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Meeting	Budget and Performance Overview and Scrutiny Committee
Date	15 March 2012
<b>Subject</b>	<b>Number of New Dwellings Started on Regeneration Schemes – Performance Update</b>
Report of	Assistant Director of Strategic Planning and Regeneration
Summary	An update on the Council's Estate Regeneration Schemes.

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Officer Contributors	Nicola Bird – Regeneration and Development Manager Tony Westbrook – Principal Project Manager
Status (public or exempt)	Public
Wards affected	Colindale, Burnt Oak, West Hendon, Edgware
Enclosures	None
For decision by	Budget and Performance Overview and Scrutiny Committee
Function of	Budget and Performance Overview and Scrutiny Committee
Reason for urgency / exemption from call-in	Not applicable

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## 1. RECOMMENDATION

- 1.1 That the committee notes the contents of this report and make comments and recommendations as appropriate.

## 2. RELEVANT PREVIOUS DECISIONS

- 2.1 Budget and Performance Overview and Scrutiny Committee – 6 December 2011

Item 7 Corporate Performance Results 2011/12 Qtr 2

Resolved that the Committee receive in-depth reports to be presented to the meeting scheduled for 7 March 2012 relating to the number of new dwellings started on the regeneration estates (Environment, Planning and Regeneration – CPI 1003).

## 3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 The regeneration of the council's priority housing estates support the Corporate Plan 2011-2013 priority of 'A successful London Suburb' and the strategic objective under this priority to *sustain Barnet as a successful place through plans for regeneration and strategic growth*.

- 3.2 The estate regeneration programmes also support the 'One Barnet - A Sustainable Community Strategy for Barnet 2010–2020' through the following objectives:

- A new relationship with citizens - the new developments will offer more choice and promote independence by providing a number of different housing options such as shared ownership to residents and those in the wider community.
- A one-public-sector approach - the council is working together with other public sector partners to ensure the delivery of the schemes.
- A relentless drive for efficiency - the council is working with development partners to ensure that the schemes are delivered in the most cost effective way.

- 3.3 The redevelopments comply with the strategic objectives in the council's Regeneration Strategy which include:

- Enhance Barnet as a Successful London Suburb through delivery of quality new places and neighbourhoods in the areas of the borough in greatest need of investment and renewal
- Deliver sustainable housing growth and infrastructure, and improve the condition and sustainability of the existing housing stock
- Ensure residents in all areas of the borough can share in Barnet's success while taking responsibility for the well-being of their families and their communities
- Promote economic growth by encouraging new business growth while supporting local businesses and town centres
- Help residents to access the right skills to meet employer needs and take advantage of new job opportunities

The redevelopment also complies with strategic objectives in the council's Housing Strategy 2010-2025 which include:

- Increasing housing supply, including family sized homes, to improve the range of housing choices and opportunities available to residents; and

- Promoting mixed communities and maximising opportunities available for those wishing to own their home.

#### **4. RISK MANAGEMENT ISSUES**

- 4.1 If the estate regeneration schemes do not proceed and complete the council will be required to bring the remaining properties up to Decent Homes Standard for which there is no current financial provision.
- 4.2 The council's development partners are currently responsible for a substantial amount of council costs. The Principal Development Agreements (PDAs) sets the requirements on the costs being recovered at later stages of the regeneration projects. These costs include the legal costs in setting up the PDAs, the costs of making and implementing Compulsory Purchase Orders, Homeloss and Disturbance payments to secure tenants required to move, Independent Tenant Advisors, and Cost Consultants. If the developer defaults on these payments or the projects do not proceed to stages specified within the agreements, then the council will not be able to recover the costs paid. It is not possible to mitigate against this risk.
- 4.3 The council also has obligations under the PDAs, if the council fails to fulfil these obligations for each scheme, it may be liable for damages and other financial liabilities given the investment in the regeneration by the partners. Thus, the council will need to ensure that it puts in place, appropriate structures and resources to enable its obligations within the PDAs' to be met.
- 4.4 The viability of each of the projects is substantially dependent on the performance of the housing market over the development lifetimes. The poor economic climate and the current housing and finance market place added risks on the estate regeneration schemes. PDAs are in place on Grahame Park, West Hendon and Stonegrove and Spur Road. These schemes may not progress in the timescales envisaged as a result of the state of the housing market. The risk attached to this is that the Housing Revenue Account may have to maintain properties on the estates for longer than originally envisaged and costs to be recovered will be delayed. Economic sensitivity review mechanisms have been included in the PDAs.

#### **5. EQUALITIES AND DIVERSITY ISSUES**

- 5.1 The regeneration schemes will deliver a mix of approximately 15,000 new affordable, intermediate and private sale flats and houses. The developments will also provide new community facilities and commercial units for business to rent or lease. The council will have 100 per cent nomination rights to the new affordable housing on the housing estate regeneration schemes and re-housing offers will be made to all the existing secure tenants on the existing housing estates. Thus the regeneration schemes will provide new areas of mixed tenure housing that will make these parts of the borough better place to live and contributing to improved community cohesion in areas with highly diverse populations.

#### **6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)**

##### **6.1 Finance:**

- 6.1.1 The economic climate has implications for the projects.

- 6.1.2 The Homes and Communities Agency (HCA) has contributed approximately £20.94 million towards the new provision of homes at Grahame Park, £30.6 million at Stonegrove and Spur Road Estates, and £5.201 million for West Hendon. Further funding has been approved by the HCA in principle for Grahame Park under the “Get Britain Building” fund which is currently undergoing due diligence. The HCA funding on all these schemes has been paid direct to the developer/Registered Provider. The council also awarded a Growth Area Fund (GAF) of £3.8 million to the West Hendon project.
- 6.1.3 The council’s development partners are currently responsible for a substantial amount of council costs to bring these schemes to fruition. The PDAs set the requirements on the costs being recovered at later stages of the regeneration projects. To deal with the current economic climate which has resulted in changes to housing and finance markets, the council has agreed to review the timing of some of these payments.

## **6.2 Performance and Value for Money:**

- 6.2.1 The council and the development partners have obligations within the respective PDAs’ to maintain a transparent and open book approach to the management and monitoring of each development. The council will have the right to access management accounts and other relevant documentation to ensure that information being provided in connection with financial matters is accurate and accords with ‘Value for Money’ criteria. Each PDA makes a provision for the council to share in any overage (excess surplus) that may arise.

## **7. LEGAL ISSUES**

- 7.1 The Principle Development Agreements mentioned in this report are long term contracts which the council has entered into with the respective development partners. These contracts regulate the relationships between the council and its partners.

## **8. CONSTITUTIONAL POWERS**

- 8.1 The scope of the Overview and Scrutiny Committees is contained within Part 2, Article 6 of the council’s Constitution.
- 8.2 The Terms of Reference of the Overview and Scrutiny committees are in the Overview and Scrutiny Procedure Rules (Part 4 of the Constitution). The Budget and Performance Overview and Scrutiny Committee has within its terms of reference responsibility for scrutinising “...the overall performance, effectiveness and value for money of council services, including the planning, implementation and outcomes of all corporate improvement strategies”.
- 8.3 The Local Government Act 2000 determined that along with other responsibilities the remit of Overview and Scrutiny would include the responsibility to make recommendations to the executive on matters which affect the authority’s area or inhabitants.

## **9. BACKGROUND INFORMATION**

### **Progress Update**

#### **9.1 West Hendon**

### **9.1.1 Overview of the approved scheme**

- The proposals for West Hendon will see the creation of a vibrant integrated community and the replacement of the existing 680 homes on the estate with new mixed tenure housing development of up to 2,171 homes.
- The existing community centre will be replaced with a new modern facility.
- A new public realm and town centre.
- Re-configuration of the road network, to improve traffic flow and removal of a gyratory road system dividing the estate
- The total cost of the scheme is in excess of £500 million, including approximately £12 million of S106 contributions, in money or in kind, excluding the affordable housing provision.

### **9.1.2 Progress to date**

The Principle Development Agreement was signed in August 2006 and an Outline planning consent was granted in June 2008.

A Pilot Phase of eight affordable houses for rent (known as Lakeview) which is situated on the former site of the demolished Lakeview Children's Centre completed in December 2011 and residents have moved into their new homes.

Phase 2A (known as Lakeside) comprises of 35 affordable homes and 151 private homes for sale. This is due to be completed by December 2012.

Barratt Metropolitan Limited Liability Partnership and the council are undertaking a review of the rest of the masterplan for the scheme, to improve the viability of the scheme.

There have been regular meetings with the Residents Regeneration Group Committee members and further consultation is planned with residents and other local stakeholders.

### **9.1.3 Future Milestones**

- Complete construction of the new homes (194 units) at Lakeside and Lakeview
- Seeking the relevant approvals from Cabinet Resources Committee on 28 February 2012 on the new masterplan proposals.
- The planning application for the new masterplan to be considered by Planning and Environment Committee later in 2012.
- Deed of Variation to be signed amending the Principal Development Agreement (PDA) for the remaining phases of the scheme by December 2012.
- In partnership with BMLLP, to undertake extensive consultation with residents on the new proposals. Further meetings and exhibitions are planned for Spring 2012 with residents.

## **9.2 Stonegrove and Spur Road**

### **9.2.1 Scheme Overview**

- 999 new homes of which 479 will be affordable and 520 for private sale standards
- A new Academy
- A community hall and a Community Trust to run the facilities.
- New open spaces
- Improved parking provision

- New roads and improvements to important junctions between Spur Road and Green Lanes, Spur Road and Stonegrove

### **9.2.2 Progress to date**

Penniwell Close was completed in June 2008 and this delivered 62 new affordable homes.

Phase 1 (Cannons Court) was completed in June 2010 and this comprised of 116 new homes, 78 of these were affordable.

Phase 2 (Sterling Green) completed at the end of 2011 and this comprised of 98 new homes of which 62 of these were affordable

Phase 3 (Academy Court) is on site and due for completion in June 2012. This will deliver 67 new homes 21 of these are for shared equity and 46 homes for private sale.

Phase 4 (Sterling Court) is on site and due for completion in March 2013. This will deliver 107 Affordable homes.

The Compulsory Purchase Order (CPO) was made on 6 December 2011. Notices were served to all known persons who had an interest affected by the CPO on 8 December 2011. If there are unresolved objections, a public inquiry may be required in June/July 2012

To date 202 affordable homes have been completed.

### **9.2.3 Future Milestones**

- Completing the CPO process and securing a CPO
- Submission of a detailed planning application in May 2012 for the church, church hall, community centre and the remainder of the residential site.
- Decanting of all the remaining secure tenants in phase 4 (Sterling Court) and non secure tenants in 2013.
- Completing private treaty acquisitions on the leasehold properties, where possible
- Phase 5 (Academy Lane) will start on Site in October 2013.
- Completion of the entire scheme by 2018

## **9.3 Grahame Park**

### **9.3.1 Scheme Overview**

- 2,977 new homes of which 1,000 will be affordable and 1,977 for private sale
- Retention of 25 per cent of the existing homes on the estate
- Replacement of existing facilities including library, community centre, children's centre, health centre and day centre
- New open spaces
- Major infrastructure improvements, improved transport links and community health facilities.

### **9.3.2 Progress to date**

A demonstration phase of 32 new homes was completed in October 2007, 13 of which were for social rent, 3 for low cost homeownership and 16 for market sale. This phase enabled 13 families to move from overcrowded conditions into new family homes.

The construction of a replacement children's facility known as the Greentop Centre was completed in December 2008 providing new facilities for the users of the old Log Cabin Children's Facility to enjoy.

### **The First Phase – Phase 1a**

The first major phase of the Grahame Park regeneration in the area known as Phase 1a started on site in July 2009. This phase comprises 134 homes for social rent, 30 for low cost homeownership, 155 for market sale and improvement works to the open space.

Approximately 180 new homes have been completed to date; all 319 new homes are expected to be completed by July 2012. This phase included significant improvement works to part of the open space, renamed as Heybourne Park. There is now a combination of facilities and habitats in Heybourne Park: areas of biodiversity and amenity, as well as a useful educational resource for students of local schools and conservation groups. The ponds have been remodelled with features such as accessible water edge decks and sustainable drainage channel with bridge sections. There is also wetland planting that will decrease the risks of floods.

### **Phase 1b**

A detailed planning application for the next major phase, known as Phase 1b was approved in June 2011. This phase comprises of 446 new homes, replacement library, community centre, shops, housing office, a public square and a park.

This phase will be delivered in three sub-phases. Work on the first sub-phase is due to start in 2012.

The council, in partnership with Barnet Homes completed the decanting and re-housing of residents in Phase 1b by October 2011 to allow the demolition to commence.

### **Phase 0 Extension**

This phase comprises of 39 homes originally intended to be built for private sale. These properties were due to start on site in summer 2011. Unfortunately, this phase has been delayed due to a number of factors which include market conditions and disappointing sales rates on the earlier phase. Discussions are on going with Genesis on a revised timetable for a start on site.

## **9.3.3 Future Milestones**

- Commence work on the 39 new homes in Phase 0 Extension in 2012.
- Complete the demolition of Phase 1b properties by March 2012.
- Commence work on the first construction sub-phase of Phase 1b in 2012. This sub-phase comprises 143 new homes, 55 of which will be social rent, 18 for low cost homeownership, 70 for market sale and a new supermarket.
- Complete new homes in Phase 1a by July 2012.
- In partnership with CfGP, undertake a financial review of the next phases of the regeneration scheme to ensure future delivery.

## **9.4 Dollis Valley**

### **9.4.1 Scheme Overview**

The regeneration of Dollis Valley will create a new revitalised neighbourhood on this 23 acre site. This will involve the complete demolition of the existing 436 dwellings and a

former primary school. These proposals include replacing the existing 436 flats and maisonettes with a mixed tenure, high quality development of up to 616 new homes.

This new development will consist of affordable homes for social rent, shared equity and homes for sale on the open market.

#### **9.4.2 Progress to date**

In November 2011, the council selected its preferred developer partners Countryside Properties UK and London & Quadrant consortium to regenerate the Dollis Valley Estate. The consortium has developed detailed regeneration proposals for Dollis Valley during the course of the selection process.

A programme of meetings has taken place with the new Development Partners and the Dollis Valley Regeneration Association (DVRA) and a series of meetings are currently underway.

The developers are currently preparing a detailed planning application for the first phase and an outline planning application for the rest of the scheme.

#### **9.4.3 Future Milestones**

- Submission of the planning application for the first phase and outline planning for the scheme in Autumn 2012
- Start on site in 2013 with a build programme of between 7 and 8 years.

### **10. LIST OF BACKGROUND PAPERS**

10.1 None

Legal – EW

CFO – JH