

# Cabinet Report

<b>Meeting or Decision Maker:</b>	<b>Cabinet</b>
<b>Date:</b>	<b>10<sup>th</sup> July 2017</b>
<b>Classification:</b>	<b>General Release</b>
<b>Title:</b>	<b>Ebury Bridge– Estate Renewal</b>
<b>Wards Affected:</b>	<b>Churchill</b>
<b>City for All</b>	<b>The proposed scheme will meet the City Council’s three priorities ensuring ‘Civic leadership and responsibility at the heart of all we do’, ‘Opportunity and fairness across the city’ and ‘Setting the standards for a world class city’</b>
<b>Key Decision:</b>	<b>That Cabinet authorise spend to work-up in detail an entirely new scheme, requiring resident engagement on all development options and co-creation of a preferred solution demonstrating that there is a compelling case in the public interest to take forward the preferred scheme option</b>
<b>Financial Summary:</b>	<b>The approved HRA business plan contains the necessary funding for the proposed options appraisal and resident engagement exercise</b>
<b>Report of:</b>	<b>Director of Housing and Regeneration</b>

## **1. EXECUTIVE SUMMARY**

- 1.1 The consented scheme for the renewal of Ebury Bridge Estate is not commercially viable. Despite conducting detailed scrutiny of the original scheme, voted on by residents in 2013, it has not been possible to make this consented scheme attractive to developers and therefore the City Council must now look again at a new scheme for the estate.

- 1.2 The City Council is fully committed to the renewal of the Ebury Bridge Estate and will work within the ambitions of the Leader's City for All 2017/18 priorities both in terms of the delivery of new affordable homes, protection of sustainable mixed communities but also in line with improved community engagement.
- 1.3 The City Council intends to meet its strategic aims and objectives for Ebury Bridge by undertaking a comprehensive Estate Renewal Options Study that will:
- Inform (and take the outputs from) a resident consultation process
  - Inform (and take the outputs from) a soft market testing exercise
  - Demonstrate that there is a compelling case in the public interest to take forward the preferred scheme option to delivery
- 1.4 The Council proposes to consult with residents on the new options to produce a new scheme. The consultation process will explore a range of estate renewal options, ranging from refurbishment through to redevelopment of the entire estate (Edgson, Wainwright, Wellsley, Hillersdon, Dalton, Mercer, Pimlico, Bridge, Victoria, Bucknill, Rye, Westbourne and Doneraile House).
- 1.5 Finding a preferred option in this way will ensure that a comprehensive and inclusive engagement exercise is conducted and that all renewal options are explored with Ebury Bridge Estate residents and businesses.
- 1.6 It is imperative that the criteria by which the estate renewal options will be assessed are made clear from the outset. This will ensure that Estate Renewal Options that do not meet the strategic aims and objectives for Ebury Bridge do not progress and that the preferred solution is deliverable.
- 1.7 The City Council continues to provide rehousing support to residents within the original consented scheme area, which comprises Edgson, Wainwright, Wellsley, Hillersdon, Dalton, Mercer, Pimlico, and Bridge Houses. Residents have been actively engaged in the process and while new options are being explored the Council would wish to honour commitments made to them by maintaining existing rehousing offers.
- 1.8 The City Council will lead dedicated resources from within Policy Performance and Communications along with a commissioned community engagement agency and a multi-disciplinary development team to ensure that appropriate resources are in place and a comprehensive approach is delivered.

## **2. RECOMMENDATIONS**

- 2.1 Officers seek approval from Cabinet to explore in detail an entire new scheme in five sequential steps:
- I. Authorise spend to explore and work-up renewal options, with the community which are both commercially viable and meet the aspirations of the residents.

- II. Agree the assessment criteria for testing options set out in Section 5.
- III. Agree that officers work with residents to reach a preferred option.
- IV. Agree that the Council continue to honour the rehousing commitments made to both tenants and leaseholders within the existing scheme.
- V. Agree to bring a Cabinet report forward outlining a preferred option following the comprehensive period of engagement.

### **3. REASONS FOR DECISION**

- 3.1 The Estate is one of five priority housing estates identified in the City Council's Housing Renewal Strategy 2010, noted as requiring improvement and significant investment over the next five years.
- 3.2 The aim of regenerating the Ebury Bridge Estate is to bring about long term physical, economic and social sustainability of the area, and to create a high quality, mixed use urban neighbourhood that is attractive to residents and visitors alike, integrates successfully with the surrounding area and delivers a significant number of new homes in line with the Leader's City for All 2017/18 priorities.
- 3.3 An entirely new scheme is required to meet the aspirations of residents by providing innovative affordable tenure solutions, attracting the market through commercial viability, balance demand on the Housing Revenue Account, and deliver a development of exceptional quality driven by scale, value, quality and underpinned by design principles that ensure the optimum outcome for housing numbers, financial returns and regeneration benefits.

### **4. BACKGROUND, INCLUDING POLICY CONTEXT**

- 4.1 The City Council has been working with residents at Ebury Bridge since 2010 to develop a comprehensive regeneration programme. Residents voted on proposals and a planning application was prepared in conjunction with them. However, it subsequently became clear in 2015 that the scheme as permitted was not attractive commercially to market leading developers.
- 4.2 This led to detailed scrutiny of the consented scheme to examine how it could proceed, from the phasing of the scheme, design of the homes, the densities achieved and the impact of build cost inflation. For two consecutive years between 2014 and 2016 there was a period in which build cost inflation for projects in Central London outstripped increases in sales values. In conclusion, the consented scheme will produce a significant deficit.
- 4.3 A review has determined that the vote promises cannot be delivered in the consented scheme; whilst this is primarily due to the lack of commercial viability: there are other limiting factors, examples of which are:
  - Despite original commitments, charges to leaseholders are legally required if the City Council funds work to their flats.

- Elements of the agreed improvement works would be very intrusive, result in the loss of internal habitable space and require residents moving out for the duration of the works.
- 4.4 An expectation was set that all new build and improvement work would be completed by 2017. Subsequent updates to residents extended this date to June 2021. There is clear recognition the Council have not met these dates and there is understandable disappointment and frustration. It affects residents' lives and their ability to make long plans for themselves and their families.
- 4.5 Ebury Bridge Estate renewal is part of the Council's overall housing estate regeneration programme. As such renewal of the Ebury Bridge Estate remains an important element of the City Council's aspirations to:
- I. increase the supply and quality of affordable homes to meet a variety of local needs, including housing for families.
  - II. improve the quality of the local environment with outstanding green and open spaces and housing that promotes low energy consumption and environmental sustainability.
  - III. promote a high quality of life for people of all ages and backgrounds, in safe, cohesive and healthy neighbourhoods, supported by a range of high quality housing and excellent community facilities.
  - IV. enable people to maximise economic opportunity in Westminster with support for training, employment and enterprise, and housing tenures which help those in work to remain in the City.
  - V. create a more distinct sense of neighbourhood, ending the physical divide between Westminster's estates and surrounding local streets.
- 4.6 The Council have communicated to residents that the intention is not to abandon the commitments made to them in 2013 and rather focus on creating a viable scheme that where possible delivers on, and enhances upon, those promises.

## **5 ESTATE RENEWAL STRATEGY**

### **Ebury Estate Renewal Objectives**

- 5.1 To achieve the Council's overall housing estate regeneration programme on Ebury and deliver new homes at Ebury Bridge Estate, the Council's strategic objectives for the site are to:
- Optimise the development opportunity, within the confines of the site and the surrounding area.
  - Engage with residents on all proposals, in a full and transparent way that ensures residents and stakeholders have meaningful and early opportunities to shape the future of the estate.

- Ensure that displaced tenants have the right to return to a social tenancy, Leaseholders are offered a fair deal and have the option to return to the estate. A package of support for businesses is developed.
- Consider the most appropriate combination of physical interventions to achieve the agreed aims of regeneration, including repair and refurbishment, investment in public realm, infill and intensification, demolition and rebuild.
- Where demolition and rebuilding is chosen as part of estate regeneration, this should only happen where it provides an increase in affordable homes within the City.
- Proposals should look to improve the appearance of the estate, its relationship with the surrounding neighbourhood, benefitting from the excellent transport links and emerging development in the area.
- Provide active frontages to Ebury Bridge Road
- Deliver housing of the highest design quality, as quickly as possible, using modern methods of construction where appropriate.
- Using regeneration as a driving force to achieve social, employment and health improvements through new amenity space, employment and health interventions.
- Deliver a scheme that makes a positive financial contribution to the City Council
- Proactively monitor the impacts and outcomes of regeneration, seeking to involve residents where possible.

### **Ebury Estate Renewal Deliverables**

- 5.2 WCC are commissioning a team to work with residents to undertake a comprehensive Estate Renewal Options Study, ranging from the refurbishment of the existing buildings through to entire estate redevelopment.
- 5.3 The options study will be based upon robust financial, design, planning and overarching regeneration principles. Examples of specific areas of expertise include housing need, affordable housing tenure models and disposal, scheme and unit design, asset management and the private rental sector.
- 5.4 The Estate Renewal Options Study will allow a number of different estate renewal options to be explored and evaluated against the Councils strategic aims and objectives, leading to the selection of the preferred option. To evaluate the Estate Renewal Options, 3 main themes for investigation are to be used:

**Desirability** – the degree to which each option meets the strategic objectives and priorities of stakeholders

**Viability** – the degree to which each option is financially viable and sustainable

**Feasibility** – the degree to which each option can be implemented

- 5.5 These themes will be mapped to specific criteria against which each option is evaluated. This will lead to a final recommendation about the preferred option which can then be taken forward to the business case.
- 5.6 The City Council will be open, transparent and absolutely committed to engagement with residents and businesses in order to take a preferred scheme forward.

## **6. REHOUSING OPTIONS FOR RESIDENTS**

- 6.1 The City Council continues to provide rehousing support to residents within the original consented scheme area, which comprises Edgson, Wainwright, Wellsley, Hillersdon, Dalton, Mercer, Pimlico, and Bridge Houses. Much has been achieved to date. Residents have been actively engaged in the process and while new options are being explored the Council would wish to honour commitments made to them by maintaining existing rehousing offers.
- 6.2 In order to best manage the rehousing process within the context of available supply, our tenant rehousing strategy is based on prioritising Edgson, Wainwright and Wellesley Houses initially. To date 56 out of the 61 tenants in these three blocks have already been rehoused or are in the process of moving to alternative accommodation. The remaining tenants are bidding or are waiting on offers of suitable accommodation. Once those residents have been rehoused the Council can then extend priority banding and rehousing support to residents in the remaining consented scheme blocks.
- 6.3 Buy-backs continue with 55 out of 66 leaseholders in the consented scheme either already having sold or are in the process of selling their properties back to the City Council.
- 6.4 Maintaining rehousing options provides consistency for residents on the estate. It is acknowledged that blocks due to have refurbishment works as part of the consented scheme continue to wait. It would be poor value for money to carry out extensive refurbishment on housing blocks that may be subject to demolition depending on the preferred option chosen. Urgent repairs would continue to be completed in the meantime.

## **7 DELIVERY**

### **Delivery Implementation**

- 7.1 Following Cabinet authorisation, commence engagement with the community and the preparation of a full options report that will explain in detail all possible development options by:

- Evidencing a comprehensive Estate Renewal Options Study (including consultation, planning, concept design, soft market testing, finance, procurement and delivery objectives).
- Implementing the Council's Resident Engagement and Consultation Strategy
- Reviewing the Council's Leaseholder Policy in conjunction with an Equalities Impact Assessment, considering a tailored policy to meet the needs of the Ebury residents.

7.2 Engage the Ebury Bridge Estate residents and businesses.

- Set the parameters by which options can be created (commercial, policy, legislative and public realm) and through comprehensive community engagement; select a preferred option with residents and businesses on Ebury. Ensure that this engagement exercise is inclusive and that all residents and businesses can engage in the process.

7.3 A subsequent Cabinet Report will seek authorisation to take forward the preferred scheme forward.

#### **Development Partner Procurement**

7.4 The Council have had several informal conversations with a few development companies concerning the site, the objective to gauge what might be deliverable once brought to the market.

7.5 It is clear from these preliminary discussions that the scale and nature of the scheme has a direct impact on the level of interest from the market and crucially the type of partner the Council can secure. The Council will need to consider a larger, perhaps bolder scheme in terms of quantum of development and innovative housing products to attract top tier development companies who excel in place-making, tenure blind development, sustainable modern methods of construction, and high quality public realm.

7.6 There is a genuine opportunity for the Council to deliver a development of exceptional quality: this will be driven by scale, value, quality and design to ensure the optimum outcome for housing numbers, financial returns and regeneration benefits.

7.7 The assessment criteria by which the comprehensive engagement exercise will arrive at the preferred option are to be made extremely clear from the outset. No preferred option will be taken forward that fails to meet the development objectives and has not been soft market tested with reputable developers. For example, options that do not meet commercial or policy priorities cannot progress to a preferred option.

## Delivery Timeline

- 7.8 Officers have considered the key tasks and milestones required in the first instance, to explore an entirely new scheme:

Estate Renewal Timeline (Key Milestones)	
Governance	(Calendar Years)
Cabinet Report (Decision to explore new scheme)	10 <sup>th</sup> July 2017
Cabinet Report (Preferred Option Report)	Q1 2018
Resident/Community Engagement	
Phase 1: <b>Inform</b> Ebury Bridge Estate Resident Meeting 28 <sup>th</sup> June 17 Stakeholder engagement	June/July 2017
Consultation and Co-creation of new scheme	
Phase 2 - <b>Engage</b> Listening month Events	July/August 2017
Phase 3 – <b>Create</b> options through consultation and engagement with residents and businesses	September/December 2017
Phase 4 – <b>Create</b> preferred option through estate wide consultation	January/February 2018

## 8.0 FINANCIAL IMPLICATIONS

- 8.1 The Housing Estate Regeneration Programme that sits within the HRA Business Plan 2017/18 allocated £75m investment budget to Ebury over the next five years. The budget was derived from the planning consented scheme and assumed a development partner would be procured to deliver the scheme, provide the Council with a land receipt for the private sales units and build out the affordable housing for the Council.
- 8.2 Whilst the delivery strategy for the renewal options is likely to assimilate the business plan assumptions, any increase in acquisition costs will likely be borne by the HRA until corresponding land receipts are received from a Partner.
- 8.3 It is critical in the context of evidencing a compelling case for regeneration that the options considered and the appraisals undertaken can be evidenced upon realistic and sound assumptions around costs, programme phasing and outputs and that the funding of the impact of the change in programme can be financed and contained within the HRA business plan.
- 8.4 The impact of the proposed changes in scale and timeframe of the options on the HRA business plan will need to be modelled in detail to determine whether the options can be funded and are affordable in the context of delivering the current Housing priorities.

## 9. LEGAL IMPLICATIONS

- 9.1 Section 105 of the Housing Act 1985 provides that the Council must consult with all secure tenants who are likely to be substantially affected by a matter of Housing Management, which includes a new programme of maintenance,



improvement or demolition or a matter which affects services or amenities provided. Secure tenants must therefore be informed of the development proposals and provided with an opportunity to make their views known to the Council within a specified period. Before making any decision the Council must consider any representations from secure tenants arising from the consultation.

- 9.2 The imposition of service charge by the Council is dealt with in Part II of the Landlord and Tenant Act 1985. There is a legal requirement to recharge leaseholders for improvement works. Where the Council has a power to recharge costs it has incurred in connection with the maintenance of properties, it is under a fiduciary obligation to its ratepayers to do so.
- 9.3 A new scheme will require a new planning permission, procurement of a development partner for delivery, and may require a compulsory purchase order (CPO) to achieve the regeneration of the estate. It will be necessary to show that there is a compelling case in the public interest before a CPO can be made, and that there is no planning, financial or other impediment to the development coming forward.

## **10. STAFFING IMPLICATIONS**

### **Project Governance and Resources**

- 10.1 An internal WCC project governance structure is required to ensure fit with corporate objectives. The board will be sponsored by the Director of Housing.
- 10.2 This Board will be attended by and receive regular update reports from each of the work-stream leads and will act as a point of project co-ordination and a clearing house for decisions, with a default remit to refer to the WCC Executive Management Team any matters that cannot be satisfactorily resolved.
- 10.3 The Board will oversee and carry responsibility for the overall programme and timetable. The Board will provide fully inclusive briefings to ensure cross-coordination of the work of all work streams. The Chair will produce by exception update and action reports for Executive Team Meetings and the Housing Regeneration Steering Group as necessary.
- 10.4 The Council is ensuring that there is sufficient resource in place to bring forward the successful regeneration of Ebury Bridge. Teams from within Housing and Regeneration work in conjunction with Policy, Performance and Communications (PPC) to deliver all work streams in order to achieve the Council's objectives.

## **11. CONSULTATION**

### **Communication and Stakeholder Implications**

- 11.1 The City Council is committed to a comprehensive seven month engagement programme with residents and businesses on the Ebury Bridge Estate to ensure that a new scheme is designed with people that regeneration will affect.
- 11.2 The engagement programme was outlined in succession to Ward Councillors and Residents on 28th June 2017. Ward Councillors were briefed prior to a public meeting, confirming that the currently consented scheme is not viable and the Council would be consulting on a full range of options. Ward Councillors and Residents were provided with details on the approach that will be taken to ensure extensive and on-going consultation.
- 11.3 Our approach will commit dedicated resources on site to work through the development of options with residents and businesses. A preferred option will only be brought forward with the input and insight from those living and working on the Estate and one that is also commercially viable and meets the policy aspirations of the City Council.
- 11.4 Our approach will recognise the frustrations born from the ending of the consented scheme, the length of time it has taken to reach this decision and the uncertainty that a new period of engagement will engender. The Council should commit to this comprehensive approach to ensure that all those affected by the potential new scheme have the opportunity to shape the future of the Ebury Bridge Estate.

Our outline approach therefore is designed in five phases:

#### **Phase 1: Inform June/July 2017**

- Highly visible engagement from the City Council on the estate and comprehensive information provision on the decision not to proceed with the consented scheme and what this means for individuals.
- Visible leadership from elected members and GPH officers at public meetings and engagement officers at 3 Dalton House permanently.
- Stakeholder engagement to inform local and regional contacts of the decision and the process of community engagement.

#### **Phase 2: Listen and engage July/August 2017**

- 'Listening month' to build and strengthen connections with residents and stakeholders through intensive face to face engagement, supported by integrated council communications. This will seek to develop engagement in the regeneration process and reinforce the necessity of community involvement and co-design.

- Commissioned community engagement services from Pinnacle to undertake face-to-face engagement on the estate.
- Monitoring and reporting mechanism to provide weekly updates to elected Members and officers of the feedback and ideas generated from engagement.
- Focus on residents' and businesses' fears, aspirations, frustrations and personal views of the estate's future.

### **Phase 3: Create options through engagement** September/November 2017

- Undertake an asset focused approach using the results of the listening exercise and ask the community to develop the options alongside the City Council.
- Be open and transparent during this process about the commercial viability, public realm realities and need for affordable and private housing.
- Pinnacle, a GPH multi-disciplinary team and engagement lead from PPC to work with groups of residents to model a range of options for the future of Ebury Bridge Estate. This approach will be event led and also reach out to existing networks on the Estate for contribution.

### **Phase 4: Create preferred option through consultation and engagement**

December/February 2018

- Together bring forward a preferred option that meets the policy aspirations of the City Council, local aspirations of residents and businesses and is also commercially viable tested with the market.
- Pinnacle, GPH multi-disciplinary team and PPC engagement lead to work on refining modelling to create a preferred option that fits within the commercial and policy parameters of a viable scheme.
- Comprehensive engagement across the estate on the co-created preferred option that residents, businesses and the City Council have tested with the market. This exercise will focus on the Estate but will also take views and opinion from wider the community.

### **Phase 5: Cabinet Committee paper** March/April 2018

- GPH and PPC draft a paper on the decisions needed for the progression of the preferred option and to engage a developer.

<p><b>If you have any queries about this Report or wish to inspect any of the Background Papers please contact: James Green, Senior Development Manager, <a href="mailto:jgreen@westminster.gov.uk">jgreen@westminster.gov.uk</a></b></p>
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