

**REPORT TO: HOUSING COMMITTEE – 21 JUNE 2004**

**REPORT ON: BUILDING STRONGER COMMUNITIES – PHYSICAL REGENERATION IN THE COUNCIL SECTOR**

**REPORT BY: DIRECTOR OF HOUSING**

**REPORT NO: 489-2004**

**1. PURPOSE OF REPORT**

**1.1** To consider how to provide vibrant neighbourhoods and places to live in the Council sector, focusing on the opportunities for physical regeneration and reshaping of the built environment for the betterment of communities of today and those of the future.

**2. RECOMMENDATIONS**

It is recommended that Committee:

**2.1** Revoke the current “At Risk” criteria and adopt the methodology used in 11.3.1 and 11.3.2.

**2.2** Approve the recommendations of the At Risk Working Group in that the properties listed in 12.1 be declared as At Risk.

**2.3** Remit the Director of Housing to:

**2.3.1** Stop letting all properties detailed in 12.1.

**2.3.2** Seek Council Tax exemption on all current vacant and new vacant (as they occur) properties within these addresses.

**2.3.3** Consult the remaining residents about the options for the future of the property and report back to Committee.

**2.3.4** Consult with the Director of Social Work to establish a protocol for responding to issues which may arise as a result of the implications of this report on sheltered housing and the tenants therein.

**2.3.5** Negotiate with the appropriate Trade Unions relative to the staffing implications which may arise as a result of the implications of this and any subsequent report relative to the properties detailed in 12.1.

**2.3.6** Pursue a strategy for the regeneration of the Council sector which generates opportunities for re-shaping the stock including the provision of new quality sustainable houses.

**3. FINANCIAL IMPLICATIONS**

**3.1** There are no financial implications associated with this report. However, subsequent reports will detail financial requirements.

#### **4. LOCAL AGENDA IMPLICATIONS**

4.1 Local needs are met locally.

#### **5. EQUAL OPPORTUNITIES IMPLICATIONS**

5.1 A commitment is made to involving and consulting communities and neighbourhoods on all issues which affect them.

#### **6. BACKGROUND**

6.1 Reference is made to the Council Plan 2003-2007 wherein strategic objectives for the authority and a framework for development of detailed departmental service plans are established. Furthermore Dundee's Community Plan establishes a framework of themes to direct the authorities priorities and resources for the benefit of the people of Dundee. Building stronger communities will be pursued via a range of objectives including:

- enhancing the range and quality of housing opportunities available as part of an integrated strategy to tackle population decline.
- continuing to implement regeneration strategies for priority areas.
- supplying and supporting the provision of affordable social rented housing.
- servicing best quality in housing for Dundee citizens.
- improving the Council's property maintenance and service delivery.

6.2 The authority requires to develop a delivery plan for submission to the Scottish Executive outlining proposals for bringing houses in the social rented sector up to the Scottish Housing Quality Standard by 2015.

6.3 The Housing Department's Local Housing Strategy 2004-2009 embraces the housing aspects of the Council's vision and priorities set in the Community Plan and establishes key action strategies in the form of action plans, which provide structure and direction for addressing housing needs and demands in the area. The provision of neighbourhoods which contribute positively to the social, economic and physical fabric of the city is fundamental to achieving all aims expressed.

6.4 The Dundee Local Plan 2004 provides a range of guidelines which advance the Community Plan's vision for sustainable development in the city including living in Dundee.

6.5 Continuation of population decline and changes in the housing market continue to generate a surplus of houses in the city. There is strong evidence that this will continue. Projections made by the General Register Office for Scotland in 2002 suggest that by 2016 Dundee's population could fall by 14%. (More detail is provided in the Local Housing Strategy Housing Supply and Demand (P.91).

Consequently we will continue to see a reduced need for certain existing accommodation and properties at the poorer end of the market are likely to suffer most as residents aspire to obtain best quality housing given their income and dependent upon choices available.

This provides the city with the opportunity not only to remove poor quality stock, but to enhance the range and quality of housing opportunities in the City.

We can lead by example by regenerating Council housing areas, by developing strategies which remove surplus; focus investment in core stock and generate opportunities to build, at lower density levels, new quality sustainable housing and infrastructures.

## 7. Additional factors influencing physical regeneration strategies in the Council Rented Sector.

### 7.1 **Demand for Properties**

An independent consultant report advises that:

- There are approximately 25,000 Social Rented properties in the City at present.
- By 2008 about 20,500 Social Rented properties will be needed.

### 7.2 **Supply of Council Houses**

At any given time the biggest proportion of vacant houses are allocated and are in the process of being offered out. Some take longer than others to relet due to various individual or a combination of individual factors. Commonly 1/3<sup>rd</sup> of void houses are 1 or 2-apt. sheltered units for which there is no expressed demand.

The majority of these void houses are not easily matched to preferences expressed by applicants due to house size, type or geographical location. The combined waiting lists comprise of households with differing needs, preferences and expectations, most of which will be difficult to meet for some time.

The available houses are commonly those which do not match applicants aspirations. Therefore there will always be a waiting list for houses that we do not have readily available and a supply of readily available houses for which there is little or no demand.

### 7.3 **The Property Risk Assessment**

Independent consultants reviewed the Council's multi-storey properties and 3,584 non-traditional houses as being those properties likely to have high life cycle costs and/or low life expectancy.

The report concluded that overall risks are Moderate but that a considerable proportion of multis are in low demand and require significant investment over the next 30 years (£15m – for maintenance and life cycle repairs alone). 918 of the non traditional houses are pre-caste units or steel frames and more than £20m is required for life cycle repairs to them.

The report does emphasise that the majority of non-traditional house types are unlikely to be significantly at variance from houses of a traditional construction and therefore are likely to have a minimum 30 year life span subject to regular maintenance and upgrade.

### 7.4 **The Financial Viability Study**

As a consequence of various studies including the aforementioned, the Financial Viability Study has now progressed to consider a Core Stock baseline. To do this 1) stock was categorised into demand ratings, and 2) retention, repair and improvement costs as well as life expectancy assumptions, were measured.

By considering these factors along with expected population trends it has been determined that core sustainable demand for social rented housing in Dundee by 2008 will be, circa 20,500 units. Assuming 7,700 will be provided by other landlords, Dundee City Council's stock target should be 12,800 units. A significant reduction to the current stock of 16,775 (December 2003).

## **7.5 The Decommissioning Strategy for Council Sheltered Housing**

Reference is made to Article II of the Minute of the Meeting of the Housing Committee of 22 April 2002 which agreed a report regarding 'An Accommodation Strategy for Older People'. Committee acknowledged that sheltered housing for which there is no demand should be identified and decommissioned.

Whilst this process is being implemented, returning sheltered housing to mainstream has resulted in adding to the supply of bedsits and 1 bedroomed housing, some of which are unpopular, in poor locations and are proving to be difficult to let.

## **7.6 Consultation with Tenants and Staff**

Both a tenants and staff conference have been held to consider the future identification of At Risk Housing. The outcomes of each have been reflected in the methodology adopted in this report.

## **8. CONSOLIDATION OF FACTORS**

**8.1** As detailed above there is empirical and associated evidence that:

- There are vacant houses for which there is no expressed demand.
- There is no reversal in the decline of the city's population, indeed the GRO suggests a 14% decrease by 2016.
- Least popular Council houses will continue to be unsustainable.
- There is a mismatch between readily available stock and applicants preferences resulting in lack of demand for readily available stock.
- Neighbourhoods are being blighted by persistent long term voids.
- The Council has insufficient finance to bring its houses up to the Scottish Housing Quality Standard. The prudential funding regime will not draw sufficient new resources to support necessary investment whilst sustaining affordable rent levels. Therefore there is insufficient funding to bring all houses up to the quality standard within the prescribed timescales.
- Is the investment requirements of specific house types, e.g. non-traditional houses, reasonable or justifiable? Is such investment sound use of resources or going to produce quality sustainable housing to match the needs of the 21<sup>st</sup> Century?
- Limited resources – future investment must be targeted towards long term sustainable stock.

**8.2** Consequently the Council still has houses for which there is no expressed demand, which are blighting neighbourhoods and impacting on community social structures. Additionally there are houses with high investment needs which are unaffordable and uneconomic to retain.

**8.3** On the other hand it is imperative to grasp existing opportunities to build on the recent economic progress in the city by creating quality living environments that attract and retain people to the city. Physical regeneration must concentrate on maintaining the best residential neighbourhoods whilst encouraging initiatives in less attractive neighbourhoods. Such regeneration strategies will differ relative to needs within neighbourhoods, but critical components will relate to:

- linking removal of unwanted poor stock with replacement high quality new build, at lower densities;
- improving energy efficiency within homes.
- creating balanced housing tenure neighbourhoods which reflect current and potential needs;
- targeting investment to popular core stock to achieve, as a minimum, the Scottish Housing Quality Standard;

- improving external areas, individual and communal, to create sustainable safe and secure environs.
- improving infrastructure components, e.g. water and sewage management, traffic management etc.
- providing support to address residents behavioural issues and provide support and assistance to vulnerable residents;
- linking into initiatives focused on rehousing economic and social challenges e.g. dealing with youths.
- responding to changing demands for recreational opportunities.
- generating educational, training and employment opportunities.

**8.4** Over the last decade the Council has undertaken demolition of stock, but has not invested in new build, tending to choose improvement of existing sustainable stock as the most appropriate focus for investment. The focus for the future should be re-shaping our Council estates through an investment strategy which achieves a balance of investing in core stock and developing new build opportunities to replace poor quality housing.

## **9. CONCLUSIONS**

**9.1** The Community Planning process is generating a residential response to Dundee's population decline via intervention strategies. Regeneration of communities and neighbourhoods in various guises, is likely to be high priority for most communities. Physical regeneration will be a key part of this process, particularly within Council housing areas, indeed some might regard it as being the catalyst for holistic regeneration.

Whilst strategies will be developed for all parts of Dundee, there is a need to tackle specific areas where strong opportunities exist to arrest decline, mitigate further deterioration, and begin to lay the basis for addressing the wider problems of the city.

Improving the quality of and the long term sustainability of Council housing must be a key factor of any regeneration strategy.

There are still too many houses in the city that are expensive to maintain, have low, if not no, expressed letting demand, and are a drain on the City's resource. Similarly, there is a demand for quality sustainable rented housing which matches the needs and aspirations of Dundee's current and future citizens at affordable rent levels.

A new approach to identification of At Risk Housing coupled with new build opportunities must be grasped now and built into investment programmes along with details of achieving the Scottish Housing Quality Standard in core stock.

This strategy must be developed with full participation of local people. It must suit the needs of the community, and all departments and agencies must work in partnership to make effective and efficient use of resources.

## **10. FUNDING**

**10.1** Funding for new build opportunities is beyond the scope of the existing Housing Revenue Account capacities, therefore ring fenced funding must be secured via the Scottish Executive's Regeneration Budget.

**10.2** Funding for demolition is already in the Housing Revenue Account (Planned Maintenance) Budget albeit this must be approved annually.

## **11. IDENTIFICATION OF AT RISK HOUSING**

**11.1** Current indicators as approved (Article II of Housing Committee Meeting 18 May 1999) are:

- No sustainable demand.
- Properties where void levels greater than 5% for six months.
- Type of property – unpopular house type.
- Consideration of redevelopment opportunities.
- Where capital investment is economically unjustifiable.  
(Three out of five indicators to be matched)

Whilst these factors have been critical to the identification of surplus stock in the past a number of new factors must be the focus for the future.

### **11.2 New Factors**

- The Scottish Housing Quality Standard.
- The outcome to date, of the Financial Viability Study inclusive of the conclusions in the Needs/Demand Study and the Property Risk Assessment.
- Current factors relative to demand and supply of Council houses.
- Views expressed in the consultation exercises with tenants and staff.
- The outcome, to-date, of the Financial Viability Study to establish the basis for a strategy of future long term investment patterns. This will preferably facilitate the identification of Core and At Risk stock based on the needs/demands and investment profiles already carried out. Therefore as part of this exercise, this information as far as it is readily available, has been included whilst reviewing stock.
- Consideration of lost rent (due to void time) and management (staff, vandalism, security, repair and relet) costs have also been revised and taken account of.

### **11.3 METHODOLOGY ADOPTED**

**11.3.1** Initially to identify those estate developments which seem least sustainable in terms of high turnover, resulting in high void levels and high rent losses, a trawl of net void properties has been carried out. This information was collated over a 22 month period. Due to the differing nature the multistorey and low rise stock were separated for analysis purposes.

#### **11.3.2 Multistorey**

Information sourced from either the Voids Management System or from the Financial Viability Study, re voids, demand, annual rent loss, investment needs and management costs were utilised to rank the multistorey. An analysis based on different key components did not significantly alter the ranking outcomes.

#### **11.3.3 Low Rise**

The same components were used to give a comparison within the low rise developments exhibiting high voids between October 2003, and the beginning of 2001/2.

However, there is a difference in the detailed information with regard to investment needs of the traditional stock and a full comparison/analysis of information is not possible.

**11.3.4** Consolidation of the above generated a single base of factual information which demonstrated where the least sustainable stock is in the city. This informed the deliberations of the At Risk Working Group.

## 12. **RECOMMENDATIONS**

It is recommended that the process adopted in 11.3.1 and 11.3.2 above, be adopted for the identification of At Risk Housing.

The At Risk Working Group support this proposal and recommend that, after consideration of all factors, that the undernoted properties be declared At Risk.

12.1	Address	No Units	Address	No Units
	Carnegie Tower	110	2,4 Dunholm Place	8
	Maxwelltown Tower	110	54-66 Dunholm Road	28
	Jamaica Tower	110	1-13 Dunholm Place	28
	Wellington Tower	110	631-639 South Road	20
	133 Hilltown	26	Hillside Court	84
	1-32 Jamaica Square	32	Gowrie Court	84
	1-46 Wellington Square	46	Glamis Court	84
	Bucklemaker Court	186	Ninewells Court	84
	Butterburn Court	186	Balgay Court	84
	1-26 Reid Square	26	1-63, 2-196 Summerfield Gardens	128
	14-16 Derby Street	1	74-156 Summerfield Terrace	42
	9 Foggyley Gardens	30	14 and 24 Colonsay Terrace	16
	11 Foggyley Gardens	30	22,23,24 Harris Terrace	18
	13 Foggyley Gardens	30	1,39,40,54,55 Barra Terrace	42
	15 Foggyley Gardens	30	7 and 8 Lewis Terrace	24
	2-24 Whorterbank	12	6 and 7 Harris Terrace	12
	45-53 Burnside Street	5	2 and 4 Balmoral Avenue	8
			2,4,6,18 Cullen Place	24
			<b>TOTAL</b>	<b>1,898</b>

If agreed, officers will then proceed to consult with potentially affected residents and other affected Council Departments, then report back to Committee, if appropriate, that the stock be declared surplus for demolition.

Because of the extent of the programme and potentially long lead in time required to rehouse tenants, particularly from the multis, it may be a number of years before actual demolition takes place.

## 13. **CONSULTATION**

The Chief Executive, Depute Chief Executive (Finance), Depute Chief Executive (Support Services), Director of Social Work, DFTA and the At Risk Working Group have been consulted regarding the contents of this report. The Director of Housing has also briefed Elected Members who have properties from the above list in their wards.

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**10 June 2004**