

# Delegated Decisions report



8 June 2021

## MELLISH COURT, BLETCHLEY, AND THE GABLES, WOLVERTON - TO CONSIDER OFFERS TO RESIDENTS, SERVING NOTICE AND THE PURCHASE OF ADDITIONAL ASSETS TO SUPPORT THE DECANT OF BOTH BLOCKS

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Exempt / confidential / not for publication	<b>No</b>
Council Plan reference	<b>N/A</b>
Wards affected	<b>Wolverton and Bletchley West</b>

### Executive Summary

Further to the Delegated Decision on 9 March 2020, where approval was given to demolish both Mellish Court and The Gables and then to redevelop both locations to replace lost council housing, work has been taking place to decant residents from both blocks. As mentioned in that report, the target date to rehouse all Council tenants and support the relocation of leaseholders is the start of October 2021.

This date has been agreed with Buckinghamshire Fire and Rescue Service due to the short-term fire mitigation measures which have been put in place to ensure the safety of residents whilst the decant process takes place.

At present, 63% of Mellish Court and 78% of The Gables is vacant. Many of the remaining tenants wish to remain in an MKC property and the decant process for these tenants is reliant on Council properties becoming void or increasing the number of available council homes.

As at 19 May 2021, there are small numbers of council tenants at both Mellish Court and The Gables who we are providing with additional support in order to facilitate their engagement with our allocations team. The majority of council tenants in both blocks are either under offer or waiting to move or view a property.

## 1. Decisions to be Made

- 1.1 That resource allocation and spend approval in the 2021/22 Capital Programme be approved at £6m for the purchase of up to 30 x 2 bed properties, or a mix of 1 and 2 beds if actual need requires them, funded from the Housing Revenue Account. These properties will be Council owned social rented housing to meet the needs of tower block tenants who have not been offered suitable accommodation within the current council stock, to help ensure the blocks are empty by October 2021.
- 1.2 That Notice be served to terminate all tenancy and leasehold agreements, and those of any other interested parties, immediately following approval and call in period. This Notice is contingent on a Demolition Notice being served to all remaining occupants/owners first, as well as this, a notice to the Regulator of Social Housing must also be issued.
- 1.3 The Council will decant the blocks by October as required for health and safety reasons working with Buckinghamshire Fire and Rescue Service and allow the demolition and rebuilding of the blocks to start. Most residents have already moved out or have offers for new homes. However, in order to ensure that both blocks are decanted by the date agreed with Buckinghamshire Fire and Rescue, offers after Monday 27 July 2021 to any tenants will be considered a final offer.

## 2. Why is the Decision Needed?

- 2.1 The Delegated Decision report of 1 December 2020, [Annex A](#), detailed the initial housing offer to tenants and Leaseholders of both Mellish Court and The Gables. However, with twenty-one weeks remaining until the blocks need to be vacant for demolition, there is now a need to further consider how we can increase the supply of council homes to ensure that tenants can move to a suitable accommodation before 1 October 2021.

- 2.2 The decant process has highlighted the issue of the need for additional council homes that meet the needs of tenants from Mellish and the Gables, in particular 2 bed properties of which the Council owns significantly fewer than it does 1 and 3 bed properties. 24% of Council stock, excluding shared ownership homes, is 2 bed rented accommodation whilst 31% is 1 bed and 39% is 3 bed. To meet the October target for decanting the tower blocks the Council wishes to look to purchase a limited number of suitable properties from the open market, where possible within the local areas of both blocks. However, good value properties may be targeted across the wider Milton Keynes footprint if there are insufficient on the market in Bletchley and Wolverton. The acquisitions will also in a small part make up for the loss of Council stock and will allow the needs of Milton Keynes residents on the housing list to be met more quickly.
- 2.3 The Council will investigate the possibility of buying off plan from local developers which will offer potential savings if we buy several properties and no refurbishment or repair works will be required.
- 2.4 The focus will be on 2 bed properties initially, however, should it become apparent that there are insufficient 1 bed voids becoming available to decant in good time for October the Council may also purchase 1 bed properties.
- 2.5 The acquired properties will be bought into the Housing Revenue Account and will be rented at social rent level to the decanted tenants. Should any tenants not housed in their local area request to move and return to the local area in the future, or the decanted tenants vacate for any other reason, these properties would at that stage be rented at affordable rent level (not exceeding the Local Housing Allowance). The acquired properties will be part funded by retained Right to Buy ("RtB") receipts, with a recent change in legislation, allowing us to make use of an increased level of these receipts (40%). This will also help ensure that we reduce the likelihood of having to return any RtB receipts to central government.
- 2.6 Due to the Coronavirus Pandemic, the length of legal Notice periods have been significantly extended, grounds 10 or 10A would normally be 28 days (4 weeks) but have been extended to six months at point of writing, which is based on "The Coronavirus Act 2020 (Residential Tenancies: Protection from Eviction) (Amendment) (England) (No. 2) Regulations 2021. A House of Commons briefing note dated 19 May 2021 details this further, please refer to **Annexes B and C**.
- 2.7 As has been previously mentioned within this report it is essential that we continue to work towards ensuring that both Mellish Court and the Gables are decanted by the beginning of October 2021, in order to comply with the agreement reached with Bucks Fire and Rescue. With a small number of tenants who are yet to receive or accept an offer of housing from 27 July 2021

officers will begin to offer final offers (subject to any council tenants not already having received three offers) to any remaining council tenants. This will help ensure we are able to meet the decant deadline as required for health and safety reasons and to allow for the demolition and rebuilding of the blocks to start.

- 2.8 As stated in **Annex A**, referred to above, the Council will make the decision around the suitability of the new home and there will not be an opportunity to appeal. If a tenant or eligible leaseholder is required to move out of the local area but maintains a local link and wishes to move back, that household will be given priority to move back to the area when a property that meets their needs becomes available.

### 3. Implications of the Decision

Financial	Y	Human rights, equalities, diversity	Y
Legal	Y	Policies or Council Plan	N
Communication	N	Procurement	N
Energy Efficiency	N	Workforce	N

#### (a) Financial Implications

The estimated total capital investment required is £6m, made up of the cost of the property purchases at an average cost of £180k each and fees and refurbishment costs. This will be part-funded with up to 40% RtB receipts\* with the balance from the Housing Revenue Account.

The balance of the £6m funding to be met from the Housing Revenue Account will reduce the level of capital investment available for other purposes within the HRA Borrowing Limit set in the [HRA Business Plan](#) and [Treasury Management Strategy](#).

The average cost provided for of £180k is expected to meet market prices for the 30 x 2-bed properties required, though properties will be acquired at lower cost where possible.

Because of the urgency of the need for these properties, and the adverse consequences of a delay to the decants if they are not speedily acquired, the average cost proposed is higher than would normally be considered value for money, and the social rents that will apply produce less income than the affordable rents what would be charged for properties acquired normally. The capital investment at the proposed level is unlikely therefore to be recovered for a period of up to 57 years.

Should the property be vacated in the future it would then become an affordable rent property, the payback period would reduce accordingly with the increased rental income.

\*Since 1 April Homes England have increased the percentage cost of a new home that local authorities can fund using RtB receipts from 30% to 40%, though the higher contribution rate will mean that fewer new homes will be able to be so funded.

(b) Legal Implications

The Local Authority is under a legal duty when it issues a notice seeking possession under s83 Housing Act 1985 on the grounds of the demolition of a residential property, to offer alternative accommodation. Failure to offer alternative accommodation which is available to occupy may prevent the Local Authority from taking possession of residential properties through the courts. It is therefore paramount that alternative accommodation is available to all tenants whose tenancies will be affected by the demolition notice.

## 4. Alternatives

### Housing

- 4.1 There are no alternatives to providing alternative accommodation for the tower block tenants. Registered housing providers have permanent accommodation available and it has been offered to tenants but not all tenants wish to give up their Council landlord. Council new build 2 bed properties will not be available in time, any new build that are finished prior to October will be large family accommodation. If too few appropriately sized Council properties become vacant the only alternative to decant the tower blocks would be to move residents to temporary accommodation until a suitable void property is available. This is not considered a suitable option for the residents.

## 5. Timetable for Implementation

- 5.1 Offers on properties are being made at risk currently. Following call in these properties will be followed up.
- 5.2 Final completions will be made in late July/ August dependent on the works required for each property with regards to safety checks and to be brought up to Council standard.
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## List of Annexes

- Annex A [Delegated Decision report - 1 December 2020, Annex C, Housing Offer](#)
- Annex B [HoC Briefing paper, Coronavirus: Support for landlords and tenants, 19 May 2021](#)
- Annex C [The Coronavirus Act 2020 \(Residential Tenancies: Protection from Eviction\) \(Amendment\)](#)

## List of Background Papers

None.