

## **APPENDIX B – SOUTH LAMBETH ESTATE MORE DETAILED BACKGROUND AND CONSIDERATION OF OPTIONS**

### **Introduction**

- 1.1 This appendix provides more detail on the South Lambeth Estate and explains the option analysis that has been undertaken to reach a recommended approach for the regeneration of the Estate, considering the viability appraisal and respective benefits of the alternative scenarios.
- 1.2 The conclusion is for a recommendation for partial redevelopment of South Lambeth Estate, in which Wimborne House is retained. This solution gives all existing residents the guarantee of a high-quality home that meets their needs and which increases the overall number of homes for council rent.
- 1.3 This option analysis is based on viability assessments of massing studies (known to residents as Scenarios Avenue version 2/3 and Square version 2). Through the next stage of detailed masterplanning, the Council will work with residents to develop a final model for a rebuilt estate, which enables the Council to achieve new homes for council rent.

### **Background**

- 1.4 South Lambeth Estate is situated in the northern part of Lambeth, off Clapham Road. The estate was constructed in the 1960's. The Estate is bound by neo-Georgian flats to the north-west and backs on to the late Georgian properties at Albert Square. The estate is in the Stockwell Ward. The area of the Estate is around 2ha.
- 1.5 The Estate comprises 205 homes in total, split between a single 12-storey tower, called Wimborne House, which comprises 104 properties. There are 101 homes in low-rise blocks, primarily comprising stacked maisonettes (3 storey buildings).
- 1.6 Across the whole Estate there are: 142 tenants and 63 leaseholders (around 30% leaseholders). Within the low-rise element, there are 60 tenants and 41 leaseholders. Within Wimborne House, there are 82 tenants and 22 leaseholders.
- 1.7 **Parking:** There are some estate parking spaces, disabled spaces and limited street parking within the estate boundary.
- 1.8 **Local Shops and Businesses:** There are four local businesses/shops on the estate; each has different terms left on their leases, ranging from 2 years to 18 years. One of the premises is a local Portuguese deli, which provides a key meeting place for the local Portuguese community in the area.
- 1.9 Discussions with shop owners have been positive and all have expressed an interest in remaining local to the estate. The Council will continue negotiations on the terms of the leases and buy outs if applicable. The current scenarios all include provision for relocation of the shops and ensure no downtime or business loss by placing them in the first phase of the redevelopment to a position closer to Clapham Road.

- 1.10 Adjacent land holdings. The Mar Azul Café is situated on the northeastern corner of the Estate with frontage on to Clapham Road. The café site forms a strategic location for the frontage of the estate redevelopment and has been included in the square scenario as a means of testing the implications of including this plot of land within the redevelopment of the Estate. A meeting has been held with the owner of the premises and he is aware that his land holding has been included in one of the redevelopment scenarios.
- 1.11 Adjacent land holdings. A block of studio flats, originally the Phoenix Pub, are located on the northwestern corner of the Estate with frontage onto Dorset Road. The studio flats are all rented properties. Given its tight physical relationship with the Estate buildings, this land holding has been included within design scenarios. The land owner has been notified.

### **Estate Regeneration Programme**

- 1.11 The estate was included in the Estates Regeneration Programme in December 2014. The principal reason for inclusion of the estate in the programme is that it represents an opportunity to build a significant number of additional homes, due to the relative low density of the estate, given its location and public transport accessibility levels. The site is highly accessible to public transport, with the PTAL rating of 6A- 5 across the site, supporting an increase in density.
- 1.12 This original estimation has been borne out through the feasibility work that has been done over the last 9 months, which has shown that a significant up-lift in number of homes can be achieved through regeneration of this Estate.

### **Feasibility Work**

- 1.13 In mid-November 2014 Lambeth Council appointed Pollard Thomas Edwards (PTE) to carry out the residents' and public consultation and to prepare capacity studies for South Lambeth Estate. Consultation began in December 2014 and has been followed with design work since mid January 2015. Lambeth Council and PTE are working closely with residents so that consultation feedback has and can inform the development of the capacity studies.
- 1.14 A more detailed summary of the progress of the design feasibility work and the engagement with residents is provided in Appendix C.
- 1.15 It should be noted that the following analyses have so far been undertaken to explore the regeneration of the South Lambeth estate:
- Stock condition surveys, which have sought to identify the state of the housing across the estate; and in particular the lifespan of Wimborne house
  - Design Studies (otherwise known as massing studies), which have explored various scenarios of regeneration and which confirm that additional new homes could be accommodated across the Estate;
  - Financial appraisals have been carried out of specified design scenarios (Options) to ascertain viability of different approaches to regeneration;
  - Extensive consultation and engagement with residents over 9 months;

- Proposed engagement of an Independent Residents Adviser to help residents of all tenures to understand the implications of the regeneration proposals and the Key Guarantees and supporting information that has been made by the Council; and,
- Household Needs Survey.

### **Analysis of the Existing Situation and Condition of the South Lambeth Estate**

- 1.16 In order to inform proposals for the regeneration of the estate, consideration has been given to its existing form and the condition of the buildings.
- 1.17 The Estate sits within an area almost entirely surrounded by Conservation Areas. In comparison to the surrounding urban neighbourhoods it looks relatively run-down. Whilst the buildings have a relatively good relationship to local roads, creating a degree of active frontages, the land is not efficiently used by the situation of the buildings. In addition, in the manner of many 1960s estates there is open space that is poorly defined and under-used.
- 1.18 In 2006 Wimborne House underwent major refurbishment works costing circa £5m. The intention of these works was to extend the life of the building components by 30 years. In theory there should therefore be another 20 years before any new major works would be required to the building. In addition to this, four large purpose built disability flats were previously sited at the base of Wimborne House.
- 1.19 Given the relatively recent investment by the Council in Wimborne House, it was considered from the outset that this property might be worth retaining. To help inform the option analysis, a stock condition survey was undertaken during the summer of 2015.
- 1.20 The stock condition survey was undertaken by Baily Garner Ltd on Wimborne House in June 2015. The surveys covered all external fabrics, communal areas and surveyors accessed 8 properties. The general findings stated that the building was considered structurally sound with a lifespan for the building components in excess of 20 years. The survey identified some items of general maintenance and some areas where improvements to the quality of the building should be considered.
- 1.21 The output from this survey has now been used to prepare an Investment Plan for the entire South Lambeth estate. This Investment Plan sets out what works need to be carried out on Wimborne House over the longer term and what works need to be carried out on the low-rise buildings until such time as they would be demolished as part of the redevelopment of the estate. This Investment Plan is available on request.
- 1.22 In considering the regeneration options, the assumption has been made that if Wimborne House were retained, some works could be carried out to resolve any residual problems with the building and to ensure that residents can live in high quality homes. To this end, in the viability analyses of design scenarios, for those scenarios involving retention of Wimborne House, a contingency sum of up to £500,000 has been assumed as a project cost to contribute towards refurbishment works on Wimborne House.

- 1.23 Whereas Wimborne House received major refurbishment in the last 10 years, no such works have been carried out on the low-rise properties at South Lambeth estate.
- 1.24 It should be noted, however, that regardless of the condition of any individual properties within the low-rise blocks, the primary reason for including South Lambeth Estate within the regeneration programme has been because of the opportunity to deliver additional new homes. Being a tall building, Wimborne House is an inherently higher-density built form than the other low-rise blocks. It is for this reason that all regeneration scenarios have considered replacement of the low-rise blocks, but variations have been considered which retain or replace Wimborne House.

### Analysis of Regeneration Options

- 1.25 The three regeneration scenarios which PTE developed through the engagement process are not masterplans; they are initial massing studies, exploring the potential capacity of the Estate to accommodate new homes. These studies have enabled an approximate estimate of the number of new homes that could be delivered through regeneration.
- 1.26 Two of the three scenarios involved replacement of all the low-rise dwellings and assumed retention of Wimborne House. One of the scenarios involved redevelopment of the entire estate, including Wimborne House. The quantitative output from these scenarios is provided in Table 1. There is only a minor difference between the two scenarios involving retention of Wimborne House and therefore only Options 1 and 2 have been analysed in detail in terms of viability.

**Table 1**

	<b>No. of homes retained</b>	<b>No. of homes demolished</b>	<b>Net Additional New Homes</b>	<b>Total Homes in future estate</b>	<b>Comment</b>
Option 1 Avenue scenario v2	104	101	226	431	Retention of Wimborne Hse (excludes Mar Azul site).
Option 2 Square scenario v2	0	205	295	500	Demolition of Wimborne Hse (includes Mar Azul site)*.
Option 3 Avenue scenario v3	104	101	218	423	Retention of Wimborne House (excludes Mar Azul site)* (minimises development to the north of Wimborne).

- 1.27 The Financial Appraisal of Options is attached as Appendix F. As set out in the Viability Report, the Council has defined a series of delivery aspirations. In carrying out the viability assessment, various scenarios (in terms of tenure mix) have been considered for each of the design options in order to test the delivery aspirations and enable comparison between the different design scenarios.
- 1.28 On any given capacity study that identifies a potential number of homes to be built, the two key determinants of the viability for new estate regeneration projects are the mix of

tenures within the new development and number of additional homes that can be accommodated on an estate (in particular the proportion of additional homes versus replacement homes).

1.29 In carrying out the viability analysis, the following assumptions have been made for all scenarios:

- all secure tenanted properties are replaced and re-provided at council rent levels;
- 80% of leasehold/freehold properties are replaced through an equity swap, the remainder of leasehold/freehold properties are bought back;
- 30% of capital cost of net gain affordable homes is funded by RTB receipt;
- a borrowing rate of 5.57%; and,
- in the case of partial regeneration, involving retention of Wimborne House, a contingency sum of up to £500,000 has been assumed to contribute towards refurbishment works to Wimborne House.

1.30 Viable and policy compliant baseline positions (see Table 2) have been identified for each design scenario. In summary these reflect the following mix of tenures for the net additional new homes:

**Table 2**

<b>Tenure details for Net Additional New Homes</b>	<b>Retention of Wimborne House Option 1</b>	<b>Replacement of Wimborne House Option 2</b>
Tenure Split for Net Gain New Homes	40%	40%
Private Sale	0	0
Affordable	100	134
Private/market Rent	137	190
Discount Rent (80% market)	0	0
Local Housing Allowance rate rent	0	0
Council rent	100	134

1.31 Other viable variations have also been considered in the Viability Report, which consider various flexes against the baseline position. These other variations seek to explore the degree to which other aspirations can be met by changing the tenures.

1.32 As set out in paragraph 1.19 of the main Cabinet report, the Council has applied a series of tests to consider how the two design options compare. These are considered below

**Table 3**

Positive NPV essential	The two tested design options can both achieve positive NPV solutions, albeit in the baseline case Option 2, involving demolition of Wimborne House, requires an increase in the number of homes over the design option in order to enable the 40% of net
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	additional homes to be all provided at council rent levels.
Deliverability	Option 1 provides a more deliverable solution – see paragraph 1.33 for further discussion.
Delivers the re-provision of existing homes in accordance with the Key Guarantees	All options enable re-provision of existing homes in line with the Key Guarantees.
Meets the Council planning policy and tenancy strategy on affordable housing for the net gain new homes	All options enable 40% of the net additional new homes to be provided at council rent levels, thereby exceeding the minimum requirements of Council planning policy and tenancy strategy.
Quantum of new homes provided – which option provides more	Option 2, involving replacement of Wimborne House, delivers a greater quantum of new homes overall and a higher number of homes for Council rent.
Quantum of new homes for council rent – which option provides more	Option 2, involving replacement of Wimborne House, delivers a greater quantum of homes for Council rent.
Tenure split between market and affordable homes – which option is best able to provide a 60% affordable/40% market split	Option 1, involving retention of Wimborne House, tends (across various tested viable options) to be able to provide a higher proportion of homes for Council rent.
Nature of market housing – preference for private rent	Both scenarios are able to deliver solutions where all the market housing is private rent.
Pay-back period – preference for shorter pay-back periods	Option 1, involving retention of Wimborne House, tends to provide viable solutions with shorter pay-back periods.
Subsidy – which option requires the least subsidy to meet the above objectives	All shown scenarios rely on a proportionate level of subsidy – being 30% of the construction costs of the net additional affordable homes.

1.33 It is critical that any development strategy is deemed to be deliverable. In the process of working up the design options to enable the engagement process with residents, the design team has considered possible phasing strategies for the estate. As these were developed, it became apparent that Option 2 carries significant development risk in that it would require the re-housing of all residents of Wimborne House in a single significant phase. This may prove challenging and could risk the delivery of the whole project.

1.34 Option 1, on the other hand, is relatively easy to phase and does not rely on a single large decant as required in Option 2.

1.35 In summary, Option 2 provides the potential to deliver more new homes and, of particular importance, more new homes for council rent levels than does Option 1. However, Option 2 is reliant on the demolition of a tall building that has been shown to be in good condition (having had significant investment in it in the last 10 years) and significantly increases the overall project risk.

1.36 Weighing all these factors together, it is recommended that Wimborne House should be retained and that a development strategy be taken forwards that only replaces the low-rise buildings at South Lambeth estate.

#### **Assessment of Complete versus Partial Regeneration**

1.37 As set out in the December 2014 Cabinet Paper, each of the scenarios are also assessed against a set of criteria (encompassing social, environmental and economic factors); these are:

1. Homes meet the Lambeth Housing Standard;
2. Additional homes for Council rent are built;
3. Quality of life for residents is improved;
4. Residents influence over decision-making is increased; and,
5. The scheme is financially viable for the Council.

1.38 The table below considers the three scenarios (as defined in paragraph 1.26):

**Table 4**

<b>Criteria</b>	<b>Avenue Scenario Version 2 and 3 (retaining Wimborne House)</b>	<b>Square Scenario (replacing Wimborne House)</b>
1. Homes meet the Lambeth Housing Standard	<p>Wimborne House was modernised to an equivalent of the Lambeth Housing Standard in 2006; therefore 104 homes already meeting the LHS.</p> <p>All new homes would meet and exceed the Lambeth Housing Standard.</p>	<p>Demolition of 104 homes, which currently meet the LHS.</p> <p>All new homes would meet and exceed the Lambeth Housing Standard.</p>
2. Additional homes for council rent are built	<p>A significant number of new homes for council rent would be built.</p>	<p>A significant number of new homes for council rent would be built – slightly more than would be achieved under the options retaining Wimborne House.</p>
3. Quality of life for residents is improved	<p>All residents would experience disruption in the short-term.</p> <p>All residents would experience an improved quality of life in the long-term.</p> <p>The urban area could be significantly improved in urban design terms and in terms of provision of good quality open spaces and amenity.</p>	<p>Demolition of Wimborne will result in more residents experiencing disruption and will result in a longer phasing programme to decant 104 families. There are 4 specially adapted homes in Wimborne House and have been advised by residents that the level of disruption to these residents could be sever.</p> <p>The urban area could be significantly improved in urban design terms and in terms of provision of good quality open spaces and amenity, albeit no more so than the other options.</p>

4. Residents influence over decision-making is increased	All residents would be able to influence the masterplan for the whole new estate and be involved in the decision-making regarding the future of the Estate.	All residents would be able to influence the masterplan for the whole new estate and be involved in the decision-making regarding the future of the Estate.
5. Scheme is financially viable for the Council.	Options are financially viable.	Options are financially viable, albeit are reliant on a higher development risk and require longer pay-back periods.

1.39 The combination of these factors (the social, economic and environmental considerations, as well as the viability issues) leads to a recommendation to seek to redevelop the Estate through demolition of all the low-rise blocks and the retention of Wimborne House. Partial Regeneration of the Estate is preferred.

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