

Date: 9th July 2013

Agenda item:

Wards: Abbey, Figges Marsh, Ravensbury

Subject: Merton Regeneration Programme

Lead officer:

Chris Lee, Director of Environment & Regeneration

Lead members:

Cllr Andrew Judge, Cabinet Member for Regeneration & Environmental Sustainability.

Cllr Nick Draper, Cabinet Member for Community & Culture

Forward Plan reference number: 1279

Contact officers:

James McGinlay, Head of Sustainable Communities

Paul McGarry, futureMerton Manager

Reason for urgency: The legal requirements for Access to Information have not been met. The Chair has agreed the submission of this item to this meeting as a matter of urgency in order that Cabinet is aware of the proposals being put forward By Merton Priory Homes on the engagement they are commencing on the Eastfields, High Path and Ravensbury estates.

Recommendations:

A. That Cabinet members note the proposals put forward by Merton Priory Homes and await with interest, the results of the initial engagement with residents. Cabinet ask officers to work with MPH to determine how the project could be delivered for the benefit of residents and our communities.

Cabinet's overriding priority is to ensure that our residents' needs are met now and in the future. Should regeneration proposals proceed, following MPH's initial engagement with residents, Cabinet members will;

- seek to influence MPH so that an agreed proportion of any new properties built are affordable, in accordance with the council's policies.
 - seek to influence MPH so that all current tenants, leaseholders and freeholders on the three sites will be offered a property that is the same or better quality compared to their current property.
 - seek to influence MPH so that all residents are guaranteed a home on their current estate if they choose.
 - seek to influence MPH so that no existing tenants, leaseholders or freeholders one will need to move more than once – unless they choose to in order to get a better property.
 - seek to influence MPH so that rents and service charges will not go up as a direct result of any regeneration plans.
-

- seek to influence MPH so that no current tenants are moved from social to affordable rents.
 - seek to influence MPH so that tenants who are living in overcrowded conditions will be offered a property which addresses their overcrowding.
 - Seek to influence MPH to ensure that the council's current 100% nominations agreement is preserved during any regeneration plans.
-

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. Merton Priory Homes (MPH) is committed to investing in their housing stock in the borough to bring properties up to decent homes standard by 2016. Following a series of detailed stock condition surveys, MPH have carried out a feasibility study to determine how a larger scale regeneration investment in some estates could bring about a more substantial upgrade to housing, increasing quality of life for residents, additional much-needed housing and creating long term regeneration prospects for Merton.
- 1.2. An initial feasibility study by MPH sets out options for how MPH could deliver a wider regeneration programme in Eastfields, Ravensbury and High Path estates. This would not affect the current decent homes commitments for the remainder of MPH housing stock in the borough.
- 1.3. Analysis of stock condition and the impact on resident's long term life chances has led to MPH, supported by the Circle group, to consider investment in a potential wider scale regeneration of three estates, involving demolition and replacement with new, higher quality homes.
- 1.4. In principle, this approach is established in the Housing Stock Transfer Agreement (2010). It is also supported a number of Merton's strategies including; Local Development Framework: Core Planning Strategy (2011), Regeneration Delivery Plan (2011), Housing Strategy (2012) and the overarching theme of 'bridging the gap' in Merton's Community Plan.
- 1.5. On 11th December 2012 the Circle Management Board agreed in principle that:

“The Management Board approves the principle that the [Circle] Group will financially support the delivery of large scale regeneration in Merton (Eastfields, High Path and Ravensbury).”
- 1.6. The recommendation was agreed subject to further agreement with LBM to identify an improvement in the viability of the feasibility study being considered.

2 DETAILS

- 2.1. MPH has approached Merton Council to consider in principle, a different approach to achieving decent homes standard on some estates. MPH will be seeking resident's views on potential options including regeneration between July-October 2013. This report provides Cabinet Members with a summary of the MPH proposal, timetable for community engagement and an overview

of potential issues Cabinet may be asked to consider in autumn 2013, subject to MPH's resident engagement programme.

- 2.2. Key features of the feasibility study, as approved by Merton Priory Homes' parent company, the Circle Housing Group (CHG) Management Board in December 2012, are summarised below;

Scope of works

- 2.3. MPH/Circle's feasibility study considers the potential option of full demolition and rebuilding of High Path and Eastfields estates and the partial redevelopment of the Ravensbury Estate with the remainder of the homes at Ravensbury being refurbished.
- 2.4. The feasibility study has been commissioned to inform the CHG assessment of site capacities and the associated financial viability to gain Circle Group Board support for financing. Potential redevelopment of Eastfields, Ravensbury and High Path would be funded from borrowing undertaken by CHG, leveraging the financial strength of all Circle Housing Group partners, to be invested in Merton.
- 2.5. The outline feasibility study from MPH sets out the possibility of demolishing 1,265 existing homes and replacing them with new mixed-tenure properties across all three estates over a period of 8-12 years. The density of the estates would increase under any proposed scheme.
- 2.6. The feasibility study assumes a certain quantum of new-build development that CHG and MPH believe would be necessary to deliver regeneration of the estates and in accordance with Merton's planning policies. As with any development proposals, development viability and design details would be determined at planning application stage and guided by a masterplan which would give residents the opportunity to shape their neighbourhood. However it is not appropriate to consider such details until MPH have carried out their initial engagement programme with residents this summer. The MPH and CHG Board will consider resident's views and potential regeneration of the estates in autumn 2013. This will be shared with the Council.
- 2.7. Should the possibility of regeneration receive support from residents planning activity could take place 2014/15 and construction could start by September 2016 on all three estates simultaneously. The development period of 8-12 years could be phased in 4 to 6 phases, depending on the sites and detailed planning. Final completion could be phased between calendar years 2024 and 2028.

MPH Decent Homes Programme

- 2.8. Merton Priory Homes remain committed to delivering the Decent Homes programme across the whole of the MPH portfolio in Merton. MPH will be spending £28m on capital works during 2013/14 to bring homes up to the Merton decent homes standard. MPH's investment plans allow for the replacement of building elements as or before they reach the end of their expected lifecycle.

Stock condition analysis of the estates

- 2.9. Profiling has been undertaken on all MPH estates and small blocks, reviewing the decent homes investment requirements, long term

maintenance liabilities, management issues and socio-economic data. This has identified the potential high cost/high intervention estates across the borough and the three estates (High Path, Ravensbury and Eastfields) that have been identified as the immediate priority for MPH.

- 2.10. The primary driver for regeneration is to deal with property obsolescence on two estates (Eastfields, Mitcham and Ravensbury, Morden). On the third estate, High Path, South Wimbledon, (which will sit as an island within a larger regeneration and growth area) the aims are three-fold; to achieve decent homes standards, prevent further acceleration of social problems (ASB, gang activity, drug dealing) and to take the opportunity of being a catalyst for the wider regeneration of South Wimbledon & Colliers Wood.

Ravensbury, Morden

- 2.11. MPH inherited a number properties that were defined as defective by the Housing Act 1985. Most of these are on Ravensbury estate in Morden. Many of the defective homes had been sold under the right to buy and a programme of buy-backs at market value was funded by the government of the time and the properties returned to Merton's portfolio.
- 2.12. The option to regenerate Ravensbury would include a significant proportion of houses, built to much higher standards than existing properties with reduced energy costs and a better quality of environment for residents.
- 2.13. Any potential redevelopment could see a wider tenure mix including returning residents and create the ability for more people to own their own home.

Eastfields, Mitcham

- 2.14. The Eastfields homes, a combination of three storey houses and flats are of 'Wimpey no-fines' construction, clad with enamel panels which are failing, the houses have shared, un-insulated, flat roofs and services, the metal panel cladding system is backed with asbestos. Many of the houses have been sold as freeholds without a repairing covenant despite having shared roofs and services.
- 2.15. Income deprivation is apparent across all tenures and there are a number of 'marginal' free and leasehold owner occupiers as well as a number of absentee landlords. Marginal lease and freeholders are those who would be unlikely to own their own homes if they had not purchased under the right to buy, or increasingly, inherited from the RTB purchaser
- 2.16. Consultation with these lease and freeholders has shown that whilst they may just be able to afford to run their homes any additional costs, such as major works charges for which they are liable, are unaffordable for them. Such bills are inevitable as MPH catches up with the historic under investment in the homes blocks and estates. The MPH offer on regeneration proposals will need to consider and address the needs of residents in all tenures.
- 2.17. MPH have a desire to find proper solutions to the issues that have led to roof failures and damp, and avoid costly, repetitive and inconvenient repairs to homes. The estate has long been identified by the council as requiring significant improvements. The MPH feasibility study and regeneration option

could offer a greater supply of energy efficient homes and a real chance to relieve fuel poverty and cost of living issues for existing residents.

- 2.18. The outline regeneration option also presents significant opportunities with the new Mitcham Eastfields Rail station to dramatically improve a key gateway site for the borough and add to the local economy of Mitcham town centre.

High Path, South Wimbledon

- 2.19. At High Path MPH needs to find proper solutions to ensure living conditions, communal areas and the surrounding environment are the best they can be.
- 2.20. A wider scale regeneration could aid with challenges affecting the estate, particularly poor design, ill-defined public realm and land use as well as unemployment and increasing socio-economic challenges facing residents.
- 2.21. The option to regenerate would replace a range of unsustainable homes, from damp 1940s London County Council blocks and 1970s tower blocks which require increasing maintenance; with energy efficient new homes to address issues of fuel poverty and quality of life. A redesign of High Path would bring the opportunity to create a real sense of place in its own right – but also a place that reconnects with the neighbouring streets in South Wimbledon.
- 2.22. The potential redevelopment of High Path could act as a catalyst for further regeneration and investment opportunities in South Wimbledon and Colliers Wood, which collectively are identified in the Mayor's London Plan as an Area for Intensification (AFI).
- 2.23. High Path's relatively low density, location on the Northern Line, its ability to capitalise on rising land values in SW19 and changing demographics create the conditions for a regeneration programme that could not only improve High Path, but leverage funding to improve Eastfields and Ravensbury.
- 2.24. The proposal is potentially the ultimate demonstration in seeking to 'bridge the gap' between east and west Merton as set out in Merton's Community Plan by MPH /Circle investing significantly in new homes in the area..

Merton's Local Development Framework

- 2.25. According to the MPH feasibility study, the number of potential new homes across all three estates represents approximately 1/3 of Merton's existing 10 year housing supply target as set by the GLA. (320 units per year / 3200 by 2024). Currently, Merton's Core Planning Strategy (2011) and LDF Sites & Policies Development Plan Document (S&P.DPD) identifies a 5 year detailed supply pipe-line for housing, and broad locations for the remaining 10 year supply. The estates mentioned in this report form part of the 'broad locations' for housing growth in the borough; Mitcham, Morden and South Wimbledon/Colliers Wood AFI.
- 2.26. In financial terms, the MPH regeneration option for the three estates comes as a single package where regeneration plans for each estate would be financially dependant on each other. Significant investment is needed to provide sustainable modern homes on each of the estates.

- 2.27. To ensure successful delivery of such a project, the council's strategic planning role would need to consider the three regeneration options as one entity due to financial viability and deliverability; now a key test of national planning policy.

Considerations for Merton Council

- 2.28. The potential regeneration projects could be delivered over 8-12 year period and during this time there will be a number of risks and sensitivities that could impact upon the delivery of the new build and regeneration programme. These will be outlined in more detail in a future report to Cabinet expected in October / November 2013 after the initial views of residents have been sought.
- 2.29. More immediate risks relate to;
1. The community engagement and consultation exercise that MPH intend to commence in July 2013. Risks relate to the robustness of the initial engagement period and the comprehensiveness of information regarding decant and acquisition strategies.
 2. The financial stake, if any, that LBM could consider to ameliorate any current or projected financial deficit that could arise from such long-term proposals. This could also include LBM/MPH leveraging additional funding sources from regional or national government.
 3. The need to ensure that any clarification of these issues does not fetter the council's role as statutory planning authority.
 4. Understanding the potential impact on residents and council services.
- 2.30. Subject to MPH's resident engagement programme this summer, the council would be willing to work in partnership with MPH to ensure that any regeneration proposals are consistent with the borough's planning policies and that any potential impact on residents is minimized and regeneration benefits are maximised.

Communications

- 2.31. MPH have produced a detailed communications plan and an engagement plan for the initial conversation proposed with residents between July and October 2013.
- 2.32. The engagement plan sets out the proposed schedule of initial events on each of the estates over the summer. There are events scheduled on each estate, taking place over afternoon / evenings and weekends to allow MPH to engage with as many residents as possible. These are to be supplemented with personal visits and one to one dialogue with every household.
- 2.33. Personal contact will be made with every older or vulnerable resident at the start of the engagement programme to ensure that they understand and are able to participate in the conversation.

Nominations

- 2.34. MPH has a nominations agreement in place as part of the 2010 Transfer Agreement; this allows for 100% nominations from Merton's housing list to be allocated to 'true' void' properties in MPH's portfolio.
- 2.35. MPH recognises that any regeneration proposals could potentially impact on the number of voids available to the council should any regeneration or redevelopment project proceed. The financial implications to the council needs to be determined pending the outcome of MPH's initial resident engagement this summer. The council will consider the impact in autumn 2013. MPH's analysis of the housing needs of existing households will be validated over the initial conversation period in summer 2013.

Other considerations

- 2.36. MPH have provided details of their feasibility study and a range of supporting information to lead officers and relevant Cabinet Members which is being assessed at present. LBM's assessment of the project feasibility and outcome of MPH's resident engagement programme will conclude in further reports to Cabinet due in October / November 2013.
- 2.37. Considerations include:
- Impact on the Stock Transfer Agreement and its development clauses which include;
 - VAT shelter for the current programme of decent homes works.
 - Housing nominations, as noted in 2.34
 - Suspension of Right-to-buys and the impact on the council's share of RTB sales.
 - Growth in affordable housing stock.
 - Planning mechanisms and the use of the councils enabling powers, including land.
 - Merton's 10 year housing supply pipeline, targets and the potential impact on council services such as schools, healthcare and adult social care.

Developing a partnership

- 2.38. MPH is embarking on a programme of engagement with residents prior to any formal decisions being considered by LBM. MPH's initial resident engagement programme runs from July-October 2013. A further report to Cabinet in autumn 2013 will provide the outcomes of the MPH/Circle Board decision following a full review of the consultation outcomes
- MPH seeks an 'in principle' support for the idea of wider scale regeneration on the three estates. Following the initial conversation with residents this summer, MPH will seek to establish a partnership approach with LBM, should regeneration feasibility options proceed towards becoming a formal project. .
- 2.39. The full scale regeneration option represents a substantial investment in Merton over the next 12 years, funded by other partners in the wider Circle Group. Whilst the Circle Group has secured finance, this is pending subject

to support from LBM and residents; otherwise the funding could go to another housing association within the Circle Group.

2.40. The council have appointed expert independent advisors, to assess the impacts noted above and to interrogate the MPH business plan and financial model to identify ways of improving the project's financial position, and reducing any potential financial impact on the council. The advisors are also working with The Children Schools and Families department and futureMerton to determine the potential impact on school places, by phasing and location of development, as well as income streams such as Community Infrastructure Levy, s106, increased Council Tax revenues and business and economic growth opportunities.

2.41. MPH wish to establish agreed principles for MPH and LBM to be partners should any regeneration project come forward. MPH would seek a form of agreement that the council supports the regeneration proposals (without any fettering of its legal obligations), this would need to cover:

- Amendments to the Stock Transfer Agreement (if required)
- Use of the Council's enabling powers and resources
- Planning
- Financial concerns of both parties
- Governance arrangements
- On-going consultation arrangements
- Long term communication plan
- Reporting arrangements

Governance

2.42. Following MPH's initial engagement with residents; if Cabinet members agree to support a regeneration option, officers will establish formal programme management arrangements to guide the project and create space to manage the information flows between LBM and MPH. It is proposed that an officer steering group is created; chaired jointly by the Directors of Environment & Regeneration, Community & Housing and Corporate Services.

3 ALTERNATIVE OPTIONS

3.1. The alternative option is for MPH to continue its current decent homes investment programme which focusses on refurbishing specific elements in residents homes. MPH have stated, following post-transfer stock condition surveys, that this would bring short-term benefits, but wider options could improve the homes and surrounding neighbourhoods further and for the longer term.

3.2. As part of an on-going dialogue with MPH, LBM will be assessing the long term value and capitalised costs of the existing decent homes programme on these estates versus the value of the regeneration feasibility study proposals.

4 CONSULTATION UNDERTAKEN OR PROPOSED

- 4.1. Briefings with key Cabinet Members are on-going. MPH have started a series of ward member briefings and will run their programme of resident engagement until October 2013.

The progress of these outline proposals has been/will be reported to the following groups:

9 th July 2013:	Cabinet
November 2013:	Cabinet and/or Full Council (TBC – subject to resident engagement feedback)

5 TIMETABLE

- 5.1. MPH's conversation over the summer of 2013 is potentially the start of a much longer consultation and engagement programme that could, ultimately run for the whole period of the regeneration programme.

- 5.2. The indicative critical path which Cabinet members should be aware of, should a wider scale regeneration project proceed;

- July – October 2013* Initial resident engagement
- November 2013 Cabinet / Council consider
Circle Board decision following the consultation
- November – March 2014 Master-plan development with resident input
- January – April 2014 Formal consultation on plans
- June 2014 – Jan 2015 Planning Framework adoptions
Planning Application process
Acquisitions
- 2016 onward Phased construction and decants
- 2024-2028 Completion

**extension of the initial resident engagement from September to October, accounting for the holiday period is to be recommended to CHG Board on 8th July.*

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1. Merton Priory Homes have committed to an open book accounting process to facilitate the understanding of the impact on residents and council services. Issues are currently being assessed, to be brought back to CMT/LSG/Cabinet in due course

7 LEGAL AND STATUTORY IMPLICATIONS

- 7.1. None for the purposes of this report, but for future stages of the project, consideration must be given to: Planning Act (2008), Housing Act (2004) and the development agreement contained within the Merton Housing Stock Transfer (2010)

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 8.1. MPH have undertaken an Equality Impact Assessment (EIA) in line with legal requirements and Circle Housing Group policy in conjunction with the consultation process over the summer of 2013. MPH will need to undertake a full EIA before taking any decisions on potential regeneration options. The EIA covers all equality strands (protected characteristics) and will be reviewed and updated as the engagement programme progresses.

9 CRIME AND DISORDER IMPLICATIONS

- 9.1. None for the purposes of this report

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 10.1. None for the purposes of this report

11 APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT

- None

12 BACKGROUND PAPERS

- Merton's Core Planning Strategy (2011)
- Merton's Housing Strategy (2012)
- Merton's Regeneration Delivery Plan (2011)
- Merton's Community Plan (2013)
- Merton's Housing Stock Transfer Agreement (2010)