

## **APPENDIX C – CRESSINGHAM GARDENS SUMMARY OF HEADLINE ISSUES RAISED DURING THE CONSULTATION PROCESS**

This appendix to the Cabinet Report on the future of the Cressingham Gardens estate provides a short summary of the headline issues that have been raised during the consultation process and the responses that have been given.

### **1. Rent Rises**

#### **Issue**

Tenants have expressed concern over the potential level of rise in rent levels as a consequence of redevelopment.

#### **Response to Residents**

The change of council rents has been known since last July, but only recently been picked up by leaseholders as a way to seek to get tenants to side with them. New rents would be determined according to the target rent formula, which relies on the underlying market value of a property. As a consequence the new rents for tenants would rise between **10% and 25%** against current rents.

As set out in the EqIA from last July, we have sought to mitigate this by agreeing to phase in the new rents from moment of moving into a new home over the first 5 years. In addition to this, we have committed to accommodate the 1% a year rent reduction over the next 4 years. As a result, the rent rises would be closer to **6% to 21%** range against current rents.

In responding to the issue of rent rises, we have also focused on the total cost of living. In this respect, whilst rents will go up, and Council Tax will also increase, residents can expect to see service charges and utilities bills to decrease. The Council has communicated that it expects the overall effect to be minimal, but cannot at this time give any firm guarantees as to whether total cost of living and running of homes will go up or down.

#### **Additional Briefing for Cabinet Members**

Note: On the face of it, some tenants at Cressingham Gardens do not currently get charged any service charges. We have investigated this and confirm that all tenants pay an appropriate total “rent plus service charge”; however, because of some historic reconciliation process, some tenants have their service charge seemingly wrapped into their rent – i.e. they pay a higher rent and no service charge. This is currently being rectified by housing management.

This response was provided in the following ways:

- An initial response was provided in the Q&A document issues on date.
- This was discussed at the workshop with tenants on 11<sup>th</sup> February 2016.
- Further clarification was provided in the final Q&A (page 17)

### **2. Number of Family Homes in the new development**

#### **Issue**

There are currently 26 x 4-bedroom tenanted properties on the Cressingham Gardens estate. In the appraisals, it shows only 4 x 4-bedroom replacement properties. Residents have queried why there seem to be so few 4-bedroom replacement properties; this seems to be in contradiction to the commitments in the Key Guarantees.

### **Response to Residents**

The reason for this is that all but 4 of the current 4-bedroom properties are either technically 5-person properties (i.e. 1 double bedroom and 3 single bedrooms) or have only 5 occupants. Under current design standards and allocations policies, 5-person families are almost invariably accommodated in 3-bedroom properties (3b5p). Based on the information available to us at this time, 4 x new 4-bedroom properties is a reasonable estimate.

### **Additional Briefing for Cabinet Members**

Regardless of this, the commitment stands that we will re-house all tenants who wish to remain on the estate in properties that meet their housing need.

The appraisals are based on simple massing studies. No detailed design work has been completed and we are working with estimates at this time.

This response was provided in the following ways:

- Further clarification was provided in the final Q&A (page 15)

## **3. Replacement of the Rotunda**

### **Issue**

There is no obvious line item in the appraisals showing the replacement of the Rotunda.

### **Response to Residents**

Such costs are included in the build costs at this time. The appraisals are not based on any detailed design work.

### **Additional Briefing for Cabinet Members**

This response was provided in the following ways:

- Further clarification was provided in the final Q&A (page 15)

## **4. Timing of issue of the Appraisals**

### **Issue**

The appraisals were issued only 5 days before the workshop on financial viability and a few residents have complained that this was too short a time period for residents to properly analyse the appraisals.

### **Response to Residents**

The time of issue of the appraisals was later than had been planned. However, the Council has been concerned to make sure that they were robust and correct rather than issue them sooner.

In the event, residents attended the viability workshop, as evidenced by the Council's notes, and a robust discussion took place around the appraisals. In addition to this, the Council gave an extra 4 days for residents to submit questions to officers on the appraisals.

This matter was discussed at the second Viability Workshop.

#### **Additional Briefing for Cabinet Members**

Cabinet Members should note the quantity of financial information that we released, comprising both Viability Reports for refurbishment and redevelopment and supporting redacted datasheets for all appraisals.

### **5. Level of Redactions in the Appraisals**

#### **Issue**

Some residents have complained that the appraisals, when they were issued, were too heavily redacted.

#### **Response to Residents**

The Council has released the information that it can. However, significant parts of the appraisals are commercially sensitive for two reasons:

- all cost items have to be redacted so as not to prejudice any future procurement of construction work; and
- the detailed construction of the appraisals and many detailed assumptions within the appraisals cannot be released, in the event that Homes for Lambeth seeks an investment partner (at a project or programme level) and the Council cannot prejudice the ability to secure a fair deal in such circumstances.

#### **Additional Briefing for Cabinet Members**

Last year, an FOI was received for the detailed financial information around the Your New Town Hall project. This was reviewed by the ICO (Information Commissioner's Office). An approach was agreed with the ICO in relation to the release of financial information on Council own development projects. We have adhered to this approach.

The Council's reasons for redacting financial information was discussed at the second Viability Workshop.

### **6. Robustness of the Appraisals and detailed challenges of elements of the appraisals**

#### **Issue**

A resident has suggested that the appraisals do not stack up.

#### **Response to Residents**

The Council has employed professional commercial advisers on the financial issues around the estates and is confident that the financial appraisals are correct.

This was discussed briefly at the second Viability Workshop.

## 7. **Investment in Housing**

### **Issue**

Looking at the appraisals, there is a line item where the Council is seemingly investing £7m in Cressingham Gardens. Residents have commented that this could pay for refurbishment of the whole estate.

### **Response to Residents**

The Council has committed £25m over 5 years to invest in the estate regeneration programme. The Council has also secured £10m in Housing Zones grant from the GLA. An estimate of £7m of the £25m has been allocated to Cressingham Gardens to progress masterplanning and planning of redevelopment of the estate and buy back of leasehold properties. This money will be recouped through the projects through Homes for Lambeth in due course.

This response has been given in the Final Q&As.

## 8. **Investment Return**

### **Issue**

Residents have queried where the evidence is that the Council will receive a return on its investment.

### **Briefing for Cabinet Members**

This information is embedded in the detail of the appraisals. The Council cannot and will not release this detailed level of information.

## 9. **Sensitivity on the assumptions around percentage of staying leaseholders**

### **Issue**

The Council has assumed 80% of leaseholders will stay on the estate. Some leaseholders have suggested that this is unrealistic. Given that there have already been 20 (out of 92) homeowners who have approached the Council to discuss sale of their properties, the question has been raised as to whether the financial appraisals still work if a higher proportion of leaseholders choose to leave the estate.

### **Response to Residents**

If fewer leaseholders remain, then it raises cash flow issues that need to be addressed and strategies need to be put in place to manage this, but it does not negatively affect the total performance of the appraisals. In fact, the performance of the appraisals could improve because it would provide scope for additional properties to be sold or let at full market rates.

## 10. **Support for the People's Plan**

### **Issue**

It has been commented on social media that, simply looking at pictures of the attendance at the Rotunda for the People's Plan event on Tuesday 23<sup>rd</sup> February, compared to the Council's closing exhibition on Thursday 25<sup>th</sup> February, it shows how much the residents support the People's Plan and do not support the Council's proposals.

### **Additional Briefing for Cabinet Members**

This criticism has not been responded to. Cabinet Members should note:

- Firstly. These were very different events. The People's Plan was a presentation/workshop event, where everyone attended at the same time, whereas the Council's consultation closing exhibition was a drop-in.
- Secondly. Regardless of any resident support of the People's Plan, it could not proceed unless it was credible, technically deliverable and viable. The Council is reviewing the proposals and does not currently consider that they are either technically possible or fundable/viable.

## 11. **Not complying with Scrutiny Panel Recommendations on Consultation**

### **Issue**

It has been suggested that the Council has not followed the recommendations of its own Scrutiny Panel, which suggested that estate regeneration projects should all be balloted.

### **Additional Briefing for Cabinet Members**

This has only been dealt with verbally.

The Scrutiny Panel recommendations are currently only recommendations and they are not Council policy.

The Council has carried out a consultation exercise in which everyone on the estate has had the opportunity to express their views. The Council has recorded this information in both qualitative and quantitative forms and, whilst a formal ballot was not carried out, the Council has as good as surveyed everyone who wished to give a response to the consultation.

## 12. **Lack of additional homes for Council rent**

### **Issue**

The complete redevelopment proposals show only 27 additional homes for council rent. It has been suggested that this is a paltry amount and does not warrant redevelopment of the estate.

### **Briefing for Cabinet Members**

The Council has to take many things into consideration and, whilst it wishes to maximize the number of additional homes for council rent, it also needs to consider

improving the quality of homes for its residents. Many people in Cressingham Gardens are living in damp homes and redevelopment enables all these people to have warm, dry new homes.

In addition to this, the initial massing studies that have been done to-date are very conservative and there will be opportunity to increase the number of homes above the current estimate of 158 additional new homes. Increasing the number of homes improves viability and enables delivery of more homes for council rent. 27 is, therefore, a minimum on which the Council fully intends to improve.

### 13. **Failure to publish the HRA Business Plan**

#### **Issue**

The Council has failed to publish the HRA Business Plan for 2016/2017. This contains vital information that residents need to be able to assess the Council's statements on inability to fund refurbishment at Cressingham Gardens.

#### **Response to Residents**

The Council has historically provided residents with a summary of the HRA Business Plan for 2015/2016.

The Council will publish a summary of the HRA Business Plan for 2016/2017. This is, however, part of a different process within the Council and will happen when it is ready. The Council cannot hold up all activities until information on every other activity has been published.

This was discussed at both Viability Workshops.

### 14. **Poor Doors and Pepper-potting**

#### **Issue**

In order to maximize values, the Council will no doubt create poor doors on the estate.

#### **Response to Residents**

That is not the case. It is an inherent part of our emerging design principles for estate regeneration that:

“New homes are indistinguishable by tenure and fit well into the existing pattern of streets and open spaces.”

This was discussed at the second viability workshop.