

WELWYN HATFIELD BOROUGH COUNCIL
CABINET - 5TH DECEMBER 2017
REPORT OF THE EXECUTIVE DIRECTOR (HOUSING AND COMMUNITY)

OUTCOME OF THE CONSULTATION ON REDEVELOPMENT PROPOSALS FOR
MINSTER HOUSE, HATFIELD.

1 Executive Summary

- 1.1 On the 4th April Cabinet authorised the commencement of consultation with relevant stakeholders about the proposal to redevelop Minster House, Hatfield – in order to provide a larger, modern purpose built scheme.
- 1.2 This report informs on the outcome of the consultation process with both existing council tenants and Hospitaller Order of St John of God (HOSJG) – a charity which leases a number of units in the scheme.

2 Recommendation(s)

- 2.1 Cabinet to note the outcome of the consultation with key stakeholders, as set out in Paragraphs 3.2 to 3.7
- 2.2 Cabinet agrees that the redevelopment proposal proceeds and that the process to commence decanting of current council tenants starts as soon as is reasonably practicable.
- 2.3 Cabinet agrees that the proposed scheme budget is included in the 18/19 capital budget proposals and Medium Term Financial Strategy.
- 2.4 Cabinet note the outcome of negotiations with HOSJG thus far and provides delegated authority to the Director (Housing and Community) in consultation with the Cabinet Member (Housing, Planning and Community) to come to a suitable agreement with them within existing budget, in order to achieve vacant possession of the leased units within an acceptable timeframe.

3 Explanation

- 3.1 Minster House sits on a large plot which gives scope for redevelopment at a higher density than the current provision. The current scheme comprises 29 flats, plus communal space, a kitchen and former warden flat. Of the 29 flats, 18 are occupied by secure council tenants and 11 are leased to HSJOG under a single lease agreement. One of these flats is used as a 'sleepover' facility for support staff and six flats are occupied by tenants of HSJOG, all of whom have a learning difficulty and particular support needs. Four of the leased flats are currently vacant.
- 3.2 The consultation with tenants of Minster House, their family members and carers took place between 19th October and 17th November. Individual appointments were offered to each council tenant. As part of the consultation a

brochure was prepared with detail on the proposal and frequently asked questions and answers made available.

- 3.3 16 of the 18 council tenants attended an individual meeting and provided detailed feedback. Contact was made with the other two residents – one is in the process of moving from the scheme and the second didn't want a meeting, but said he would go with the majority view. The Scheme Manager has been available to tenants during the course of the consultation, as a point of contact.
- 3.4 Nine tenants expressed a positive view of the proposals, saying it was a good idea to modernise the scheme and that it was 'progress'. As part of the detailed feedback tenants said they would value balconies, improved and accessible outdoor space, larger kitchens and improved accessibility within the building - such as wider doorways and sufficient space for mobility aids.
- 3.5 The views of the other seven tenants varied – with most saying they are settled where they are, but understand the reasons for the proposals. Despite being less in favour of the proposal, all these tenants are engaged in the process and have indicated the type/location of property they would need/be willing to move to, if the proposal goes ahead.
- 3.6 Separate meetings have been held both with HOSJG and officers from Herts County Council, which commissions the support services provided to the tenants occupying the flats leased by HOSJG. Staff from HOSJG met separately with their tenants and have reported that these meetings went well.
- 3.7 Negotiations are ongoing with HOSJG with regard to the current lease terms and help and support for their tenants. This report seeks delegated authority for the Director of Housing and Community to agree a suitable arrangement within existing budgets
- 3.8 On balance the consultation process has been positive, with the majority of scheme residents being in favour of the proposal. The recommendation in this report is that the proposal to demolish and redevelop a modern well designed sheltered housing scheme is agreed.
- 3.9 The indicative programme for the redevelopment seeks pre application advice in April 2018, planning submission August 2018 and award of contract to construction partner July 2019. This indicative programme will take place alongside the liaison, support for and decanting of current tenants.
- 3.10 Officers will use the detailed feedback from tenants to inform the design of the new facility. Tenants will also be engaged on an ongoing basis with the design proposals as they are finalised.
- 3.11 The proposal would include a permanent decant of all council tenants from the block, with a right of first refusal to all displaced tenants who have expressed a wish to return to a flat within the new development.
- 3.12 Subject to approval of the recommendations in this report, council tenants will be placed in the highest priority Band (Band A) (as set out in the Housing Allocation Policy) and supported to make bids for suitable alternative properties.

Implications

4 Legal Implication(s)

- 4.1 Pursuant to section 29 of the Land Compensation Act 1973, where a person is displaced from a dwelling due to development, that person may be entitled to home loss payments if certain conditions are met (set out below). The rate of homeless payment for tenants is reviewed annually and is currently £6100.
- 4.2 Homeloss payments are made when:
- The tenant has been living in the property for one year before they have to be permanently decanted
 - The tenant has been living in the property as their main or only residence
 - The tenant is being required to move as a consequence of improvement or redevelopment (repairs, even if major, do not justify payment)
- 4.3 Provided the tenants are eligible, any outstanding rent arrears will be deducted from the Homeloss Payment and credited to the tenant's rent account.
- 4.4 The lease agreement between HOSJG and the council has expired and the council is negotiating a suitable re-grant which will regularise continued occupation of the property by HOSJG and provide flexibility to enable HOSJG to move the remaining tenants out of the scheme in a planned way and within the timeframe required by the council. The lease agreement will contain a break clause so that when the Council is in a position to progress with the scheme, the lease can be determined.
- 4.5 Council tenants will be moved from the scheme via the council's transfer scheme and during the consultation process all tenants have been willing to engage in discussions about moving. However should a tenant later refuse to move from the property, the council would need to consider taking legal action to gain possession of the tenancy.
- 4.6 Financial Implication(s)
- 4.7 Development appraisals have been completed by external consultants, Proval Development Services, to consider and evaluate the financial costs projected in order to deliver the proposed scheme.
- 4.8 The development appraisal considers a range of inputs and costs based on demolition, construction and associated professional fees and rental income over time. The costs of developing the new scheme are projected to be in the region of £15 million. Further cost analysis will be done once more detailed plans have been completed and drawn up and prior to a tender process seeking a construction partner.
- 4.9 The useable Right to Buy receipts can be applied to 30% of the development costs of any additional units at the site. If 70 new units are provided, this would be a net gain of 41 units on this site. The remaining costs will be met by the Housing Revenue Account and income generated from the flats will form part of this account going forward. The Development Appraisal demonstrates that the

scheme is financially viable based on the future rental income and borrowing requirements.

- 4.10 During the lead up to the redevelopment, there will be an opportunity cost of rent loss from the current flats – this is difficult to predict at this time, as it will depend on the speed at which tenants can be decanted. This will be a loss sustained within the Housing Revenue Account. The current total rent for the properties is approximately £150,000 per annum. This would be the total rent loss once the property is fully vacated.
- 4.11 There will be costs associated with the decant process including statutory Homeloss payments, disturbance payments and costs associated with the provision of the practical support to help tenants with the move. The estimated costs are included in the development appraisal.

5 Risk Management Implications

- 5.1 The risks related to this proposal are:
- 5.2 Reputational: the proposals contained in this report have significant implications for the existing residents of Minster House. There is a risk that this will be considered a negative proposal and that this could lead to negative publicity. This risk is mitigated by consulting with residents in a sensitive and careful way; explaining clearly the compensation, support and rehousing options available to tenants. Plus all council tenants are offered right of first refusal on a flat within the redeveloped scheme. Impact High Likelihood Low – Residual Risk Score Medium.
- 5.3 Resources: Insufficient funding/staffing resource to deliver the project. This is mitigated by the detailed development appraisal, project plan and project group tasked with delivering the project. The project group will have oversight of the detailed risk register and project budget/plan. Impact High Likelihood Very Low – Residual Risk Score Low
- 5.4 Financial: Funding cuts that may impact the ability to remodel, refurbish or provide new homes. Controls: Scheme progression will be monitored by the project group overseeing delivery of the action plan. The government has indicated that they will be confirming social housing rents shortly and that these will not be reduced further. There has also been a recent announcement that sheltered housing rents may be set at a higher rate. The scheme proposal is included in the draft Housing Revenue Account Business Plan and the financial appraisal demonstrates that the scheme is viable based on cost and future income streams. Impact Medium - Likelihood Low - Residual Risk Score Low.
- 5.5 Construction: There are risks in relation to construction and appointment of a suitable construction partner capable of delivering the scheme on time and within an agreed budget and with the ability to manage resident and tenant relationship through the build. Controls : Selection of a suitable Employer's Agent to help manage the selection and construction phase and the involvement of the council procurement manager and member procurement board Impact High – Likelihood low – Residual Risk Score Low

6 Security & Terrorism Implication(s)

6.1 There are no specific security and terrorism implications arising from this report

7 Procurement Implication(s)

7.1 The procurement of a construction partner will be overseen by the Affordable Housing Programme Member Procurement Board.

8 Climate Change Implication(s)

8.1 Proposals will make a significant impact on climate change it incorporates :

- a) Increasing the supply of affordable housing for older people which includes the potential to build new homes which are more sustainable and energy efficient
- b) Improving and redeveloping the councils existing sheltered stock, making it more sustainable and energy efficient

9 Link to Corporate Priorities

9.1 The subject of this report is linked to the Council's Corporate Priorities 1 and 3

Maintain a safe and healthy community, and specifically to the achievement of "work with partners to keep people safe" and

"Meet the borough's housing needs, and specifically to the achievement of "Plan for the housing needs of our communities"

10 Equality and Diversity

10.1 An Equality Impact Assessment (EIA) was carried out for the consultation process. The consultation was designed to ensure that there was no detrimental impact on any group with protected characteristics.

10.2 Subject to agreement to the proposals set out in this report, an Equality Impact Assessment will be completed on the design of the scheme.

Name of author	Sian Chambers
Title	Head of Community and Housing Strategy
Date	17 November 2017

Background papers to be listed (if applicable)

Cabinet report: Decommissioning of existing unsuitable sheltered housing and proposals for older person new build opportunity. 4th April 2017