



City of Westminster

Cabinet Member Report

Decision Maker:	Cabinet Member for Communities and Regeneration
Date:	23 July 2021
Classification:	General Release
Title:	Church Street: Sites A, B & C - Voids
Wards Affected:	Church Street ward
Policy Context:	Communities and Regeneration
Financial Summary:	The temporary use of the dwellings in sites B and C for temporary accommodation use will help offset the impact of changes in the allocation of housing as a result of the change in decant status.
Report of:	Serena Simon, Church Street Renewal Programme Director, Growth Planning and Housing Contact details: ssimon@westminster.gov.uk Sarah Crampton, Programme Manager, Growth Planning and Housing Contact details: scrampton@westminster.gov.uk

1. Executive Summary

- 1.1. The Church Street Masterplan, approved by Cabinet in December 2017 as the City Council's framework for informing the future regeneration of the Church Street area, identified Site A, as the first site with the scheme to commence redevelopment works. This was to be followed by Sites B and then C in the Church Street area.
- 1.2. On 14 May 2019 the Cabinet Member approved the appointment of Westminster Community Homes ("WCH") as the leaseholder engagement agent to facilitate the acquisition of leasehold interests in the Church Street area. The same decision also approved the funding of WCH to acquire leasehold properties in the Church Street area where such properties are tenanted. On 6 June 2019 the Cabinet Member approved Option 3 as the

“Preferred Way Forward” to progress Sites A, B and C, and also provided authority for officers to:

(a) enter into voluntary negotiations with leaseholders in any or all blocks within Sites A, B and C (with the exception of Kennet House) to apply the acquisition budget to acquire all leasehold interests by agreement, and

(b) implement the City Council’s Policy for Tenants in Housing Renewal Areas to include all blocks in Sites A, B and C (with the exception of Kennet House).

1.3. These approvals and authorisations meant that leaseholders and secure tenants may, if they so wish, move from Sites A, B and C in advance of the demolition works taking place as part of redevelopment. However, the consequence of residents taking this decision gives rise to increasing numbers of voids in Sites A, B and C in the lead up to redevelopment taking place.

1.4. 25 leaseholders have now sold their properties and moved from Site A and a further 20 have moved from the Sites B and C. To date there are 87 void units on Site A, due to the City Council proactively rehousing secure tenants from Site A in preparation for the scheduled redevelopment works. The timetable below is indicative and will be subject to changes as the project develops further:

Table 1 –Target dates for vacant possession at Church Street (A, B, C):

Site and the houses in each Site	Target Vacant Possession Dates
A - Blackwater House, Cray House, Ingrebourne House, Lambourne House and Pool House	Q2. 2022
B - Eden House, Lea House, Medway House, Ravensbourne House, Roding House and Wandle House	Q2. 2026
C - Colne House, Darent House, Derry House, Isis House, Mole House and Windrush House	Q2. 2032

- 1.5. On Site A where vacant possession is required for mid-2022 and redevelopment works are intended to commence within the next 24 months, subject to further approvals, it has been recommended that all vacant properties located within this site should remain void.
- 1.6. The City Council has considered the lost rental income in keeping these units void, but after calculating the significant costs involved in both refurbishing and re-letting these units, and the logistical efforts involved in rehousing occupants again, has found it is neither viable nor in the City Council's best interest financially to use them. A full estimate breakdown of the refurbishment costs in Site A is outlined in Appendix 1 of this report.
- 1.7. The City Council is also mindful of the potentially negative social impacts in leaving Site A properties void, particularly on any remaining occupants who are yet to move from the estate. To date, there are 24 secure tenants, 2 temporary accommodation tenants and 23 leasehold units on Site A, which are all occupied.
- 1.8. The City Council takes its duty to safeguard and protect its residents extremely seriously and collaboration between Housing Services (including Anti-Social Behaviour and Gangs teams) and the Church Street regeneration team are ongoing, to ensure there is a robust plan in place, which keeps any remaining residents feeling safe in their own homes and well connected to the community. An outline of the planned strategy for this is covered in Appendix 2 of this report.
- 1.9. In the case of Sites B and C, where redevelopment works are not scheduled to commence for at least 5 years, a decision on the best use of the void units is still required.
- 1.10. This report identifies the need for a decision regarding their current use, as unlike Site A, it will be significant length of time until redevelopment works commence on these units, so it is not considered desirable for these void properties to remain empty for such long periods of time.
- 1.5 Voids in Site B and C require a planned strategy to prevent squatting, minimise rental loss and disturbance to the remaining residents and deal with other management challenges. This report sets out the proposed strategy regarding the use of the voids that arise as part of the estate regeneration programme for Church Streets Sites B and C.

- 1.6 It seeks approval to continue to keep units within Site A void, and for the current time, use void properties located within sites B and C as temporary accommodation, and (if appropriate) to use as temporary accommodation for rehoused secure tenants from the Site A blocks, as this will assist the City Council in meeting its vacant possession objectives. This in turn shall facilitate the Council's regeneration plans at Site A, which is part of the City For All vision.

2 **Recommendations**

- 2.1 That the Cabinet Member approves: -

- (a) That voids arising on the Church Street, Site A (namely in the blocks known as Blackwater, Cray, Ingrebourne, Lambourne and Pool House) remain void to enable redevelopment works to commence when required,
- (b) That voids arising on the Church Street, Sites B (namely in the blocks known as Eden, Lea, Medway, Ravensbourne, Roding and Wandle House) and C (Colne, Darent, Derry, Isis, Mole and Windrush House) are no longer let as permanent secure tenancies from the date that this report is approved, except at the discretion of the Executive Director of Growth, Planning and Housing,
- (c) That voids arising in Sites B and C are used as temporary accommodation or otherwise at the discretion of the Executive Director of Growth, Planning and Housing to facilitate the achievement of vacant possession of the estate, and
- (d) That voids in Sites B and C, can be used to place homeless households under Part VII of the Housing Act 1996.

- 2.2 That the Cabinet Member delegates authority to the Executive Director of Growth, Planning and Housing to review the rent levels for lettings and decide how these are split between the Housing Revenue Account and General Fund ("GF").

- 2.3 That the Cabinet Member delegates authority to officers to explore the option for using the registered provider, Residential Management Group, to manage the voids so the City Council can retain rental income under the GF and that the Cabinet Member delegates authority to the Executive Director of Growth, Planning and Housing to make decisions to facilitate and enter into such arrangements on behalf of the City Council.

3 Reasons for Decision

3.1.1 The approvals and delegated authorities sought in this report are required to:

- a) protect the City Council's void assets,
- b) enable a flexible and interim use of the properties, and
- c) to provide rental income for such uses.

This will ensure, during the lifespan of the programme that Westminster City Council makes best use of its properties and acts in the best interests of the scheme and its remaining residents.

4 Sites B & C Voids update

4.1 The Church Street area is one of five priority estates identified in the City Councils Housing Renewal Strategy (2010) as needing significant improvement and investment. Part of the Church Street Masterplan, includes the proposed developments of Sites A, B and C.

4.3 The three Sites (excluding Kennet House and Edgware Road properties) comprise of 400 homes, of which 62 are resident leaseholders and 110 are non-resident leaseholders. On Sites B and C (excluding Kennet House) leaseholders occupy 125 units. Following Cabinet Member approval to acquire these units, the City Council and its agent has engaged with leaseholders interested in selling their properties.

4.4 These leaseholders were offered the statutory compensation in addition to the market value of their property as they wished to sell. This was a recommendation which formed part of the previous Futures Plan consultation and received an overall favourable response following that consultation.

4.5 To date Westminster Community Homes ("WCH") (the Council's agent) has successfully negotiated 20 homes from Sites B and C, which are now currently vacant.

Table 2 – Church Street (Sites B and C) - acquisitions breakdown, with bedroom breakdown

Site	Block	No. of units acquired
B	Eden House	4 (1 x 1bed, 1 x 2bed, 2 x 3 bed)
	Lea House	1 (1 x 3 bed)
	Ravensbourne	11 (2 x Studio, 9 x 1b ed)
	Wandle House	1 (1 x Studio)
C	Colne House	1 (1 x 1 bed)
	Mole House	1 (1 x 2 bed)
	Isis House	1 (1 x 3 bed)
Total		20

5. Options for voids use

As the City Council continues to purchase properties across the Church Street renewal area, there are three options available, which this report assesses on how to make best use of the current and future voids occupying Sites B and C.

5.1 Make the void properties unusable

- 5.12 Keeping void units across sites B and C empty would only be effective if a block is completely vacant. None of the current Site B or C blocks are vacant and the remaining residents are experiencing severe nuisance from units that have been squatted.
- 5.13 If the City Council were to implement this option it would require rehousing all remaining tenants and buying out all leaseholders from each block. Given the lack of available alternative accommodation, costs and time associated with this, it is not a realistic option. This is also not the best use of the properties given it will be several years before redevelopment works commence on these sites.
- 5.16 The properties identified in sites B and C will be vacant for at least 6 years. Due to the length of time these units would be void, the City Council is at risk of attracting squatters to these premises. Further, leaving properties empty for such long periods, reduces activity on the estate, thereby reducing the security for remaining residents and their homes.
- 5.17 There is also a strong argument, in the context of such high housing demand facing the City Council, that homes should not left unused for this length of time. Not only could this be perceived as a missed opportunity to accommodate families waiting for accommodation, it would also represent an unnecessary loss in rental income.

- 5.18 Therefore, a strategy must be in place to ensure that the void properties are legally occupied once the acquisition takes place.

5.2 Permanent lettings on the estate

- 5.21 Under the current Church Street renewal proposals, properties within Sites B and C will not be demolished for at least 6 years.
- 5.22 As the City Council begins the tenant rehousing phase for properties on the Church Street estate, it could be counter-productive to create new secure tenancies in properties that are expected to be needed for demolition in the near future. The outcome of this creates difficulties for the tenants and the City Council. It would be necessary to: rehouse and disrupt households, source alternative properties; facilitate claims for financial compensation from the tenants under the *Policy for Tenants in Housing Renewal Areas*. This could include claims for statutory homelessness compensation (£6,500 as of November 2020) and disturbance compensation.
- 5.23 Where voids arise during estate regeneration, it seems logical that any strategy which keeps void units occupied in the lead up to redevelopment works, does not prejudice future redevelopment objectives. This means that any such strategy should involve a straight-forward and cost-effective achievement of vacant possession of properties at 12 months' notice prior to demolition and without too much disruption to households. It is important to be able to manage the residents' expectations as to how permanent their occupancy is.
- 5.24 It is therefore recommended that such permanent lettings cease on Church Street sites B and C immediately, except at the discretion of the Executive Director of Growth Planning and Housing.

5.3 Temporary Accommodation ("TA")

- 5.31 By utilising voids from Sites B and C as temporary accommodation for households needing to move within the Church Street estate as non-secure Part VII tenancies (under the Housing Act 1996) as temporary accommodation within the Housing Revenue Account ("HRA"), the City Council is able to use the properties flexibly.
- 5.32 One such approach is that voids in Sites B and C are used as temporary accommodation, and these voids are to be managed by the registered provider, Residential Management Group ("RMG"), during this period and leased back to the City Council's General Fund.

- 5.33 This will enable the City Council to charge rents on these properties within the TA subsidy regime (c. £500 per week for a 2bed or 3bed home) while ensuring the costs of works required to bring these void properties up to a lettable standard are covered by the rent roll generated from these properties. The revenue generated from these properties will also create homelessness savings for the City Council.
- 5.34 The City Council has over 2,000 active homeless cases and with the growing pressure to source accommodation, particularly following the recent pandemic, the use of these voids to help this gap will be a welcomed option to offer the City Council some relief with this pressure. The creation of temporary voids would discharge the City Council's homelessness duties within the HRA under Housing Act 1996 Part VII tenancies.
- 5.35 By still renting these properties, it will offer the City Council a stream of revenue and also save the City Council funds by enabling it to use this instead of more costly temporary accommodation options to meet its statutory homeless duties.
- 5.36 In order to make this option viable in terms of recouping this expenditure, the properties would need to be let for a minimum of 2 years, which aligns with the tenancy rehousing dates for Sites B and C, as vacant possession is not required for at least 6 years. Thereafter, a decision on whether to let the property temporarily, will need to be agreed at the discretion of the Executive Director of Growth, Planning and Housing.
- 5.37 If the City Council was to choose to utilise these voids for temporary accommodation, this would also permit the City Council to use Executive Director discretion to rehouse a household from the first phase site, Site A, with housing priority under the City Council's allocations scheme to a void unit within sites B or C, to create a vacancy for a secure tenants as a temporary housing option.

6. Management of vacant properties to be used as temporary accommodation

- 6.1 Westminster City Council undertook an open and public procurement exercise in 2017 for our Housing Solutions Services, which included the management of properties as Temporary Accommodation for homeless households.
- 6.2 Places for People ("PfP") successfully bid for the contract and this is the basis for their management of these properties going forward. RMG provide the Temporary Accommodation management service as part of the PfP

Group and PfP have confirmed that the service would be available for the duration of the contract.

- 6.3 The Contract clearly sets out that the amount of TA that will be managed under it may vary according to the availability of vacant stock.

7. Financial Implications

- 7.1 Housing homeless tenants in these properties instead of properties owned by other bodies will reduce expenditure on lease payments.
- 7.2 The City Council will incur an initial refurbishment fee and on-going management costs, but an overall saving of up to £14k over a 3-year period as detailed in Appendix 3. This increases by £11k p/a over longer periods.

The overall financial impacts would be as follows:

- Loss of rental income for the voids
- Loss of service charge income
- Council tax implications
- HRA subsidy impact
- Security Costs and
- Repairs and maintenance costs

8. Legal Implications

- i. The City Council has a general power of competence under section 1 of the Localism Act 2011. This is the power to do anything an individual can do provided it is not prohibited by other legislation.
- ii. Section 111 of the Local Government Act 1972 enables the City Council to do anything which is calculated to facilitate, or is conducive to or incidental to, the discharge of any other of its functions, whether involving expenditure, borrowing or lending money, or the acquisition or disposal of any rights or property.
- iii. If a person who is homeless or threatened with homelessness applies to the City Council for housing assistance under Part VII of the Housing Act 1996, the City Council has a duty to provide the homeless applicant with

accommodation for them and their household. Accommodation for homeless persons provided by the City Council under its statutory duty will not be a secure tenancy, unless the council has notified the tenant that it is a secure tenancy.

- iv. The grant of a lease by the City Council to another party such as a registered provider is a disposal of land. Secretary of State consent is required for a disposal of Housing Revenue Account land, unless it is a disposal by way of a short tenancy or if the City Council can rely on one of the General Consents.
- v. The City Council can enter arrangements with a Registered Provider to lease voids but when entering into any agreement with the provider the City Council must have regard to the relevant caselaw to ensure that the lease granted satisfies the appropriate requirements and also ensure that the licence agreement prevents creation of tenancy.
- vi. With regards to the use of voids arising in Sites B and C for temporary accommodation as set out in recommendation 2.1 (c), there are no immediate procurement implications as it will fall in scope of the specification for services incorporated in the agreement between the City Council and Places for People Ltd dated 20th November 2017. The services in scope of that agreement, includes, an obligation to provide management services in respect of existing and new temporary accommodation. That agreement is for a period of 5 years commencing on the 1st October 2017 and expiring on the 30th September 2022. There is an option to extend that agreement for a further period or periods up to 2 years. If that option is exercised, then, the agreement will be in place until 30th September 2024. Prior to expiry of this agreement, the City Council will need to consider its long-term strategy both in terms of service provision and procurement.
- vii. In relation to recommendation 2.1 (a), again, there are no immediate procurement implications. However, where any redevelopment works is proposed to be undertaken, such works must and should only be undertaken in full compliance with Public Contracts Regulations 2015 as amended and the Councils Contract Procedure Rules. Appropriate approvals will be required for such works to be undertaken.
- viii. In relation to recommendation 2.3, use of a third party to manage the properties on behalf of the Council may have procurement implications. Such a decision must therefore be undertaken in full compliance with Public Contracts Regulations 2015 as amended and the Council's Contract Procedure Rules.

9. Equalities

- 9.1 The Equality Act 2010 requires the Council when taking decisions to have due regard to the need to:

- (a) eliminate discrimination, harassment, victimisation or other prohibited conduct;
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and those that do not share it;
- (c) foster good relations between those who share a relevant characteristic and those that do not share it.

9.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex sexual orientation

9.3 The Council has had conducted an Equality Impact Assessment a copy of which is appended to this report as Appendix 4. The Council needs to pay due regard to its findings when making decisions with regard to Church Street Sites A, B and C.

10. Consultation

10.1 The City Council should pay due regard to the feedback received during the consultation when making any decisions with regard to Church Street Sites A, B and C.

10.2 The City Council will need to ensure that homeless applicants in temporary accommodation are informed about the redevelopment of Church Street and are aware of their rights, including how they differ from those on secure tenancies, to avoid confusion at a later stage. Short-term tenants should also be given as much advance notice as possible of works, so that alternative accommodation can be found.

If you have any queries about this report or wish to inspect any of the Background Papers please contact:

Sarah Crampton
Vacant Possession Programme Manager
scrampton@westminster.gov.uk
07815661303

BACKGROUND PAPERS:

Appendices:

For completion by the **Cabinet Member for Communities and Regeneration**

Declaration of Interest

I have <no interest to declare / to declare an interest> in respect of this report

Signed: _____ Date: _____

NAME: _____

State nature of interest if any
.....

.....

(N.B: If you have an interest you should seek advice as to whether it is appropriate to make a decision in relation to this matter)

For the reasons set out above, I agree the recommendation(s) in the report entitled **Church Street: Sites A, B & C - Voids** and reject any alternative options which are referred to but not recommended.

Signed

Cabinet Member for Communities and Regeneration

Date

If you have any additional comment which you would want actioned in connection with your decision you should discuss this with the report author and then set out your comment below before the report and this pro-forma is returned to the Secretariat for processing.

Additional comment:
.....
.....
.....
.....

If you do not wish to approve the recommendations, or wish to make an alternative decision, it is important that you consult the report author, the Head of Legal & Democratic Services, Director of Finance and, if there are resources implications, the Strategic Director of Resources (or their representatives) so that (1) you can be made aware of any further relevant considerations that you should take into

account before making the decision and (2) your reasons for the decision can be properly identified and recorded, as required by law.

Note to Cabinet Member: Your decision will now be published and copied to the Members of the relevant Policy & Scrutiny Committee. If the decision falls within the criteria for call-in, it will not be implemented until five working days have elapsed from publication to allow the Policy and Scrutiny Committee to decide whether it wishes to call the matter in.

Appendix 1

The estimated cost of works required to bring void properties in Site A to be used as temporary accommodation and the management costs to housing.

Estimated TA Refurbishments Costs Site A Church Street								Number of units
Block	TA Refurbishment Unit Costs			Unit Bed Size Numbers				
	1 Bed	2 Bed	3 Bed	1 Bed	2 Bed	3 Bed	4 bed	
	Average cost £13,500.00	Average cost £15,125.64	Average cost £22,358.04					
Blackwater	£94,500	105,879.48	£648,383.16	7	7	15		29
Cray		£45,376.92	£67,074.12		3	3		6
Pool		£90,753.84	£402,444.72		6	18		24
Ingrebourne		£30,251.28	£491,876.88		2	20	2	24
Lambourne				62				62
Total	£94,500	272,261.52	£1,609,778.88	69	18	56	2	145
Estimated TA Total Refurbishment Cost (including asbestos costs shown below):								
£2,659,304.20								

Estimated TA Refurbishments Costs Site A Church Street				
Block	Asbestos Removal Cost	Fit out Costs		
		1 Bed	2 Bed	3 Bed
	Estimated £1.8k/Unit	£2,277.2	£3,065	£3,611.5
Blackwater	£52,200.00	£15,940.4	£21,455.00	£54,172.5
Cray	£10,800.00		£9,195.00	£10,834.5
Pool	£43,200.00		£18,390.00	£65,007
Ingrebourne	£43,200.00		£6,130.00	£79,453
Lambourne	£111,600.00	£141,186.4		
Total	261,000.00	£157,126.8	£55,170.00	£209,467

Appendix 2

Site A engagement and wellbeing strategy for existing residents

The Church Street regeneration team are fully committed to both supporting and meeting the needs of existing residents, whilst they remain on Site A. We are conscious increased voids can heighten the risk of residents feeling isolated and alone, particularly as their neighbours and friends leave the estate.

The table below acknowledges in further details potential social risks brought with voids and outlines how the City Council plans to proactively mitigate these risks.

Site A considerations	Site A mitigations
<p>Wellbeing and safety of existing residents, as voids continue to increase (i.e against ASB, gang activity, squatters)</p>	<ul style="list-style-type: none"> • Close work with ASB, Gangs and Housing services to ensure residents have a clear and direct contact route to report any issues, which can be captured confidentially • If reports of ASB increase, reviewing security options such as security patrols and increased visits from police, as previously carried out over the Christmas period. • Ensuring newsletters include contact information to residents on whom to contact if they have any concerns and outline what the City Council are doing to keep them safe. • Door knocking and check ins, to ask residents how they feel and address any reported concerns (i.e repairs and health concerns). • Weekly 'housing officer' days at the Church Street Regeneration office, where existing residents can report repairs and flag housing concerns with a dedicated housing officer
<p>Aesthetics with the installation of sitexed units</p>	<ul style="list-style-type: none"> • Installing curtains to 'soften' the aesthetics of gated sitex. • Capturing residents' feedback on aesthetics and considering suggestions put forwards
<p>Maintaining community cohesion</p>	<ul style="list-style-type: none"> • Planned engagement sessions using neighbourhood keepers, Church Street engagement officers and Community development team • Increased community events I.e Monthly lunches or drinks to bring the community together and remind residents they are still fully supported by the City Council.
<p>Isolation to more vulnerable, single residents</p>	<ul style="list-style-type: none"> • Regular contact with the Lambourne House Community supported scheme Manager, to can ensure contact links can be arranged with some of the more vulnerable residents remaining. • Virtual and physical engagement sessions with Lambourne residents, which reinforce how the Church Street team are there to support them with links to the Relocations team and WCH in case residents have further questions about the acquisition or decant process.

Appendix 3

The cost of works required to bring void properties in Sites B and C to be used as temporary accommodation and the management costs to housing should be funded by the general fund.

Impact on Temporary Accommodation budget.

	Year 1	Year 2	Year 3	Total
PSR saving (2 bed property average cost £346/week)	-17,992	-17,992	-17,992	-53,976
Costs incurred				
One-off refurb costs	16,473			16,473
One-off furniture	3,000			3,000
Weekly management costs (management, void allowance, bad debt, repairs and maintenance, service charges) 126	6,552	6,552	6,552	19,656
	26,025	6,552	6,552	39,129
Net	8,033	-11,440	-11,440	-14,847