

# Cabinet Member Report

**Decision Maker:** Cabinet Member for Housing

Date: 1st December 2017

Classification: General Release

**Title:** Ebury Bridge – Estate Renewal

Wards Affected: Churchill

City for All The proposed scheme will meet the City

Council's three priorities ensuring 'Civic leadership and responsibility at the heart of all we do', 'Opportunity and fairness across the city' and 'Setting the standards for a world

class city'.

**Key Decision:** No

**Financial Summary:** The costs of the proposals of buying back

Westminster Community Homes properties and negotiating the purchase of other properties from leaseholders who may be interested in selling, as contained within this report can be met from within the existing

capital budget for Ebury Bridge in 2017-18

(£16.275m).

**Report of:** Director of Housing and Regeneration

### 1. EXECUTIVE SUMMARY

This report focuses on the leaseholders on the Ebury Bridge Estate.

- 1.1 In May 2013 Ebury Bridge Estate (the Estate) residents voted in favour of the redevelopment of the estate which included a combination of demolition, refurbishment and construction of new homes and community facilities.
- 1.2 The Cabinet Member Report of March 2014 granted approval for the Council to enter into negotiation with leaseholders within the redline area which encompassed Edgson, Hillersdon, Bridge, Pimlico Mercer, Dalton, Wellesley and Wainwright Houses. Properties were to be acquired by agreement, with compensation payable under compulsory purchase provisions.
- 1.3 The approved scheme for the renewal of the Estate, proved not to be commercially viable. Despite detailed analysis of the original scheme as voted for in 2013 by residents, it was not possible to make the scheme attractive to developers. The Council is now considering new development options for the estate.
- 1.4 The Council is fully committed to the renewal of the Estate and is working within the ambitions of the Leader's 'City for All' 2017/18 priorities, both in terms of the delivery of new affordable homes and the promotion of sustainable mixed communities.
- 1.5 The Council intends to consult with residents to develop a new scheme and ensure a comprehensive and inclusive engagement exercise is conducted and all renewal options are explored with the Estate's residents and businesses.
- 1.6 Following Cabinet approval in July 2017, the Council continues to offer lessees of Hillersdon, Dalton, Mercer, Pimlico, and Bridge Houses the ability to sell now and benefit from the statutory compensation and rehousing assistance as required.
- 1.7 All residents of Edgson and Wellesley Houses have been rehoused, with one lessee waiting to return to the estate once redeveloped.
- 1.8 The Council is working with a commissioned community engagement agency and a multi-disciplinary development team, to ensure a comprehensive approach to redevelopment is developed.
- 1.9 Delegated authority is requested for officers to acquire, by agreement, leasehold interests in the blocks which were to be retained (retained blocks) in the previously approved scheme: these are Doneraile, Bucknill, Victoria, Westbourne and Rye Houses.

### 2. RECOMMENDATIONS

That the Cabinet Member:

- 2.1 Delegate authority to the Director of Housing and Regeneration to enter into negotiation with leaseholders in order to acquire properties by agreement without compensation, in the blocks known as Bucknill, Rye, Westbourne, Victoria and Doneraile.
- 2.2 Approve the purchase of 22 Rye House, 3 Victoria House and 26 Victoria House, properties held by Westminster Community Homes (WCH) which were acquired for the Council.

## 3. REASONS FOR DECISION

- 3.1 The approvals sought in this report are required to facilitate the engagement of all leaseholders across the estate. Lessees in blocks which could be part of a future scheme, believing that their housing situation would not change following scheme approval, are now faced with uncertainty and possibly hardship. It is important that they be presented with options. The Council will establish the criteria upon which will acquire properties.
- 3.2 Uncertainty surrounding current scheme may put potential buyers off and therefore disadvantage Lessees attempting to sell their property on the open market. Lessees in retained blocks should be able to sell their property now, at market value should they choose to do so pending a Cabinet decision on the options and way forward.
- 3.3 Leasehold acquisitions will continue to take place on a completely voluntary basis. Leaseholders in retained blocks will not be targeted but will have the safety net of a willing buyer (the Council) This is an act of goodwill to leaseholders who may need to sell but are unable to await for the outcome of the Cabinet decision on the options and the way forward. The offer to buy sends a positive message to lessees in retained blocks that the Council appreciates the impact of not preceding with the previous scheme and the possibility of regeneration in the future
- 3.4 To buy back the WCH properties referred to in the recommendation, bought in good faith by WCH on behalf of the Council. These properties are incurring ongoing expenses which WCH is having to bear.
- 3.5 Acquisitions by the Council will prevent speculative investors from purchasing properties on the Estate with the intention of holding the

Council to ransom if vacant possession is required for a possible future scheme.

3.6 Purchases made now, without the statutory compensation package could present significant savings to the Council as these lessees do not qualify for disbursements and compensation.

# 4. BACKGROUND INCLUDING POLICY CONTEXT

- 4.1 The Council has been working with residents at Ebury Bridge since 2010 to develop a comprehensive regeneration programme. Residents voted on proposals and a planning application was prepared in consultation with them. However, it became clear in 2015 that the scheme was not attractive commercially to leading developers.
- 4.2 The aims of regenerating the Estate are to: bring about long term physical, economic and social sustainability of the area; to create a high quality, mixed use urban neighbourhood that is attractive to residents and visitors alike; to create an area that integrates successfully with its surroundings and delivers a significant number of new homes in line with the Leader's City for All 2017/18 priorities.
- 4.3 An entirely new scheme is now required to meet the aspirations of residents by providing innovative, affordable tenure solutions and ensuring commercial viability while balancing financial demands on the Housing Revenue Account. This will facilitate the delivery of a development of exceptional quality, driven by scale, value and underpinned by design principles that ensure the optimum outcome of housing number, financial returns and regeneration benefits.
- 4.4 Completion of all new build and improvement work was planned for 2017. Subsequent updates to residents extended this date to June 2021. The long delay to the scheme has resulted in understandable disappointment and frustration from residents. Consequently, residents are unable to make long term plans for themselves and their families.
- 4.5 Ebury Bridge Estate renewal is part of the Council's overall housing estate regeneration programme. As such renewal of the Ebury Bridge Estate remains an important element of the Council's aspirations to:
  - increase the supply and quality of affordable homes in order to meet a variety of local needs, including housing for families.
  - improve the quality of the local environment with outstanding green and open spaces and housing that promotes low energy consumption and environmental sustainability.

- promote a high quality of life for people of all ages and backgrounds in safe, cohesive and healthy neighbourhoods, supported by a range of high quality housing and excellent community facilities.
- enable people to maximise economic opportunity in Westminster with support for training, employment and enterprise and housing tenure which helps those in work to remain in the City.
- create a more distinct sense of neighbourhood, ending the physical divide between Westminster's estates and surrounding local streets.
- 4.6 The Council has communicated to residents the intention to honour commitments made in 2013 and to focus on creating a viable scheme that delivers and enhances upon these promises.
- 4.7 The Council is consulting on a range of options and a future scheme will be dependent on a future Cabinet Report which will decide the most appropriate option.

# 5 Westminster Community Homes

- WCH has an existing legal agreement (on the basis that the Council has a current approved scheme) to act as agent for the Council on the Estate, to acquire properties on the Council's behalf.
- For properties within the red line, where a property can be secured with vacant possession, the Council purchases the property. Where there are tenants in situ, WCH purchases the property and upon expiry of the Assured Shorthold Tenancy, WCH obtains vacant possession at which point the property is transferred to the Council. To date 55 of the original 66 leasehold interests have been acquired. Negotiations continue with the remaining 11 lessees.
- WCH were asked to purchase leasehold interests on the Estate that fell outside the previious schemes red line, to either offer as: decant accommodation to affected tenants, or as alternative homes to affected leaseholders. These properties were purchased from willing buyers and no disbursements were paid. WCH made a £2,500 contribution towards legal fees, as it does across the borough, where it is actively purchasing leasehold interests to bring properties back into use as affordable housing.
- 5.4 There are currently three void WCH properties on the Estate.

Address	Purchase date
22 Rye House	15/9/2014
3 Victoria House	14/6/2017
26 Victoria House	13/7/2017

These units are currently tying up limited WCH cash and costing WCH as they cannot be let. The units continue to incur service charges, major works, council tax, utility, housing management and security costs. The approval of the recommendations in this report would allow the council to purchase these properties back from WCH and allow WCH to direct its resources to other areas such as the Church Street regeneration.

- 5.5 As WCH is a partner in this regeneration process, it acquires the right to claim homeless payments and disbursements which benefits the Council.
- Other properties are currently on the market and several leaseholders have requested valuations. If the recommendations of this report are acted upon, WCH will negotiate the purchase of these properties on behalf of the Council.
- 5.7 Funding should be made available for either the Council to purchase leasehold properties directly, where vacant possession is provided upon completion or to front fund WCH where the unit is acquired with a tenant in situ.

# 6. FINANCIAL IMPLICATIONS

6.1 The capital budget for Ebury Bridge in 2017-18 is £16.725m. The proposals of buying back the three WCH held properties and other leaseholder properties by negotiation without compensation, ahead of a decision by Cabinet on the options and way forward, as set out earlier within this report can be met from within this budget

# 7. LEGAL IMPLICATIONS

7.1 The Council has many powers to acquire property. These properties are being purchased under housing powers under Section 17 Housing Act 1985 which allows a local housing authority to acquire by agreement land for the provision of accommodation for housing purposes.

As there is no CPO, purchases will be at market value only. When agreeing a purchase price the Council has to bear in mind it's fiduciary duty to Council tax payers and it's best value duty.

A blight notice could only be served on the Council in specified circumstances eg usually where there is a scheme and generally a CPO in the pipeline and property owners can only sell at a loss.

## 8. CONSULTATION

- 8.1 **Communication and Stakeholder Implications:** The Council is undergoing a seven-month engagement programme with residents and businesses on the Ebury Bridge Estate to ensure any new scheme is designed with those that regeneration will affect.
- 8.2 The engagement programme was set out to ward councillors and residents on 28th June, 2017. Ward Councillors and residents were provided with details on the approach that will be taken to ensure extensive and on-going consultation.
- 8.3 Approach will commit dedicated resources on site to work through the development of options with residents and businesses. A preferred option will only be brought forward with the input and insight from those living and working on the Estate and one that is also commercially viable and meets the policy aspirations of the City Council.
- 8.4 Approach will recognise the frustration born from the length of time taken to reach this decision and the uncertainty that a new period of engagement will cause.
- 8.5 The ability for the council to purchase currently retained properties will be welcomed from lessees who are currently struggling to sell their properties on the open market due to the uncertainty.

For completion by the Cabinet Member for Housing

**Declaration of Interest** I have <no interest to declare / to declare an interest> in respect of this report Signed: Date: NAME: Councillor Rachael Robathan, Cabinet Member for Housing State nature of interest if any ...... ..... (N.B: If you have an interest you should seek advice as to whether it is appropriate to make a decision in relation to this matter) For the reasons set out above, I agree the recommendations in the report entitled Ebury Bridge - Estate Renewal and reject any alternative options which are referred to but not recommended. Signed ..... Councillor Rachael Robathan, Cabinet Member for Housing Date ..... If you have any additional comment which you would want actioned in connection with your decision you should discuss this with the report author and then set out your comment below before the report and this pro-forma is returned to the Secretariat for processing. Additional comment: 

If you do <u>not</u> wish to approve the recommendations, or wish to make an alternative decision, it is important that you consult the report author, the Director of Law, the City Treasurer and, if there are resources implications, the Director of People Services (or their representatives) so that (1) you can be made aware of any further relevant considerations that you should take into account before making the decision

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and (2) your reasons for the decision can be properly identified and recorded, as required by law.

Note to Cabinet Member: Your decision will now be published and copied to the Members of the relevant Policy & Scrutiny Committee. If the decision falls within the criteria for call-in, it will not be implemented until five working days have elapsed from publication to allow the Policy and Scrutiny Committee to decide whether it wishes to call the matter in.