

Housing Executive - Tower Blocks Action Plan

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1.0 Introduction

- 1.1 This Action Plan sets out the Northern Ireland Housing Executive's proposals for its Tower Blocks portfolio.
- 1.2 The Housing Executive on its establishment in 1971 inherited 35 tower blocks from its predecessor local housing authorities. The tower blocks date from the 1950s/1960s and, for the most part, were part of the new high density construction developed to facilitate urban renewal and address the growing housing needs of the greater Belfast urban area while best utilising available development land.
- 1.3 Shane House and Gardenmore House in Larne were demolished in 2007 and 2011 respectively, and the remaining 33 blocks comprise 1,931 flats in total, of which 281 are now privately-owned having been sold under our House Sales Scheme.
- 1.4 There have been concerns for some time regarding the long term financial and social sustainability of the tower blocks. Consequently, following the preparation of a Tower Block Strategy as requested by the Minister for Social Development in 2014, the Board of the Housing Executive decided in November 2016 that there was no long term future for the portfolio and that the Housing Executive should seek to remove the blocks from its stock.
- 1.5 A Draft Action Plan was prepared to set out if, how and when this could be achieved. Following its presentation to the Board in May 2018 it was consulted on with stakeholders between June and December 2018.
- 1.6 This final Action Plan builds on both those draft proposals and the findings of our consultation exercise.
- 1.7 This Action Plan will be the longest, largest and most challenging project that we have undertaken in many years. It will involve considerable work with our tenants and leaseholders and the communities affected by it, and we are committed to ensuring that it is done with them rather than to them.

2.0 Background

- 2.1 In 2015 a new Asset Management Strategy was developed for the Housing Executive's stock. The strategy was prepared using the stock condition survey and asset performance modelling that was undertaken as part of the work delivered through the DSD/NIHE Joint Asset Commission awarded to Savills PLC in 2014.
- 2.2 The long term aim of our Asset Management Strategy is to establish a portfolio of assets for the Housing Executive that:
- Matches social housing needs
 - Provides a quality of housing that meets residents' requirements and aspirations
 - Both supports and is supported by a robust business plan.
- 2.3 This means that our long term approach is to provide a scale, type and quality of housing that will support sustainable communities and neighbourhoods and, as importantly, that can be supported by the resources that will be available to us. This approach will also include actions to remove uneconomic and obsolete stock that fail to meet these challenges.
- 2.4 A complementary Tower Block Strategy was prepared at the same time in order to meet the request by the Minister for Social Development in 2014 for such a document. The Tower Block Strategy forms an integral part of the overall Asset Management Strategy, and the latter's principles apply equally to the Tower Blocks.
- 2.5 The Asset Management Strategy and the Tower Block Strategy were approved by the Board of the Housing Executive in September 2015 and by the Minister in February 2016.
- 2.6 Given the concerns raised by Savills' work about the future sustainability of the Tower Blocks portfolio, the Tower Block Strategy recommended that the blocks should be subjected to appraisal in order to help determine whether the Housing Executive should continue to retain and invest in them or pursue alternative options.
- 2.7 A report on the appraisals was subsequently presented to the Board at its meeting in November 2016. Having considered the report the Board decided that the tower blocks should be decommissioned, and asked for an Action Plan to be prepared by August 2017 setting out if, how and when such decommissioning could be achieved.
- 2.8 A draft Action Plan was completed in May 2017 for consultation with all stakeholders. However, following the Grenfell Tower fire the Board and the Department for Communities agreed that the Action Plan's completion should be delayed pending consideration of the potential regulatory implications of that incident. With the publication of the report of the *Independent Reference Group on Fire Safety in Housing Executive Tower Blocks* the draft Action Plan was updated.
- 2.9 The Draft Action Plan was presented to the Board in May 2018. In summary, it set out a phased decommissioning programme with blocks identified for short, medium

and long term action, and was approved by the Board as the basis upon which to consult stakeholders. Subsequently an extensive consultation exercise was undertaken with tenants, leaseholders, community and elected representatives and other stakeholders between June and December 2018.

- 2.10 Some 82% of our tenants and leaseholders participated in the consultation exercise. Overall 46% of those who took part were supportive of our proposals, 45% were opposed to them and 9% had no particular view one way or the other. As regards the responses for each individual block, these ranged from strongly supportive to strongly opposed, with support for the proposals in 20 blocks and opposition to them in the other 13 blocks.
- 2.11 The consultation exercise also provided information on the tenants' and leaseholders' key concerns and issues of importance to them. These included the location, cost and type of alternative accommodation that would be available, the upheaval that would be involved, the impact on the values of privately-owned flats and the nature and timescales for investment works that would be carried out.
- 2.12 A key theme that emerged was the uncertainty that has surrounded our plans for the tower blocks for some time and the need to confirm what we intend to do and when we intend to do it. This Action Plan and the individual implementation plans that will be prepared with the involvement of the tenants, leaseholders and communities will go some considerable way to providing more certainty.
- 2.13 This Action Plan builds on the proposals presented in the Draft Action Plan and takes cognisance of both the outcome of the consultation exercise and further information that has become available in the interim on some individual blocks.

3.0 Current position

- 3.1 The following sections set out a brief review and updating of the key issues associated with the Tower Blocks.
- 3.2 Stock conditions and investment requirements. There has been a variable historic pattern of investment across the portfolio.
- 3.3 However, it is clear from the findings of the Stock Condition Survey carried out by Savills PLC in 2014/15 that the blocks now require very significant investment in order to both extend their service lives and achieve and maintain a quality of accommodation expected of modern social housing.
- 3.4 While there has been recent expenditure incurred in the tower blocks portfolio, this has primarily been in mechanical & electrical services, health and safety measures, and external structural/cladding works. Other than in three blocks where comprehensive refurbishment schemes were carried out in the mid/late 2000s, and a number of other blocks where limited single element works have been undertaken, there has been little or no work to kitchens, bathrooms, windows, wiring and heating - the types of work that tenants are prioritising - in many years. Consequently many of these internal components are now at an age when their replacement is long overdue, and Savills' survey indicated a backlog of £19.5 million in these types of works alone.
- 3.5 The estimated investment requirement in improvements and planned maintenance over the next thirty years is £138.8 million (an average requirement per property in the tower blocks of £84,000, compared to an average of £44,000 across our entire housing stock). These investment costs combined with projected cyclical/response maintenance and management costs amount to a total funding requirement of **£308.8 million** over thirty years.
- 3.6 This funding requirement far exceeds the projected income from the blocks over the same period of £152.4 million. The reasons for this shortfall in income were set out in the Tower Block Strategy and, in summary, are as follows:
- Rents for the flats are among the lowest across all of our properties
 - There are no service charges for Housing Executive tenants
 - In regard to the service charges for leaseholders, legacy decisions mean that leaseholders have not been charged for various works and are not charged an equal apportionment of the costs for providing caretaker and concierge services (in effect leaseholders are being subsidised by rental income).
- 3.7 In the absence of the necessary additional income becoming available via significantly increased rents, major subsidy funding or borrowing - all of which are not foreseen at this time - there is no likelihood of the tower block portfolio becoming financially self-sustaining. Therefore, as things currently stand, these projections indicate that the tower blocks portfolio will require an average subsidy of

approximately £5 million per annum from the rental income received from the rest of our stock.

- 3.8 Given the continuing uncertainty regarding future funding for stock investment and the projected shortfall against investment needs, the Housing Executive has already had to prioritise its funding on a number of key work streams to ensure that its stock is maintained in a lettable condition. Therefore, much of the required expenditure in the tower blocks would, by necessity, have to be at the expense of required investment in, and services to, the rest of our stock.
- 3.9 Consequently, a pure asset management approach would suggest that the tower blocks - as, by far, the poorest 'financially performing' stock - would be forefront among the stock in which the Housing Executive would disinvest, should such a course of action become necessary.
- 3.10 It is, perhaps, noteworthy that many of the other 'modern' developments built at the same time as the tower blocks have since been demolished or redeveloped on grounds of condition, cost or housing need (for example, the medium rise sector deck access blocks at Divis).
- 3.11 Fire Safety. The Grenfell Tower fire in 2017 has caused concerns to be raised about tower blocks - social housing tower blocks in particular - and many authorities are re-considering their position on retention and investment.
- 3.12 The retention of the blocks could possibly result in increased investment requirements should there be a necessity to undertake additional fire safety measures. A significant body of remedial work has already been carried out (or is underway) in the blocks following the Grenfell Tower tragedy (and the Coolmoyn House fire). However, fire safety requirements that may arise out of future regulatory changes as a result of Dame Judith Hackitt's Review of Building Regulations and Fire Safety and the Grenfell Tower Inquiry - for example, for sprinklers and secondary staircases - would likely prove highly problematic or, indeed, impossible to deliver without radical and costly restructuring and work.
- 3.13 We are committed to ensuring the safety of the tower blocks and have a comprehensive framework in place for doing so that includes physical measures (compartmentation), standards for materials and workmanship, robust inspection and cyclical maintenance regimes, training for staff, and guidance and education for residents.
- 3.14 Nevertheless, by their very nature, the tower blocks will continue to be our stock with the greatest inherent fire safety risk. There is a high proportion of elderly residents - of which many are very elderly - and other vulnerable households in the tower blocks, and there must be some concern at how such households would be able to react in the event of a fire.

- 3.15 Housing needs and community sustainability. When the blocks were built they catered for a mix of household types and sizes. However, demographic and market changes and our introduction of local lettings policies in several blocks mean that most of the flats are now occupied by single person or two person households, with a consequent general pattern of under-occupation across the portfolio (38.5%, compared to approximately 30% across our entire stock).
- 3.16 A detailed Housing Needs Analysis carried out for each of the tower blocks' locations indicates that there is also a very considerable variation across the portfolio in terms of housing demand and turnover.
- 3.17 In summary, there are a number of blocks (or groups of blocks) for which demand is weak and that could probably be removed from stock without any significant impact on local housing need (as has been the case with the two blocks that were demolished in Larne). In many of these areas there are opportunities via turnover in the blocks, relets in other stock and potential new build sites to clear the blocks and construct modern housing that would better meet the needs of applicants and the local community, have a longer future lifespan and be more financially sustainable.
- 3.18 However, there are other blocks in areas of high housing stress that provide appropriate accommodation with which to meet the housing needs of local households who have little or no alternative housing options. These are areas where there is low turnover in both the blocks and other stock and little or no potential new build opportunities.
- 3.19 A current unknown is the likely impact of Welfare Reform on demand for the tower blocks. While this is likely to vary depending on local housing markets, the majority of the flats in the blocks comprise 2-bedroomed accommodation and, therefore, potentially represent a significant body of small units that could prove beneficial in mitigating the impact of the Social Sector Size Criteria.
- 3.20 There is a significant proportion of private ownership in the portfolio with some 15% of the flats having been sold under the House Sales Scheme, albeit this proportion varies significantly across individual blocks. While the exact numbers are not known, it is believed that many of these are now owned by landlords and are being let as private tenancies.
- 3.21 Alternative ownership model. Consideration has been given to Stock Transfer whereby blocks could be transferred to housing associations. This would have the benefits of delivering the investment required in the blocks and retaining them as social housing. However, experience with the Stock Transfer programme indicates that there is no appetite from housing associations for the transfer of tower blocks, and previous affordability assessments suggested that a large dowry would be required from the Housing Executive in order to make transfer financially viable.

3.22 Summary of key points

- The blocks are reaching an age at which significant investment is required in order to extend their useful lives and provide modern standard accommodation.
- The costs of doing so represent a disproportionate call on the Housing Executive's currently projected funding for stock investment, and would therefore be at the expense of improving and maintaining more financially and socially sustainable stock.
- Additional fire safety measures may be required, but could prove difficult and expensive to implement; by their very nature the blocks would remain - in relative terms - the Housing Executive's stock with the highest fire safety risk.
- In many locations the blocks are no longer meeting their communities' needs, demand for their accommodation is poor, and there are opportunities to replace them with new housing that would better meet housing need and support community regeneration.
- New dwellings would have a considerably longer future life beyond that projected for the blocks and would be more financially sustainable.
- The opportunities to undertake such re-provision vary considerably across the portfolio. In a small number of areas the blocks play a vital role in addressing local housing needs and there are, at present, no viable alternatives.
- Recent investment has already provided a major contribution to extending the serviceable lives of several blocks.

3.23 The above review clearly demonstrates that there continues to be considerable imperatives for addressing our Tower Blocks if we are to provide modern standard accommodation that is financially and socially sustainable in the long term.

4.0 Action Plan

4.1 The Action Plan that has been developed is based on the premise that the Housing Executive's aim remains the decommissioning of all of the tower blocks. The tower blocks represent a considerable ongoing financial liability for the Housing Executive - against a context of a significant projected shortfall in the funding that will be required for investment in the Housing Executive's total housing stock - and in many cases are not meeting individuals' and communities' housing needs.

4.2 Therefore, the aspiration to decommission or reduce the Tower Blocks portfolio is fully in accordance with our Asset Management Strategy aim to meet housing needs and provide modern standard accommodation in a way that is financially sustainable.

4.3 In the main this decommissioning process will be driven by the rehousing opportunities that are, or will be, available in each area. A detailed analysis has been undertaken in each location to determine which blocks could be cleared, how they could be cleared and how long this would take (once final approval to do so has been obtained). This analysis has involved the following:

- The level of housing need and demand for each of the blocks;
- The turnover of flats in each of the blocks;
- The turnover of stock in the estates/areas in which the blocks are located;
- The opportunities for new build rehousing sites in the localities and how long these would take to develop (including the footprints of cleared/demolished blocks); feasibility studies have been undertaken for these sites.

4.4 This analysis has indicated that given the lack of rehousing opportunities in several areas, delivery of a decommissioning plan for the entire Tower Block portfolio is currently not considered possible in the short-to-medium term, and will likely be a long term process in several locations.

4.5 Two other issues have also been taken into consideration in devising the Action Plan:

- The particular circumstances of a small number of blocks may represent opportunities for a private sector sale option rather than redevelopment or retention
- A number of blocks have had considerable external structural works already carried out that will allow a further long term life for these blocks

4.6 Therefore, the principles for action developed from the above considerations are as follows:

- Where there is weak housing demand, turnover in the flats and opportunities for rehousing the residents (i.e. through new build sites and relets in existing stock),

we will clear and demolish the blocks and replace them with more appropriate and sustainable new housing¹ where this can be supported by housing need

- Where there is higher housing need and limited opportunities for rehousing and replacement, we will rationalise the current provision by decommissioning some blocks where possible while retaining others for full investment.
- Where we have already undertaken works that would extend the useful long term lives of blocks, we will consolidate this investment by retaining and fully improving these blocks.
- Where there is a very high proportion of private ownership or where the location is favourable (for example, town centre locations), we will seek to explore alternative ownership and management arrangements.

4.7 The plan therefore comprises a mix of retention and investment, re-provision and disposal at various points in a timeline.

4.8 As such the blocks have been categorised for action across three phases: Short (1-5 years), Medium (6-10 years) and Long term (10+ years). The categorisation of the individual blocks is set out in the table below.

Short (1-5 years)	Medium (6-10 years)	Long (10+ years)
Latharna, Larne	Mount Vernon, Mt Vernon	Glencoole, Rathcoole
Woodland, Rushpark	Finn, New Lodge	Carncoole, Rathcoole
Beechwood, Rushpark	Fianna, New Lodge	Cuchulainn, New Lodge
Monkscoole, Rathcoole	Ferndale, Dunmurry	Eithne, New Lodge
Abbotscoole, Rathcoole	Parkdale, Dunmurry	Maeve, New Lodge
Ross, Mt Vernon	Riverdale, Dunmurry	Grainne, New Lodge
Oisin, New Lodge	Belvoir, Belvoir	Divis, Lower Falls
Moylena, Finaghy		Whincroft, Braniel
Coolmoyne, Dunmurry		Carnet, Ardcarne
Rathmoyne, Dunmurry		Moveen, Finaghy
Breda, Belvoir		Willowbrook, Cregagh
Kilbroney, Cregagh		Woodstock, Cregagh
Clarawood, Clarawood		
Magowan, Portadown		

¹ This is not an approach exclusive to this Tower Blocks Action Plan. The imperative to address outmoded stock, high investment needs and poor housing demand and provide modern social housing commensurate with housing need has driven the Housing Executive's urban renewal and redevelopment activities for many years.

4.9 An **Illustrative Implementation Plan** for each of the blocks (and group of blocks) is at **Annex A**.

4.10 Short Term Blocks (1-5 years)

4.10.1 In most of these blocks the intention is to demolish the blocks and replace them with new social housing. However, it is clear from the housing need analyses that a 1-for-1 re-provision programme is not necessary in every area. The development of any residual cleared footprints where there is currently no evidential requirement for new housing will be subject to a future review of housing need.

4.10.2 New housing will be tailored to provide the necessary mix and type of housing to facilitate the residents' rehousing and the needs of the community and area. The local communities will be involved in this re-design and regeneration. Where the opportunity exists the new housing will be constructed in advance of decommissioning.

4.10.3 The action to be taken in these Short Term blocks is as follows:

- There will be no further re-letting of vacancies;
- Tenants will be awarded Management Transfer status in sequence of demolition in order to have priority for rehousing in other stock;
- Work will begin to acquire the privately owned properties. As in all such instances our preference is to acquire via agreement and negotiation; however, in the event that this is not possible we will seek to obtain possession through vesting action;
- There will be no further investment beyond repairs, cyclical maintenance and any essential health and safety works;
- Rents will be frozen to reflect the reduced maintenance service;
- Notice will be served on the Ministry of Defence and the telecommunications providers that have masts located on the roofs of these blocks;
- New housing schemes will be developed.

4.10.4 In three of the blocks - Woodland & Beechwood Houses in Rushpark (that both have very high levels of private ownership) and Magowan House in Portadown (that has a town centre location) - the current intention is to seek a private sector sale option. In the event that this is not successful we will review future options for these blocks.

4.10.5 The action to be taken in these three blocks mirrors that in the other Short Term blocks, with the exceptions that we will not seek to acquire the privately-owned flats and will not be developing new housing schemes.

4.11 Medium Term Blocks (6-10 years)

4.11.1 These are blocks where rehousing and redevelopment will take longer because they are part of a group of blocks where another block(s) is designated for Short Term action.

4.11.2 Where appropriate, turnover and relets in these blocks will be used to help clear the co-located Short Term Blocks.

4.11.3 The action to be taken in the Medium Term blocks is as follows:

- Tenants will be awarded Management Transfer status in accordance with the sequence of demolition.
- Privately-owned flats will be acquired where the owner wishes to sell
- The blocks will have holding investment carried out i.e. health & safety works and - on an 'as required' basis - structural repairs and the repair or replacement of internal components (kitchens, bathrooms, heating etc.).

4.12 Long Term Blocks (10+ years)

4.12.1 These are blocks where either we have already invested in works that will contribute to extending their useful lives, or where the level of housing need and the absence of clearance opportunities are such that there is no alternative at this time but to retain and invest.

4.12.2 Where appropriate, relets in these blocks will be used to help clear the short term blocks and, in turn, the medium term blocks.

4.12.3 These blocks will have full improvements carried out including:

- The installation of cladding, new windows and new roofs;
- The installation of sprinklers;
- The replacement/upgrading of internal components.

4.12.4 The aspiration remains to eventually remove these long term blocks from our ownership and work will, therefore, continue on exploring potential future new build housing sites to facilitate their future decommissioning.

4.13 Re-provision of new social housing. The Action Plan involves the construction of some 554 new social housing dwellings, with the potential for a further 134 new dwellings subject to reviews of local housing need.

- 4.14 The new build policy in place since the Housing Policy Review in 1996/97 dictates that this would be provided by housing associations. Notwithstanding this policy, some of the proposed new dwellings in the plan would have to be delivered by housing associations because the relevant sites are in their ownership.
- 4.15 However, the other dwellings are on sites that for the most part are the cleared footprints (and associated land) of the blocks, plus a small number of other sites on the estates that are in our ownership. In these instances we are proposing that the re-provision of new social housing should be delivered by the Housing Executive. Our initial stakeholder consultation exercise demonstrated clear support from residents, communities and elected representatives for such a proposal.
- 4.16 We have already been discussing with the Department for Communities the possibility of the Housing Executive resuming a re-provision programme of new housing on the grounds that our future business standing is best served by allowing us to regenerate our own stock. Consequently a business case is currently being prepared for submission to the Department seeking approval to undertake a small number of pilot schemes for the construction of new social housing.
- 4.17 This issue will be further explored with the Department.
- 4.18 Staff issues. The Housing Executive is very aware that our proposals affect not only the residents and owners of the flats but will also impact a number of our own staff.
- 4.19 At present a number of caretakers and concierge staff (plus relief staff) are employed across the tower blocks. These staff and Trade Unions will continue to be consulted on the implications for these posts arising out of the Action Plan's proposals.
- 4.20 Telecommunication masts. These masts are located on a number of our tower blocks and our proposals will require the removal of some of them. The companies involved have already been informed of our intentions. In some instances it may be possible to relocate a mast to a nearby block that is being retained. We will discuss these actions with the telecommunication companies and their representatives.

5.0 Costs

5.1 The estimated cost of the Action Plan over 30 years is **£225.5 million**.

5.2 The various cost elements are set out in the table below:

Cost Elements	Cost (£ms)
Investment in Planned Improvements/Maintenance in Long Term Blocks and Holding Investment in Medium Term Blocks	£30.4
Cyclical Maintenance & Response Maintenance in all blocks	£29.8
Management (Area Offices, caretakers and concierges)	£55.6
Tenants: Home Loss & Disturbance payments	£5.1
Leaseholders: buy-backs and Home Loss/Disturbance payments (where appropriate)	£8.1
Demolitions	£27.0
New build – construction (NB. This does not include the potential 134 additional new dwellings that will be subject to reviews of housing need)	£49.9
New build - subsequent management and maintenance	£19.6
TOTAL	£225.5

5.3 Funding of the plan has significant implications for the Housing Executive and will be discussed with the Department for Communities as part of the approval process.

6.0 Approvals, Delivery, Monitoring & Review

6.1 Approvals.

6.1.1 The Action Plan and a Strategic Outline Case will be submitted to the Department for Communities for its approval.

6.1.2 Subject to the above approval, business cases for each block (or group of blocks as appropriate) will be submitted to the Department for Communities for approval. Approval of these business cases will allow us to proceed with our plans.

6.2 Delivery.

6.2.1 Delivery of the Action Plan will require a considerable cross-divisional project within the Housing Executive.

6.2.2 A detailed Delivery Plan will be prepared setting out tasks, responsibilities, costs and timescales.

6.2.3 A detailed Local Implementation Plan will be prepared for each block (or group of blocks). Local communities will be involved in developing these plans with our staff.

6.2.4 A central Delivery Team will be established in the Housing Executive to drive, coordinate, monitor and report on the Delivery Plan and the Local Implementation Plans.

6.3 Monitoring.

6.3.1 Progress with the Delivery Plan will be monitored on an ongoing basis and formally reported on to:

- The Chief Executive's Business Committee and the Board :
- The Department for Communities
- Tenants, leaseholders and community representatives

6.4 Review.

6.4.1 The strategic approach and Action Plan will be formally reviewed at the 5 year point.