

APPENDIX B – CRESSINGHAM GARDENS MORE DETAILED BACKGROUND AND CONSIDERATION OF OPTIONS

Introduction

- 1.1 This appendix reviews in more detail the background and options for regeneration, considering the viability appraisal and respective benefits of the alternative options.
- 1.2 It concludes that a full redevelopment that gives all existing residents the guarantee of a high-quality home that meets their needs and which increases the overall number of homes and increases the number of homes for council rent is the optimum approach.
- 1.3 This review is based on viability assessments of massing studies (known to residents as Options 1 to 5), which form a baseline of what can be delivered on Cressingham Gardens. Through a masterplanning process the Council will work with residents to develop a final model for a rebuilt estate, which the Council anticipates will further increase the number of additional homes for council rent.

Background

- 1.4 Cressingham Gardens, located in Tulse Hill, was designed by Lambeth Council's architects department between 1967 and 1979. The current estate consists of 306 properties. These comprise 201 tenanted properties, 75 leasehold properties, 18 freehold properties. There are 12 void properties.
- 1.5 Cressingham Gardens is one of the Hollamby period developments that was considered for listing by English Heritage but turned down. The Twentieth Century Society maintain that it is of sufficient architectural or historic interest to merit designation.
- 1.6 Legal due diligence has been carried out to confirm that the Council owns the freehold of the majority of the Estate. There are a few properties on the Estate that were disposed of as freeholds. If a Compulsory Purchase Order was confirmed, then there would be no impediments to progressing regeneration of the Estate. A CPO would only be required where leasehold or freehold properties have still not been acquired at the time that a planning application is due to be submitted.
- 1.7 There has been some initial consultation with other interested parties, such as Brixton Society and Friends of Brockwell Park; factors such as the impact on the Brockwell Park Conservation Area will need to be taken into consideration as the masterplan is developed. This engagement will continue as proposals for the future of the Estate are developed, together with consultation with the communities living in the surrounding areas around Cressingham Gardens.

Estate Regeneration - Feasibility

1.8 In considering the various options for the future of estates within the estate regeneration programme, the Council has formulated the following tests. These have previously been used in Cabinet Decisions on the estates Knight's Walk, South Lambeth and Westbury in October and November 2015. The decision matrix for considering potential regeneration options is therefore:

- **Viability: option achieves a positive Net Present Value (NPV);**
- **Deliverable: that delivery risk is manageable and that phasing and construction programmes are feasible;**
- **Meets Key Guarantees: delivers the re-provision of existing homes in line with the Key Guarantees to residents;**
- **Meets Planning Policy and Tenancy Strategy: option meets as a minimum Council planning policy and Council tenancy strategy on affordable housing for the net additional new homes;**
- Additionality (1): favouring options where the quantity of new homes provided is higher;
- Additionality (2): favouring options where the quantity of new homes for council rent is higher;
- Optimal Tenure Split: aim to achieve a tenure split between market and affordable homes, which is closest to a 60% affordable/40% market split (taking into account any localised reasons for moving away from this split);
- Nature of Market Housing: preference for private rent;
- Pay-back Period: favouring options that provide shorter pay-back periods, while acknowledging that the Council is able to invest in the local community over a far longer period than a private developer, to support the needs of local families; and,
- Subsidy: favouring options that require the least subsidy to meet the other objectives.

(Items in bold are criteria that all options under consideration must achieve.)

Regeneration Options

1.9 When the residents were first engaged, they were asked an open question about the future of their estate and the most vocal response favoured refurbishment of the properties. This led to an exploration of five options, two of which represented significant regeneration; the other three options retained and refurbished all (or almost all) the existing properties on the Estate. The table below summarise the five options.

Table 1

	New Homes Constructed	No. of homes retained	No. of homes demolished	Net additional new homes	Comment
Option 1	0	306	0	0	Complete Refurbishment
Option 2	38	287	19	19	Partial

					Redevelopment
Option 3	51	275	31	20	Partial Redevelopment
Option 4	193	185	121	73	Partial Redevelopment
Option 5	464	0	306	158	Complete Redevelopment

1.10 The Options that have been considered to-date should only be considered as indicative. They identify scenarios for the area of the estate to be regenerated and the area to be refurbished. They provide some indication of the numbers of new homes that could potentially be delivered on the different land areas. Where redevelopment is selected, then masterplanning would be progressed to develop a more detailed plan for the future of the estate; this can be expected to produce more homes than are currently predicted through the massing studies. For the purposes of the decision in this Cabinet Paper, it is the area of the estate to be regenerated on which the Cabinet is making a decision. In this respect:

- Option 1 represents complete refurbishment of the estate and does not provide any additional new homes.
- Option 2 represents refurbishment of almost all the homes, involves demolition and replacement of homes at Crosby Walk and some infill new homes around the estate.
- Option 3 represents refurbishment of almost all the homes, involves demolition and replacement of homes at Crosby Walk and Papworth Way and some infill new homes around the estate.
- Option 4 represents partial regeneration of the estate. This involves demolition of the northern third of the Estate (naming Crosby Walk, Crosby Way, Longford Walk, Papworth Way, Scarlette Manor and Chandler's Way, and possibly the existing community building). In the area occupied by these properties a new masterplan would be developed. This Option involves retention and refurbishment of the remainder of the Estate together with some infilling amongst the retained properties; and
- Option 5 represents complete regeneration of the whole Estate, involving demolition of all the properties on the Estate and redevelopment according to a new masterplan.

1.11 Viability assessments have been undertaken for all the above options to enable a comparison between their viability and to enable the Council to consider the degree to which refurbishment or redevelopment of the Estate would meet the Council's objectives as set out in Section 1 under Delivery Strategy in the main Cabinet report.

1.12 The viability assessments for refurbishment and redevelopment have been undertaken separately because of the different financial circumstances in which refurbishment or redevelopment would take place.

- Refurbishment. Any properties that would be refurbished would have to be funded through the Housing Revenue Account. To this end, the decision on whether to commit resources to refurbishment has to be considered in the

context of the demands on the Housing Revenue Account and the ability of the Council to fund refurbishment to the Lambeth Housing Standard across the Borough. However, because it was promised to provide residents of the Cressingham Gardens estate with financial appraisals of refurbishment, then some theoretical appraisals have been constructed to identify whether in theory refurbishment of the Cressingham Gardens estate could be afforded as a stand alone estate. Refurbishment appraisals have therefore only been carried out for Options 1 to 4.

- Redevelopment. Appraisals have been produced to consider the viability of the redevelopment components of each of the options. Redevelopment appraisals have therefore only been carried out for Options 2 to 5.

Viability Assessment

1.13 Viability Reports on redevelopment and refurbishment prepared by Airey Miller are attached as Appendix E, which show the headline outputs of the redevelopment and refurbishment components of each of the options. The baseline solutions for the redevelopment components of each option suggest the following outcomes with regard to tenures and provision of homes for council rent.

Table 2

	Net additional new homes	% affordable homes	No. of additional affordable homes	No. of additional homes for council rent	Comment
Option 2	19	57%	11	5	Market homes are all rent
Option 3	20	60%	12	5	Market homes are all rent
Option 4	73	48%	35	13	Market homes are all rent
Option 5	158	47%	75	27	Market homes are a mix of sale and rent

1.14 In considering refurbishment, the real question is the situation of the HRA. There is now a funding shortfall of circa £85m, which means that the Council cannot complete the Lambeth Housing Standard refurbishment works across the whole Borough and has to make difficult decisions on which estates to prioritise. As set out in the main report, Cressingham Gardens has been included in the Council's regeneration programme for reasons including that the capital cost of refurbishment is significantly above average (approximately double) and the annual maintenance cost of running the estate is also significantly above average. From a purely financial perspective, it is therefore not value for money to refurbish the estate.

1.15 Whilst the refurbishment appraisals are theoretical, they all indicate that refurbishment of the estate as a stand alone proposition is not viable.

1.16 The redevelopment appraisals suggest that considered in isolation the redevelopment components of each option are viable. But all the options, excepting Option 5, leave the problem that whilst the redevelopment component is viable, what could be done with the remaining homes that would need refurbishing. Given that

the homes are not value for money to refurbish, and that there is a major short-fall of funding available to carry out refurbishment, the only realistically viable proposition is complete redevelopment.

- 1.17 This conclusion is supported by the analysis provided in Table 3, which considers the options in the context of the more detailed criteria set out in paragraph 1.8 (of this appendix).

Table 3

Positive NPV essential	<p>The redevelopment component of options 2 to 5 can achieve positive NPV solutions.</p> <p>The refurbishment component of options 1 to 4 do not represent value for money and, in isolation, provide negative NPVs.</p> <p>Only Option 5 produces a solution that is clearly viable.</p>
Delivers the re-provision of existing homes in accordance with the Key Guarantees	<p>All redevelopment options provide the ability to deliver the Key Guarantees.</p> <p>Given the funding shortfall, the refurbishment options mean that it would not be possible (potentially for many, many years) to bring all homes on the estate up to Lambeth Housing Standard.</p>
Meets the Council planning policy and tenancy strategy on affordable housing for the net gain new homes	All redevelopment options are able to meet the Council's Tenancy Strategy.
Quantum of new homes provided – which option provides more	Option 5 delivers a greater quantum of new homes overall.
Delivers the re-provision of existing homes in line with the Key Guarantees to residents	Option 5 responds better to the level of overcrowding indicated in the Household Needs Survey.
Quantum of new homes for council rent – which option provides more	Option 5 delivers a greater quantum of new homes for council rent.
Tenure split between market and affordable homes – which option is best able to provide a 60% affordable/40% market split	None of the options can at this time provide this aspirational tenure split. The redevelopment components of Options 2 and 3 achieve a higher proportion of net gain affordable homes.
Nature of market housing – preference for private rent	Options 2, 3 and 4 achieve a higher proportion of net gain new homes as private rent than Option 5, albeit Option 5 produces a higher number of private rent homes than Options 2 and 3.

Pay-back period – preference for shorter pay-back periods	All options provide reasonable pay-back periods.
Subsidy – which option requires the least subsidy to meet the above objectives	All redevelopment options rely on a proportionate level of subsidy.

1.18 Other factors that need to be taken into account in considering the viability and financial risks associated with the different Options include:

- In complete redevelopment there is more scope to increase the number of homes that can be delivered above that identified for Option 5 because this massing study does not fully take into account the improved public transport accessibility in the southern part of the Estate. If the number of homes delivered through Option 5 were increased, then this would substantially improve the viability of this option and in turn the ability of this option to deliver additional homes for council rent.
- The significant level of over-crowding across the Estate, as identified through the Housing Needs Survey, means that it may be difficult to resolve this over-crowding in Option 1 to 4. There is much more scope to resolve the overcrowding in Option 5.

1.19 In conclusion, Option 5 is the preferred option.

Assessment of Complete versus Partial Regeneration

1.20 As set out in the March 2015 Cabinet Paper, each of the regeneration options 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
5. The scheme is financially viable for the Council

1.21 The table below considers refurbishment verses redevelopment against these criteria:

Table 4

Criteria	Refurbishment	Redevelopment
1. Homes meet the Lambeth Housing Standard	All new homes would meet and exceed the Lambeth Housing Standard, albeit given the known chronic design problems with some of the properties it may be difficult to continue to maintain these to the Lambeth Housing Standard. It would be unlikely that all the over-	All new homes would meet and exceed the Lambeth Housing Standard. All existing over-crowding could be resolved through the regeneration.

	crowding already identified across the whole Estate could be resolved.	
2. Additional homes for council rent are built	No new homes for council rent would be achieved.	All redevelopment options enable delivery of additional homes and in particular additional homes for council rent. Option 5 produces the most new homes for council rent.
3. Quality of life for residents is improved	<p>Many, if not most, residents would experience disruption in the short-term; the works to refurbish some of the properties may require residents to move out of their homes for extended time periods. All residents in the part of the estate to be refurbished would experience disruption in the short-term.</p> <p>In due course, most residents would have an improved quality of life. Some properties, however, may remain in poor condition because of inherent design problems and long-term disrepair.</p>	<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>A greater number of Lambeth residents currently living in temporary or inadequate accommodation could be re-housed in good new homes on the estate.</p> <p>There is more scope to provide improved community facilities and amenity and deliver wider regeneration in the local area.</p>
4. Residents influence over decision-making is increased	Residents would have limited ability to influence the approach to refurbishment of existing properties.	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.	Refurbishment is not value for money and there is a shortfall of funding.	All redevelopment components of options are viable.

1.22 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 whole estate through demolition of all the existing dwellings and replacement with new and additional new homes according to a new masterplan of the estate.

Assessment of the “People’s Plan”

1.23 During the consultation process, a “People’s Plan” proposal has been presented to the Council for consideration. The Council has committed to take this into consideration in its deliberations. An assessment is therefore provided below on the “People’s Plan”. The “People’s Plan” (excluding its appendices) are provided at Appendix J.

1.24 The “People’s Plan” starts with a comparison between refurbishment and redevelopment, considering a number of pertinent issues. These are responded to in brief below:

- **Policy and Legal Risk.** It is suggested that the Council’s proposal to set up Homes for Lambeth is high risk. A decision was taken in October 2015 to proceed with an SPV (Special Purpose Vehicle) and this decision considered the risks and opportunities associated with establishing a venture to take forward redevelopment.
- **Tenant’s Rights.** The “People’s Plan” fails to consider current proposals in the Housing Bill, which (if enacted) would actually make the Council’s proposed Assured Lifetime Tenancy possibly more secure than ‘Secure Tenancies’.
- **Financial Impact on Tenants.** It is confirmed that they could be a financial impact on tenants and the Council has considered how to mitigate this and will prioritise minimising this impact if redevelopment is selected.
- **Financial Impact on Homeowners.** The “People’s Plan” underplays the potential impact of refurbishment, which would be on average over £30,000 per property. Many homeowners could experience higher s20 bills. On redevelopment, the “People’s Plan” ignores the commitments made in documentation that, if a homeowner is able to put all their current equity into a new property, then they will be eligible for a shared equity home regardless of whether this exceeds 60%.
- **Target Tenancy Strategy.** Whilst the “People’s Plan” may deliver better numbers in percentage terms, Option 5 provides greater certainty of achieving absolute numbers with much greater potential for up-lift from these original estimates.
- **New Homes Affordability.** This is not relevant to existing tenants and is equally applicable to the “People’s Plan” proposal, where they have adopted the same values for sale properties.
- **NPV Comparison.** It needs to be made clear that the Viability Reports are based on massing studies only. These are very conservative and in Option 5 there is opportunity to deliver more homes than currently estimated. This would improve significantly the financial performance of Option 5.
- **Missing Assumptions.** The claimed missing numbers are either embedded in the cash flows or general build costs at this point in time. The appraisals are early estimates and are not based on any detailed design work.
- **Lambeth’s £7.5m “Loan”.** The Council is investing in future housing and would recoup this money through Homes for Lambeth. The claim that the “People’s Plan” would not require any subsidy is wrong; it would require a minimum of £9.4m capital, which could never be recovered.
- **Homeowner Retention Assumption.** These are only assumptions at this time and seem reasonable based on past experience and the current interest expressed amongst Cressingham Gardens residents.

1.25 The core components of the “People’s Plan” include:

- refurbishing the whole estate to Lambeth Housing Standard;
- additional Housing through redevelopment of Crosby Walk and putting new homes in the semi-basement car parking areas;

- additional refurbishment to improve environment performance of homes and including solar voltaics;
- a mutual swap programme to deal with overcrowding; and
- additional community-led initiatives.

1.26 The Council has commissioned design and engineering specialists to review the technical elements of the People's Plan. They have considered the proposals presented to the Council and have made the following comments:

Lambeth Housing Standard

- There continues to be disagreement between the Council and residents on Cressingham Gardens estate on the cost of refurbishing the estate to Lambeth Housing Standard. The Council stands by its estimate that it would cost more than £9.4m (March 2015 figures) to refurbish the estate, which excludes any costs for window replacements. This is considerably more than the figures that are promoted by the "People's Plan".

Green Refurbishment

- Given the complicated shapes of the existing dwellings it is highly unlikely that a standard like EnerPHit with its airtightness of 1.0 air changes at 50Pa test pressure would be achievable (latest new-built Part L is 5.0 air changes).
- The building layouts are complicated shapes meaning that EnerPHit is likely to prove impractical or very costly. The thickness of insulation for EnerPHit is of the order of 200mm. This is likely to prove impractical internally given many rooms are dual exposed surfaces and hence this will lose considerable room area. If installed as external wall insulation, the complex shapes, maintaining access widths, insulating balcony exposed soffits and their exposed floors will prove problematic.
- Looking to other solutions, all higher performance insulations (vacuum, aerogels, etc) still come with significant cost premiums – not least of all because there are few in the industry who are familiar with how to install them correctly. In any event, the insulation performance of these materials is lower than that normally used for EnerPHit, thereby limiting the overall energy performance improvement.
- Thermal bridging becomes a major issue for complicated shaped retrofit as the TSB Retrofit for the Future project feedback confirmed. Thermal bridging can contribute 40% of the fabric heat loss in well insulated homes with complex envelope shapes. Modelling may help identify the thermal bridging but does not solve the site practicalities.
- Where Energiesprong has been tried and proven successful to-date is on very simple, plain buildings. Whilst the target market for Energiesprong is social housing, Cressingham Gardens homes are not the target property type.
- In addition to this, the suggestions that major energy savings could be achieved is severely limited by the considerable energy demand from within dwellings (hot water and electrical appliances).
- The claim in the "People's Plan" of potentially 80% reductions in energy bills is unsound. Presumably something like half of their current energy use is appliances, lighting, domestic hot water, standing charges, etc., none of which they say anything about measures to reduce. In practice installing MVHR is likely to add something like 15% to the electricity bill they suggest to be the current

norm.

Insertion of New Homes in Car Parking Areas

- Insufficient floor to ceiling heights mean that new residential accommodation would not be able to meet the requirements of the London housing design guide (LHDG) without expensive and potentially significant excavation works.
- Concerns about sufficient daylighting into the units. In order to help overcome this, large areas of glazing would be required which may compromise residents privacy in these locations.
- Most of the units would be single aspect north facing homes which would not be in accordance with LHDG.
- Large areas of space would be left over without any natural light and so may not be very usable space. This could possibly be used for storage or car parking but without the current overlooking would be even less secure than the current parking areas.
- The need to relocate services that sit within the parking areas or deal with these within the new homes (note other garage conversions have had problems due to water ingress).
- The private amenity space required by the LHDG would be hard to achieve in some locations and would need to be taken from adjacent public realm areas within the estate.
- Because of the bay widths and downstand beams the areas may be more suitable for conversion to smaller 1 bed homes rather than larger or family units.
- In some locations the conversion would mean bedrooms located on the ground floor/semi-basement facing onto the busy Tulse Hill, which is not an ideal arrangement.
- In addition the conversion of certain blocks could result in significant disruption to existing residents. For instance the external works scheme required next to Hardel Walk in order allow access, private amenity space and sufficient daylighting would result in major works around this block. In addition to this, existing services may need to be relocated (for example: gas pipes) for existing dwellings, causing disruption not only on the outside, but also inside existing people's homes.

Availability of Green Funding

- The claim of savings on electricity bills and income for the estate from PV is now unsound. PV free-in-tariff has dropped by about 80% to 4.3p/kWh with an export tariff of 4.8p/kWh. The suggested 2472 panels equate to less than 2kW for each of 306 dwellings. Using the Energy Saving Trust's calculator this suggests some £150/yr benefit from feed-in-tariff plus export tariff and avoided imported electricity per dwelling. At a bulk buy cost of say £4,000 per dwelling this means a payback period of 26 years before there is any financial surplus.
- Carbon Leapfrog is a social investment and facilitation organisation. Funding is in the form of loans. Given the poor paybacks now because feed-in-tariffs (FIT) have been reduced, other matching funding is necessary to achieve pay back.
- The Technology Strategy Board (now called Innovate UK) is to have a 'quiet next year' due to cut backs in funding. There are expectations it will become more of a

loan funding organisation thereafter instead of the grant based funding organisation to date.

- Big Society Capital – similar principle to Carbon Leapfrog.
- Finance South East group / community generation fund – their website states they are no longer open for new funding applications.
- DECC urban community energy fund - according to their website, last updated Nov 2014, grants available up to £20,000 for early project stages, thereafter contingent loans up to only £130,000.
- London energy efficiency fund – an investment fund for energy efficiency. This requires a return on investment. In other words, occupants do not see reduced bills, but instead the energy savings pay off the loan. Significant savings for minimal cost are required to make this financially viable.
- Local energy generation (ESCO – Energy Supply Company) centralised power generation – could be gas, woodchip, anaerobic digestion. This would depend on revenue stream from occupants' energy bills, but it is reliant on significant additional infrastructure investment costs. Running costs are likely to be higher than individual dwelling decentralised systems, and hence occupant bills would be higher.
- Enhanced Capital Allowance – reduced tax exposure for parties funding low energy equipment.
- Energy Company Obligation – now focused on occupants on income support. This would normally only fund conventional low cost measures like loft insulation.
- Feed-in Tariffs – as noted above these have reduced by about 80%. They would previously have attracted loans which are paid back using the FIT.
- Renewable heat incentive – still available within limits. This can be a contribution to renewable heat producing equipment.
- The Energiesprong approach is reliant on individual households entering into a financial deal with the backers behind Energiesprong. Refurbishment of properties would need to be considered on a block-by-block basis and would be reliant on everyone in a block signing up to such a deal. It is also reliant on the backers behind Energiesprong deciding whether Cressingham Gardens would be a viable proposition to become involved in. Given the difficult geometries on the estate that would need to be addressed and given the existing problems with the properties, there is significant doubt as to whether Energiesprong backers would be interested.

Mutual Swap Programme

- There is already a facility provided by Lambeth Housing Management to enable people to swap their homes: <http://housingmanagement.lambeth.gov.uk/swap-shop>. If this was such a popular proposal, then one would expect people already to be taking up this opportunity and that overcrowding on the estate would have already resolved itself.
- In terms of swapping tenanted and leasehold properties, this would represent a formal property transaction, which would need to be funded (covering stamp duty, etc). Whilst a nice idea in theory, it is likely to be difficult to put into practice. It would also be problematic in terms of Central Government rules on disposal of HRA properties.

Community-Led Initiatives

- All these ideas can be considered, and, where found to be beneficial and economically sustainable, incorporated into a redevelopment option. As a consequence none of them represent something that would be unique to refurbishment.
- 1.27 In terms of the proposals to preserve the value of Cressingham Gardens, the following comments are made:
- **The Community.** The Council has made a commitment to enable those who wish to remain living on the estate to do so. This will enable, as far as is possible, the existing community to stay together and for neighbours to remain neighbours.
 - **Low Crime.** Design of a redeveloped estate will embrace Secured by Design principles.
 - **Architectural Heritage.** Any redevelopment of the estate can seek to embrace the existing character. The estate has not been listed.
 - **Integration with Brockwell Park and Environment.** This can be respected within a new masterplan.
 - **Estate Layout.** Any redevelopment of the estate can seek to deliver equivalent design solutions.
 - **Design of Homes.** Any redevelopment of the estate can better match what is now required to meet housing need in terms of unit mix.
- 1.28 On the matters of Right to Manage and Right to Transfer, the Council has already given its views to residents on these items. These were set out in the original booklet issued at the commencement of consultation with residents on the estate in January 2016.
- 1.29 The following observations are made with regard to Financial Viability:
- The Council has considered the viability of the “People’s Plan” proposal in exactly the same way as it has considered viability of the five design options. In this respect, two appraisals have been run to consider separately the refurbishment component of the “People’s Plan” and the redevelopment component of the “People’s Plan”.
 - The **refurbishment appraisals** show that the viability of this aspect of the “People’s Plan” is worse than the Council’s refurbishment options. This is because there is additional cost and no additional income from rent. Additional income from solar voltaics has been taken into consideration. The main difference between the “People’s Plan” and the Council’s assumptions are that the “People’s Plan” assumes that 80% of the combined rental income and service charge could be used to fund refurbishment. In contrast to this, the Council has assumed that only about 33% of the tenants’ rental income would be available. Evidence has been provided to residents to show how the Council’s assumption has been reached, based on Lambeth’s housing management: a presentation was given to the Tenant’s Council in November 2015, which showed that, for every pound of rent collected into the HRA, some 66% covers items such as provision of services, repairs, management overheads and debt repayment. This difference in net income is the reason why the “People’s Plan” appraisals show

positive NPVs, whereas the Council's appraisals of refurbishment show negative NPVs.

- The **redevelopment appraisals** of the "People's Plan" show that in isolation the new housing could be made to work, if (and this is an important 'if') the appraisal is based on the cost assumptions provided by the "People's Plan" of a construction cost of £52k per home for the semi-basement homes (excluding preliminaries and on-costs). However, the Council has obtained its own estimates of the per unit cost of these semi-basement homes and they are closer to £200k per home. If that were the case, then the proportion of homes for council rent that the "People's Plan" could deliver would be significantly lower. And, just as with Options 1 to 4 that have been considered by the Council, even if redevelopment components of options work, this leaves the question of how to fund the refurbishment of the rest of the estate, which would need to be done through the HRA.

1.30 In terms of the alternative funding propositions put forward, the following observations are made:

- **Housing Revenue Account.** The Council has sought to make it clear to residents that there is an £85m shortfall in the HRA.
- **Forfeiting/Factoring.** Whilst theoretically possible, it would need to be explained to tenants that another party would be collecting their rent and much less likely to be reasonable in the context of any rent arrears. Whilst there may be a short-term gain to the Council, it would likely have a long-term cost as the rent would be lost while the liability of managing and maintaining the estate remained.
- **Grant funding – Eco Funding.** This is only available to people on housing benefit, which is circa 80 to 100 of the tenants on the estate. This only covers basic elements of green refurbishment (replacement boilers, roof insulation, etc), would not bring properties up to the Lambeth Housing Standard and would not resolve problems where properties needed additional work. This has to be done on a house-by-house basis, relying on each housing benefit tenant to apply for funding. It is not realistic as a whole estate solution.
- **Grant funding – Lambeth Loan from Single Capital Pot.** This would require the Council loaning money into the HRA. But, as stated, the HRA is not in a position to take on any more debt. So the Council cannot use its money in this way.
- **TMO/Lambeth.** Whilst a TMO might be able to be established to deal with the day-to-day running of the estate, as a general rule TMOs do not do capital works. A TMO would have to operate according to the contract it held with Lambeth and would need to prove itself, over many years, before such contract might extend to enabling it to become involved in capital related works. Self-financing TMO's are usually much larger than the Cressingham Gardens estate.
- **Sale and Leaseback with a community entity.** Any sale of the freehold would need Secretary of State consent, which in turn would almost certainly require a ballot. It is effectively a stock transfer in disguise. It is very doubtful the the proposed community owned entity would be able to raise finance on favourable terms to pay for the necessary refurbishment.
- **Full community ownership.** This is basically a stock transfer and would need to go through all the respective legal controls. Ultimately, however, there remains

the question of whether the future body is able to raise finance on favourable terms to pay for the necessary refurbishment works. In any event, it would be many years before such refurbishment works could commence.

- **Energiesprong.** Similarly to ECO funding, this requires each household to enter into an agreement with the backers behind Energiesprong. This cannot, therefore, be considered to be a whole estate solution and, on any block of properties, would falter if just one person refused to become involved. It essentially means that households commit into a contract to pay a fixed fee over 30 years instead of their normal household heating bill. This is likely to be problematic for people who have an uncertain or very low income.

1.31 In conclusion, whilst there are many ideas put forward in the “People’s Plan” as alternatives to Option 5: redevelopment of the estate, there are issues and problems associated with each one. Ultimately, however, the “People’s Plan” is a proposal for refurbishment of the estate, with extras. And, as with Options 1 to 4, it is dependent on finding funding sources to deliver them; most of those alternative funding sources are now severely limited or can only be considered one house at a time and do not, therefore, provide whole estate solutions. Whilst the “People’s Plan” does deliver some additional new homes, the quality of some of these homes will be limited and could cost much more than has been proposed; the number of additional new homes is also strictly capped by the structure of the existing estate. In contrast, the complete redevelopment solution has much more scope to deliver additional homes over and above the conservative estimate of 158.