

# Southend-on-Sea Borough Council

Joint Report of Corporate Director for People and  
Corporate Director for Corporate Services

to  
**Cabinet**

on  
**22<sup>rd</sup> September 2015**

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Project Manager – Better Queensway

Agenda  
Item No.

**16**

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## Options for Better Queensway - the Regeneration of Housing Land and Property adjoining the Town Centre (including the 4 Town Centre Tower Blocks)

Relevant Scrutiny Committee: Policy and Resources  
Executive Councillor: Councillor R Woodley and Councillor D Norman

### Part 1 Public Agenda Item

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#### 1. Purpose of Report

To update the cabinet on areas of work undertaken since the report of 23<sup>rd</sup> September 2014 researching the options into the regeneration of land encompassing the Queensway, Coleman Street, land at Short Street, including the four Town Centre tower blocks, and properties along Southchurch Road as shown on (**Appendix 1** -the “Regeneration Area”). The project has been badged as “Better Queensway” – Better Housing, Better Living, Better Place. (**Appendix 2**)

To request Cabinet approval to move the project into phase 2 to prepare detailed final options, undertake public consultation, prepare an outline master plan detailed viability on each of the proposed financial and procurement delivery models.

#### 2. Recommendations

2.1 Cabinet note the work of the Housing Working Party and the Project Team to date.

2.2 Cabinet agree to progress to Phase 2 of the project which includes:

- Inclusion of Network Rail land at Victoria Station within the outline masterplan (**Appendix 1a**)
- Undertake further works to determine the future of the Tower Blocks ( section 4.6.2)
- The proposed preferred offer to leaseholders (section 4.7.3)

- Progress investigation work to 'cover' the Underpass and the remodelling of the roadways including the possible widening of Chichester Road (section 5.3)
  - Progress with further investigation work on the 3 financial options, including procurement routes (section 6)
  - Identify social infrastructure requirements as part of the whole development (section 7)
  - Continue to work with the Smart Cities Project (section 8)
  - Undertake an Economic Impact Assessment which will inform the design brief (section 9)
- 2.3 Cabinet delegate authority to the Corporate Director, Corporate Services in liaison with the Executive Councillor for Assets to negotiate to purchase any properties which become available within the 'Better Queensway' site if this offers value for money and proves to be advantageous to the Project. (section 6.5)
- 2.4 Cabinet to note best endeavours will be undertaken to minimise disruption to Residents and wherever possible, move them only once.
- 2.5 Cabinet note the presentation given to HWP on 16<sup>th</sup> September 2015 ( **Appendix 3**)

### **3. Background**

- 3.1 The Cabinet paper 23<sup>rd</sup> September 2014 outlined the general background of the site, the key challenges relating to the towers, highways and land ownership. Following the approval of Cabinet Phase 1 of the project commenced and a project structure was established to investigate key areas to help establish viability of the proposed project and identify challenges and opportunities that would feed into a future delivery model.
- 3.2 The objective of the work has been to research areas including:
- **Housing** (Structural integrity of towers, development viability and housing numbers, leaseholder and tenant options, decant and void strategies)
  - **Transport** (Highway and traffic remodelling options)
  - **Finance/Asset/Procurement** (Financial and procurement delivery options, CPO costs and strategy)
  - **Planning & Design** (planning policy, demographic profile, social Infrastructure position, indicative masterplan options, massing options)
  - **Economics** (Economic Impact Assessment, external funding opportunities)
  - **Smart Cities** (Better living through two or three deliverable projects to include a link with Medtech in the Airport business park)

#### **4. Progress**

- 4.1 The project team working with the Housing Working Party have badged the project as '**Better Queensway – 'better housing, better living, better place'**'. All communications now include the logo and strapline.
- 4.2 The regeneration site area has been slightly increased to include land owned by Network Rail adjacent to the Victoria railway station. Several discussions with Network Rail and Abellio have taken place and they have agreed for the inclusion of the site within the outline masterplan. The intention of the project is for Network Rail to be responsible for costs and delivery associated with any proposed redevelopment of their site, while SBC help to shape the vision for the proposals including better connectivity between the station and the Victoria shopping centre.
- 4.3 The Focus Building has now been demolished and will be used as a temporary car park. Temporary car park signs have been designed for erection on the cleared sites of Focus and Queensway House, these will be in place by October 2015.
- 4.4 Community engagement has commenced to update tenants and leaseholders. An initial information briefing meeting took place at the end of March 2015 followed by a newsletter in July and a second residents meeting held on 16th September 2015. The project has also co-sponsored and appointed a Community co-ordinator in partnership with the Storehouse to work with the residents throughout the design and planning period of the project.

#### **4.5 Soft Market Viability Testing**

- 4.5.1 Soft market testing results were received from private sector housing developers via the Housing and Communities Agencies developers framework HCA DPP2 - a free to use service for Local Authorities' considering major housing projects. All developers that responded advised that we have a commercially viable project as long as sufficient private housing (500 +) is delivered to offset the 440 affordable units. Considering the need to also offset costs of the changes to the Highway, the development will need to deliver 1000 plus properties to be viable.
- 4.5.2 It should be noted that currently there are 359 socially rented properties within the estate. The intention is to deliver 440 affordable units representing a proposed 22% increase.

#### **4.6 Structural Report of the tower blocks**

- 4.6.1 A detailed structural survey has been carried out to determine the current condition and lifespan of the Towers. The conclusion reached by the Engineers is that the blocks have weathered well and with continued good maintenance may have a further 30 year lifespan. Further investigations indicate to ensure this lifespan within the new development an investment circa £30 Million will be required.

4.6.2 **Nationally it is recommended that residential lifespan should be in the region of 200 years for new developments.** However, if retention of tower blocks is to be considered, then as a minimum, a guaranteed 75 year lifespan is required and all costs should reflect refurbishment to current building standard regulations and be equal to the rest of the regenerated site.

#### 4.7 Leaseholder/Tenant options

4.7.1 The project will ensure that social tenants and leaseholder's needs and requirements are at the heart of the regeneration of this new community. Wherever possible tenants and leaseholders preferred housing options will be taken into account, including whether they want to move away from Queensway either temporarily or permanently.

4.7.2 Officers have looked at the options available to the 24 resident leaseholders (44%) and 30 non-resident leaseholders (56%) based on the experience of other projects nationally and have come up with the following table of options which will be finalised and discussed with leaseholders in the coming months.

| Leaseholder Type          | Sale of flat to SBC | Leasehold Swap | Shared Equity | Leaseholders becoming tenants |
|---------------------------|---------------------|----------------|---------------|-------------------------------|
| Resident                  | Yes                 | Yes            | Yes           | Yes – subject to means test   |
| Non – Resident (Landlord) | Yes                 | Yes*           | No            | No                            |

\* to a flat of equal value elsewhere in the Borough or with a financial contribution from the Leaseholder

4.7.3 The preferred option is highlighted in green for Resident Leaseholders to be given a new or refurbished unit sharing equity with the council. The leaseholder will not have to pay rent for their complete tenure. Upon leaseholder intent to sell the council will have first refusal on purchasing the remainder of the equity share. If sold any increase in equity will be split between the leaseholder and council in proportion to match their share of equity.

4.7.4 For the leaseholder swap option non-resident landlords, if they choose to have a new unit 'on development' they would have to pay the difference in price. They would also have the option of working with the council to identify a council property 'off development' of equal value to their existing unit and directly swap.

4.7.5 Wherever possible the Council will use its best endeavours to move residents only once. Further consultation will need to be carried out with leaseholders as the plans are progressed in the coming months and their individual circumstances and choices taken into account

4.7.6 In order to minimise the impact of empty properties on the estate it is proposed to offer tenancies in line with the policies of the Council to those on the housing waiting list to take up empty properties within the site. They will be offered the opportunity of a new or refurbished property as part of this scheme.

## **5. Transport – Road Options considered**

The main issue relating to transport at this stage is how to deal with the road interchange within the site (including underpass) there are three main options as follows:

### **5.1 Do Nothing**

The do nothing option considered the maintenance only of the existing assets, which does not resolve any of the current pedestrian movement issues. This includes the on-going maintenance of the footbridge, subway and the structures that create the roundabout and diaphragm walling that forms the underpass.

### **5.2 Fill in the Underpass**

This would see all traffic at surface level joining Southchurch Road and Sutton Road at a compact signalised junction or smaller at grade roundabout (give-way or anti-clockwise signalling). Additional measures would be introduced into the Queensway to ensure optimal movement across the road for pedestrians and cyclists. Traffic modelling shows that this causes delays to general traffic, particularly on the routes to and from the sea front.

### **5.3 Cover – Over – Preferred Option**

5.3.1 This would include a new structure to link the regeneration sites to provide connectivity between the sites to the north and south of Queensway. Through traffic will still flow from Victoria Avenue towards the seafront whilst local east/west traffic can filter through new at-grade junctions.

5.3.2 The view is that this would add significantly to the development potential of the whole site. Points to consider with this option include:-

- Connectivity of the slip lanes that join the roundabout from existing Queensway at surface level. These will need to be retained in some form subject to modelling results
- Extent of re-grading of the approach ramps and structural integrity to accept modifications
- Alignment of the surface roads including Southchurch Road
- Width of retained highway in the underpass
- Preliminary study of the area shows that a number of options would benefit from additional traffic modelling to inform of the most appropriate junction configuration.

5.3.3 For reasons above the project team recommends the cover over is the preferred option.

## **6 Finance/Assets/Procurement**

6.1 Having considered a number of options it is recommended that further work is undertaken on the following 3 options in order to inform members when considering the best financial model to be adopted to finance this scheme. Summary Report Options from Consultants 31Ten (**Appendix 4**).

- Direct Development- Council develop all elements of the site and take sales and rental risk.
- Investment & HRA – Council put in place a lease mechanism with an external funder to develop housing to utilise HRA surpluses over time.
- Hybrid Partnership (Sale & Rent) – Council deliver and operate all affordable units. Private rental units are developed through joint venture.

## **6.2 Appropriation of assets**

The Queensway site is a mixture of assets held by the HRA and the General Fund, and held for a variety of reasons such as housing, parking, highways, open space etc. As part of the preparation for future redevelopment, it will be necessary to consider the appropriation of assets from their existing purpose so as to facilitate site assembly.

## **6.3 CPO**

Southend-on-Sea Borough Council does not own all of the land within the Queensway Regeneration area. To move forward with plans for this site there are property interests that will need to be acquired either through negotiation or compulsory purchase.

6.4 Compulsory purchase is an extremely complex and specialist area, requiring expert knowledge which is not currently available within the Council. It is therefore proposed to appoint external expert support to provide the Council with the compulsory purchase advice and assistance it needs at all stages of the process.

## **6.5 Buyback of Leasehold Properties**

As part of the gradual Queensway site assembly, the Council has taken the opportunity to buy back two leasehold properties as a way to avoid any potential compulsory purchase at a later date. These properties came naturally to the market. However to date these purchases have been authorised by Standing Order 46 arrangements, in the absence of any dedicated capital provision to enable these ad-hoc purchases to take place.

6.6 Pending any potential formal decision around compulsory purchase in the future, it makes sense to continue the practice to exploit opportunities as they arise to buyback leasehold properties as and when they come to market, subject to being able to secure the property at a reasonable price. To that end it is recommended that provision be made within the HRA capital programme of £500,000 to facilitate the buyback of Queensway leasehold properties as and when they may come to market.

6.7 The £500,000 capital spend will be funded by a mixture of retained right to buy receipts and the HRA Capital Investment Reserve. There are constraints on the

use of retained right to buy receipts to buy back properties, inasmuch as although 50% of the cost can in theory be funded from retained receipts, only 6.5% of the total use of retained receipts can be used for this purpose. In all cases we will seek to maximise the amount of retained receipts used within these constraints.

- 6.8 This option has the added advantage of increasing the numbers of properties available for the people on the current housing waiting list through the duration of the project.

## 7. Planning & Design

### 7.1 Planning policy

The SCAAP is the emerging policy basis to deliver Better Queensway and the indicative master plan will be created to be compliant with current SBC policies.

- 7.2 Site specific infrastructure required to make the development acceptable in planning terms will also need to be delivered alongside CIL (Community infrastructure levy) through a section 106 agreement. The impact of the development on health, education provision and highways will be assessed in the next phase of the project.

- 7.3 The risk of CIL making redevelopment of the Regeneration Area unviable is low.

### 7.4 Current Demographic Profile

There are 441 units in the Queensway area. These are split into; 29 voids (7%), 53 Leaseholders (12%) and 359 Tenancies (81%). Within the towers there are 338 and 21 are units on Sutton Road.

- 7.4.1 The 54 leaseholders are split into; 24 resident leaseholders (44%) and 30 non-resident leaseholders (56%).

- 7.4.2 The 359 Tenancies are split into; **56 Families** (units with two names on tenancy and with child/children in the property under the age of 15); **49 Single Parents** (units with one name on tenancy and with child/children in the property under the age of 15); **50 over 65 year olds**; **204 Other** (single or joint tenancy with potential of young adults over 16 living in unit)

## 8. Smart Cities

At this stage of the project an opportunity has been identified to 'design in' smart thinking capabilities and technology within the new Queensway Area. There is a real chance to make a difference to people's lives (Better Living) and to put Southend at the leading edge of smart city development.

## 9. Economic Impacts

- 9.1 The Council will undertake an independent economic appraisal (in line with HM Treasury's Green Book guidance) of the proposals for the Queensway Area.

- 9.2 The outcome of the appraisal will be used, along with other information, to support the Council and its partners in their efforts to regenerate the area.
- 9.3 In undertaking this assessment, the study will include consideration of, but not be limited to, the following economic factors:
- Land Acquisition/Construction Costs
  - Housing Rental/Property Sale Values
  - Procurement
  - Employment
  - Training & apprenticeships
  - Resident spend
  - Visitor spend
  - Economic growth
  - Population increase
  - Roads and transport changes
  - Tax receipts
  - S106/CIL contributions
  - Complementarity with the High Street
  - Links to the Airport Business Park & Medtech Campus Developments

## **10. Corporate Implications**

### **10.1 Contribution to Council's Vision & Corporate Priorities**

The regeneration of the Queensway site fully supports the Council's aim to Create a Better Southend, enabling well planned quality housing in a vibrant, safe, prosperous community.

### **10.2 Financial Implications**

10.2.1 At this stage it is difficult to accurately predict the total cost of the regeneration of this area but the capital costs are likely to be significant. Therefore a key aspect of any proposal would be to maximise the amount of external investment which can be attracted into the project and in particular attracting private finance investment. There will be an expectation that the project will fund the replacement of existing HRA properties by building new Council homes.

10.2.2 This key strategic project will require initial pump priming of Council funds to undertake the necessary feasibility and options appraisal study alongside the examination and research of the various funding streams and models of delivery.

### **10.3 Legal Implications**

10.3.1 The general power to appropriate (transfer) land is provided by Section 122 of the local Government Act 1972. This provides that a principal council may appropriate for any purpose any land which belongs to them, provided that the purpose for which it is to be used is one which they are otherwise authorised to



undertake. Where the asset consists of a dwelling, Secretary of State consent is required under Section 19 of the 1985 Housing Act.

10.3.2 The legal aspects associated with the regeneration will be further investigated as the Project progresses, as existing tenures and rights, and those that come forth through transition planning need careful consideration.

#### **10.4 People Implications**

10.4.1 In order to progress a project of this magnitude this will be led by Senior Officers within the Council but it will be necessary to ensure that there is sufficient project management capacity available, as communications, consultations and transition planning with existing residents, businesses and the public will require significant staffing resources.

#### **10.5 Property Implications**

10.5.1 There a number of buildings included within the scope of the Project, the majority of which are in the Council's ownership and the impact on any proposals will need to consider the implications on the Council's assets and the revenue returns currently generated.

#### **10.6 Consultation**

10.6.1 A robust and meaningful communications and consultation plan has been established alongside the overarching project plans. Two well supported Residents meetings have been held to date, as well as attendance at the Coleman Street Carnival. A Community Officer is being part-funded to work with residents and a regular newsletter is being distributed, with another being issued within the coming weeks and targeting focus groups.

10.6.2 Following previous Housing working party meetings and member site visits, the Housing Working Party received a presentation on phase 1 of the project on 16<sup>th</sup> September 2015 and their views have been incorporated into this report. Public consultation exercises will be undertaken as the proposals develop as well as focused meetings with the business community.

#### **10.7 Risk Assessment**

10.7.1 There are a wide range of risks that will need to be addressed as the Project progresses and these have been captured and mitigated for the 'start-up' stage of the Project. The Risk Register will form part of the Project Management Documentation for continued monitoring.

#### **10.8 Value for Money**

10.8.1 One of the important considerations of the overall project will to achieve good value for money for the significant investment that will be required to transform and improve this important area in the Town Centre.

#### **10.9 Community Safety Implications**

10.9.1 As the tower blocks and the surrounding area have been subject to some anti-social behaviour in the past it will be an important objective for the project to reduce such instances through the regeneration proposals. It will be essential to work closely with the Police to achieve secured by design principles. In addition work has been completed to install security doors to the tower blocks and Victoria neighbourhood patrols continue.

## **10.10 Environmental Impact**

There is an aspiration that, within the limits of financial viability, any new properties developed or refurbished would achieve higher standards of energy efficiency than the existing buildings in the area, which will achieve lower fuel bills for the residents and a reduction in CO<sup>2</sup> emissions.

## **11. Background Papers**

Cabinet report from 23<sup>rd</sup> September 2014

## **12. Appendices**

**Appendix 1 – Boundaries of the Project**

**Appendix 1a - Revised Boundaries of the Project**

**Appendix 2 – Communications and Branding**

**Appendix 3 - Housing Working Party Presentation**

**Appendix 4 – 31 Ten Report**

# Appendix 1



# Appendix 1a



# BETTER QUEENSWAY

BETTER HOUSING, BETTER LIVING, BETTER PLACE



The Queensway Regeneration Project has been re-branded as;

**Better Queensway**  
Better Housing, Better Living, Better Place

Banners have been created (shown to the left) which have been used for resident events.

The logo has been used for the temporary car parking signs which will be going up on the old Queensway house and Focus Youth Centre sites.