London Borough of Hackney

REPORT OF CABINET MEMBER FOR HOUSING		
WOODBERRY DOWN REGENERATION PROGRAMME - THE NEXT STEPS	**Classification**	**Enclosure** **AGENDA ITEM NO**
Cabinet, 4th November 2002	**Ward(s) affected** New River, Lordship, Brownswood	

1. INTRODUCTION BY CABINET MEMBER FOR HOUSING.

1.1 When Woodberry Down was built either side of World War II, it was the largest estate in Europe. Alone it accounts for over 8% of our remaining stock. Its regeneration now promises to be one of the largest single estate projects in Britain.

1.2 It is largely due to the commitment and perseverance of the Estate Development Committee that we see these proposals today. They have held a firm commitment to the regeneration of their homes, throughout the vicissitudes of Hackney's financial difficulties and reorganisations. I would like to take this opportunity to thank them for all their hard efforts that have helped us reach this point.

1.3 These proposals enable the Council and the EDC to go forward to the next stage of master planning within the option that tenants and residents have supported. This is the option that delivers additional affordable homes, and the most investment for community facilities, as well as space and environmental standards that we should be aspiring to build all our new homes to.

1.4 I recognise that there are still difficult decisions to be made about the estate master plan and the form of what will follow. We will work with tenants, residents, other external partners and the EDC to make these decisions in the fairest and clearest way. I commend this report to Cabinet so we can start this process.

2. SUMMARY

2.1 The purpose of this report is to update Cabinet about the latest developments and achievements of the Woodberry Down Regeneration Programme and to set out what is required from the Cabinet to enable the next crucial phase of the programme to go ahead.

2.2 The report recommends that by approving the further development of Cost Option 3a, and agreeing to an 'in principle' disposal of the Woodberry Down School Site to English Partnerships to provide social housing, the Cabinet can enable the Woodberry Down Regeneration Programme to go ahead. The Masterplan can then be agreed and a Development Partnership selected.

2.3 In addition, through enabling the Woodberry Down Programme to go ahead (and bringing in an estimated £400 million of external funding), the Council will also achieve four other significant benefits by:

i) realising a substantial capital receipt for the Woodberry Down School site;
ii) achieving in due course a substantial part of its Decent Homes Target as Woodberry Down is 10% of the Council's Housing Stock;
iii) rehousing homeless families through the additional social housing created by the programme;
iv) achieving corresponding savings in temporary accommodation for the homeless.

2.4 The report also requests approval for two other associated issues:

a) funding to consultants to carry out the work necessary for the Masterplan and
b) for the Woodberry Down Estate Development Committee's devolved budget.

2.5 Finally, as the programme is dependent on Single Regeneration Budget (SRB) funding, the report advises of the serious risks to the programme if the requirements of the London Development Agency (LDA) are not met.

3. RECOMMENDATIONS

That Cabinet:

3.1 Approve the further development of Cost Option 3a (as set out in section 10.2 of this report) through the draft Masterplanning process, and note that the Director of Finance's advice is that the financial implications for the Council of all Cost Options have not been fully explored, and final approval will be sought in December 2002, on completion of the draft Masterplan;

3.2 Approve the proposals as set out in section 10.3 of this report for the development and disposal of the Woodberry Down School site to English Partnerships for best consideration and subject to agreement of terms, with final completion of the disposal delegated to the Director of Law and Probity and the Assistant Chief Executive (Property) in consultation with the Lead Member for Regeneration;

3.3 Note the achievements of the Woodberry Down Regeneration Programme and the revised programme and timetable as set out in section 9 of this report;

3.4 Note the Masterplanning process and timetable as set out in section 10.4 of this report;

3.5 Approve the sum of £135,000 for the extension of consultants Broadway Malyan existing contract to complete the preparation of the Draft Masterplan, the new Development Planning Framework and preparation of the OJEC Notice for the Partner Selection process as set out in section 10.6;

3.6 Approve the continuation of the interim arrangements with First Call consultants to an estimated value of £30,000 pending the letting of the new contract for the next phase of resident involvement work as in section 10.6;

3.7 Approve the process for the selection of a Development Partnership as set out in Section 10.5 of this report;

3.8 Approve the SRB Project Applications outlined in section10.7;

3.9 Approve the principle of devolving an annual budget to the Woodberry Down Estate Development Committee as the latest phase of the process of resident empowerment, and the EDC budget for 2002/03 of £53,000 as set out in section 10.7;

4. RELATED DECISIONS

4.1 The following Cabinet decisions related to the matters in this report have been made or are under consideration:

4.1.1 12th November 2001

Members approved a Work Programme for Woodberry Down Regeneration authorising:

A. A survey and number of feasibility studies;
B. The bringing forward, in consultation wit the Estate Development Committee (EDC), detailed proposals for LB Hackney owned sites, including part of the former Woodberry Down Secondary School;
C. The initiation of planning applications for the sites in B;
D. The appointment of advisors to prepare a Cost Option appraisal for the regeneration of the estates;
E. The procurement of appropriate Development Partners;
F. The development of a draft Development planning Brief;
G. The re-purchase of the interests of leaseholders wishing to sell on a voluntary basis;
H. The preparation of a re-profiled programme of SRB expenditure;
I. The provision of space to the EDC to carry out its business.

4.1.2 23rd April 2002

Members approved £723,000 of Capital Programme resources for Woodberry Down as part of its 2002/03 Capital Programme.

4.1.3 27th May 2002

Cabinet approved a Property Disposal programme including part of the Woodberry Down school site.

4.1.4 10th June 2002

Cabinet approved an Update to the Woodberry Down Regeneration programme authorising:

i) The submission of SRB Appraisal applications to the SRB Board to the value of £1.5 million for 2002/03
ii) The placing of an OJEC Notice for the selection of a Principal Development Partner

4.1.5 24th June 2002

Cabinet approved a Neighbourhood Renewal Strategy and NRF Allocation. The Strategy includes ensuring that 'all social housing is of a decent standard'.

4.1.6 23rd October 2002

Cabinet is considering a report 'Achieving Decent Homes For All' which recommends 'self funding regeneration for the areas of Shoreditch and Woodberry Down..' in order to achieve the Decent Homes targets.

5. FINANCIAL CONSIDERATIONS

5.1 The report includes a commentary that there are uncertainties about the robustness of the financial information (see 10.2.9). The Director of Finance's advice is that, at this stage, the report does not adequately address the financial implications for the Council, for example; the report does not clearly demonstrate on what basis option 3a is considered to be better than option 3. It is therefore important that before decisions are taken about which is the most appropriate option, that an analysis of the effects on the Council of each of the option is included, and covers for example:

- HRA – loss of rents, subsidy effects, savings on repairs/management, support services.
- General Fund – pensions, housing benefit, central support costs, effect on homelessness budget
- Capital implications – transfer receipts, set aside and levy, capital programnme, leaseholder contributions, cost of decanting
- TUPE and existing contracts, e.g. trading services, grounds maintenance
- The costs associated with new non-housing facilities (e.g. new schools)
- Details on the sources of funding to meet the gap e.g. sales of new homes (see also 5.5 below)

5.2 The next report should also include some sensitivity analysis around each of the financial issues, e.g. possible reductions in open market rent levels and house prices.

5.3 Option 3a already includes a funding gap of £38 million and it should also be noted that the funding table in 10.2.8 has not yet been secured and therefore cannot be relied upon at this stage. As the proposals are developed it will be important to ensure that the benefits proposed are maintained and that additional property sales are not used to balance any funding deficit, as this would invalidate the option appraisal process.

5.4 Obviously the scheme will help to meet a number of the Council's objectives, such as the disposals programme, however it is not clear how it links with other strategic policies e.g. to the Education Development Plan, Housing outsourcing etc.

5.5 The Council also needs to ensure that it is sufficiently robust to meet any challenges from external stakeholders such as District Audit, given their comments on previous PFI/partnership schemes.

5.6 Before final agreement is given to the disposal of the School Site, the financial option appraisal referred to in 10.3.6 should be used to ensure the Council is receiving best consideration from English Partnership.

5.7 There is a risk that the approval of £135,000 for the continued development of the Master-plan will be abortive expenditure, if the financial appraisal of the effects on the Council does not support the detail of the master-plan.

5.8 The cost of the consultants First Call will be met from existing budgets through a combination of SRB funding and HRA revenue funding in 2002/03. The cost of future consultation is estimated at £120,000 per annum and the scope for funding will be considered as part of the HRA budget setting process for 2003/04. A new contract will not be let until funding has been identified.

6. COMMENTS OF THE MONITORING OFFICER

6.1 There are no legal or propriety issues which require comment.

7. COMMENTS OF THE HEAD OF SERVICE

7.1 Involved in the preparation of this report.

8. IMPLICATIONS OF THIS REPORT ON THE GOVERNMENT'S DIRECTIONS

8.1 There are no relevant implications on the Government's Directions.

9. BACKGROUND

Purpose of the report and what it will achieve

9.1 The purpose of this report is to place before Cabinet a series of key decisions and approvals which are necessary to take the Woodberry Down Regeneration programme into its next crucial phase. The key decisions and approvals relate to:

- The further development of Cost Option 3a;
- The development and disposal of the Woodberry Down School Site to English Partnerships enable the rehousing programme to start;
- The Masterplanning process
- The selection of a Principal Development Partnership
- The funding for consultants Broadway Malyan to prepare the Masterplan, development Planning Framework and tender documentation for the selection of Principal Development Partnership

9.2 Approval for the recommendations on each of these steps will enable the Woodberry Down programme to take a major leap forward. Approval at this particular time is also very important as a programme has been agreed with RENAISI and the London Development Agency (LDA) and any significant delays with this could put the programme and its SRB funding at risk. The LDA is the SRB funding body and RENAISI are the Council's regeneration agency through which SRB funding is routed.

Policy Context

9.3.1 As suggested by the section on related decisions, the policy context for this report centres on the Government's raft of policies relating to Housing (in particular decent Homes), Regeneration and Neighbourhood Renewal. On a London wide level there are the |Mayor's emerging Planning and Housing Strategies, including the Spatial Development Strategy and Affordable Housing Policy, and the LDA's Economic Development Strategy. At the local level the Council's Neighbourhood Renewal and Housing Strategies are most relevant. It is also important to emphasis that, in accordance with the current policy emphasis, both nationally, London wide and locally, the development of the Woodberry Down programme is now based around 'joined up thinking' and a major role for residents. This is reflected in the work of the Estate Development Committee, the engagement with a wide range of partners and the development of a Masterplan, which embodies a 'mixed economy ' approach and includes housing and non-housing issues. For example, the Primary Care Trust's 'Estates and Service Development Strategy' and the Learning Trust's Development plans will also be an essential part of the local policy context as a new primary care health services and educational facilities are urgently needed on Woodberry Down.

9.3.2 The Council's Cabinet has recently taken a series of related decisions relevant to Woodberry Down which need to be borne in mind. The most important of these were approving a work programme for Woodberry Down, agreeing resources from the Capital Programme and the partial disposal of the Woodberry Down school Site. In June, Cabinet also approved a Neighbourhood Renewal Strategy (NRS) and Neighbourhood Renewal Fund (NRF) Allocation; this Strategy includes the objective of ensuring that 'all social housing is of a decent standard'. The Decent Homes report to be considered by Cabinet on 23rd October, mentions Woodberry Down specifically and the need for 'self funding' regeneration if Decent Homes targets are to be met. The Decent Homes Report assumes Woodberry Down is transferred out of the Council's ownership as Decent Homes targets cannot be met with the Woodberry Down properties included.

Woodberry Down and Stamford Hill SRB 6 Programme

9.3.3 The Woodberry Down Housing Regeneration Programme is part of the wider

Woodberry Down and Stamford Hill SRB 6 Regeneration Programme. This programme is managed by RENAISI on behalf of the Woodberry Down and Stamford Hill SRB Partnership Board. The Council is the Accountable Body. In June 2000 the LDA approved £22.5 million SRB funding for the programme over 7 years, of which £13.47 million is allocated for the Housing Programme on Woodberry Down estates. The SRB programme is currently in its third year. At its meeting on 2nd October the SRB Board supported the Cost option 3a and the proposals to dispose of the Woodberry Down School site to English Partnerships.

Recent achievements at Woodberry Down

9.4 After some recent delays, the development of the programme has moved forward in the first six months of 2002-03. Achievements have included the following:

Recruitment of a Project Director; Preferred Cost Option selected by the EDC; Preferred Cost Option supported by estate-wide consultation; Decant requirements and phased programmed developed; temporary homes feasibility assessed; proposals for School Site clarified and developed; 02/03 programme revised and 3 years programme developed; English Partnerships engaged; Development Sites assessed; Housing Needs Survey completed; leaseholders Survey started; other Technical Surveys completed; Masterplan process designed and commenced; Resident Empowerment contract developed; Key partners engaged (e.g. English Partnerships, Learning Trust, Primary Care Trust, Surestart); Development Planning Framework commenced; SRB Appraisals and Lifetime Re-profile options developed; EDC and residents move into strategic decision-making role; relationships between all partners clarified and strengthened.

9.5 It is this important groundwork which has enabled the development of a realistic and financially viable programme for Woodberry Down, which has involved the Estate Development Committee at every stage and which, recent consultation shows, has the support of the residents as a whole.

9.6 The timetable and key milestones for the programme in the coming period is as follows:

Milestone	Date
Cabinet approval for Cost Option and School Site	October 2002
English partnerships Board approved purchase of School site	October 2002
LDA and GOL approve Cost Option, School Site plans and SRB funding profile.	October 2002
SRB Appraisals approved by LDA	November 2002
Draft Masterplan agreed	November 2002
OJEC Notice for Dev. Partnership issued	December 2002
Development Bids received	Mid Jan 2003
Development Partnership selected	February 2003
Final Masterplan agreed	July 2003
Principal Development Agreement signed	Oct 2003
First homes on School Site completed	Dec 2004

9.7 The time allocated for the selection of the Development Partnership may need to be extended given the complexity of the process and the significance of the decision.

9.8 It is intended that, following the disposal of the site to English Partnerships, the development of the 350 homes on School Site will commence after the Development Partnership has been appointed and the Final Masterplan agreed next summer. The Masterplan will set out in detail the design, density and layout of the proposed housing. The development Partnership, and its RSL, will set out the funding and development programme. The Development Agreement for the site will be based on the Masterplan's requirements and included within the Principal Development Agreement for Woodberry Down. The Council will have full nomination rights to the RSL in order to rehouse residents from Woodberry Down into the new homes (see section 10.3) and enable the first phase to demolition to then take place.

10. THE NEXT STEPS AND OPTIONS ANALYSIS

10.1.1 This section sets out the principal next steps for the Woodberry Down Regeneration programme and the options considered for each:

- i) approving the further development of a preferred Cost Option;
- ii) developing the rehousing site at Woodberry Down School through disposal to English Partnerships;
- iii) producing a draft Masterplan;
- iv) selecting a Development Partner
- v) SRB Appraisals and Lifetime funding Re-profiling

10.1.2 It is very important to emphasise that this report is <u>not</u> asking Cabinet to approve a stock transfer on the Woodberry Down estates. The report is recommending approval for a Preferred Cost Option which will form the basis of a draft Masterplan, which will in turn provide the basis for an OJEC Notice to secure a Development Partnership. There will be adjustments and amendments to the Preferred Cost option during this selection process. Following the appointment of a Development Partnership, there will further detailed discussions between February and July next year during the preparation of the Final Masterplan and Development Agreement. Cabinet approval will be required at various stages of this process.

10.1.3 There will be a detailed SRB Project Appraisal of the overall Masterplan to secure the approval of the London Development Agency and the Government Office for London; this will include an assessment of the financial effects on the Council, and other partners, of transfer.

10.1.4 Bearing this in mind, the development of the Woodberry Down Masterplan will therefore be informed by the results of a forthcoming Borough-wide consultancy which will be looking at a number of key of financial issues, such as Rent Restructuring and Stock Transfers. This study is due to be commissioned in the near future and complete before the end of this financial year. It will include a detailed assessment of the financial effects on the Council of the transfer of Woodberry Down estates.

10.1.5 If the Masterplan and Development Agreement does include transfer, there will then be a further process to follow, as required by legislation, including:

- Outline Planning Application

- Stage 1 Formal Consultation
- Determination of Outline Planning Application
- Stage 2 Formal Consultation
- Ballot
- Transfer negotiations leading to formal Transfer

10.1.6 Again, Cabinet will be involved in approving these different stages and this will include further detailed analysis of the financial effects of transfer for the Council.

10.2 THE PREFERRED COST OPTION

Cost Options Development and analysis

10.2.1 Since early June, the Council's Woodberry Down Regeneration Team (WDRT) and the Estate Development Committee (EDC) have been considering and refining five Cost Options for the regeneration of the estate. These five options were developed and prepared by the consultants Broadway Malyan/HACAS and reduced from 8 originally. They looked at options relation to remaining in council ownership and transferring to a Registered Social Landlord (RSL)

10.2.2 The five options are set out in detail in the Cost options Appraisal Report which is attached as Appendix 1. The options were:

Option 1: Transfer to RSL partner and refurbishment of existing stock with no new homes. Total number of homes remains at 2503.

Option 2: Transfer to RSL Partner with mix of refurbishment and new build , including 740 private homes for market sale. Total number of homes rises to 3212 homes.

Option 3: Transfer to RSL Partner with mix of refurbishment and new build, including 1667 private homes for market sale. Total number of homes rises to 4132.

Option 4: Council retains stock and does minimum works under current funding

Option 5: Council retains stock and refurbishes under PFI contract and/or new build.

10.2.3 The initial Option Analysis <u>rejected three</u> of these options:

Option 1 was assessed as not financially viable
Option 4 would not regenerate the estate and would see it further deteriorate
Option 5 was rejected at is depended on a large PFI scheme which was not realistic, as confirmed in a PFI Review.

10.2.4 Each of these rejected Cost Options would have had different financial effects for the Council. However, given that the reasons for their rejection are so substantial and clear cut further consideration of these financial effects is not considered appropriate.

10.2.5 This left Options 2 and 3. After a lot of hard work and discussion, the EDC requested some changes to Option 3. The EDC then took a decision on the 8th August to approve this revised option, Option 3a, as the Preferred Option.

The Preferred Option – 3a

10.2.6 The main features of Option 3a are as follows:

- The demolition of all of the Woodberry Down Estate north of the reservoirs and Holmleigh Road Estate (A total of 2012 homes)

- An increase in the total number of homes from 2506 to 3732 including

  1756 new build social housing
  494 refurbished social housing
  136 key worker homes
  68 shared ownership homes
  127 shared equity homes for leaseholders
  1151 private homes for sale at market value

- A high ‘green homes/sustainability’ specification to include:

  - larger floor areas
  - clear spans for future internal flexibility
  - sustainable urban drainage systems
  - better than Part L insulation and high-performance timber windows and doors
  - prefabrication or on-site fabrication for improved construction time and quality control
  - low embodied energy materials (e.g. sustainable timber sources) and waste reduction measures
  - water saving measures (e.g. low flush WCs and spray taps)
  - solar water heating
  - greywater recycling

- The mix of new homes, reflecting the housing needs survey and the likely demands of the private market will be: 1 bedroom(25%); 2 bedroom (40%); 3 bedroom (20%);4 bedroom (10%); 5 bedroom (5%).

- £30 million for the development of non-housing facilities (health, childcare, education, community centres, parks)

Assumption to Transfer Council stock and Decent Homes

10.2.7 More than 30 assumptions have been built into the financial model which are set out in the Cost Options Appraisal report. One main assumption in the Preferred Option is that it assumes a transfer of ownership from the Council to a Registered Social Landlord as part of a Development Partnership. Full stock transfer clearly raises a number of serious concerns for the Council including financial effects on the Housing Revenue Account and General Fund, the ability to tackle homelessness and meet Decent Homes targets. These issues have been carefully considered in the development of the Cost Options and during the discussions which have taken place in recent months amongst residents, consultants and Council officers. The conclusions reached in these discussions are that full stock transfer is essential for two main reasons. Firstly, to make the regeneration programme financially viable and secondly, in order for the Council to meet its Decent Homes targets.

Total costs, funding and 'funding 'gap' for Option 3a

10.2.8 The total capital cost is estimated to be £403 million, funded through a combination of SRB Grant, Social Housing Grant, private finance via housing associations, and income from the sale of private houses as set out in the table below:

Table 1: Breakdown of funding sources for Cost Option 3a

FUNDING SOURCE	£ (millions)	% of total cost
SRB 6 Funding	8	1.9
Social Housing Grant	33	8.1
Shared Ownership sales income	7	1.8
Market Sales income	233	57.9
Key Workers contributions	28	6.9
Net Revenue Income *	56	13.9
Funding Gap	38	9.5
TOTAL CAPITAL COST	403	100.0

** Over a 34 year period the private finance needed to balance the net cash outflows of the capital works is repaid from the net revenue income. This figure therefore refers to the repayment of private finance loans taken out by the appointed Housing Association(s) from the rents.*

10.2.9 It is emphasised that these are estimated figures for a financial model, not the final funding formula which has been agreed. As mentioned in paragraph 9.3.3 above SRB funding is in place, providing the conditions of the LDA are met. £8 million of the £13.47 SRB set aside for housing are to be used for Cost Option 3a. The remaining £5.47 million is being used to develop the programme (£1.185 million of this has been spent in the first two years). The certainty of the other sources of funding can only be assessed through the 'market testing' which will take place when the Draft Masterplan is put out to tender and a Development Partnership bids invited. However, the financial model developed by HACAS, who are an established consultancy with a great deal of experience of, and current information on, likely funding sources and the housing market.

10.2.10 On the Preferred Cost Option there is a funding gap of £38 million, which is not unusual on a scheme of this size. There is a difference between having a funding gap and a scheme being financially unviable. A funding gap, if bridgeable, will make a scheme viable. The strategy to fill this gap is centred on securing significant funding from English Partnerships. This partnership with the Council will be confirmed through the disposal of the Woodberry Down School Site, as recommended in this report. EP have indicated (see letter attached as Appendix) that they are prepared to meet a substantial portion of this funding gap. In addition, the gap will be met by further refinements to the assumptions in the model, for example on sales income; these assumptions are currently very cautious.

Additional Affordable Housing

10.2.11 The Preferred Cost Option creates an additional 103 affordable homes for rent. This can be used to rehouse the homeless and meet wider community housing needs. The Cost Option contains 69% social housing and 31% private housing. Also 13% of the social housing is for affordable 'home ownership' made up of Key Worker, Shared Ownership and Shared Equity schemes.

10.2.12 Further affordable social housing could be included. However, it should be noted that this will have significant 'knock on' effects on the financial model such as reducing the quality of new build and refurbishment and/or the amount of funding available for essential non-housing facilities. Alternatively, if the number of homes for market sale was reduced to allow for more social housing, the funding gap would increase; this could then make the Cost Option financially unviable.

10.2.13 Despite this, it is worth bearing in mind that, as the programme develops, and if circumstances change for the better, it may then be possible to introduce additional affordable housing.

Financial effects of the Preferred Cost Option on the Council

10.1.14 The Preferred Cost Option, including the transfer to an RSL Partner, will have a number of positive and negative financial effects on the Council. These are due to be assessed in detail in the Council's forthcoming Housing Finance Consultancy referred to in para. 10.1.4 above. The main expected financial effects for the Council are set out in the table below:

Table 1: Positive and negative financial effects for the Council

Positive effects	Negative effects
Achievement of (higher than) Decent Homes targets for 10% of stock	Loss of rental income on transfer
Loss of management and maintenance liability	Loss of management & maintenance allowance
Historic Debt written off	Loss of debt management expenses
Increase in social housing to house the homeless	Additional services required for larger population
Corresponding savings in temporary accommodation for the homeless	
Additional Council Tax revenue from New residents and higher banding	

Other financial issues include:

- There will also be TUPE issues in relation to staff, both Council and the Estate Management Contractor, transferring to the new RSL partner to be considered.

Human Resource, Legal and Procurement issues.

10.2.15 There are other implications:

- The Council's policy of capping leaseholder recharges at £10,000 which means those that are refurbished will receive a substantial 'subsidy' from the Programme as the cost of works will be significantly more than this. As a consequence the legal/policy position may need to be reconsidered.

- There will also be TUPE issues in relation to staff, both Council and the Estate Management Contractor, transferring to the new RSL partner to be considered.

- There may also be significant procurement issues in respect of renegotiating existing contracts.

Estate-wide consultation

10.2.16 This option is currently being presented, through a consultation programme, to the residents as a whole. This is due to complete in October. Results in from the consultation so far, with only 4 of the 18 areas not yet in, indicate widespread support for the Preferred Option recommended by the EDC. The main results from residents to date are:

1. Support for the recommended option

- 74% agree or strongly agree with then option
- 18% either disagree or strongly disagree with the option
- 8% have no opinion

It is worth noting that more than 80% of those disagreeing with the recommended option so far are from Springpark Drive, a small area of houses with gardens making up less than 3% of the properties on the estates.

2. Preference for living in a new home rather than a refurbished one, even though the rent will be more

- 61% agree or strongly agree
- 31% disagree or strongly disagree
- 8% have no opinion

3. Refurbishment is better than demolition and building new homes

- 47% disagree or strongly disagree
- 43% agree or strongly agree
- 10% have no opinion

4. An increase in the number of new homes will only work if there is an increase in schools, health care and community facilities

- 94% agree or strongly agree
- 4% disagree
- 2% have no opinion

Options Analysis: Advantages and Disadvantages of the Preferred Option

10.2.17 The Options Appraisal Report prepared by HACAS is essentially a financial appraisal, based on a stock condition and estimates of housing need, to see which option would be financially viable. However, in considering the preferred option there are a number of other important factors to also take into account. This sections sets out, in summary form, the advantages and disadvantages of the preferred option as compared with the principal alternative of refurbishment.

Table 2: Main advantages of the Preferred Cost Option 3a

ADVANTAGES
1. Financially viable
2. Higher quality of new homes compared to refurbished, including higher space and energy efficiency standards
3. New homes have 60 year life whereas refurbished homes have 30 years
4. Demolition and new build is cheaper than refurbishment
5. Demolition allows most opportunities for locating new facilities such as health and education
6. Makes a major contribution to meeting the Council's Decent Homes target through 'self funding' regeneration
7. Leaseholders in refurbished properties benefit substantially through only having to pay £10,000 for improvements worth significantly more.
8. Provides 100 homes for rent to rehouse the homeless and meet wider housing needs
9. Enables savings to be made on the Council's temporary accommodation bill for the homeless
10. Provides mix of tenures
11. Complies with new Government and Mayor of London's Housing policies, particularly on higher density housing and a mix of tenures.

Table 3: Main disadvantages of the Preferred Cost Option

DISADVANTAGES
1. Marginally less tenants rights and security with housing association compared with local authority
2. Leaseholders moving into new properties have to purchase a share of equity
3. Tenants subsidise leaseholders in refurbished properties who only have to pay £10,000 for improvements worth significantly more.

4. Rents higher in new build option compared to refurbishment and therefore 'Benefits Trap' likely to be higher.

10.2.18 The concerns raised by the possible full transfer of the Woodberry Down stock are outweighed by the major benefits listed above.

10.3 WOODBERRY DOWN SCHOOL SITE

The Housing Context

10.3.1 In June 2002 consultants Broadway Malyan developed a phased programme, over 12-13 years for Woodberry Down. This also calculated that 350 homes would be required initially to make this programme work. As the Council's policy is that all decanting has to be managed within Woodberry Down it is clear that without these 350 homes the programme cannot happen.

10.3.2 A review of potential housing development sites this summer by Broadway Malyan confirmed that the only site within Woodberry Down which can accommodate the number of homes necessary to begin the decanting is the Council owned Woodberry Down School site. It is therefore essential that the site is developed in a way which enables the regeneration programme to start; any other option would put the entire programme and the boroughwide benefits to the Homeless and achieving Decent Homes at risk.

10.3.3 The Council's overall financial position means that it cannot contribute this land to the programme for a nominal value as match funding, as has happened in other housing regeneration programmes. The Council has to secure a capital receipt for the land and, as mentioned in section 4, has included part of the site on its possible list of disposals.

The justification for disposal to English Partnerships

10.3.4 English Partnerships (EP) which has recently been re-organised and brought under the Office for the Deputy Prime Minister (ODPM) with a brief to meet national affordable housing targets, has expressed a clear interest in purchasing this site and becoming a partner in the regeneration of Woodberry Down. They have indicated that they are prepared to fund a significant programme of site acquisition, site clearance, feasibility studies and staff secondments. Woodberry Down would be the first purchase and would establish the partnership.

10.3.5 This would offer several important benefits, as set out below:

i. Through the acquisition of key Council and private development sites EP(starting with the School Site) will secure the first tranche of 350 social housing units to 'kick start' the development and decanting programme;

ii. EP will work directly with the Housing Corporation, as part of the ODPM recent initiative to increase social housing, to maximize Social Housing Grant investment in the programme (currently we have assumed £33 million in the Cots option 3a);

iii. EP will influence other Government departments and public agencies to invest in the programme. This could be particularly useful with the 'green homes', health and transport agendas of Government;

iv. EP will ensure the regeneration programme has a national profile, which should assist speedy decision making;

v. EP's investment in demolition and site clearance will allow the limited SRB funding to be stretched further thereby ensuring that it has maximum benefit for the regeneration programme;

vi. EP has a developing relationship with the LDA about major schemes in London, including Woodberry Down;

vii. EP will pay for technical feasibility studies and could also offer technical support, maybe through staff secondments, to boost the Council's Woodberry Down Regeneration Team;

viii. EP is keen to work with residents and the Council to support community led approaches to regeneration in accordance with Government policy.

Disposal proposal and negotiations

10.3.6 The Council commissioned independent consultants, Donaldson's, to provide an objective valuation of options for the School Site land and confirm that this value represents best consideration for the Council. The site is no longer used and in principle agreement has been reached on a land exchange with the Beis Chinuch Lebanos (BCL) School. The remainder of the site is therefore to be disposed to English Partnerships.

10.3.7 Donaldson's opinion on the value of the land has been communicated to English Partnership's advisers who are currently considering any outstanding issues.
10.3.8 A meeting is being arranged between LB Hackney's Housing Service and Core Property to place the purchase of the site by English Partnerships within the context of the overall Woodberry Down Regeneration Strategy.

10.3.9 In the light of this, and as the whole process is in the best interests of the Council, Cabinet are recommended to treat with English Partnerships with a view to disposal at a figure that the Council's Property Advisers are prepared to confirm as best consideration.

10.4 PRODUCING A MASTERPLAN

Purpose of the Masterplan

10.4.1 The Woodberry Down Masterplan will frame and guide the development and set out in detail the plans for the area and its community. It will be based on the needs and aspirations of the local community and be put together with a wide range of partners. It is important to remember that the Masterplan can, and should, change over time. This is because it deals with many complex issues and also because circumstances can, obviously, change. For example, more or less money may be available. Having said this, there maybe certain aspects of the Masterplan, or principles, which should not change because they are so important. These need to be highlighted and agreed.

10.4.2 The Masterplan will aim to bring consultants, developers and service providers together with the local community for redevelopment. It will, therefore, be the key way of drawing other non-housing services formally into the regeneration process. It should also form the basis of any legal contracts for the development of the estate, but not the provision of mainstream services.

Contents of the Masterplan

10.4.3 It is expected that the Woodberry Down Masterplan will be made up of the following:

Part A –Principles and approach

1. Executive summary
2. Description of Woodberry Down
3. Community based regeneration
4. The wider context (e.g. the economy, Government, GLA and Council policies)
5. Aims and Objectives
6. Principles of Development
7. The Development Planning Framework
8. Decision Making - Managing the Masterplan

Part B - Housing MasterPlan

Housing objectives; Housing Need and maintaining community networks; the Woodberry Down Charter; the Preferred Redevelopment Option; Demolition Areas; Refurbishment Areas; Social Housing; Private Housing; Design Guidelines: (e.g Density, size of homes, access, green homes); the phasing of the programme and rehousing; Finance and Costs; Statutory and legal issues including Right to Buy; the next steps

PART C - The 'Non-Housing' MasterPlan including Childcare, Health, Education, Community Safety, Transport, Shopping, Arts and Leisure, and Employment.

Objectives; Needs and aspirations; Development Proposals; Design principles; Finance and Costs; the phasing of the programme; Statutory and legal issues

PART D - Partners, Risks and the Next Steps

The Partners; Risk Analysis; the Next Steps

The Masterplan Process

10.4.4 The following process is proposed for producing the draft Masterplan.

a) The aim is to produce a draft Masterplan by the end of November. This will then be the basis for going out to tender to select a Development Partner in December and selecting that partner in January. Having selected a Partner, work on the Final Masterplan will start in February and end in July 2003.

b) Consultants Broadway Malyan have been commissioned to produce the Masterplan under the supervision of the Head of WDRT. The Estate Development Committee (EDC) will be fully engaged in all aspects of the process as they have been on the Cost Options. In order to ensure that the Plan is based around residents needs they will have up to 10 places on the Steering Group.

c) The mechanism for producing the Masterplan will be a Masterplan Steering Group. Before going out to tender the Masterplan will have be agreed by the Steering Group, by the Estate Development Committee, the Council's Cabinet, the SRB 6 Board and the London Development Agency.

d) It is proposed that the Steering Group attempts to involved all key partners, particularly those from non-housing sectors where very little work has been done to date. A Membership list, based on those invited to the successful seminar held at the West Reservoir Centre on 24th April, but also included partners recently engaged, is attached. Four meetings are proposed for the Masterplan Steering Group geared to producing a draft Plan by the end of November.

e) The Head of the WDRT will Chair the meetings. Broadway Malyan will convene and service them, including the circulation of information between meetings. The meetings will take place in the daytime as it is expected this is the best time for most members. They will last about 2 hours.

f) The intention is that decisions will be made by consensus and where genuine differences of opinion occur these are highlighted as appropriate in the Draft Plan, with proposals to resolve them during the next phase of work.

Alternative Options

10.4.5 The SRB Appraisal on the Masterplan explains that there is no alternative option to producing a masterplan for a regeneration programme of this scale and complexity. In recognition of this it is an LDA and Government requirement.

10.5 THE PARTNER SELECTION PROCESS

10.5.1 A process for the selection of a Development Partnership has been designed. The intention is to complete the Draft Masterplan by the end of November and then to go out to tender in early December with an OJEC Notice, as previously agreed by Cabinet. The Masterplan will be the basis of the OJEC Notice and all bids will be required to demonstrate how they will implement the Draft Masterplan. The deadline for submitting bids will be mid January.

10.5.2 Given the nature of the Masterplan and that it is including Housing and Non-Housing issues, and will also include the Manor House transport interchange, it is intended that Development Partnerships, rather than just Registered Social Landlords, should be invited to bid. However, it will obviously be expected that an RSL will be a major partner in any such Partnership.

10.5.3 A set of detailed criteria will be agreed for assessing the bids and a short list of

Development Partnerships will then be interviewed by a Panel consisting of representatives from the Council, the EDC and the SRB Board. It is intended that this will take place in early-mid February with an appointment being made by he end of February when a report for approval will be brought to the Cabinet.

10.5.4 On appointment the successful Development Partnership will begin the detailed design work and consultation for the Final Masterplan which it will be expected to complete by July.

10.6 APPROVAL OF FUNDING FOR CONSULTANTS

10.6.1 In February 2002 the Council engaged Broadway Malyan as consultants to develop and appraise Cost Options and a number of other associated tasks. This has been successfully completed. The original contract value was £193,000. The next phase of work which Broadway Malyan have been commissioned to do, as an extension of their current contract, includes the preparation for the Masterplan, the drafting of a Development Planning Framework, including a revised Affordable Housing Policy, and the documentation for the OJEC tendering process for selecting a Development Partnership. The cost of this work is £135,000 to be funded through a combination of LB Hackney Capital programme and Woodberry Down and Stamford Hill SRB in accordance with SRB Project Appraisals.

10.6.2 Under financial and contract regulations there is no requirement to re-tender this work. However, the value of the Broadway Malyan contract extension is greater than 10% of the value and therefore requires Cabinet approval.

10.6.3 In addition, approval is required to maintain the interim arrangements with First Call consultants, to provide support to the Estate Development Committee and residents as a whole in the development of the regeneration programme, until a new contract is let for the next phase of the work. This will be up to an estimated value of £30,000. It should be noted that First Call's work continues to be of a high standard and of considerable value to the programme. This work is also funded through a combination of LB Hackney Capital programme and Woodberry Down and Stamford Hill SRB in accordance with SRB Project Appraisals.

10.7 SRB APPRAISALS AND FUNDING RE-PROFILE

10.7.1 Under the Woodberry Down and Stamford Hill SRB 6 Programme £13.47 million of SRB funding has been set aside to enable the development of the Housing Programme up to 2006/07.

10.7.2 A major piece of work has been completed in September looking at different options for using the SRB funding over the lifetime of the SRB programme. This is the first time that detailed work on the SRB profile has been done and it was made possible by the other work done on the Cost options and decanting and rehousing needs. This included work on the estimated costs of leaseholder re-purchase across the estates. A preferred option, known as Model 5, has been put to RENAISI and the LDA for consideration.

10.7.3 Model 5 proposes using the SRB to implement the early stages of Cost Option 3a through funding the following :

- The Co-ordination of the Programme (i.e the Council's Woodberry Down Regeneration Team)
- Resident Empowerment (Support to residents throughout the process)
- Masterplanning, Partner Selection and the Principal Development Agreement
- Demolition
- Leasehold repurchase

10.7.4 Model 5 proposes significant changes to the previously agreed SRB profile for years 2004/05 and 2005/06. This is currently under consideration by RENAISI and the LDA.

10.7.5 It should be noted that it is not now proposed to use SRB for site acquisition and clearance as previously envisaged. There are two reasons for this. Firstly, because if SRB funding I used in this way and a site if then disposed of the SRB has to be repaid, unless an exemption has been obtained from the Secretary of state. Secondly, as mentioned earlier in this report, English Partnerships are offering to fund a site acquisition programme and site clearance.

10.7.6 As previously agreed by Cabinet in June, SRB Project Applications have been submitted for Appraisal in 2002/03. Two appraisals were submitted to RENAISI in July:

D.1 1/1 - Masterplan, Partner Selection and Principal Development Agreement

This appraisal proposes a total spend of £0.868 million (£0.4 million SRB & £0.468 million from LB Hackney) over the next three years to produce the Masterplan, a new Development Planning Framework, Select a Development Partnership and produce a Principal Development Agreement.

D.1 1/2 - Central Co-ordination and Resident Empowerment

This appraisal proposes a total spend of £1.9 million over the next three years(£ £1.037 million from SRB and £0.89 million from LB Hackney. This will include the costs of the WDRT , consultants to support resident involvement, and the EDC budget.

A third, *D.1 1/3* is in preparation, this will cover *Leasehold repurchase*. Each of these appraisals sets out a 3 year programme rather than just a year's work and will reflect the agreed Lifetime re-profile.

Projected spend for 2002/03

10.7.7 The Delivery Plan projected spend for 2002/03 on these three appraisals is now estimated to total £1.5 million rather than the Delivery Plan figure of £2.2 million. This will include £1.1 million of SRB and £0.4 million of LB Hackney resources. As a result there will be an SRB underspend of £0.4 million in the Housing Programme. Discussion are taking place with RENAISI to re-allocate this to other non-housing capital projects within the Woodberry Down area. The SRB Board have been advised of this situation.

10.7.8 The EDC devolved budget is for £53,000 in 2002/03 and this includes payment for independent advisers, IT support and training, visits to other schemes, and expenses for meetings and events.

Current status of the appraisals

10.7.9 Although RENAISI have begun appraising the project applications further work has been delayed pending feedback from the LDA and agreement on a Lifetime profile for the SRB. A timetable for approving the appraisals is currently being worked out with the LDA and RENAISI to ensure that maximum spend can be achieved this year.

10.7.10 Cabinet are recommended to approve the SRB Appraisals summarised above, but to note that minor amendments may be made to the final details following Appraisal by RENAISI, the SRB Board and the LDA.

11. COMMENTS OF THE ESTATE DEVELOPMENT COMMITTEE

11.1 The EDC is a formal sub-committee of the Council and as such the Council has agreed to request its comments on all Cabinet reports relating to Woodberry Down.

11.2 The EDC has already approved Cost Option 3a, and has strongly argued for some time for the disposal of the school site for rehousing to start the regeneration programme. It has also considered and agreed the Masterplanning and Partner Selection process, the consultancy work with Broadway Malyan and First Call and the EDC's Budget for 2002/03.

11.3 At its meeting of the 17th October the EDC fully endorsed all the recommendations in this report.

12. COMMENTS OF THE LONDON DEVELOPMENT AGENCY

12.1 The LDA is currently considering the Cost Option Appraisal, the proposals for the School Site and the involvement of English Partnerships, and the proposals for re-profiling SRB spend. They have indicated informally that they will not approve any further SRB funding until a Cost Option and rehousing plan for the School Site, preferably involving English Partnerships, has been agreed by the Council, themselves and the Government Office for London. The LDA has also indicated that the timetable presented to them for the Masterplan and Partner Selection (See Appendix)is acceptable. However, they would not wish to see any further significant delays as the SRB is already well into its third year without a Housing Programme. A meeting is due to take place with the LDA on 17th October.

12.2 Formal comments will be requested on completion of all sections of this report.

13. CONCLUSIONS

13.1 This report sets out the recent achievements of the Woodberry Down Regeneration programme and the next crucial steps to be taken if the programme is to be agreed and go ahead.

13.2 The Council's approval of the Preferred Cost option and the disposal of the Woodberry Down School Site for rehousing to English Partnerships are essential if the programme is to start and the long-standing regeneration of the area realised.

13.3 This will also provide four significant benefits for the Council by:

i) realising a substantial capital receipt for the Woodberry Down School site;
ii) achieving in due course a substantial part of its Decent Homes Target as Woodberry Down is 10% of the Council's Housing Stock;
iii) rehousing homeless families through the additional social housing created by the programme;
iv) achieving corresponding savings in temporary accommodation for the homeless.

13.4 Alternatively, if this course of action is not followed, and given the history of the SRB Housing Programme, there is a risk that any further delays in agreeing and establishing the programme could cause the LDA to reconsider funding the SRB programme. This would of course also have a further effect on Hackney's ability to secure future regeneration funding.

ORIGINATING OFFICERS:

Originating Cabinet Portfolio Holder: Councillor Carswell

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BACKGROUND PAPERS RELATING TO THIS REPORT:

Description of document	Location	Date
Cost Option Appraisal	WDRT	May 2002
Phased Decant Programme	WDRT	June 2002
SRB Lifetime Re-profile	WDRT	Sept 2002