

## **Cabinet**

9 March 2015

### **Building the homes we need to house the people of Lambeth – the Cressingham Gardens regeneration project**

**Wards:** Tulse Hill Ward

#### **Report Authorised by:**

Strategic Director, Delivery: Sue Foster

Strategic Director, Commissioning: Helen Charlesworth-May

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#### **Report Summary**

Our ambition is to ensure that every resident in Lambeth has the opportunity to live in a good quality home that is affordable and suitable for their needs.

The Council is committed to delivering 1,000 extra homes at Council rent levels to deliver a new generation of homes for Lambeth's residents. These 1,000 new Council homes will be delivered over the next 4 years through a combination of estate regeneration, small sites development and specific housing projects.

The intention is to maximise the provision of new homes at Council rent levels using external capital and long-term investment models that maximise the number of genuinely affordable homes and retain as much control within the local community.

This report provides Cabinet with an update on the Cressingham Gardens estate regeneration project. The project aims to not only improve the condition of housing for existing residents but to provide additional homes at Council rent levels that will house Lambeth residents.

A further Cabinet paper with a recommendation on the preferred option for Cressingham Gardens will be brought to Cabinet in May 2015.

## **Finance Summary**

The cost estimate to bring the Cressingham Gardens estate up to the Lambeth Housing Standard is £9.4m. The original 2012 Lambeth Housing Standard business plan included a provision of £3.4m for these works.

There is currently no provision for this additional expenditure in the Council's LHS programme and costs would need to be met by reallocating expenditure from other HRA investment programme schemes.

The latest version of the HRA Business plan with 2015/16 as the Base Year indicates that there is minimal or no scope for any additional funding of Capital or Revenue works over the current LHS programme and the ongoing investment required in the stock post LHS.

## **Recommendations**

- (1) To note that the cost estimate to bring the Cressingham Gardens estate up to the Lambeth Housing Standard is £9.4m.
- (2) To note that there is currently no provision for this level of cost within the Council's LHS programme.
- (3) To recommend that officers progress with further consultation on options for significant regeneration of the estate as set out in this report and that a viable regeneration proposal is brought back to Cabinet in May 2015 together with full supporting evidence.
- (4) To agree the Tenant offer document and the Freeholder and Leaseholder offer document which are appended to this Cabinet report in draft as the basis for ongoing consultation with residents on Cressingham Gardens.

## 1. Context and History

- 1.1 In October 2012 the report '*Lambeth Estate Regeneration Programme: Strategic Delivery Approach (131/12-13)*' was presented to Cabinet where it approved the development of a Lambeth Estate Regeneration Programme.
- 1.2 The programme aims to not only improve the condition of housing for existing residents but to provide additional homes at Council rent levels that will house the people of Lambeth.
- 1.3 Three overarching principles have been developed to assess whether an estate would be considered eligible for regeneration; these are:
  - to focus on those housing estates where the costs of delivering the Lambeth Housing Standard are prohibitive and/or'
  - where residents and the Council have identified that the Lambeth Housing Standard works in themselves will neither address the fundamental condition of the properties nor address many of the wider social and economic issues experienced by residents and/or;
  - to focus on those estates where the wider benefits arising from regeneration justify the intervention.
- 1.4 In December 2014 the report *Building the homes we need to house the people of Lambeth (108/14-15)* set out the Council's commitment to 1,000 extra homes at Council rent levels and recommended that estate regeneration forms an important part of the strategy to achieve this.
- 1.5 The report stated that Lambeth's strategy would be to deliver homes for Council rent, homes for subsidised rent and affordable home ownership. The role of the local authority being to fill the gaps that the private market cannot. This will mean an entirely new model of housing finance and delivery.
- 1.6 It's important that we acknowledge the high level of housing need and demand in the borough and recognise the fact that different solutions are needed to address different parts of the challenge. A response is necessary because Lambeth, as with London generally, has experienced such significant economic polarisation alongside population growth that current and future needs of residents will not be effectively served by market forces alone.
- 1.7 Lambeth's housing estates are it's largest land asset and if we are to tackle the housing crisis then we need to use that land efficiently and effectively to deliver benefit to as many people as possible.

## 2. Proposal and Reasons

- 2.1 The December 2014 Cabinet report included Cressingham Gardens within phase 1 of the Lambeth Estate Regeneration Programme however discussions with the residents have been ongoing since 2013. The estate qualified for estate regeneration as there were stock condition issues which would be expensive to resolve such as the replacement of the roofs and the low density of the existing estate means that there is scope to increase the number of homes.
- 2.2 A Cressingham Gardens Project Team, including resident representatives, was established and a design team, cost consultant and engagement team procured to help explore options for the future of the estate.
- 2.3 The options analysis looked at 5 different scenarios:

Option	Description
1	<p><i>Lambeth Housing Standard only</i></p> <p>Cressingham Gardens would return to the Lambeth Housing Standard programme. The estate is in Year 5 of the programme and so the earliest the works would be carried out would be 2016/17. The type of works expected are:</p> <ul style="list-style-type: none"><li>• Roof replacement</li><li>• Window repairs</li><li>• Repairs to blocks</li><li>• External works</li><li>• Internal works (kitchens, bathrooms, boilers, rewiring etc)</li><li>• Common parts upgrade</li><li>• Decants</li><li>• Front doors</li><li>• Rainwater goods</li><li>• Underpinning</li></ul> <p>This option would not deliver any new homes at Council rent levels and there is insufficient headroom within the HRA to fund the levels of works required on the estate.</p>
2	<p><i>Lambeth Housing Standard and new homes through infill development</i></p> <p>This option would see 19 properties in Crosby Walk demolished (including 6 voids) and replaced with 38 new homes. The remaining properties would be returned to the Lambeth Housing Standard programme.</p>

3	<p><i>Partial redevelopment (low intervention)</i></p> <p>This option would see 31 properties demolished (including 6 voids) and replaced with 51 new homes. The remaining properties would be returned to the Lambeth Housing Standard programme.</p>
4	<p><i>Partial redevelopment (higher intervention)</i></p> <p>This option would see 120 properties demolished (including 6 voids) and replaced with 193 new homes. The remaining properties would be returned to the Lambeth Housing Standard programme.</p> <p>The Council believes there are opportunities to increase the number of new homes through good design and that this increase will improve the viability of the option which in turn means more additional, new homes at Council rent levels.</p>
5	<p><i>Full redevelopment</i></p> <p>This option would see all 306 properties demolished and replaced with 464 new homes.</p> <p>The cost to buy back the homeowners makes this option challenging and would require significant upfront capital investment to make it work.</p> <p>The Council believes there are opportunities to increase the number of new homes through good design and that this increase will improve the viability of the option which in turn means more additional, new homes at Council rent levels.</p>

2.4 Each of the regeneration options are assessed against a set of criteria; these are:

- Homes meet the Lambeth Housing Standard
- Additional homes for Council rent are built
- Quality of life for residents is improved
- Residents influence over decision-making is increased
- The scheme is financially viable for the Council

2.5 The intention has always been to narrow down the options before going back to the residents as part of the decision making process.

2.6 Underpinning the options analysis is a series of commitments / guarantees to the residents, including that this would be a Council-led development.

2.7 Appended to this report are more detailed offer documents for Tenants, Freeholders and Leaseholders. The key points however are:

### **Council Tenants**

- Council tenants on Cressingham Gardens who have to move because of a decision to demolish and rebuild part of the estate they live on will be offered a new lifetime home on the estate at Council rent levels
- Residents choosing to move elsewhere will be given Band A priority to bid for an alternative property
- If the Council pursues building new homes through a Special Purpose Vehicle these homes will be rented at Council rent levels, from the Council's housing register but with a lifetime assured tenancy, rather than a secure tenancy, and so would not have a statutory Right to Buy.

### **Homeowners (both Freeholders and Leaseholders)**

- Resident homeowners wishing to sell their property would be offered market value plus 10% plus reasonable disturbance costs
- Non-resident homeowners would be offered market value + 7.5%
- Resident homeowners wishing to stay on the estate would be offered a swap to a retained property on the estate subject to availability and their ability to port their mortgage
- Resident homeowners wishing to stay on the estate would be offered shared equity of a new home on Cressingham Gardens subject to their ability to port their mortgage.

2.8 The above commitments and those contained in the offers attached are so that residents can understand the potential impact of any regeneration on them and their community. Every effort has been made to develop offers which allow residents currently living at Cressingham Gardens to remain if they wish in homes which are affordable.

2.9 A 3 month programme of engagement has recently been completed. The Council agreed with the residents to continue exploring refurbishment as an option within that process however has been clear that full refurbishment of the estate or a significant proportion of the estate is currently unaffordable within the constraints of the Housing Revenue Account.

2.10 The Council also does not consider any pure refurbishment option to be in accordance with the Council policy to review its estates and identify locations for delivering more homes at Council rent levels. Cressingham Gardens has been included in the estates regeneration programme, as set out in the Cabinet Paper of December 2014, because there is an opportunity to deliver new homes. Therefore, those options which neither significantly reduce the costs to refurbish

the estate to an affordable level nor deliver the quantum of new homes that the Council would expect to see will not be consulted on further.

- 2.11 This will enable the Council and residents to narrow the focus onto options which significantly reduce the refurbishment costs to the estate and deliver new Council homes.
- 2.12 This recommendation has been made in a letter from the Cabinet Member for Housing to residents of Cressingham Gardens. At the same time as making this recommendation, detailed offers as attached will be made to the Council Tenants, Leaseholders and Freeholders. The Council will then carry out a test of opinion with the residents to identify how they view the proposed recommendations.

### **3. Finance**

- 3.1 In October 2012 Cabinet agreed the Lambeth Housing Standard programme. The estimate at that time was that the programme would require £499m of investment over five years. The Cabinet report identified an estimated £443m in capital resources possibly available to fund the programme and estimated a funding shortfall of £56m. This upfront capital budget is derived from the 30 year borrowing plan within the Council's HRA. Borrowing in the HRA is capped by Central Government and the current forecast shows no borrowing headroom until 2020-21 at the earliest.
- 3.2 The business plan developed to support the decision making over the Lambeth Housing Standard programme included a cost estimate of £3.4m to bring Cressingham Gardens up to the Lambeth Housing Standard. This cost estimate was based on information held on the Lambeth Asset Management Database. It is clear that the actual costs to bring the estate up to the Lambeth Housing Standard are considerably higher than estimated in October 2012.
- 3.3 In assessing the costings for refurbishment the Council jointly commissioned with the tenants and residents association a stock condition survey. The survey was carried out by structural engineers Tall and the identified works costed by Ian Sayer and Co. The costed analysis presented a worst case scenario of £13.9m. It was acknowledged that this was a worst case scenario and certain elements such as replacement of windows might not be required.
- 3.4 Further analysis of the refurbishment costs was carried out by Lambeth Living and this has resulted in an updated cost estimate figure of £9.4m. The difference between this figure and the Ian Sayer and Co figure is largely due to the Lambeth Living costings not including any window replacements whilst the Ian Sayer and Co figure included 100% window replacement.

- 3.5 This cost of £9.4m to bring homes up to the Lambeth Housing Standard would need to be met from within the Housing Revenue Account as there is currently no provision for this level of costs within the Council's LHS programme. Putting this in context, the average Lambeth Housing Standard cost for the estate of more than £30k per unit at Cressingham Gardens compare to a borough average range of £11.5k to £19.9k. In broad terms this equates to between 100 and 200 properties.
- 3.6 The latest version of the HRA Business plan with 2015/16 as the Base Year indicates that there is minimal or no scope for any additional funding of Capital or Revenue works over the current LHS programme and the ongoing investment required in the stock post LHS.
- 3.7 The HRA Business Plan assumes contributions from Leaseholders to the financing of the Capital spend requirements. This profile has risks attached to it as the collection profile cannot be accurately predicted.
- 3.8 Despite Leaseholder Contributions and the recent Decent Homes Backlog Funding received for 2015/16 (the latter requires the Council to bring the remaining 10% homes to the DHS standard without grant) there is still a funding gap over years 4 to 5 of the Business Plan
- 3.9 Some residents on Cressingham Gardens commissioned a Quantity Surveyor to provide their own costings based on information they had available. This produced a lower figure (approximately £7m) than the Lambeth Living estimate. Lambeth Living have worked through the residents' QS estimations. Unfortunately these excluded costs to a number of areas that would require works such as communal electrics and re-plastering of homes affected by damp and condensation.
- 3.10 A summary of the agreed works required is set out below:
- Window repairs
  - Roof replacement
  - Repairs to blocks
  - External works
  - Internal works (kitchens, bathrooms, boilers, rewiring etc)
  - Common parts upgrade
  - Decants
  - Front doors
  - Rainwater goods
  - Underpinning
- 3.11 A number of the capital works are to replace like with like, such as the roofs, and therefore the significant investment required to the properties would in essence



bring them up to their original standards rather than improve them to modern standards of insulation and sustainability.

- 3.12 The replacement of the roofs will have the most significant impact both in terms of cost and disruption to residents. The Tall Survey identified a design fault with the roofs which has caused water ingress into cavity walls. The roofs will therefore need to be changed to address this design issue and where properties have suffered from long-term water ingress, they will require a period of drying out. It is estimated that the works will take 6 to 9 months per property.
- 3.13 The Council therefore needs to look at alternative options for Cressingham Gardens. The options which include an element of new build would be able to attract alternative funding sources such as GLA Housing Covenant grant funding, single capital pot funding and recycled s106 receipts. These options would therefore help reduce the cost to the Council.

#### **4. Legal and Democracy**

- 4.1 Section 1 of the Localism Act 2011 introduced a new “general power of competence” for local authorities, defined as “the power to do anything that individuals generally may do” and which expressly includes the power to do something for the benefit of the authority, its area or persons resident or present in its area.
- 4.2 Section 9 of the Housing Act 1985 empowers the Council to provide housing accommodation by erecting houses, or converting buildings into houses, on land acquired by them.
- 4.3 Section 105 of the 1985 Housing Act requires the Council to maintain such arrangements as it considers appropriate to enable those of its secure tenants who are likely to be substantially affected by a matter of housing management, including a new programme of maintenance, improvement or demolition:
- (a) to be informed of the authority's proposals in respect of the matter, and
  - (b) to make their views known to the authority within a specified period;
- 4.4 The Council is required, before making any decision on the matter, to consider any representations made to it in accordance with those arrangements. In *Moseley v LB Haringey*, the Supreme Court held that procedural fairness sometimes requires the public authority to explain why alternative proposals have been rejected when consulting residents.

## 5. Consultation and Co-Production

- 5.1 Social Life led, on behalf of the Council, the consultation and co-production process. This involved initial research to understand how residents feel about the estate and the prospect of regeneration. From July to September 2013 Social Life carried out interviews with 109 residents, exploring what they like about the estate and what they would change. This included conversations with 61 tenants, 23 leaseholders and 7 freeholders, including people living across the different blocks on the estate.
- 5.2 Interviews ranged from in-depth discussions, lasting up to 2hrs, and shorter 5 and 10 minute conversations. Open questions were asked and coded using qualitative research methods. The findings were published as an exhibition (20<sup>th</sup> October 2013), and also as a booklet (Appendix 3b) which was distributed to every household on the estate.
- 5.3 The next significant period of engagement began in November 2014. In recognition that the uncertainty over the future of the estate was a serious concern to residents the Council agreed a 3 month engagement plan at the end of which a decision on the future of the estate could be taken. Six workshops were run in total, plus a feedback session from the six working groups that had been set up to explore particular issues in depth. In total 102 residents were involved, either attending workshops or working groups. This included 52 Council tenants, 41 homeowners and 1 private tenant. This is approximately 40% of homeowners and approximately 75% of resident home owners, and 25% of Council tenants living on the estate.

<b>Workshops</b>	<b>Description</b>
November 7 <sup>th</sup> (afternoon and evening)	<p>60 residents came to the two workshops. 28 leaseholders, 30 tenants, 1 private tenant and one person of unknown tenure.</p> <p>The process was explained. Residents discussed what criteria should be used to assess the options. Residents gave feedback on the four initial options Lambeth officers and members explained their thinking to date.</p>
November 22 <sup>nd</sup> (tenants am and homeowners pm)	<p>60 residents came to the two workshops, 25 council tenants to the morning workshop and 35 homeowners in the afternoon.</p> <p>These workshops gave information about residents position should their homes be demolished. They were another opportunity to give feedback about the initial options.</p>

December 10 <sup>th</sup> (tenants afternoon and evening)	<p>11 council tenants attended these sessions (plus one leaseholder)</p> <p>The same format as the November 22<sup>nd</sup> workshops were used. The aim of these workshops was to give more council tenants the opportunity to attend, as their attendance had been lower than homeowner attendance to date.</p> <p>Lambeth and the Independent Residents Advisor also organized a visit to Stockwell Park estate on 10<sup>th</sup> December, 10 residents attended this - 9 council tenants and one leaseholders. This ran at the same time as the afternoon workshop.</p>
January 19 <sup>th</sup>	<p>40 residents attended: 17 council tenants, 18 homeowners Leaseholders and 5 of unknown tenure.</p> <p>This was an opportunity for working groups to give feedback and discuss conclusions and recommendations and how these fit together.</p>
<b>Working Groups</b>	<b>Description</b>
Resident Management	To explore different resident led management options
Wellbeing	Recommended the involvement of SLAM, using their mental wellbeing assessment methodology, in work going forward.
Green Retrofitting	Green retrofitting solutions to be fed back to Lambeth Living as part of any refurbishment works.

5.4 Social Life asked residents who attended workshops to indicate their views of the different indicative options developed by Roland Karthaus.

#### Tenants views at workshops/information sessions 22<sup>nd</sup> November and 10<sup>th</sup> December

	Very good	Good	OK	Bad	Very bad	Total		% good or very good	% OK	% bad or very bad
OPTION 1	16	0	5	1	1	23		70%	22%	9%
OPTION 2	6	4	3	2	10	25		40%	12%	48%
OPTION 3	2	1	5	3	10	21		14%	24%	62%
OPTION 4	0	1	6	1	15	23		4%	26%	70%
OPTION 5	2	1	3	0	19	25		12%	12%	76%

22<sup>nd</sup> November, 17 forms filled in, 10<sup>th</sup> December, 8 forms filled in

#### Homeowners views at workshop/information sessions 22<sup>nd</sup> November

	Very good	Good	OK	Bad	Very bad	Total		% good or very good	% OK	% bad or very bad
OPTION 1	5			1		6		83%	0	20%
OPTION 2	1	2	3		1	7		43%	43%	14%
OPTION 3		1	1	1	4	7		14%	14%	71%
OPTION 4		1	1	1	4	7		14%	14%	71%
OPTION 5		1			6	7		14%	0	86%

7 forms filled in

#### Residents views at workshops 7<sup>th</sup> November

	Very good	Good	OK	Bad	Very bad	Total		% good or very good	% OK	% bad or very bad
OPTION 1	30	3	6	2	1	42		79%	15%	7%
OPTION 2	3	3	16	4	14	40		15%	40%	45%
OPTION 3	0	3	9	9	19	40		8%	23%	70%
OPTION 4	3	1	9	4	25	42		10%	21%	69%
OPTION 5	3	1	2	5	33	44		9%	5%	86%

44 forms filled in.

- 5.5 Looking forwards, a Cabinet paper will be presented in May 2015, which sets out the detailed business case and strategy for taking forwards regeneration of Cressingham Gardens. In the intervening period, the Council plans to present to residents the conclusions set out in this Cabinet paper and then to seek a test of opinion from residents concerning their personal views of the prospects for regeneration and their personal aspirations for the outcome of regeneration, as well as testing their views on the offers made to them (as per those attached to this Cabinet paper).

## 6 Risk Management

6.5A project team is in place and a risk register is maintained. Key risks and mitigations are noted below;

Residents do not engage and actively oppose any option which involves demolition and new build	H	H		Co-production and on-going involvement to ensure that proposals reflect local wishes as far as it offers VFM. Effective communication and consultation strategies and action plans.
Residents do not validate the data on which Regeneration, demolition and new build actions are based	H	H		Resident reps involved in the project team, can validate how options are arrived at,  Project plan –delivery stage addresses tasks required to mitigate
Residents take external legal action to stop demolition options, do not vacate homes when required	H	H		Resident reps involved in the project team, can validate how options are arrived at,  Project plan –delivery stage addresses tasks required to mitigate  The Resident Advisor can advise residents on options and impacts

## 7 Equalities Impact Assessment

7.1 As this project would be providing new homes within an existing estate, there are a number of potential equality and diversity impacts that must be considered and monitored. Care will be taken to identify the local demographic and ensure all consultation and communication methods are in line with Council policy in this regard. All new homes or facilities to be provided will meet all relevant standards and good practice with regard to equalities and diversity. Lettings, including a local lettings policy, will be in accordance with the Council's policies. All the above are within existing Council policies and procedures which have themselves been subject to an EIA.

## **8 Timetable and Implementation**

A paper will be presented to the Council Cabinet in May 2015 setting out the preferred strategy for taking forwards the regeneration of Cressingham Gardens.

## **9 Community safety**

New development will contribute positively to community safety by removing areas that attract anti-social behaviour and providing more passive surveillance of streets and spaces. The wider regeneration initiatives will promote estate pride actively design out crime as part of the development process.

<b>Audit trail</b>				
<b>Name/Position</b>	<b>Lambeth cluster/division or partner</b>	<b>Date Sent</b>	<b>Date Received</b>	<b>Comments in para:</b>
Sue Foster – Strategic Director	Delivery	20/02/15	27/02/15	
Helen Charlesworth-May - Strategic Director	Commissioning	20/02/15	27/02/15	
Mike Pocock: Delivery Director – Business, Growth & Regeneration	Delivery	20/02/15	24/02/15	
Rachel Sharpe – Commissioning Director	Commissioning	20/02/15	27/02/15	
Greg Carson - Legal Services	Enabling	13/02/2015	16/02/2015	4.1 to 4.4
Gary O'Key - Democratic Services	Enabling	20/02/15	27/02/15	
Hamanth Bharadia/ Akuffo, Solomon -Finance	Enabling	13/02/2015	19/02/15	Throughout
Cllr Matthew Bennett, Cabinet Member	Housing	20/02/15	27/02/15	Throughout

<b>Report history</b>	
<b>Original discussion with Cabinet Member</b>	11.02.15
<b>Report deadline</b>	20.02.15
<b>Date final report sent</b>	27.02.15
<b>Report no.</b>	155/13-14
<b>Part II Exempt from Disclosure/confidential accompanying report?</b>	No
<b>Key decision report</b>	No
<b>Date first appeared on forward plan</b>	n/a
<b>Key decision reasons</b>	n/a
<b>Background information</b>	<ul style="list-style-type: none"> <li>• The Community Plan, 2013-16 <a href="http://modern.gov.lambeth.gov.uk/documents/s55297/06b%2020130403%20Community%20Plan%20FINAL.pdf">http://modern.gov.lambeth.gov.uk/documents/s55297/06b%2020130403%20Community%20Plan%20FINAL.pdf</a></li> <li>• Delivering Better Homes, Cabinet report, dated 4th Nov 2013 <a href="http://modern.gov.lambeth.gov.uk/documents/s61039/07_Delivering%20Better%20Homes.pdf">http://modern.gov.lambeth.gov.uk/documents/s61039/07_Delivering%20Better%20Homes.pdf</a></li> <li>• Lambeth Estate Regeneration Programme: Strategic Delivery Approach' (22/10/12)</li> </ul>

	<a href="http://modern.gov.lambeth.gov.uk/documents/s50180/06%20Estate%20Regen%20Final_22%2010%2012_NV.pdf">http://modern.gov.lambeth.gov.uk/documents/s50180/06%20Estate%20Regen%20Final_22%2010%2012_NV.pdf</a>
<b>Appendices</b>	Appendix 1 Council tenant booklet Appendix 2 Leasehold and Freehold booklet Appendix 3a Coproduction and engagement Appendix 3b Living on Cressingham Appendix 4 Refurbishment costs