



## Climate Action, Housing and Regeneration Policy and Scrutiny Committee

<b>Date:</b>	8 February 2023
<b>Classification:</b>	General Release
<b>Title:</b>	Call-in of Cabinet Member Decision entitled 'Ebury Estate Renewal: Delivery Strategy and Viability Position'
<b>Report of:</b>	Debbie Jackson, Executive Director for Growth, Planning and Housing
<b>Cabinet Member Portfolio</b>	Climate Action, Housing and Regeneration Policy and Scrutiny Committee
<b>Wards Involved:</b>	Knightsbridge and Belgravia
<b>Policy Context:</b>	Truly Affordable Housing Strategy
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### 1. Executive Summary

- 1.1. This report informs the Committee of the call-in of the decision made by the Cabinet Member for Climate Action, Regeneration and Renters and the Cabinet Member for Finance and Council Reform to approve the revised regeneration scheme at Ebury Bridge Estate.
- 1.2. The decision report was approved by the Cabinet Members on 16 January 2023 with the call-in period due to expire at 5pm on 23 January 2023. On 23 January 2023 Cllrs Harvey, Mendoza and Hitchcock indicated that they wished to call the decision in. These three Councillors are all Members of the Climate Action, Housing Regeneration and Renters Policy and Scrutiny Committee and thus the call-in is legitimate and shall be heard by that Committee<sup>1</sup>.
- 1.3. The Chief Executive as Proper Officer was notified on the same day. The Chief Executive has activated the call-in and summonsed a meeting of the Climate Action, Housing Regeneration and Renters Policy and Scrutiny

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<sup>1</sup> No Members of the Finance, Planning and Economic Development Policy and Scrutiny Committee (which also received this decision report as the Cabinet Member for Finance and Council Reform also approved key elements of this decision report) called this decision in and therefore that Committee has no role in the call-in.

Committee for 8 February 2023 in consultation with the Chair of that Committee, Cllr McAllister.

1.4. Call-in provisions exist to enable Members to temporarily halt the implementation of a decision when they believe that decision needs to be revisited. Members are not required to give reasons for call-in but are requested to do so. Generally, call-ins may be activated for three reasons: Members:

- believe the decision may be contrary to the normal requirements for decision-making;
- believe the decision may be contrary to the Council's agreed policy framework and/or budget;
- need further information from the decision-taker to explain why the decision was taken.

1.5. In requesting that this decision was called in, Members activating the call-in provided the following reasons:

- ***“Homes for Intermediate rent – It will be a crushing disappointment to the people who work in Westminster, and thus make it what it is, that their life options will be limited by the huge reduction in intermediate rental homes from 126 to 21. This means that 105 local people and families who had hoped to live in Pimlico so that they could work locally will no longer have a chance. Out of a total of 781 homes, fewer than three in every hundred, will go to people who serve this City and might qualify for intermediate affordable homes. Surely, with Mayoral funding it would be possible to build more social homes without making it even more difficult for the teacher, the office worker, vet assistant, council worker, nurse, or skilled SME worker to live in Westminster so sustaining an inclusive community?”***
- ***Segregation of tenures – We thought that people coming together to live next door to each other on the Ebury estate will be able to do just that. But instead, a decision has been made to separate social, intermediate and market homes. To paraphrase Aneurin Bevan, where the council is building homes, the home owner, the private renter, and the social housing tenant should all live in the same street for social cohesion.”***

1.6. The Committee may choose to refer the matter back to the decision maker(s) with reasons for their reconsideration. This would require the decision maker(s) to reconsider and, within 10 working days, or as soon as possible thereafter, either amend the decision or not before adopting a final decision – this would require a further written report. If the Committee chooses not to refer the matter back to the decision maker(s), the decision shall take effect on the rising of the Committee.

## **2. Key Matters for the Committee's Consideration**

2.1. It is recommended that the Committee reviews the decision outlined in this paper and agrees one of the following options:

- a) To note the decision made by the Cabinet Member for Climate Action Regeneration and Renters and the Cabinet Member for Finance and Council Reform but take no further action.
- b) To refer the matter back to the Cabinet Member for Climate Action Regeneration and Renters and the Cabinet Member for Finance and Council Reform, with specific matters for their reconsideration.

### **3. Original decision**

- 3.1. Westminster City Council is committed to increasing the numbers of truly affordable council homes at our major regeneration schemes. The delivery of 171 new council homes for social rent at Ebury Bridge in Knightsbridge and Belgravia demonstrates how the Council will use public land to provide affordable housing to those families and individuals who need it the most.
- 3.2. This original decision report sets out changes to the tenure mix and distribution of the scheme, a recommendation to submit a Section 73 Planning Application to address these changes and legal obligations, the termination of the Agreement for Lease with Westminster Housing Investments Limited in relation to the intermediate homes, the intention to hold a resident ballot and delegate authority to the Executive Director to approve any further changes to bring these matters into effect.
- 3.3. The decision follows the launch of the Council's Truly Affordable Housing Strategy in-line with the commitments made by the new administration. A cross-council plan to deliver more truly affordable homes has been implemented which means that wherever the Council is undertaking housing development schemes the emphasis will be on delivering new social rent homes to tackle the waiting list of over 4,000 families and individuals in need of a home in Westminster that meets their needs.
- 3.4. The wholesale regeneration of the Ebury Bridge Estate provides an opportunity for the Council to significantly increase the number of new Council homes for social rent and bring about the long-term physical, economic and social sustainability of the neighbourhood. The Ebury Estate Renewal – Delivery Strategy & Viability Position decision report proposes recommendations to implement these changes to the scheme.
- 3.5. In July 2020 the scheme received approval for a hybrid planning application from the Local Planning Authority. The consented scheme for the Ebury Bridge Estate outlined the provision of 781 homes with over 50% affordable homes split between a mix of social rent and intermediate tenures. The latest decision report sets out a revised tenure mix for the scheme with an emphasis on social rent homes and an updated tenure distribution to deliver an increase in truly affordable housing.
- 3.6. The Council has outlined its intention to seek external funding in order to deliver the new tenure mix at the Ebury Bridge Estate. The Ebury Bridge Estate project presents an opportunity to bid for £40m of Greater London Authority (GLA) funding for affordable homes. To receive GLA funding, estate regeneration projects that involve the demolition of any social homes and the construction of 150 or more homes (of any tenure) must be supported by residents in a ballot.

- 3.7. A key area of consideration for the scheme is the ongoing affordability for returning residents (in terms of service charges, energy bills and rents). Over the past year the Ebury Bridge Estate regeneration team has worked with residents to identify ways of mitigating the cost-of-living increases. This has included working on tenure distribution options, the specification of estate management services and the 'Landlord Offer' to returning residents and those who will move into the new neighbourhood.
- 3.8. This work has informed the recommendations in the decision report and the updated viability position which has set revised financial parameters for the project.
- 3.9. The Cabinet Member for Climate Action, Regeneration and Renters and the Cabinet Member for Finance and Council Reform were recommended to:
- Approve the revised tenure mix and distribution for the scheme as set out in section 3 of this report;
  - Approve in principle the submission of a Section 73 Application in respect of the updated tenure mix and distribution and the Council entering into the related planning obligation as required;
  - Approve the termination of the Agreement for Lease as the letting of intermediate rent and intermediate ownership units within Phase 1 do not form part of the revised tenure mix;
  - Note the intention to hold an independent resident ballot in line with the GLA's Affordable Housing Capital Funding Guide (section 8.6); and
  - Delegate authority to the Executive Director of Growth Planning & Housing to approve any necessary steps and to approve deeds or documents to put these matters into effect.

	Consented Scheme	Proposed Scheme
Hab Rooms	53%	57%
Unit Number	47%	50%
Hab Rooms (uplift)	51%	56%
Aff homes	365	391

- 3.10. The changes proposed in the Cabinet Member paper present a 56% uplift on affordable housing across the new neighbourhood. This is calculated using the GLA's criteria which is based on any increase in habitable rooms across the new affordable home provision.
- 3.11. This represents a 5% improvement upon the consented scheme (which proposed a 51% uplift (based on affordable habitable rooms). See table above;
- 3.12. The proposed tenure changes increase the number of social homes, reduces the number of intermediate homes and reduces the overall number of market

sale homes to be delivered across the scheme. All intermediate rent and discounted market rent tenure has been replaced by social rent. 21 intermediate ownership properties (for returning leaseholders) remain.

### Changes in affordable tenure

3.13. The revised tenure mix also allows a redistribution of family sized homes for social rent units. By converting larger (2bed+) intermediate rent into social rent homes, the Council can provide more of the types of homes needed by families on the waiting list. The proposed changes to the affordable tenures in the scheme are set out below;

Entire Scheme	Total		Variance
	Base Case	Now	
Social Rent (affordable)	41	172	+131
Social Rent Replacement (affordable)	198	198	0
Intermediate Affordable Rent (affordable)	86	0	-86
Intermediate Ownership (affordable)	21	21	0
Discounted Market Rent (affordable)	19	0	-19
Market Rent (Market)	178	178	0
Market Sale (Market)	238	212	-26
<b>Total</b>	<b>781</b>	<b>781</b>	<b>0</b>

3.14. The proposals convert the 86 intermediate rent homes and the 19 discounted market rent homes (from the consented scheme) to social rent homes. The proposals also reduce the number of market sale homes by 26 which are also converted to social rent homes. The 21 intermediate ownership homes are retained for returning leaseholders.

3.15. Of the intermediate rent and discounted market rent homes that have been converted, the unit mix breakdown is as follows;

- 86 Intermediate rent homes (38 x 1-bedroom homes & 45 x 2-bedroom homes, 3 x 3-bedroom homes)
- 19 Discounted Market rent (7 x 2-bedroom homes & 12 x 3-bedroom homes)

3.16. The changes to the scheme propose:

- An increase of 47 new 1-bedroom 2-person social rent units
- An increase of 74 new 2-bedroom new social rent units.
- An increase of 11 new 3-bedroom properties (the consented scheme provided 25 new 3-bedroom homes with the changes increasing that figure to 36).

3.17. Below is the full breakdown of property types and movements as provided at Appendix A of the Cabinet Member report.

Entire Scheme	1b1p		1b2p		2 bed		3 bed		4 bed		5 bed		Total	
	Base Case	Now	Base Case	Now	Base Case	Now	Base Case	Now	Base Case	Now	Base Case	Now	Base Case	Now
Social Rent (affordable)	0	0	0	47	6	80	25	36	7	7	3	2	41	172
Social Rent Replacement (affordable)	0	0	50	50	86	83	54	59	8	5	0	1	198	198
Intermediate Affordable Rent (affordable)	0	0	38	0	45	0	3	0	0	0	0	0	86	0
Intermediate Ownership (affordable)	0	0	5	6	12	11	4	3	0	1	0	0	21	21
Discounted Market Rent (affordable)	0	0	0	0	7	0	12	0	0	0	0	0	19	0
Market Rent (Market)	46	46	82	82	50	50	0	0	0	0	0	0	178	178
Market Sale (Market)	18	18	85	75	103	85	32	32	0	2	0	0	238	212
<b>Total</b>	<b>64</b>	<b>64</b>	<b>260</b>	<b>260</b>	<b>309</b>	<b>309</b>	<b>130</b>	<b>130</b>	<b>15</b>	<b>15</b>	<b>3</b>	<b>3</b>	<b>781</b>	<b>781</b>

## 4. Rationale for the Amendments

### Social Housing Need in Westminster

- 4.1. Like most London boroughs, Westminster has an acute shortage of genuinely affordable housing. According to the Local Government Association (“LGA”) there are up 250,000 Londoners on affordable housing waiting lists across the capital. The Council had previously committed to delivering 1850 affordable homes by 2023 (as stated in the City Plan consultation ahead of its adoption in 2021). Homelessness is also a significant issue in Westminster as evidenced by the number of households waiting for a secure home that meets their needs. Furthermore, in 2020/21, there were 2,162 rough sleepers reported in Westminster, making it the London borough with the highest number of rough sleepers in that year.
- 4.2. As of the financial year 2022/23, Westminster had 4,031 households on the housing waiting list with the average waiting time for a two-bedroom social rent property ten years and for a three-bedroom social rent property 16 years. The wait time for a four-bedroom social rent home in Westminster is 34 years.
- 4.3. Across the housing register (waiting list) there are:
  - **98** people waiting for a Studio in Community Supported Housing (Sheltered Housing)
  - **63** people waiting for a 1-bedroom property in Community Supported Housing (Sheltered Housing)
  - **428** people waiting for a Studio in General Needs Social Housing
  - **275** people waiting for a 1-bedroom property in General Needs Social Housing
  - **1521** people waiting for a 2-bedroom property in General Needs Social Housing
  - **1260** people waiting for a 3-bedroom property in General Needs Social Housing
  - **386** people waiting for a 4+bedroom property in General Needs Social Housing
- 4.4. The full breakdown is found in the table below;

Housing Demand 2022/23	Community Supportive Housing (Sheltered)		General Needs					Total	
	Studio	1-Bed	Studio	1-Bed	2-Bed	3-Bed	4+ Bed	All	%
Existing WCC Tenants	16	42	42	225	395	387	109	1216	30%
Homeless Households		1	165	14	1079	830	251	2340	58%
Housing Register	82	20	221	36	47	43	26	475	12%
<b>Total</b>	<b>98</b>	<b>63</b>	<b>428</b>	<b>275</b>	<b>1521</b>	<b>1260</b>	<b>386</b>	<b>4031</b>	

### Future affordable tenure adjustments at the Ebury Bridge Estate

- 4.5. 50 existing secure tenants require a 1-bedroom home when they return to the redeveloped Ebury Bridge Estate. This is in part due to the households decanted from Edgson House which was predominantly bedsits. The additional 47 1-bedroom units could potentially be offered locally (via a local lettings plan) and then to the general needs housing waiting list.
- 4.6. Although there is existing demand for 1-bedroom homes on the social housing register (275 applicants) there is scope to adjust and rebalance the bedroom sizes of homes in Phase 2 & 3 of the scheme to reflect the greater demand for larger sized homes. The conversion of the smaller units would however see an overall reduction in the number of homes and have an impact on the amount of eligible grant funding from the GLA. It is proposed that the team continues to assess the needs of both returning Ebury Bridge Estate households and housing demand over the coming years.

### Intermediate (Affordable) Housing in Westminster

- 4.7. Intermediate housing is a form of affordable housing generally seen as accommodation for people whose needs aren't met by the market (due to its price or instability) and are not eligible for social housing. It is also defined in terms of products, with the Mayor supporting;
- London Living Rent (LLR), where funded by the GLA, it is a 'rent to buy' time limited product.
  - London shared ownership. For GLA funded schemes a 10% share can be purchased (25% was the previous minimum share).
  - Shared Equity. In Westminster this is targeted towards returning resident leaseholders in regeneration areas.
- 4.8. Two per cent of the total stock in Westminster is estimated to be intermediate housing, with the main providers Peabody, Octavia, Dolphin Living, Westminster Community Homes and Westminster Builds. From 2017/2018 – 2021/2022, there were a total of 582 intermediate rent homes delivered by Westminster and our partners.

### New Intermediate Rent Homes

- 4.9. In addition to the 582 intermediate homes already built in the City (by Westminster and our partners) another 561 are currently scheduled to be

completed by 2035. These are being delivered at sites across Westminster, including but not exclusively at Churchill Gardens (Darwin and Balmoral), Chelsea Barracks, Church Street, and Luxborough Street. 150 of these new intermediate homes are also scheduled to complete by 2024.

- 4.10. Of the 561 new intermediate homes to be delivered in the stated period there will be 9 x studios, 339 x 1-bedroom homes, 168 x 2-bedroom homes, 23 x 3-bedroom homes, 1 x 4-bedroom homes and 21 homes for the bedroom size to be confirmed.

### **Demand for Intermediate Rent Homes**

- 4.11. Intermediate rent homes continue to be a key part of Westminster’s affordable delivery programme. There are currently 2,517 applicants who met the eligibility criteria and are registered for intermediate housing in Westminster. Registered applicants have the opportunity to apply for new or void homes as they become available although they are not proactively approached about these properties. 64% of all applicants currently live in the private rented sector and move regularly (both to other areas of the City or to other London Boroughs), making maintenance of the Register challenging. This is due in part to fluctuating demand, people not updating their preferences, and/or people remaining on the list (but not wanting intermediate housing anymore). Work is underway to improve awareness and understanding of the Intermediate Housing Register through an improved communications programme.
- 4.12. Although not a statutory housing service, the demand for intermediate rental homes in Westminster is set out below;

Table 1: Applicants by bed size needed

	<b>Eligible</b>	
<b>Bed Size</b>	<b>No.</b>	<b>%</b>
1bed	2061	82%
2bed	306	12%
3bed	129	5.0%
4bed	21	<1%
<b>Total</b>	<b>2,517</b>	

- 4.13. The largest demand for intermediate rent homes is for 1-bedroom properties (82% of eligible applicants). This reduces to 12% for 2-bedroom properties and 5% for 3-bedroom intermediate rent properties.

### **Applicants for intermediate rent properties**

- 4.14. The table below shows the priority categories for intermediate rent properties in Westminster alongside the percentage of current registrations on the Register for each category and the percentage of applicants placed from each category during the first ten years of the scheme (formerly Home Ownership Westminster, now renamed Homes for Westminster).



	Priority	% Registered	Successful applicants (first 10 years of HOW)
<b>P1*</b>	Social tenants, MOD personnel, Sons and Daughters of overcrowded council tenants, existing intermediate tenants that are overcrowded	<b>5.6%</b>	<b>9.56%</b>
<b>P2</b>	Social Housing Register Applicants	<b>0.1%</b>	<b>0.67%</b>
<b>P3**</b>	Living and working in Westminster	<b>24.6%</b>	<b>1.51%</b>
<b>P4</b>	Living but not working in Westminster	<b>22.5%</b>	<b>64.60%</b>
<b>P5</b>	Working but not living in Westminster	<b>46.9%</b>	<b>23.65%</b>
<b>P6***</b>	Not living or working in Westminster	<b>0.3%</b>	<b>0%</b>

\*The majority of lets are to current intermediate tenants not social residents.

\*\* Introduced in 2018.

\*\*\*Only after if after 3 months of marketing, homes remain unallocated to other groups.

4.15. Of the 2,500 applicants on the current intermediate Register, their key features are:

- 70% are eligible for a one-bedroom and 30% two-bedrooms or larger<sup>2</sup>
- 64% live in the private rented sector (PRS) and are often transient meaning keeping the list up to date is a challenge;
- No one employment sector is dominant. Key sectors include Administration, Retail, Customer Service, Marketing, IT, communications. **Less than 100 are key workers** (NHS Health Service Clinical Staff (excluding doctors and dentists); Public Sector Teachers; Police; Social Care Workers (with a professional qualification only);
- 62% are White British and 38% BAME which is similar to the Westminster population;
- 1,700 households have incomes between £26k and £60k (the minimum household income required is c £25k). The median income for those wanting a one bed is £44k and £52k for a two bed;
- The profile of applicants has been broadly consistent over the last few years.

4.16. Intermediate housing in Westminster also includes properties under the Homes for Westminster (HFW) scheme. These homes do not meet the criteria of 'affordable' set by the Greater London Authority based on their household income threshold. The GLA currently caps eligibility for affordable rent homes at £60k per household (London Living Rent) whereas Westminster's current policy this extends to £90k per household.

4.17. The Council has now mandated that all new intermediate rent homes, delivered by Westminster City Council at schemes around the city, will be available at London Living Rent prices to ensure they are genuinely affordable.

<sup>2</sup> Applicants can register their aspirations

## **Discounted Market Rent**

- 4.18. With market rental prices in Westminster some of the highest in the country, discounted market rent provides an opportunity for people in above average tax rate brackets to live and work in the City. At the Ebury Bridge Estate, the consented scheme contained 19 homes at a sub-market rental level.
- 4.19. A three-bedroom discounted market rent home at the Ebury Bridge Estate was proposed to have target rent of over £20,550 per annum. This assumes a household may earn over the prescribed £60k p/a which also does not meet the GLA criteria of affordable rent.

## **Fairer Westminster Strategy**

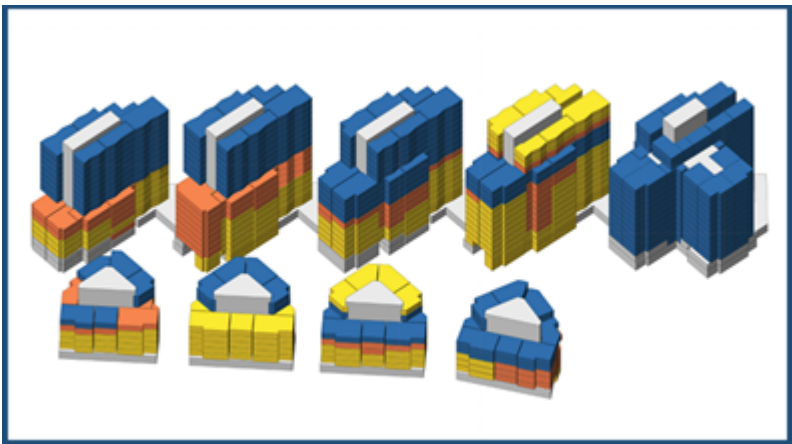
- 4.20. In October 2022, the Council announced its commitment to maximising the delivery of truly affordable housing across the Council's housebuilding pipeline. This Cabinet Member report began the process of ensuring that all Council-led development schemes prioritise low-cost social rent housing and provide Westminster residents and their families with truly affordable housing options.
- 4.21. The benefits of social housing are extensive. It provides residents with a stable, long-term home and grants security to tenants that often cannot be found in the private rented sector. The benefits to Westminster's communities can range from workforce supply to local businesses, through to strong family and care networks for established neighbourhoods. People on low incomes can continue to live close to jobs that require their skills within secure housing that is resilient to rising market prices.
- 4.22. In addition to the benefits to individuals and communities, the creation of more Council owned social rent homes provides the opportunity to move families out of temporary accommodation into secure homes and ultimately reduce the financial burden to the local authority. Temporary accommodation has a significant cost to the Council with homes often sourced at a higher rate from the private sector due to demand. While being costly to the Council, this type of accommodation can often be unsuitable for families with children and vulnerable people.
- 4.23. Westminster currently spends £59m on providing temporary accommodation for homeless families the Council has a statutory duty to house. We receive £44m in income to cover this cost resulting in a net annual cost to the Council of £14m. Reducing the cost of temporary accommodation is a challenge faced by local authorities across London. The provision of permanent Council housing not only reduces the homeless persons waiting list but reduces the reliance the Council has on using temporary accommodation both in the City and elsewhere in the UK.
- 4.24. In Belgravia a key provider of social rent properties has signalled their intention to convert void social rent properties to intermediate rent homes. With 236 social rent homes in Belgravia alone (over 400 in Belgravia and Mayfair), this will see a significant reduction in social rent homes in the locality of the Ebury Bridge Estate and remove Westminster's social housing nomination rights on those properties. The increase in social rent homes at the Ebury Bridge Estate will compensate somewhat for the lost social rent homes in these schemes.

## Policy context and Scheme Viability

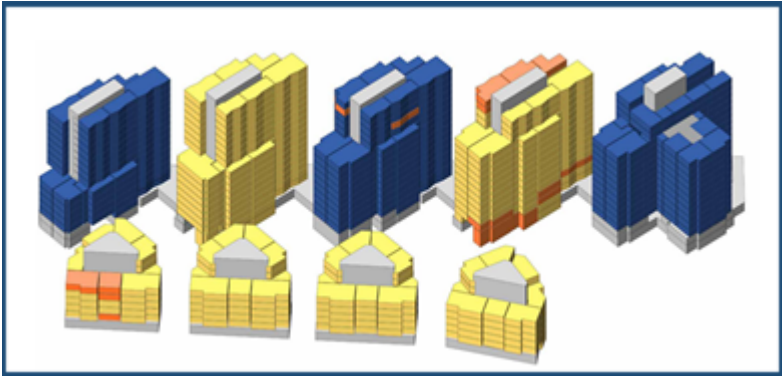
- 4.25. Westminster's City Plan 2019 – 2040 sets out the affordable housing vision for the City over the term of the plan. The City Plan mandates a minimum of 35% of new homes are affordable at major development schemes.
- 4.26. The overarching London Plan and the Homes for Londoners SPG sets out a long-term strategic aim of half of all new homes in London being affordable. The GLA's Supplementary Planning Guidance (SPG) 'Affordable Housing and Viability' further embeds the requirements for affordable housing on public sector land. The threshold is 50% of affordable housing on public sector land is met with the new proposals with the consented scheme achieving 47%. The consented scheme at the Ebury Bridge Estate is achieving a 43% of 'net new' affordable homes with a tenure split of 65% council homes for social rent and 35% intermediate housing across the redeveloped estate. With the Ebury Bridge Estate already surpassing the required minimum affordable housing requirement it is policy compliant.
- 4.27. Currently the City Plan states that of new affordable housing 60% of the affordable units will be 'intermediate' affordable housing for rent or sale and 40% will be social rent or London Affordable Rent.
- 4.28. The Council have recently undertaken a six-week Regulation 18 consultation for a Partial Review of the City Plan, which includes a proposal to amend the affordable housing requirements within policy 9. The Notice of the Partial Review (which will be subject to public examination in 2024/25) states that the Council would like to strengthen policy on the delivery of affordable housing to address the significant waiting list for both social housing intermediate rent housing and provide suitable homes for those who need it most. The Notice proposes updates to policy 9, stating that
- 'whilst the policy currently seeks a greater proportion of intermediate (60%) compared to social (40%) housing, the Council want to explore options to redress this balance with the objective of delivering a greater quantity of affordable housing as social, particularly on public land if it is shown to be viable.'*
- 4.29. The London Plan, the Mayor's Spatial Development Strategy for Greater London states:
- 'All schemes are expected to maximise the delivery of genuinely affordable housing and make the most efficient use of available resources to achieve this objective. Where grant or other public subsidy is available and would increase the proportion of affordable housing, this should be utilised.'*
- 4.30. The decision to proceed with resident ballot and an application to the Greater London Authority for grant funding has enabled the Council to potentially access circa £40m to increase the number of social rent homes at the scheme. The tariffs received from the GLA are specified on a scheme-by-scheme basis but range from £100,000 per social rent home to £26,000 for an intermediate rent home.

**Tenure distribution**

- 4.31. The tenure distribution for the consented scheme reflected the need to re-house the majority of returning secure tenants in the first phase of the development. It was anticipated that around 95 of the 198 re-provided social rent homes would be provided in phase 1 and would be allocated to returning secure tenants. The need to re-house the households returning to the Ebury Bridge Estate as early as possible significantly influenced the tenure distribution for phase 1 with many social tenants returning at once.
- 4.32. In the consented scheme, tenures were separated by floor with market sale homes generally concentrated on upper-level floors (see image below). The move towards tenure specific blocks retains the mixed tenure nature of the neighbourhood.



Consented Scheme tenure distribution



Proposed tenure distribution

- 4.33. As set out in the Cabinet Member report, there are a number of factors influencing the decision to update the tenure mix and distribution as follows:
  - Due to the rise in construction costs and inflation, the viability position of the scheme has become more challenging. The updated tenure distribution allows the market values to be optimised, which in turn helps viability and the provision of more social rent homes.

- Ongoing affordability for returning residents - service charges, energy bills and rents become a lot more reasonable for returning residents with the updated tenure distribution.
- Opportunity to maximise the number of new social homes being delivered to align with the Fairer Westminster Strategy The new proposal provides 131 more social rent homes than the current scheme.
- Retention of management control of social rent homes by the Council, to mitigate cost increases.
- There are opportunities to access funding via the GLA in the region of £40M due to the increased amount of social homes on the scheme.

### **Construction costs and inflation**

- 4.34. Following the Covid-19 pandemic and the outbreak of war in Ukraine, the construction market has seen significant inflationary pressures. In 2022 between the period of January to March the construction industry saw a 10% rise in inflation. This translated to an additional circa £40M in construction costs on future phases of the Ebury Bridge Estate scheme and increased the affordability gap faced by the Council substantially. In order to tackle these viability challenges to the scheme, officers were required to look at mitigations.
- 4.35. Projected scheme costs and income have recently been updated following the significant rise in construction costs and a backdrop of general inflationary pressures. Details of these changes were included in the original cabinet member report.
- 4.36. Appointed sales agents, have carried out regular 'red-book' valuations. This has informed us that the consolidation of market sale homes in predominantly single tenure buildings has provided a value uplift. This forecasted uplift in achievable sales values has also enabled the further increase in truly affordable homes across the scheme. This has been implemented whilst retaining the character and the ambition for a mixed residential community. The buildings remain connected by a shared podium terrace space for residents and share the same quality and appearance.

### **Ongoing affordability for residents**

- 4.37. Extensive consultation has taken place with Ebury Bridge Estate residents around the decision to move to blocks that are either predominantly affordable or market sale blocks. At the forefront of this consultation has been the Community Futures Group, a strategic resident-led body who have, for the last five years, provided a strong community voice on the development of the estate management strategy. This process has refined the estate and housing management specifications, with the aim of mitigating large increases in annual service charge bills for returning secure tenants and resident leaseholders.
- 4.38. At consultation events residents have expressed their desire to return to buildings which contain their neighbours and the original Ebury Bridge Estate community. They have welcomed the mitigation of service charge increases and have been keen to start the dialogue about returning to their permanent

new home. The tenure distribution allows tenants a greater deal of choice around the block they return to with housing options across the new neighbourhood.



### **Increased number of Social Rent Homes**

- 4.39. The consolidation of affordable homes, the uplift in sales values for market sale homes and the ability to access GLA funding all enable the numbers of social rent homes to be increased (and a reduction of market sale homes). These proposals are subject to the resident ballot and Section 73 Planning application that are both underway.
- 4.40. The details of the tenure distribution, increased numbers of social units and location of affordable blocks are all outlined in the Landlord Offer document that has been issued to all resident leaseholders, secure tenants and temporary accommodation tenants. The forthcoming ballot will provide an opportunity for Ebury Bridge Estate residents to confirm the current proposals for the regeneration of the Ebury Bridge Estate including the changes outlined in the Ebury Estate Renewal – Delivery Strategy & Viability Position Cabinet Member Report.

### **Retention of Management by the Council**

- 4.41. The Ebury Bridge Estate scheme has been designed as a tenure blind neighbourhood. There will be no external difference between market sale, intermediate ownership and social rent homes. Blocks will still contain a mixture of tenure types with returning leaseholders moving into both predominantly affordable housing blocks and predominantly market sale blocks. There will be equitable estate management service provision with a shared management hub and shared amenities across the neighbourhood.
- 4.42. All returning resident leaseholders have been provided with the choice to return to a predominantly market sale block or to an affordable block. The concentration of returning social tenants and resident leaseholders has enabled the forecasted service charge levels to remain affordable (and this was confirmed via consultation with residents).

- 4.43. Whilst estate management services will be shared by all residents across the estate, housing management (such as tenancy management) is likely to be delivered by the Council – for returning secure tenants and leaseholders. Both secure tenants and returning resident leaseholders have told us through consultation that they wish to retain their housing management relationship with the Council.
- 4.44. Although housing management services may be provided by different operators there will be a shared estate management approach. All buildings share the same build quality, energy systems, amenity and typical communal spaces with consistent home types and quality for Market and Affordable homes. The majority of all homes within the scheme are dual aspect, and these are equally represented between Affordable and Market homes. A consistent distribution of Adaptable homes M4(3) are proposed across buildings, ensuring there is a mix of tenure types, apartment size, orientation and level.
- 4.45. The external shared podium links (containing shared public gardens), estate management offices and other public spaces are provided equitably to all tenure types. Consistency in building layout and quality will mean there will be no distinguishable differences between buildings and in this way aims to create a cohesive and mixed community across the scheme as a whole.

## **GLA Funding**

- 4.46. The Council has outlined its intention to seek external funding to maximise the number of truly affordable homes (council homes for social rent). The Ebury Bridge Estate project presents an opportunity to bid for Greater London Authority (GLA) funding for affordable homes.
- 4.47. To receive GLA funding, estate regeneration projects that involve the demolition of any social homes and the construction of 150 or more homes (of any tenure) must be supported by residents in a ballot. Although the construction of Phase 1 started on site in Autumn 2021 the GLA have confirmed that a ballot on the Landlord Offer which contains the current proposals for the scheme can take place.
- 4.48. Following consistent and meaningful engagement with residents throughout the delivery of the project to date, the binding resident ballot which is already underway will give both residents still living at the Ebury Bridge Estate and those who have temporarily moved away to provide their views on the proposals outlined in this paper.
- 4.49. The Council has submitted and had accepted a funding bid to the GLA for circa £40m. Residents have now been asked to vote on the current regeneration proposals, with the ballot set to close on 16th February 2023.
- 4.50. Civica Election Services (CES) will manage the resident vote and have written to all eligible voters. The Council's engagement team have contacted all eligible voters to discuss the scheme and the voting process.

## **5. Legal and Constitutional Implications**

- 5.1. The legal implications in the Cabinet Member Report apply to this report. A copy of the Cabinet Member Report is appended at Appendix 1.
- 5.2. The Council's call-in arrangements are set out in the Council's Constitution and include terms of reference and procedure rules.

**If you have any queries about this Report or wish to inspect any of the Background Papers, please contact James Green at [jgreen@westminster.gov.uk](mailto:jgreen@westminster.gov.uk)**

### **APPENDICES:**

- Appendix A – Cabinet Member Report entitled 'Ebury Estate Renewal: Delivery Strategy and Viability Position'
- Appendix B – Comparison of Consented Scheme and New Proposal
- Appendix C – Further Details of Section 73
- Appendix D – Equalities Impact Assessment