

<b>Item No.</b>	<b>Classification:</b> Open	<b>Date:</b> October 14 2009	<b>Meeting Name:</b> Executive
<b>Report title:</b>		Preferred Options for Elmington estate	
<b>Ward(s) or groups affected:</b>		Camberwell Green Ward	
<b>From:</b>		Strategic Director of Regeneration and Neighbourhoods	

## RECOMMENDATION(S)

That the Executive:

1. Agrees in principle that a mixed option of redevelopment and refurbishment to continue the regeneration of the Elmington Estate be pursued for the blocks identified in Table 1.
2. Agrees that sites F, H and J be retained and refurbished as part of the Housing Investment Programme.
3. Agrees the principle of redevelopment for blocks C, D, E and G and requests officers to prepare a detailed implementation programme.
4. Requests officers to carry out detailed consultation with residents on the implications of the mixed option, including likely timescale, rehousing proposals, impact of refurbishment, and issues for leaseholders.

## BACKGROUND INFORMATION

5. Executive agreed to establish a new strategic direction for the continued regeneration of the Elmington Estate on May 19 2009. It was agreed to seek to dispose of the two currently vacant sites at Elmington for housing development and to evaluate the feasibility of extending the redevelopment to the remaining low rise blocks at mid-Elmington, which are of a similar construction type to those blocks that have already been demolished. The disposal of the vacant sites is progressing, with marketing currently under way. The purpose of this report is to examine the potential for redevelopment of the remaining blocks.
6. The blocks have very significant investment requirements, partly because of their age, but also because of some of their design characteristics, and therefore present difficulties for the council and residents. The relevant blocks are listed below in Table 1 and shown on the map in Appendix 1.

**Table 1 – Mid-Elmington Blocks Under Consideration**

<b>Block</b>	<b>Name</b>	<b>Block</b>	<b>Name</b>
<b>1</b>	1-20 Houseman Way	<b>8</b>	1-24 Drayton House
<b>2</b>	21-29 Houseman Way	<b>9</b>	30-72 (evens) Lomond Grove
<b>3</b>	30-51 Houseman Way	<b>10</b>	1-20 Broome Way
<b>4</b>	29-59 (odds) Benhill Road	<b>11</b>	1-12 Flecker House
<b>5</b>	1-27 (odds) Benhill Road	<b>12</b>	1-22 Procter House
<b>6</b>	61-91 (odds) Brisbane Street	<b>13</b>	1-12 Flatman House
<b>7</b>	90-106 (evens) Benhill Road	<b>14</b>	1-14 Langland House

## KEY ISSUES FOR CONSIDERATION

7. There are a number of wider strategic priorities that are relevant in considering the way forward for Elmington:
  - Commitment to provide decent homes
  - Producing mixed and balanced communities
  - Enabling the development of new additional homes
  - Ensuring that new homes are high quality and provide a high proportion for families
  
8. At a local level, some of these factors are accentuated. There have been significant achievements towards the regeneration of Elmington Estate with the demolition of the former blocks and the new properties constructed to date. Furthermore, investment decisions in remaining blocks have been delayed and there is an outstanding commitment to rehouse the remaining Phase 1 households who expressed the option to return. It is also recognised that some of the blocks have received investment in recent years, and even though more work may be required, it would not be appropriate to consider them for redevelopment.
  
9. The options open to the council to address the poor condition of the blocks fall into three broad categories:
  - Retain the blocks and undertake a programme of investment over time to Southwark Decent Homes standards.
  - Redevelop the blocks by disposing of the sites on which they stand to a developer or RSL to produce mixed tenure redevelopment.
  - A combination of refurbishment and redevelopment, maximising the development opportunities of the sites of blocks 1 to 14 and refurbishing other blocks to balance the impact on the council's Housing Investment Programme.
  
10. Assessments have been carried out for each group of blocks against a range of factors to determine the most appropriate course of action. These factors are the condition of the existing blocks, the potential for redevelopment the financial impacts. In the following paragraphs, these factors are outlined in turn and then an overall assessment is undertaken. The blocks have been grouped because both redevelopment and investment would be undertaken to groups of blocks rather than individual blocks. The map at Appendix 1 also shows this packaging.

### Stock Condition considerations

11. Prior to the decision to undertake a feasibility study for the mid-Elmington blocks there had been ongoing consideration of the investment needs of Blocks 1 to 14. Blocks 1 to 6 were considered to be most in need of investment, and there had been a focus on blocks 4 and 5 which are in a particularly poor state of repair. Works estimates made in 2007 showed that the blocks have very costly investment requirements to bring them up to the Decent Homes standard. Preliminary discussions with residents had also questioned the merit of making that investment rather than pursuing a redevelopment strategy.
  
12. Works were undertaken to blocks 15, 16 and 17 in 2004/5. In the last 5 year housing investment programme agreed in 2006, blocks 1 to 14 were programmed for works to be completed by 2010/11. Blocks 6, 12 and 13 had been programmed for works by 2009/10. These blocks were chosen as priorities

for investment as they were known to be in a poor condition based on information from the borough-wide Stock Condition Survey (SCS) and repair history, and due to their proximity to the already refurbished blocks 15, 16 and 17. Block 14 was not included despite its close proximity to blocks 12 & 13 as its investment need was deemed not to be as urgent as those of blocks 6, 12 and 13 based on SCS information and its repairs history. Block 14 was not included despite its close proximity to blocks 12 and 13 as its investment need was deemed to be not as urgent as those of blocks 6, 12 and 13 based on SCS information and its repairs history.

13. As blocks 6, 12 and 13 had investment works already programmed Executive agreed in May 2009 that preparation for these works continue without passing the contractual commitment stage, while feasibility work is undertaken.
14. An further assessment of stock condition has been undertaken by Pellings, a building surveying and cost consultancy practice appointed specifically for the purpose. Pellings surveyed all blocks except 61-91 Brisbane Street, Procter House and Flatman House which had already been surveyed by the council.
15. Pellings have reported on the condition of a range of elements within the blocks, including an estimate of the expected remaining lifecycle for each of those elements, a schedule of works that would need to be undertaken in order to bring these homes up to the required standard, and an estimated cost for those works. They were also asked to prioritise the blocks by investment need based on an assessment of stock condition.
16. The report confirmed that some of the blocks' main elements, such as the walls, roofs, windows and chimneys were found to require significant investment, and that the poor condition is present across all blocks. Pellings highlighted some specific concern about the condition and safety of some of the windows in certain blocks, noting that the some of the timber frames have perished to a considerable extent and would require individual frame replacement. In accordance with the brief, the report provided a prioritisation of the blocks and indicative sequence for investment to take place.
17. Pellings' commission did not include blocks 15, 16 and 17 because investment work had been undertaken in the relatively recent past. However it is clear that further work will be required during the timescale of this project, particularly internally.
18. Pellings conclude that the total cost of refurbishing all 14 blocks would be just over £10m. Depending on the actual extent of works agreed, it may be necessary to rehouse residents to enable the works to be undertaken, such as works to address the presence of any asbestos.

### **Redevelopment Considerations**

19. An assessment has been made of the capacity of the various sites where the blocks currently stand for the number of new homes that could be built. As stated in paragraph 10, where the blocks are arranged closely together, they have been assessed in groups, as shown in Table 2, and Appendix 1.

**Table 2 – Redevelopment Potential**

Site	Blocks	Existing homes (leasehold in brackets)	Estimated new homes	New affordable homes (at 35% pro rata)
Site C	Housing Office	n/a	31	12
Site D	4 & 5	33(10)	46	16
Site E	1,2,3, & 7	62(9)	93	33
Site F	8	24(3)	35	12
Site G	9,10 & 11	53(11)	87	30
Site H	6	16(5)	44	15
Site J	12,13 & 14	48(6)	67	23
<b>Total</b>		<b>236(44)</b>	<b>404</b>	<b>141</b>

20. Any redevelopment would involve mixed tenure housing, partly to contribute to developing mixed and balanced communities, but also to generate capital receipts to cover the council's costs in the scheme. The receipts will be generated by disposal of the land to a developer or RSL, and the new affordable homes would be built and managed by an RSL.
21. A number of assumptions have been made about the density, tenure split and size mix of homes that could be provided on these sites. Conservative estimates have been taken of the density at which new homes could be provided, assuming a density of 600 habitable rooms per hectare, with buildings of 3-4 storeys. There may be a case for some higher buildings that would allow more homes to be built and would generate more capital receipts; this would be considered further if redevelopment or part redevelopment is adopted. The tenure mix has been calculated based on the emerging Local Development Framework Core Strategy. Of the estimate of new homes in Table 2, it has been assumed that 65 per cent of new dwellings will be private and 35% affordable. It has also been assumed that the affordable homes would attract a proportion of Homes and Communities Agency grant. Land valuations have been undertaken for the disposal of the blocks on the basis of the packaging and capacity above. The valuations arrived at for each site, are used in the net present valuations described in paragraph 28.
22. Redevelopment would be pursued on a phased basis. Construction of new homes on the currently empty sites A and B will provide some housing capacity to enable rehousing and redevelopment of the first blocks to follow. This sequence would then be repeated. Further parts could then be redeveloped in turn. Any proposals will need to take account of wider housing supply and demand issues, and the decant requirements of other regeneration schemes. The rehousing requirements arising from a decision to redevelop any block will be worked through the housing supply and demand model to ensure that the combined requirements of these and other regeneration schemes do not impact adversely on each other. It should be noted that refurbishment works may also result in a temporary rehousing requirement.
23. The tenure mix considerations in paragraph 21 must still be considered in light of the London Plan requirement that in regeneration schemes the new development that takes the place of demolished social housing must reprovide the same amount of affordable housing as was there originally. Assuming that redevelopment of all 14 blocks would yield in the region of 400 new homes at current projections there would be a loss of some 57 affordable homes, if new affordable housing was provided at 35%.

24. The draft Core Strategy currently makes provision for regeneration schemes where the full amount of affordable housing is not reprovided onsite. Should the preferred option of the Core Strategy be approved as being in general conformity with the principles of the London Plan then there would be clear local planning guidance in place that could enable development to go ahead. Discussions have been ongoing with the GLA the feedback to date is that the Core Strategy is in general conformity and that a definitive judgement will be issued by the 26 February 2010.
25. Following the completion of Phase 1 of the Elmington redevelopment, there is development activity taking place in the area. The Metropolitan Housing Trust is developing 42 new homes for social rent on Brisbane Street. Consideration is also being given to developing new housing on a garage site next to Masterman House on the northern edge of the estate, and the council is also working up development proposals for part of Southampton Way, including Beacon House and Sedgemoor Place hostel.

## **ANALYSIS AND CONCLUSIONS**

### **Summary**

26. A quantitative and qualitative assessment has been undertaken that compares the base case – to refurbish blocks - with the redevelopment option on the basis that to “do nothing” is not an option due to the condition of these blocks.
27. The quantitative (financial) assessment calculates the net present value of both options for each site using the forecast cash flows (costs and income) over a 15 year period. The results of the financial analysis have been moderated on the basis of three qualitative criteria and risks. These are:
  - Strategic fit – the extent to which the option supports/ fails to support strategic objectives
  - Stakeholder views
  - Deliverability - resources needed to deliver the option, availability of decant capacity, time frames needed to deliver.
28. The quantitative financial analysis alone shows that redevelopment of all blocks, except site J, provides the maximum NPV. The qualitative analysis also shows that redevelopment meets more of the council’s strategic objectives. However, to redevelop all blocks is not feasible against the deliverability criteria and carries more significant risks. Although the majority of residents who have responded to a recent survey favour redevelopment, there is strong support for refurbishment. Hence, a conclusion cannot be drawn on this criterion alone. Combining the quantitative financial analysis with both the qualitative analysis and the risk assessment leads to the conclusion that a mixed programme of redevelopment and refurbishment should be pursued.
29. What follows is a more detailed presentation of this analysis and a recommendation as to the specific blocks to redevelop and those which to refurbish.
30. Stock Condition Survey Conclusions: there are important financial implications arising from this survey as follows:

- All blocks require significant investment (e.g. walls, roofs, chimneys) to bring them up to the desired standard. In total this work is estimated at £10.18m. Hence, do nothing is not an option.
- If the proposed order of redevelopment/refurbishment is followed, urgent works will be required ahead of the programme on blocks 6, - 13 if redeveloped and on blocks 1, 3, 6, 8 and 13 if refurbished, in order to ensure they are habitable in the short term. In total this work is estimated to cost £1.76m for the refurbishment option and £1.06m irrespective of the decision to refurbish or redevelop.

### Option 1: Refurbish

31. This option would mean bringing all homes up to the required Southwark standard and – based on the stock condition survey – would require investment of £10.18m and take 4 years to complete, starting in 2011/12.

### Option 2: Redevelop

32. This would require demolition and the procurement of a developer/ RSL to redevelop the site/s. If all blocks were redeveloped in line with the council's emerging Core Strategy, and, taking a conservative assumption regarding the height of buildings, the result would be an additional 172 homes (as shown in Table 2). Redevelopment includes site C on which there is currently a neighbourhood housing office but no residential housing. The change in tenure mix would result in a net loss of 91 affordable homes but a more mixed, balanced community as well as an anticipated total land receipt in the order of £6.85m. All blocks would require permanent re-housing with the option to return and the decant capacity would be assessed and balanced with other schemes using the supply and demand model. Under this option, blocks would be transferred and managed by an RSL instead of the council.

### Quantitative Analysis

33. A robust project options analysis to assist in objective decision making for housing projects is being developed, with the support of KPMG. This work is well underway and will provide a quantitative framework for comparing options on the basis of their ability to meet corporate objectives, and financial analysis of the net present value of different options and a risk matrix to provide an overall cost/benefit analysis. While not yet completed, the main features of this approach have been incorporated in this analysis.

**Table 3 – Results of Financial Analysis**

Site	Blocks	£ NPV Refurbish	£ NPV Redevelop	Difference
D	1-27 (odds) Benhill Road	-£915,907	-£254,854	-£661,053
	29-59 (odds) Benhill Road			
E	1-20 Houseman Way	-£1,956,274	£805,701	-£2,761,975
	21-29 Houseman Way			
	30-51 Houseman Way			

Site	Blocks	£ NPV Refurbish	£ NPV Redevelop	Difference
	90-106 (evens) Benhill Road			
F	1-24 Drayton House	-£540,821	-£238,100	-£302,720
G	30-72 (evens) Lomond Grove	-£1,443,495	-£326,301	-£1,117,194
	1-20 Broome Way			
	1-12 Flecker House			
H	61-91 (odds) Brisbane Street	-£366,291	-£326,301	-£39,990
J	1-22 Procter House	-£324,085	-£712,738	£338,654
	1-12 Flatman House			
	1-14 Languard House			
TOTAL FOR ALL SITES		-£5,546,872	-£ 1,052,594	

34. In all cases, except site J, the NPV is highest for the redevelopment option; hence, the optimal NPV is achieved by redeveloping these sites. However, for sites F & H the differences are relatively small and are sensitive to changes in the model assumptions, such as the discounting rate applied.

### Qualitative Analysis

#### Strategic Fit

35. Table 4 compares the refurbishment option with the redevelopment option in terms of their ability to meet the borough's strategic objectives. This shows that the redevelopment option will meet more of the council's objectives than the refurbishment option by: increasing the supply of housing, generating a capital receipt, enabling the creation of mixed communities and will result in a stepped change in transforming the area in a way that refurbishment cannot achieve. Hence, on this criteria alone, the preferred option is to redevelop all sites

**Table 4 – Analysis of Strategic Fit**

Objectives	Relevant Target	Refurbishment	Redevelopment
Creating places where people love to live	Build affordable homes for people to rent or buy homes to be made Decent	Is in line with the decent homes priority	Is in line with the affordable housing priority
Everyone achieving their potential	Improve Primary school provision Provide employment training opportunities for 16 – 18 year olds	Community would benefit from contractors apprenticeship scheme	Community would benefit from contractors apprenticeship scheme
Promote healthy and independent living		Enable residents to remain in their homes	Has potential to provide better living conditions in terms of layouts and functionality
Valuing the Environment	Double recycling rates (to 30%) Per capita reduction in	Will improve insulation and provides opportunity for retro-	Provides opportunity to achieve Sustainable Homes

Objectives	Relevant Target	Refurbishment	Redevelopment
	CO2 by 6.7tonnes pa against baseline	fitting carbon reducing measures (not included in costs)	Code 4
Tackling the crimes that concern people most		Not applicable	Provides opportunity to achieve Secure by Design standards
Transforming public services	Overall satisfaction with Landlord services	Will resolve long standing repair issues	Will resolve long standing repair issues
Improve the quality of existing housing and use it more efficiently	Bring homes up to the Southwark Decent Homes standard Use existing assets to better meet changing needs	Is in line with the decent homes priority. However, may not meet changing needs or demographics	Provides opportunity to provide quality housing that is sustainable and creates a mixed and balanced community
Increase the supply of good quality housing	Increase the supply of housing, particularly family-sized homes.	Not applicable	Increases the supply of housing and provides opportunity to deliver more family-sized homes.
Enable choice while meeting housing need	Enhance social rented housing options Improve life chances by tackling and preventing worklessness.	Not applicable	Offers tenants opportunity to switch landlords
Prevent homelessness and reduce the use of temporary accommodation		Not applicable	Will provide additional supply of affordable housing that could help address housing demand.
Support delivery of the capital programme		This option will result in a net cost to the programme, and ongoing commitment.	This option will generate a net receipt to the programme.

### Stakeholder Views

36. Discussions have been ongoing with the Elmington (previously Mid-Elmington) T&RA residents about the redevelopment of blocks 4, 5 and 7 since 2005 when Phase 1 construction, and the demolition at Sites A and B were completed. From that time there has been strong support for this option. As a result of the May 19 decision, consultation events have been held with the Elmington TRA on September 9 and Poets Corner TRA on September 24. The Poets Corner TRA includes blocks 9, 10 and 11. Although not all of those attending the Elmington TRA consultation were from the blocks being considered, there was a strongly expressed view against redevelopment. Residents at the Poets Corner consultation, who were entirely from the effected blocks, largely accepted that redevelopment was the best option but concerned that their blocks would be last to go and wanted more information about the programme.
37. In addition to the consultation events, a survey was sent to residents of the 14 blocks under consideration and boards outlining the options were displayed in the reception area at the Harris Street housing office from September 10 to September 23 2009. The feedback, summarising responses agreeing with a



number of key statements is summarised at Table 5. The full results table is attached at Appendix 2.

**Table 5 – Survey Responses**

<b>Statement</b>	<b>Total</b>	<b>No. Tenants</b>	<b>No. Leaseholders</b>	<b>Box left blank</b>
Total Respondents	59	45	5	9
Refurbishment to Southwark's decent homes standard is the best option for my block	24	19	2	3
Demolition and redevelopment is the best option for my block	37	27	3	7
I wouldn't mind having a tenancy with a housing association, if it means having a new home at the Elmington	20	16	0	4
Leaseholders will be better off staying and having their properties refurbished than being bought out and having to move elsewhere	15	11	3	1
If I were to move, I would want to return to the area once new homes are available	28	21	3	4

38. A majority of the residents, particularly tenants, believe that the buildings are in too poor a state to be adequately refurbished and, therefore, that redevelopment is the better option. However, the following groups of residents, are opposed to rehousing to enable redevelopment:
- Elderly and vulnerable residents who are concerned that they will not be able to cope with relocation
  - Residents caring for other vulnerable residents, often extended family members but also neighbours, who do not want to be separated.
  - Residents, particularly elderly tenants, with emotional attachments to their homes and community
  - Residents who want to remain the area because of work or children in local schools
  - Tenants who would prefer to remain in affordable housing that is managed by the Council rather than an RSL
  - Leaseholders who do not believe they will get a fair value for their homes
  - Leaseholders in the process of selling their flats who feel redevelopment will make achieving a good price difficult - many also expressed a willingness to be bought out early at a fair market value
  - Residents who feel that redevelopment will take a long time; and would therefore leave them living in their homes but with increased security issues as the buildings empty
  - Tenants who fear their option to return will not be honoured or that they will not be adequately rehoused.
39. However the survey demonstrates that overall, on this criteria alone, the preferred option is to redevelop.
40. Further consultation will be undertaken with residents if the recommendations are adopted. Residents of blocks to be refurbished will be consulted by the council in

accordance with normal practice on the extent, timing and arrangements for the works. Specific consultation will be conducted with leaseholders in accordance with the relevant legislation. Residents of blocks to be redeveloped will be consulted by the council on the proposals and timing for the redevelopment proposals and on an individual basis about the rehousing options and process.

### **Deliverability**

41. There are 2 key issues that determine the extent to which the option is in fact deliverable in practice:
- Availability of resources (cash and people) – whilst the costs of each option are built into the financial analysis, the key issue for delivery is whether there are funds available to meet the spend required in the years required. In addition, the redevelopment option will involve officers from a number of departments and a lead delivery team.
  - Availability of decant units – in both options, decant capacity is needed and this must be considered in light of other major regeneration projects underway.

### **Resources to Deliver**

42. A profile has been developed of all spending and anticipated receipts for both options. The total cost of redevelopment of all blocks is £10.5m and with anticipated receipts of £6.9m there is a net cost to the council of £3.6m. The redevelopment option would commence in 2010/11 with all units completed by April 2018. The total cost of refurbishment works is £11.9m and, with receipts of £368k, there is a net cost to the council of £11.5m. Refurbishment would commence in 2010/11 and take four years to complete.
43. Both options incur a net cost to the council, but redevelopment would cost significantly less over the full period. Also, the profile of spend is not significantly different between the two options. Hence, on the basis of affordability, redevelopment would be preferred. However, it is worth noting that in both scenarios the costs are significant and careful planning and prioritisation will be required to accommodate these in the capital programme..
44. In terms of demands on human resources, redevelopment is significantly more resource intensive and would involve a number of teams across the council working together (housing, property, procurement, finance etc). To embark on the redevelopment of all blocks is likely to prove challenging when there are a number of major regeneration programmes already underway, such as Aylesbury and Elephant and Castle). Hence, it would be more practical to move forward with a mixed programme of refurbishment and redevelopment from this point of view.

### **Risk Assessment**

45. In addition to the analysis of key criteria, key risks for each option have been considered and are set out below.

**Table 6 – Risk Assessment**

<b>Option</b>	<b>Risk</b>	<b>Impact</b>	<b>Likelihood</b>	<b>Mitigation</b>
Refurbish	After refurbishment, residents prefer the new build housing	Low	High	Ensure high quality refurbishment and full community engagement.
	Retaining mid-Elmington blocks devalues new development on A&B sites.	Medium	High	Consider improving external design in addition to refurbishing to decent homes standard
	Issues relating to the fabric of the building which cannot be resolved by refurbishment	High	Medium	Retain option to revert to redevelopment
	Temporary decant is delayed due to lack of available units.	Medium	Low	Assess capacity in advance and consider all options.
	Delays to refurbishment programme	High	Medium	Retain option to revert to redevelopment
Redevelop	Lack of developer interest	High	Low	Consider soft market testing exercise during development of implementation plan
	Delays to development programme	Medium	Medium	Ensure realistic implementation plan.
	Level of receipt is less than anticipated and tips NPV to a position where refurbish is more financially beneficial	High	Low	Estimated level of receipt is based on a conservative assumptions and also calculated at the bottom of the housing market.
	Delays to development of A & B sites means on site decant units not available and so competing with Aylesbury for units outside the estate	Medium	Medium	Ensure back up plan is in place to decant off site.
	Proposals do not conform to London Plan	High	Low	Continue to develop Core Strategy to achieve GLA approval.

## Conclusion and Recommended Approach

46. Redevelopment of all blocks shows the most favourable net present value would achieve more of the Borough's strategic objectives and the total spend and profile of spend are not significantly different to that of the refurbishment option.
47. However, the option that is recommended must be deliverable in practice and considered in the context of the wider regeneration programme for the borough. With rehousing progressing at Aylesbury Estate at the same time as the proposed timetable for Elmington, the decant units available for additional schemes would not be enough to support redevelopment of all mid-Elmington blocks, without causing delays to rehousing elsewhere. The housing supply and demand model will be used to manage the process overall.
48. Furthermore, some residents would prefer the refurbishment option and a comprehensive refurbishment programme, although expensive, would greatly improve the quality of these homes.
49. Based on all of the analysis, the recommendation is to adopt a mixed approach by redeveloping sites C, D, E and G and refurbishing sites F, H and J. By adopting a mixed approach, the impact of the risks associated with redevelopment are then lessened to a level that is within the acceptable range and the loss in affordable units is minimised.
50. The overall costs and outputs of delivering the preferred option can be summarised as follows:
  - New additional homes = 112
  - Net loss of affordable units = 54
  - Total Cost (all refurbishment and redevelopment costs combined) = -£10,322,330
  - Total Receipt Anticipated = £6,015,496
  - Net cost of preferred option, less the receipt = -£4,306,833
  - NPV of preferred option = -£1,006,651

## Community Impact Statement

51. The most significant impact of the next phase will be to those households who need to be rehoused because of redevelopment proposals. It is proposed that new homes for rent in the Sites A and B development will be made available to the 15 households who moved during Phase 1 and who wish to return to a new home at Elmington. For households in further redevelopment phases, there will be a choice of rehousing options, either to a new home built as part of the scheme or an existing property elsewhere in the borough. Some households opting for new build may need to move twice, depending on the development sequence, and mix of properties in each development. This will be mitigated by efficiently progressing the redevelopment process to ensure that those tenants that wish to return are able to do in a timely manner, thus ensuring continuity of the existing community. Additional benefits to those returning households include the provision of better quality housing and an improved environment. Leaseholders in blocks to be redeveloped will have their interest bought out at market value, and if leaseholders are found to be unable to afford to make their own arrangements, rehousing assistance will be offered in accordance with policy. Further mitigation will be achieved by ensuring that adequate intermediate

housing units are delivered to assist leaseholders who wish to return to area but cannot afford to buy outright.

52. It is clear that the council will need to provide sufficient reassurance that the redevelopment and refurbishment are deliverable, given the hiatus experienced by mid Elmington residents in the regeneration and investment to date.
53. The proposals will also impact on those households whose blocks have been put forward for refurbishment, particularly if the works require they be temporarily rehoused. Good programme management and communication will be critical to mitigating the impact. For leaseholders, specification and cost management will be critical as a majority of the works will be rechargeable.
54. Local residents and the wider community will benefit from the uplifting effect the new and refurbished homes will have on the area. Residents on the housing waiting list will benefit from the surplus units will be made available for other priority households within the wider Southwark area. The intermediate housing units will provide an opportunity for more local residents to pursue home ownership in the area. Tenure mixing will also assist with the council's objective of encouraging mixed and balanced communities, with the resulting social and economic benefits.
55. One adverse implication for the local community is the disruption caused by the development programme, which will be mitigated by the council's monitoring processes. Another is the juxtaposition of new buildings with the remaining blocks on the estate and the perception of under investment in the latter that this could create. This can be ameliorated in the longer term with the increased investment in these blocks in the future.

#### **Investment Implications (inv/ii2382/fc)**

56. The cost of meeting the Southwark Decent Homes Standard for a number of the blocks is excessive, so these costs will not be required to be funded from the housing investment programme - paragraph 42 (subject to the decision to redevelop specific blocks).
57. Currently the funding requirements of leaseholder buy-backs and Homeless payments, and the potential in-coming capital receipts have not been allowed within the investment programme. If net costs are allowed within the short-term this will have a direct implication on Southwark's other priorities, including Decent Homes. Profiling of the scheme to have a minimal cost impact on the programme in the short-term will therefore need to be considered as part of the phasing plan. Medium-term (2012+) resources should be available within the programme as other capital receipts become available.

#### **Strategic Director of Communities, Law and Governance**

58. Section 105 Housing Act 1985 requires the council to consult with its secure tenants on matters of housing management, which in the opinion of the council as landlord represents a new programme of maintenance, improvement or demolition and is likely to substantially affect either secure tenants as a whole or a group of them. The proposed mixed option of refurbishment and redevelopment is likely to substantially affect secure tenants living on the Elmington Estate.

59. To meet legal requirements consultation should:
- Be undertaken when the proposals are still at a formative stage
  - Include sufficient reasons for the proposals to allow any interested party the opportunity to consider the proposal and formulate a response
  - allow adequate time for interested parties to consider the proposal and formulate their response.
60. The report sets out the consultation that has already taken place and indicates that further consultation is planned. Executive members should take the outcome of consultation into account when the taking a decision on the proposals.
61. The report does not ask members to take a decision to dispose of any land at this point; any such decision will need to be taken by Executive in the future. At the point of that decision, the Executive will consider the rules set out about disposal of properties held for housing purposes under Part II of the Housing Act 1985 which can only proceed in accordance with Section 32 of the Housing Act 1985, for which purposes the consent of the Secretary of State for the Department of Communities and Local Government is required.
62. Once the decision has been made as to the precise extent of redevelopment/refurbishment, a procurement strategy can be devised and the details of that strategy can then be captured within a Gateway 1 report together with an appropriate legal concurrent.

#### **Strategic Director of Finance**

63. The Finance Director acknowledges the recommendations contained in this report represent the mix of options that will best balance the needs of the residents, stock condition and programme management.
64. The quantitative analysis has isolated the costs and revenue streams relating to the options presented. A range of assumption have been made which are reasonable and the relative NPV of the options in Table 3 give a good indication of the expected value in today's terms of each of the options.
65. The options with the exception of sites F and H are all the most advantageous from a NPV perspective. The preferred option for sites F & H is to refurbish to meet the strategic fit of the estate. The marginal cost of refurbishment over redevelopment for these two sites is the lowest of all the sites and measured at a NPV of £343k.
66. The funding of these options will be subject to funds being made available form the Housing Investment Programme for the financial years 2010/11 onwards.

#### **BACKGROUND PAPERS**

<b>Background Papers</b>	<b>Held At</b>	<b>Contact</b>
May 2009 Executive report	Housing Strategy & Regeneration Tooley Street	Maurice Soden on 020 7525 1292

**APPENDICES**

<b>Appendix</b>	<b>Title</b>
Appendix 1	Estate Plan
Appendix 2	Full Results of Survey

**Audit Trail**

<b>Lead Officer</b>	Richard Rawes, Strategic Director of Regeneration and Neighbourhoods	
<b>Report Author</b>	Nnenna Urum-Eke, Estate Regeneration Co-ordinator	
<b>Version</b>	Final	
<b>Dated</b>	October 5 2009	
<b>Key Decision?</b>	No	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / EXECUTIVE MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Strategic Director of Communities, Law and Governance	Yes	Yes
Departmental Finance Manager	Yes	Yes
<b>Date final report sent to Constitutional/Community Council/Scrutiny Team</b>		5.10.09