultimately of financial benefit for the HRA. Further details are included in the financial information appendix in the Part 2 section of this report.

Beyond contract close with a developer, estimated to be in March 2022, there will still be some fee expenditure for the Council in order to support the scheme throughout its duration and there may be further expenditure on leasehold buy-ins to be funded by the Council, depending on the detail of the contract with the developer partner. This will all be set out in a report to Cabinet immediately prior to contract close and include an updated business case.

If the recommendations of this report are approved, then the current HRA capital programme will be revised to include specific project budgets to reflect the new projects.

## RESIDENT BENEFIT & CONSULTATION

### Equality and Human Rights Impact Assessment

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.

The Public Sector Equality Duty of the Equality Act 2010 places a Duty on public authorities to take due regard in their decision-making processes to the need to eliminate discrimination, foster good relations and advance equality of opportunity. The protected characteristics as defined in the Act are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

The Council also takes into account any potential impact on carers, community cohesion, and community safety.

In line with our duties under the Equality Act 2010, an Equality and Human Rights Impact Assessment (EIA) has been undertaken on the proposals and the consultation that has taken place in the run up to the ballot (Appendix 6). More detail on the consultation undertaken is set out below.

As set out in the EIA, the impact of the disruption of rehousing may have a short term disproportionately negative impact on older people, vulnerable people or those with a disability.

Procedures will be put in place to mitigate against any negative impact including a dedicated decant officer, a comprehensive package of support for moving arrangements including all the costs being covered, and a packing service.

However, the EIA also identifies that there are many positive impacts of the proposed redevelopment which would benefit people with protected characteristics. These are outlined below.

- The new design allows for step free access to all areas – this will be particularly beneficial for those with mobility issues and parents with young children.
- The new homes will incorporate occupational therapist recommended adaptations and 10 of all homes are being designed to wheelchair accessible standards – this will be particularly beneficial to those with mobility issues, their carers and some older residents.
- The new estate will include a mixture of flat types, some with open plan kitchen dining living rooms and some with separate kitchens to cater for different preferences.

- There will be a greater range of homes available, from one bed to four bed homes – this will benefit families with children and those in extended family groups. This is particularly true at Avondale Estate where currently all homes are two bed flats.
- There will be discrete residential blocks around resident only courtyard communal gardens and fewer homes per communal entrance – this will aid community cohesion and safety.
- The existing community room at Hayes Town Centre will be provided in a new facility with frontage to a new public square – aiding community cohesion.
- The new homes will be designed with more front doors onto the street and greater natural surveillance – increasing community safety.
- There will be new safer play areas – benefitting younger residents.

In conclusion, the Council believes that the redevelopment 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 fuel efficient and accessible, therefore improving the quality of life for people of all ages and backgrounds.

The Council has considered the views of residents in drawing up its final rehousing proposals and these are reflected in a specific Local Lettings Policy. In particular, it has made provision for eligible residents in private rented and TA to stay on the estate in order to further community cohesion.

The Council is aware that if the redevelopment proceeds it may have some short-term adverse impacts on certain groups, for instance older or more vulnerable residents. The disruption of moving can cause anxiety for residents and the Council will have procedures in place to mitigate this as part of its rehousing proposals.

## **Resident Consultation**

### ***Pre-Ballot engagement***

In drawing up the design and rehousing proposals the Council has undertaken a significant amount of consultation with residents and has adapted its methods to fit the varying covid restrictions along the way.

Given the COVID 19 restrictions, the Council's own housing and resident engagement staff undertook to reach out by phone and as a consequence they had spoken to over 90% of tenants at least once before the Landlord Offer was issued.

The Council also commissioned specialist external consultants, Icen Projects, to deliver the consultation plan.

In November 2020 all residents received an invitation to join a resident steering group. This had a regular attendance of around 20 residents representing all of the tenures and a wide variety in terms of gender, ethnicity and age.

One of the first tasks of the resident steering group was to interview and commission an Independent Tenant and Leaseholder Advisor (ITLA). The ITLAs chosen were also tasked with identifying those on the estate with language or other barriers to engagement and can provide translation/interpreter services when required.

Due to covid restrictions, meetings of the resident steering groups had to take place virtually and strenuous efforts were made to ensure that those unfamiliar with the technology were able to participate. However, the fact that attendance was high compared to other estate regeneration projects led the team to believe that this mode of communication in fact suited some groups better than traditional meetings.

The ITLA met with members of the resident steering group to discuss the draft housing offer and the feedback was used by Council officers to refine and improve the offer.

The resident steering group also acted as a design forum where the architects would present the emerging designs, although there was also consultation with the wider estate including zoom drop-in sessions.

Due to the fact that physical drop in events could not take place, the Council complemented the virtual meetings with paper packs covering design and newsletters that were distributed to all residents, followed by tenure specific 'Guides' to explain how rehousing would work.

In order to minimise barriers to engagement, all paper communication extended an offer to help with further explanation and translation if necessary and a freephone number. Conscious that some residents much prefer face to face engagement, the Council resumed one-to-one appointments on site in gazebos as soon as restrictions allowed. Events have been timed so that parents with young children can attend before school pick up or in the evening and on Saturdays.

Several languages are spoken on the estates, but the majority of households contain at least one family member who speaks good English and there have been limited occasions where interpreters have been requested.

However, in the light of the fact that such high percentages of Hayes Town Centre and Avondale Estate residents are Somali speakers the Council has made sure that there is a member of staff that is a Somali speaker at all drop-in events who can explain the offer, and this has proved very popular with residents.

A schedule of all the engagement activity since November 2020, other than one to one phone calls, is set out below:

<b>Hayes Town Centre Estate</b>	
Online resident steering group meetings	6 meetings
Online drop-in design consultations (totalling 6 hours)	2 sessions
Tenure specific meetings (Council tenant, leaseholders, private renter)	6 meetings
Estate in-person drop-in sessions (totalling 18 hours) <ul style="list-style-type: none"> <li>• Saturday 17 April (4 hours)</li> <li>• Monday 19 April (3 hours)</li> <li>• Friday 30 April (4 hours)</li> <li>• Friday 7 May (4 hours)</li> <li>• Saturday 15 May (3 hours)</li> </ul>	5 sessions
Resident Newsletters	5 publications

<b>Avondale Drive Estate</b>	
Online resident steering group meetings	8 meetings
Online drop-in design consultation (totalling 3 hours)	1 session
Tenure specific meetings (Council tenant, leaseholders)	4 meetings
ITLA Virtual drop-ins	8 sessions
ITLA Landlord Offer consultation	1 session
Estate in-person drop-in sessions (totalling 10 hours) <ul style="list-style-type: none"> <li>• Wednesday 14 April (3 hours)</li> <li>• Friday 16 April (3 hours)</li> <li>• Friday 30 April (4 hours)</li> </ul>	3 sessions
Resident Newsletters	6 publications

In terms of outcomes from the consultation, residents influenced the final Landlord Offer in several ways including the following:

- Residents requested that Council tenants who are currently under-occupying should be able to keep one extra bedroom rather than just be allocated a home that fitted their housing need and this was agreed.
- Residents asked the Council to do more to help the non-Council tenants on the estates to further cohesive communities and the Council responded by drawing up a local lettings plan for the redevelopment to enable those in private rent in band A and B and those in Temporary Accommodation on site for over a year to access one of the new homes on the estate.
- Residents asked that the offer make clear that the Council would buy back any resident leaseholder who wishes to be bought out early and this was agreed.
- In terms of the indicative design, residents on Hayes Town Centre expressed safety concerns about pedestrian only streets originally proposed by the architects and these have been omitted.
- Residents expressed a strong preference for a mixture of open plan home and homes with separate kitchens and this has been incorporated.

## Consultation with other stakeholders

Local Ward Councillors have been updated regularly throughout the process and were briefed on the Landlord Offer contents prior to its distribution.

As part of the next stage of preparation for planning there will be consultation with a wider range of stakeholders to help develop the design with residents and this will include neighbouring properties, community groups and the police service.

## CORPORATE CONSIDERATIONS

### Corporate Finance

Corporate Finance has reviewed this report and associated financial implications, noting that the positive ballot results in respect of the proposed regeneration of the Avondale Drive and Hayes Town Centre Estates will allow these projects to progress to the next stage. Recommendations set out within this report seek approval to progress the scheme, both through to securing planning permission and appointing a development partner through competitive dialogue by spring 2022. Alongside these measures, the report is also seeking approval to commence the process of acquiring third-party interests on the estates ahead of the construction stage.

Appendix 1 to this report provides an overview of the financial viability assessments developed by Savills of the proposed regeneration projects, indicating that within the HRA Business plan these estates are effectively being subsidised by other rental income within the HRA and that the proposed projects can be developed to rectify this on a sustainable basis, including a significant uplift in the number of housing units. The availability of GLA grant funding is a key enabler of the scheme, providing a mechanism to finance the land assembly element of project which would otherwise undermine the financial viability of the scheme. While these regeneration schemes represent a substantial commitment on the part of the Council, the level of borrowing required to implement them is within the normal scope of the Council's treasury management activity.

While the final cost estimates and financing model will be refined through the work undertaken over the coming months, it is recommended that the initial expenditure commitment of £3.7m on progressing outlined above be financed from the capital budget for general needs housing within the HRA. The initial tranche of enabling acquisitions are to be financed from the approved general needs housing budget within the HRA, with scope to bring forward budgets from future years should further acquisitions be possible during 2021/22. Sufficient capacity exists within the capital programme and associated borrowing limits established by Council as part of the Capital and Treasury Management Strategies in February 2021 to enable this level of investment to progress during the 2021/22 financial year.

Future iterations of the Council's Medium Term Financial Forecast and the associated HRA Business Plan will be refreshed to incorporate the broader financial impacts of the planned regeneration projects on the Avondale Drive and Hayes Town Centre Estates as these are refined over the coming months.

## Legal comments

Given the wide range of issues in this report which are captured by the 8 recommendations, the Borough Solicitor is setting out detailed legal comments which, for ease of reference, appear under a number of headings as follows.

### *Resident Ballots*

The Council took every care to ensure that it fully complied with Section Eight of the GLA's Capital Funding Guide headed, 'Residents Ballots for Estate Regeneration' which makes it clear that GLA funding is conditional upon evidence of a positive vote in a resident ballot in favour of development. To this end, the Council engaged Civica Election Services to conduct and oversee the ballot process on its behalf. Having secured significant support from residents on both Estates in favour of the regeneration proposals and with a highly experienced election body having run the ballot process, the Council can be confident that it was conducted with integrity and fairness and importantly, fully in line with the GLA's requirements.

### *Consultation*

The report details the pre-ballot consultation and engagement with residents including the various ways in which residents influenced the final Landlord Offer.

A significant number of these residents are secure tenants. Under section 105 of the Housing Act 1985, the Council has a legal obligation to consult its secure tenants on matters of housing management such as changes to the management, maintenance, improvement or demolition of homes let by them, or changes in the provision of amenities. It follows that the regeneration of the two Estates, which is the subject of the report, could not be a clearer example of where the section 105 duty is firmly engaged.

It is important to note that the Council's consultation duty is not 'once and for all' but it is instead ongoing. Therefore, the Council will need to ensure that it continues to engage and consult with its secure tenants throughout the regeneration project as clearly there is still much work to be done to achieve completion of it. The Council should also ensure, as matter of course and good practice, that it also continues to meaningfully engage with leaseholders and registered provider assured tenants who are affected by the regeneration proposals.

### *Delivery Model and Procurement*

In terms of a possible delivery model for the project, in the event that the Council decides to pursue a Development Agreement with a selected partner, it must ensure that it is sufficiently robust and negotiated in a way which will fully protect the interests of the Council and the residents. Mention is also made of a formal joint venture as a possible alternative option. In simple terms, a joint venture is a commercial arrangement between two or more parties who agree to cooperate to achieve a particular objective. A variety of legal vehicles exist to facilitate joint ventures, examples of which are a company limited by shares and a limited liability partnership.

Reference is made in the body of the report to the Competitive Dialogue Procedure. This is essentially a pre-qualification process where short-listed candidates are invited to take part in a

dialogue process during which the nature of the project may be discussed, and possible solutions may be developed. When the dialogue procedure is complete, tenders are then invited.

### *Planning*

The Council will have to submit its own planning application, rather than rely upon its chosen development partner to do so, in order to comply with conditions attached to GLA funding.

It is, therefore, of the utmost importance that there is a proper separation of the Council's property and planning functions and that the planning application, when submitted by the Council, will be determined in accordance with its planning merits and the application of all the usual planning rules which the Major Applications Planning Committee observes when making its decisions.

### *Securing Vacant Possession of Properties*

The Borough Solicitor's housing and property legal team will undertake and complete the necessary work to buy back leasehold property which has been negotiated with leaseholders on both estates who are affected by the regeneration project.

However, if it is not possible to successfully negotiate with certain leaseholders to acquire their land interests by agreement, the Council may consider seeking authority to exercise its compulsorily purchase powers to acquire their properties as a last resort, and this work will be undertaken by an external law firm which has been commissioned for this purpose following a procurement process.

With regard to the secure tenants, legal action will, where necessary, be taken to secure possession of tenanted properties which will involve the service of various statutory notices under the Housing Act 1985 and Landlord and Tenant Acts. Once again, this work will be done in-house by the housing and property legal team.

### *Compensation Payments*

The Council will be required to make payments to both tenants and leaseholders under the Part III of the Land Compensation Act 1973 which will primarily take the form of home loss and disturbance payments.

### *Equality Considerations*

Finally, the public sector equality duty, as set out in section 149 of the Equality Act 2010, requires the Council when exercising its functions, to have 'due regard' to the need to eliminate discrimination, harassment, victimisation and other conduct prohibited under the Act, to advance equality of opportunity and foster good relations between those who have a 'protected characteristic' and those who do not share that protected characteristic. A summary of a completed Equalities and Human Rights Impact Assessment features strongly in the body of the report and is attached as Appendix 6. The completion of such an assessment is capable of demonstrating that the Council has complied with its 'due regard' duty and therefore it is of the utmost importance that Cabinet properly considers the assessment in deciding whether to approve the recommendations in the report'.

## Infrastructure / Asset Management

This is an excellent opportunity to tackle poor stock condition and provide additional Council homes plus other tenures and public realm improvements that will benefit the wider area. Infrastructure impacts will be examined as part of the planning application process and officers will work closely with the developer partner to ensure the quality and longevity of the new homes and neighbourhoods.

## Comments from other relevant service areas

### *Tenancy services*

The provision of new housing of all tenures is a benefit to residents of the Borough but in terms of the provision of affordable housing, the long-term benefit of the scheme is to provide additional Council rented homes as well as higher quality replacements for the existing homes.

In this way the Council can provide better housing for its existing tenants, offer the opportunity to become Council tenants to more residents on the housing register.

Redevelopment presents an opportunity to 'design out' a wide range of community safety issues and address some complex and significant maintenance issues. In addition, new accommodation will be built to modern standards and will be cheaper to run which will be a major positive aspect as affordable warmth plays a significant part in our overall debt prevention strategy.

In including an intermediate tenure such as shared ownership the scheme also provides an affordable option for those who would like to become home owners.

The local letting policy that has been adopted allows the Council the flexibility it needs to take community cohesion and local connection into account in allocating the new properties.

### *Housing Strategy*

The regeneration proposals will make a significant contribution towards addressing housing challenges. In particular, they will increase the provision of affordable housing to meet a range of needs.

The redevelopments will provide good quality, well designed homes in an improved environment addressing issues in relation to housing standards and wider social and environmental concerns. The new homes will also add to the supply of accessible accommodation.

## BACKGROUND PAPERS

- [Cabinet report / decisions – Hayes Housing Zone – 17 March 2016](#)
- [Cabinet report / decisions – Hayes Regeneration: Options Appraisal – 22 October 2020](#)