

WANDSWORTH BOROUGH COUNCIL

HOUSING AND REGENERATION OVERVIEW AND SCRUTINY COMMITTEE –
16TH NOVEMBER 2017

EXECUTIVE – 27TH NOVEMBER 2017

Report by the Director of Housing and Regeneration (on behalf of all the officers concerned) providing an update on the regeneration schemes at Winstanley/York Road Regeneration (Latchmere) and Alton (Roehampton and Putney Heath).

SUMMARY

This report provides an update on progress made on the regeneration schemes at Winstanley/York Road (Latchmere) and Alton (Roehampton and Putney Heath) Estates.

GLOSSARY

FTE	-	Full Time Equivalent
HLC	-	Homeloss Compensation
OSC	-	Overview and Scrutiny Committee
SSA	-	Shared Staffing Arrangement
W/YR	-	Winstanley/York Road

RECOMMENDATIONS

1. The Housing and Regeneration Overview and Scrutiny Committee are recommended to support the recommendation to the Executive in paragraph 2 below. If the Overview and Scrutiny Committee approve, any views, comments or additional recommendations on this report these will be submitted to the Executive or the appropriate regulatory or other committee for consideration.
2. The Executive is recommended to:
 - (a) Agree to the proposed mechanism for fixing the equity ratios for the shared equity properties and agree to issuing of a fixed ratio shared equity lease and conditional offer to relevant resident leaseholders on both regeneration areas as explained in paras 19-32; and
 - (b) Delegate agreement of the details of the shared equity lease and fixed equity offer to the Director of Housing and Regeneration.

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BACKGROUND

3. In February 2017, the Council agreed to select Taylor Wimpey as the preferred bidder for the scheme following the completion of the procurement process. As a result, discussions commenced to finalise the details of the Joint Venture arrangement in line with the successful bid. This paper reports on the result of those discussions and sets out the final terms agreed for creation and entry into the Joint Venture arrangement.
4. The final terms of the legal agreement were agreed and approval granted to enter the Joint Venture in June 2017 (Paper No. 17-174). The Joint Venture was created on 22nd September 2017. This report updates on progress since the last report and deals with some of the further matters which require consideration in order to assist and secure the delivery of both this and the other large regeneration scheme at Alton.

CONSULTATION UPDATE

5. The scheme masterplan was publicly revealed at an open day in York Gardens on 22nd July 2017. Workshops were then held to consult with local people and stakeholders on the scheme through the autumn and two events were held in early November to exhibit the proposals for the Enabling phase.
6. As part of the initial engagement process the JV is also currently proposing some environmental improvements to Pennethorne Square and as explained in previous reports a temporary extension to the office at Lavender Road in order to allow scope for additional JV staff to work from the estate. A planning application has been submitted for these small changes.

EMPLOYMENT AND SKILLS HUB AND OTHER EARLY IMPROVEMENTS

7. The JV has also been developing a menu of activities that will accompany the physical development.
8. A new community space and skills and enterprise hub that will also include a Joint Venture office base on the site is proposed. The hub will be located on the car park between Holcroft and Scholey House. The building will include a skills training centre which will be used by Workmatch and specialise in running training courses for local people in key sectors which lead to employment. When not in use for training the hall will be available for hire by local community groups. There will also be low cost easy access space for hire by new enterprise start ups. Furthermore, it is proposed to use a couple of empty flats for training in building skills such as decorating and carpentry. The skills and training hub part of the building will be managed by Workmatch and funding has been applied for from the GLA to support the provision of this facility.
9. The facility will also include a new office base for the Joint Venture which will replace the existing regeneration office at Lavender Road. It is considered

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that basing the JV staff on the estate will greatly assist in keeping local people informed and engaged in the process. The facility itself will be constructed in a demountable form which will enable it to be relocated to other parts of the site as the scheme progresses to phase 2 which will include Scholey House.

10. A children's play area will also be provided behind the new facility on the grass area between Holcroft and Scholey. A planning application for these proposals is expected to be submitted by the end of the year.

ENABLING PHASE

11. In order to accelerate the provision of new housing it has been decided to progress with an initial phase of the scheme which does not require the decant of residents but will greatly assist in preparing the first full phase for implementation. The proposal is to develop the car park at the corner of Grant Road and Winstanley Road to provide replacement accommodation for the Thames Christian College and Battersea Baptist Church and for new housing and to develop the site at the other end of Grant Road on the corner of Plough Road for new social housing.
12. The Plough Road site will be affordable social rent housing with possibly some shared equity for relocating leaseholders. The housing will be used to accommodate some of the residents from the next phase (Scholey, Jackson, Arthur Newton, Baker and Kiloh). Where possible within the constraints of the need to secure the phasing plan this housing will be prioritised initially for older residents (over 55) in phase. It is known that older residents may find the prospect of change difficult and stressful and where it is possible within the phasing constraints this could give an opportunity for older residents to move earlier if they wish to and to move together with long term neighbours/friends and maintain informal links and support networks.
13. A detailed proposal to relocate the Thames Christian College and Battersea Baptist Church and relocate and revamp the 'blue pitch' has been agreed with the two organisations. This will create a group of community facilities on this site at the entrance to the estate from Clapham Junction. The proposal also meets the ambitions for Thames Christian College to expand their business and meets the council's early commitments to enable the re-provision of existing named local community facilities within the scheme.
14. The expansion of the Thames Christian College (TCC) beyond its re-provision on the site will need to be funded by the College itself. This will require TCC to secure loan funding. The joint scheme will require further certainty such as planning approval in order to secure this funding. To enable the scheme to proceed to the next stage of scheme design in the absence of the formal confirmation of loan funding Officers have agreed that the Council should underwrite the risk of these fees to the Joint Venture. Before deciding to do this Officers have studied the TCC business plan and the correspondence which the TCC has had with potential funders and are comfortable that the proposal and business plan are sound and that their extension will in all likelihood secure the funding required and at this stage that this is a

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reasonable and controllable risk for the Council to take. This will need to be reviewed once the final allocation of costs between the TCC and the Joint Venture is agreed.

15. The final part of the scheme is new private residential accommodation in a tower on the corner of Winstanley Road and Grant Road. The proposals were the subject of a public exhibition on the 2nd and 4th November. A planning application is expected to be submitted following that exhibition by the end of the year. The illustrations for the exhibition will be distributed prior to the committee.

CURRENT TIMETABLE

16. The current estimated timetable for the next stage of the scheme assuming no Compulsory Purchase Order is required is as follows:
 - February 2018 - completion of Pennethorne Square environmental works
 - February 2018 - exhibition of final overall scheme proposed for submission for planning.
 - May 2018 - skills hub and JV office complete
 - May/June 2018 submission of hybrid planning application. Detail for phase 1 and outline for remainder of scheme area.
 - August 2018 – commence construction on the phase 0 scheme including the new church and school.
 - Summer 2019 - completion of new social rent housing on off-sites (Gideon Road and Battersea High Street sites).
 - November 2019 - demolish Pennethorne House
 - Summer 2019 - commence construction of phase 1 re-provision social rent housing (Block 4).
 - Winter 2019 Work commences on new leisure centre/library
 - Summer 2020 - New Battersea Baptist Church and Thames Christian College complete.

DEVELOPING THE RESIDENTS' OFFER

17. The offer to residents has been updated following consultations and discussions with residents and consequently various decisions by the Council over the past two years (Paper No. 15-427 and 17-67) and consolidated into one document which will be issued to residents. Once the issue concerning fixed equity which is discussed later in this paper is resolved a new updated offer incorporating all the minor changes agreed will be issued to residents. A summary of the main changes over this period is below although the full details are set out in the previous reports and in the issued documents:
 - New shared equity properties for resident leaseholders should be in Council owned and managed blocks

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- New shared equity properties cannot be sub-let (subject to exceptions made for residents who need for limited circumstances and periods to move away)
 - Shared equity properties can be inherited by family relatives
 - Resident owners can decide whether to invest part or all of their homeloss compensation into the new shared equity home or, if they choose, to retain it.
 - Where permissible, the Council will apply a cap to rehoused estate owners' day to day running costs service charges. This would cover items such as block cleaning, gardening, cleaning streets (but not repairs and maintenance), both for the blocks themselves and the public realm of the new estate area.
18. The Council also agreed a definition and effective date to determine between owners who were deemed to be resident owners and those who were defined as non-resident (Paper 15-427). It is suggested that the effective date for this definition be extended until the submission of the scheme wide planning application on each of the schemes.
19. In order to give resident owners greater certainty over the details of the shared equity offer it is considered that the development of both schemes has now progressed to a stage where it is now possible to issue further detail of the mechanism under which the shared equity product values will be calculated. It is proposed that the minimum ratio for the resident owners should be the market value of their existing accommodation divided by the market value of their chosen replacement unit. Subject to exceptions where it can be demonstrated that this degree of equity cannot be afforded.
20. Residents can increase the proportion either through adding some or all of the Home Loss Compensation or through their own funding or borrowing.
21. The suggested mechanism is that once the design of new properties in a phase is considered sufficiently developed then an estimate will be made of value of properties of various sizes in the proposed new council blocks in that phase will be undertaken. This will be the market value at the time of agreement but on the assumption that the properties were actually built. This will then be compared with the market value of existing properties in the next phase area which are earmarked to be re-provided in the new buildings within the phase in question.
22. Fixing the ratio early provides both the resident owner and the Council with certainty and is considered to be the fairest method and the one most likely to maximise residents take up of the offer. As the ratio is fixed there is no requirement to reassess values and the ratio at the point of physical completion of the unit which removes a possible concern for resident owners.
23. It is estimated that for a normal phase there should be sufficient information concerning the proposed new properties to enable a reasonable value to be estimated around 18 months ahead of construction commencing. So it can be

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expected that around that point the Council will offer an agreement on the shared equity properties to resident owners who are due to move into the relevant phase.

24. It is expected that issuing the equity ratio at an earlier stage will give greater comfort and certainly greater information to resident owners as to the position regarding the shared equity homes and assist them in making plans and any decisions as to whether they wish to stay or not.
25. Any agreement will need to be conditional on securing planning permission as envisaged and on the property actually being constructed. Resident owners will be given a limited period from the issue of the offer to sign up. This will however be an option agreement either to take up the shared equity product or to be bought out under the terms of the leaseholders' agreement.
26. Having signed the agreement they also retain the option to require the Council to buy their unit instead of taking the shared equity unit. Although this will still leave some uncertainty for the Joint Venture in the planning and design of the block in question it is considered that asking residents to confirm to definitely take the unit would be difficult for many people. However, at a point much closer to provision of these properties around six months before completion of the properties resident owners will be asked to confirm finally whether they wish to take the property or be bought out at that point.
27. It is considered that at the point where a planning application is submitted for the whole of a particular phase then sufficient information will exist for a reasonable estimate to be made of the typical values of these properties in the market now (if they were built). Consequently, if resident owners wish to receive an offer under the shared equity offer this can then be done.
28. It is accepted that this process is not as straightforward as buying a new property and residents affected will be able to claim the cost of employing a property expert to advise them on the matter much as they can now for valuation advice and conveyancing.
29. For Winstanley and York Road the offer will apply to resident leaseholders who would be eligible to purchase shared equity products in the off-sites, in the enabling phase and in the remainder of phase 1. That is resident leaseholders in Pennethorne House, Lavender Road, Scholey House, Jackson House, Kiloh House, Arthur Newton House and Baker House.
30. For Alton the offer will apply to the first phase of the scheme which will be formally identified shortly.
31. Since the planning applications for the whole of the first phases of both schemes are proposed to be submitted in the first half of next year it is proposed that once this is undertaken that values are then produced following this in the summer and the offer made to those affected residents at that point.

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32. A simple guide to the proposed operation of the fixed equity proposal is attached at Appendix 1.

COMMENTS OF THE DIRECTOR OF RESOURCES.

33. The Director of Resources comments that this paper provides an update on the progress of both the regeneration schemes. The amendments to the residents' offer with regards to fixing the equity percentage are to provide greater certainty over future valuations and enable resident owners to make a more informed decision as to whether to take a newly developed property within the scheme or allow for the Council to purchase the property.
34. Bringing forward the Enabling Phase to deliver affordable housing would be funded directly by the Council from the Housing Revenue Account. This will require a future capital bid as part of the January 2018 capital bids process. This will be balanced by a similar reduction on the overall cost to the Council of the Joint Venture in the Housing Revenue Account business plan so will be broadly neutral in terms of cost with the Council only bearing the interest cost of committing these resources earlier. The overall cost of the scheme based on the most recent estimates continues to remain affordable within the Housing Revenue Account business plan.
35. The costs associated with the Employment and Skills hub and the other early improvements will all be funded directly through the Joint Venture.

CONCLUSION

36. The recommendations in this report are intended to maintain momentum in the delivery of the regeneration schemes at Winstanley York Road and Alton following the decision to choose preferred bidders for both schemes and to ensure that the Council is ready to meet its commitments to residents and to proposed development partners.

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Background Papers

No background papers were used in the preparation of this report.

All reports to the Overview and Scrutiny Committees, regulatory and other Committees, the Executive and the full Council can be viewed on the Council's website (www.wandsworth.gov.uk/moderngov) unless the report was published before May 2001, in which case the Assistant Head of Executive and Committee Services (Ms. Thayyiba Shaah on 020 8871 6039; email thayyiba.shaah@richmondandwandsworth.gov.uk) can supply if required.