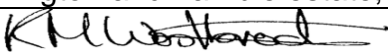


<b>LONDON BOROUGH OF CAMDEN</b>	<b>WARDS:</b> Haverstock and Gospel Oak
<b>REPORT TITLE: Community Investment Programme</b> Maitland Park, Kiln Place and Barrington & Lamble – change to funding strategy (HASC/2015/9)	
<b>REPORT OF</b> Cabinet Member for Housing	
<b>FOR SUBMISSION TO</b> Cabinet	<b>DATE</b> 08 April 2015
<p><b>SUMMARY OF REPORT</b></p> <p>The Community Investment Programme (CIP) is a long-term programme bringing together a range of work focussed on ensuring best use of the Council's assets to improve, shape and transform key places and services within Camden, whilst simultaneously addressing a critical capital funding gap. The programme is making and will continue to make an important contribution to the delivery of objectives within the Camden Plan, particularly harnessing the benefits of economic growth, tackling inequality, investing in our communities to ensure sustainable neighbourhoods and delivering value for money.</p> <p>This particular report proposes an alternative approach to the funding of the three housing regeneration CIP schemes at the Maitland Park, Kiln Place and Barrington &amp; Lamble estates.</p> <p><b>Local Government Act 1972 – Access to Information</b></p> <p>The following document(s) has been used in the preparation of this report:</p> <p>December 2013 Cabinet Report (CIP) – CENV/2013/51</p> <p><b>Contact Officer:</b></p> <p>Jed Young Regeneration team leader Repairs &amp; Improvements 0207 974 2445 <a href="mailto:Jed.Young@camden.gov.uk">Jed.Young@camden.gov.uk</a></p>	
<p><b>WHAT DECISIONS ARE BEING ASKED FOR?</b></p> <p>The Cabinet is asked to:</p> <ol style="list-style-type: none"> <li>Agree the alternative funding strategy for delivering the regeneration projects at Maitland Park, Kiln Place and Barrington &amp; Lamble estate, as set out in section 2;</li> <li>Delegate to the Director of Housing and Adult Social Care in consultation with the Director of Culture and Environment the Director of Finance and the Borough Solicitor and the Cabinet member for Housing the powers as set out in paras 5.1-5.4 to (i) assess options and (ii) enter into any agreements required to secure delivery of new homes on the Grafton Road sites at the Barrington and Lamble estate;</li> </ol>	

Signed: 

Director of Housing & Adult Social Care

Date: 24<sup>th</sup> March 2015

## **1. INTRODUCTION**

- 1.1 The Community Investment Programme (CIP) is the Council's response to the extensive cuts of government capital funding that continues to affect the borough at a time when significant investment is required to improve the physical infrastructure of Camden's schools, children's centres, community facilities and the Council's housing stock.
- 1.2 In spite of diminishing support from central government, Camden remains committed to investing in these areas by continuing to support the CIP. This programme brings together a range of work focussed on ensuring the best use of the Council's property assets. The programme comprises more than 100 projects that will either regenerate sites within the borough or sell sites that are now surplus to requirements (subject to any necessary re-provision of existing floorspace).
- 1.3 The programme is projected to deliver 3,050 new/ replacement homes including 1,400 social rent and intermediate homes by 2024 and delivers a proportion of the 6000 new homes to be built in the borough. This is the first time the Council has built new Council homes for rent for 20 years.
- 1.4 Nearly 75% of the homes to be built by the programme have received Cabinet approval, with construction underway at a number of sites across the borough. This includes works at Maiden Lane in Cantelowes ward and on affordable homes as part of the Bacton Low Rise development in Gospel Oak ward.
- 1.5 Funding generated from CIP through the sale of sites and building of private homes is being successfully reinvested across the borough. CIP aims to generate £117 million to re-invest in 53 schools and children's centres by 2017. A good proportion of this money has already been invested, for example September 2014 saw the opening of the new building and improved classrooms for children of Netley Primary School and the primary Pupil Referral Unit in Regent's Park ward, and other schools and children's centres are benefitting from improvements to heating systems, new windows and brickwork repairs.
- 1.6 Similarly, CIP continues to enable the Council to invest significant resources to improve the condition of Council homes across the borough through the Better Homes programme.
- 1.7 In addition to investing in Council homes and schools, the CIP is investing in Camden's communities to ensure they have a bright future by providing improved community facilities and spaces and investing in the development of the local economy. For example CIP activities are supporting local employment through the creation of apprenticeships and work placements for young people.

## **2. WHAT IS THIS REPORT ABOUT?**

- 2.1 Cabinet formally agreed on 4<sup>th</sup> December 2013 to proceed with infill development projects at Kiln Place, Barrington & Lambie and the first

phase of Maitland Park and to seek planning consent for Maitland Park phase 2.

- 2.2 Residents have been involved throughout the development of the scheme and in November 2014 and January 2015 Development Control Committee resolved to grant planning permission providing 135 new homes on a 50:50 tenure mix of private and affordable homes with 3 new play areas, renewal of Maitland Park TRA hall and associated investment in public realm.
- 2.3 The funding approach for these sites previously agreed by Cabinet was for the cost of construction to be met by private developers where they were unable to provide affordable housing within their own schemes. In relation to these schemes this strategy has not been possible to implement, as no private developments have come forward of a sufficient size with off-site affordable housing requirements.
- 2.4 The Council has subsequently successfully bid for £11.3m additional borrowing capacity under the Local Growth Fund to help fund the development costs for these sites. Additionally an allocation of up to £5.93m has been identified from the Affordable Housing Fund (AHF) which will enable delivery of 6 shared ownership units and 62 social rented units (26 net new) and investment in public realm.
- 2.5 The AHF currently stands at £20.8m of which £1.1m is committed, leaving a balance of £19.7m. Of this, £12.8m is provisionally allocated to a number of CIP projects including the schemes subject of this report. Officers are considering further options for the allocation of the balance of funds, which will be subject of further reports through relevant governance processes. Cabinet Members for Regeneration, Transport & Planning and Housing have previously been consulted and agreed that these schemes are a high priority for use of the AHF and delegated the final, detailed allocation to the Directors of Culture and Environment and Housing and Adult Social Care.
- 2.6 Cabinet consent is now being requested for agreement to the revised funding strategy set out above.
- 2.7 The delivery of the schemes will contribute to the Camden plan objectives, particularly investing in our communities to ensure sustainable neighbourhoods.

### **Scheme details**

#### Maitland Park

- 2.8.1 Development of 112 new homes and a replacement TRA Hall across two sites with landscape improvements and a new multi-use games area. Phase 1 involves redevelopment of the existing TRA Hall and garages fronting Grafton Terrace to provide the new TRA hall and 26 homes. Phase 2 following the decanting of residents and demolition of the 39-unit Aspen House will provide 86 homes in a courtyard layout

with a separate block fronting Maitland Park Villas, gymnasium building and garages.

### Kiln Place

- 2.8.2 Development of 15 homes on 6 sites across Kiln Place estate and enlargement and improvement of the estate playground and other landscaping improvements.

### Barrington & Lamble

- 2.8.3 Development of small sites around the Lamble Street estate providing 8 houses of varying sizes in place of disused pram sheds, boiler house and garages and tenant-led landscape and amenity improvements.

## 3 CONSULTATION

- 3.1 The schemes proposed for Kiln Place, Maitland Park and Barrington and Lamble Street have all emerged through extensive consultation with the residents which began in 2011/12. Residents have helped shape proposals to develop areas on estates, in order to deliver new homes for council tenants and community benefits that residents consider to be a priority, such as improved landscaping and children's play areas.
- 3.2 Residents on each estate were involved in selecting the architects to undertake the initial feasibility study and from there the ideas have been adapted to reflect the comments made by the residents and later on the comments of the wider community. The finalised schemes are a result of collaborative working with the residents regarding the number of units, the height of the buildings as well as the architectural design, proposed materials and landscaping. Prior to submission of the planning applications a programme of further consultation was undertaken with the wider community.

**Table 1: Existing and new provision**

	<b>Existing</b>	<b>New development</b>
<b>MAITLAND PARK</b>		
Number of social rented	36 units	50 units
Habitable rooms	88	157
Floorspace (GIA)	1,981sqm	4,430sqm
Number of shared ownership	N/A	6 units
Habitable rooms		12
Floorspace (GIA)		361sqm
Number of private sale	3 units	56 units
Habitable rooms	10	152
Floorspace (GIA)	165sqm	4,946sqm
Community space (D Class)	298sqm	305sqm
<b>KILN PLACE</b>		
Number of social rented	N/A	9 units
Habitable rooms		23
Floorspace (GIA)		665sqm
Number of private sale	N/A	6 units
Habitable rooms		23

Floorspace (GIA)		641sqm
<b>BARRINGTON &amp; LAMBLE</b>		
Number of social rented Habitable rooms Floorspace (GIA)	N/A	3 units 13 313sqm
Number of private sale Habitable rooms Floorspace (GIA)	N/A	5 units 24 537sqm

#### **4 WHY IS THIS REPORT NECESSARY?**

- 4.1 As set out in section 2.3 the funding strategy previously approved by Cabinet in December 2013 has not been possible to implement.
- 4.2 Officers are now seeking Cabinet approval to the revised funding strategy as set out in paragraph 2.4.

#### **5. OPTIONS**

- 5.1 The majority of schemes in the approved strategy continue to provide a mixture of social and affordable housing with associated public realm investment and renewal of community facilities with a revised funding strategy to enable delivery and continue to be proposed as direct development by the Council as approved by Cabinet in December 2013.
- 5.2 The three sites at the eastern end of 1-6 and 7-12 Barrington Court and 17-49 Lamble Street are small constrained sites at the edge of the Barrington & Lamble estate which have planning consent for individual private homes.
- 5.3 The Council is committed to protecting the design intent and building quality of the proposals that were agreed with residents and approved by Development Control Committee and the residual value generated by market sale provides subsidy towards the public benefits achieved across the wider strategy.

##### **5.4 Option 1**

The Council deliver the 3 sites directly in line with the strategy for the rest of the sites. This would provide direct control over the implementation of the schemes approved by planning, but presents challenges to achieve best consideration as the sites contain quite complex and constrained individual homes for private sale, which the Council may not be as efficient at delivering.

##### **5.5 Option 2**

The Council explores with residents and ward Councillors the option of entering into a Development Agreement (DA), whereby a developer would be granted a licence to access the sites and construct the approved scheme and market the completed homes for sale with the Council receiving the benefit of the land value.

- 5.6 This approach would mean that the costs and risks associated with development of 3 private homes are not borne by Camden, while retaining significant control over the development.

5.7 **Conclusion**

This report seeks delegated authority for the Director of Housing and Adult Social Care in consultation with the Director of Culture and Environment, the Director of Finance, the Borough Solicitor and the Cabinet member for Housing, following consultation with residents and ward Councillors, to assess the above options in more detail as they are progressed and enter into a Development Agreement in relation to these 3 sites or to authorise direct delivery by the Council.

6. **WHAT ARE THE REASONS FOR THE RECOMMENDED DECISIONS?**

- 6.1 We have arrived at a baseline position which contributes to the Camden plan by investing in sustainable neighbourhoods and delivery of:

- 135 new homes, 62 for social rent, 6 for shared ownership and 67 private sale at a 50:50 floor space ratio of affordable housing to private sale a slight improvement from the planning consent;
- Investment in children's play areas across 3 estates, landscaping and renewal of Maitland Park TRA hall
- Providing certainty to the Council and residents over the timescale for delivery by avoiding the reliance on a suitable private sector development to come forward.
- Generation of a small contribution for investment in future CIP programs or other capital priorities.

7. **WHAT ARE THE KEY IMPACTS / RISKS? HOW WILL THEY BE ADDRESSED?**

**Local Growth Fund requirements**

- 7.1 The Council is required to start construction on site in 2015/16 to continue to benefit from the additional borrowing headroom provided by the Local Growth Fund. As these projects are the most advanced in the Council's bid and have planning approval, the risk of failing to meet these deadlines is considered to be minimal but will be monitored in terms of progress to planned milestones for delivery.

**Sales risk**

- 7.2 In order to mitigate sales risk exposure, agents have been appointed to advise on the design process in relation to optimising market sales

## **Construction complexity and small scale of Grafton road**

7.3 The three sites on Grafton road are individual homes for private sale which are constrained and quite complex. As the Council may not be the best party to optimise the value of these, the option of a development agreement will be tested to deliver the approved scheme for capital receipt against direct delivery by the Council.

## **8. WHAT ACTIONS WILL BE TAKEN AND WHEN FOLLOWING THE DECISION AND HOW WILL THIS BE MONITORED?**

8.1 An indicative timetable is set out below; progress will be regularly reviewed at the Better Homes Board and CIP governance procedures.

### **Indicative timetable**

Stage E design and consultation plus decant and leaseholder buybacks begin	Apr-15
Commence procurement of a contractor	May-15
Start construction works for Phase 1 (Kiln Place, Barrington & Lamble and Grafton Terrace)	Nov-15
Completion of construction of Phase 1	Dec-16
Start construction works for Phase 2 (Aspen House)	Jan-17
Completion of construction of Phase 2	Apr-19

## **9. LEGAL IMPLICATIONS (comments from the Borough Solicitor)**

9.1 Comments of the Borough Solicitor have been incorporated into the body of the report.

## **10. RESOURCE IMPLICATIONS (comments from the Director of Finance)**

10.1 This report seeks Cabinet approval to amend the regeneration strategy for Kiln Place, Maitland Park and Barrington & Lamble schemes, the previous strategy having been agreed by Cabinet on 4<sup>th</sup> December 2013, and to delegate to Delegate to the Directors of Housing and Adult Social Care in consultation with the Director of Culture and Environment the Director of Finance and the Borough Solicitor and the Cabinet member for Housing the Authority to enter into any agreements required to secure the delivery of new homes on the Grafton Road sites at the Barrington & Lamble estate.

10.2 Previously, the recommendation to Cabinet, after exploring various options, was to fund this development using off-site affordable housing funding expected from a number of private developers who were considered likely to be unable to provide affordable housing on their development sites. The Council as developer option was not recommended as at that point there was not enough borrowing capacity within the debt cap to fund expenditure.

- 10.3 It was also noted that the strategy reduced the Council's exposure to sales risk, and provided good value for money compared with other options.
- 10.4 Having agreed this strategy, as noted in Section 2.2, it has not been possible to secure the expected off-site affordable contributions to fund these development schemes.
- 10.5 However, the successful bid for additional HRA borrowing headroom under the Local Growth Fund bid supported by a contribution from the Affordable Housing Fund means that it is now possible to deliver this scheme with Council as developer. Comment on the specific business cases for the schemes is contained within the Part II Appendix to this report.
- 10.6 It should be noted that this change of strategy does increase the Council's exposure to sales risk, and early advice is being sought from sales agents in order to ensure that the schemes deliver properties targeted to the area, in order to maximise sales values.

## **11. APPENDICES**

- 11.1 Part II financial summary

**REPORT ENDS**