



Cabinet
11th October 2021

**Report from the Strategic Director
of Community Wellbeing**

Future of St Raphael's Estate

Wards Affected:	Stonebridge
Key Decision:	Yes
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
No. of Appendices:	Two Appendix 1 Infill Masterplans Appendix 2 Infill Plus Resident Charter
Background Papers:	None
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Kathryn Eames, Senior Project Manager, kathryn.eames@brent.gov.uk

1.0. Purpose of the Report

- 1.1. St Raphael's sits within the Stonebridge ward. It is bounded by the North Circular Road to the south and east, industrial premises to the north and the River Brent to the west. It is a low density residential area of 1140 homes and a small number of non-residential units.
- 1.2. In November 2018, Brent Council (the Council) sought approval from the Cabinet to commence work on establishing community led masterplans for St Raphael's, for both infill development and redevelopment.

- 1.3. The primary Council objective was to improve the lived experience on St Raphael's estate, whilst also increasing the amount of affordable housing.
- 1.4. This report provides an update on the community led masterplanning, the infill 'plus' development now being progressed and detail on next steps. This report also seeks approval from Cabinet for the allocation of the budget to proceed with the design of the remaining infill plus development sites and additional estate wide improvements.

2.0. **Recommendations**

Cabinet is asked to:

- 2.1. Confirm its continued commitment to improving the lived experience on St Raphael's through an 'infill plus' approach to the delivery of new Council homes. This to include the delivery of resident priorities for green space and play space, streets and safety, community amenities, connectivity, health and employment.
- 2.2. Approve the allocation of £2.35m to enable commencement of the design of the Infill Masterplan, design of the wider estate improvements and the purchase and installation of a temporary community / project building, as described at paragraph 5.0 of this Report.
- 2.3. Note the Resident's Charter developed by St Raphael's Voice, the content of which informs planning for the Infill Masterplan and to acknowledge the role and commitment of St Raph's Voice, the Resident Board on St Raphael's, in the Future St Raphael's project, to date and in the future.

3.0. **Background**

- 3.1. In November 2018, the Council sought approval from Cabinet to commence work on establishing community led masterplans for St Raphael's estate, for both infill development and redevelopment, culminating in a ballot should redevelopment be financially viable.
- 3.2. The Council's primary objective of the masterplanning was to improve the lived experience for St Raphael's residents, whilst also increasing the amount of affordable housing.
- 3.3. As a part of the standard masterplanning process, the masterplanning area was appraised in order to provide an early indication of deliverability. In December 2019, Cabinet approved the adjustment of the masterplanning area to focus only on the area between Besant / Pitfield Way and the Brent River (St Raphael's).
- 3.4. In March 2020, the project team held the last public event on St Raphael's before lockdown, sharing and seeking feedback on the infill and redevelopment

masterplans which had been co designed with the community. The masterplans were developed as a result of thousands of conversations with residents from more than 80% of households at 27 public events and workshops, 7 resident training sessions & 3 study trips.

4.0. The Redevelopment Masterplan

- 4.1. The redevelopment masterplan delivers 2065 new homes. It is an ambitious plan with a significant scale of delivery, which is dependent on the demolition of 759 existing homes. The masterplan would provide 50% affordable and 50% private newly built homes.
- 4.2. As at October 2020, the financial viability assessment of the redevelopment masterplan was based on the assumption that grant funding could be applied for and allocated under the terms outlined in the London Mayor's Building Council Homes for Londoners Programme, Affordable Homes Programme 2016-21 (AHP 16-21). This meant that for the redevelopment masterplan, all 821 social rented homes, both replacement and new, were grant eligible. At this point, the redevelopment masterplan were considered affordable, despite showing a viability gap of -£25.6m.
- 4.3. In December 2020, the Mayor of London issued new funding guidance for London's Affordable Homes Programme 2021-2026 (AHP 21-26), which contained some significant changes to the previous grant funding regime impacted future GLA funding for affordable housing development and estate regeneration in London. The three most significant changes were the abolition of a set tariff rate for grant, removal of eligibility for grant funding for those newly built homes deemed to be replacing existing social rented homes and the requirement for new affordable homes to be set at formula (social) rent in order to attract grant rather than the higher London Affordable Rent previously introduced by the GLA.
- 4.4. In March 2021, a report outlining the delivery implications of the new GLA Affordable Homes Programme 2021-26 on Future St Raphael's was presented to the Council's Policy Coordination Group. This report showed that the viability gap for redevelopment had worsened significantly, with an estimated decrease in viability of £54.5m, from -£25.6m in October 2020 to c. -£80m in February 2021. In response, it was agreed that the project team would bid for grant funding through both the existing AHP 2016-21 programme (final round) and the new 2021-26 AHP programme.
- 4.5. In May 2021, three bids were submitted to the GLA for funding to support the delivery of the first 3 phases (Phase 1a, 1b and 2a) of the redevelopment masterplan, totalling £61.5m.
- 4.6. Following this, the cash flow model was updated in order to reflect programme and market changes, including land assembly costs of £143m, revised GLA grant,

market-pricing changes within the construction sector and refinements to the way future values and programme costs are calculated. The revised cash flow resulted in a project viability gap of -£110.2m which is unviable for the Council due to the negative Net Present Value and as the full redevelopment would not achieve payback within a 60 year period.

- 4.7. The project team, working with market leading financial advisors, considered a number of routes to potentially improve the viability, including a reduction in the provision of affordable housing across the scheme (although this didn't align with the original intent to deliver as much genuinely affordable housing as possible) and increase of density and private for sale homes. However, due to a number of factors and in particular the high cost of land assembly and the loss of grant attributed to the reduction of new affordable homes, the impact on scheme viability was minimal.
- 4.8. The Council's commitment to the residents of St Raphael's was for a community led approach to the masterplanning of their estate, culminating in a resident ballot through which residents would be able to demonstrate their support for redevelopment, with infill development being the default option. This route to ballot has always been predicated on having a redevelopment masterplan that was financially viable and therefore able to be delivered.
- 4.9. In line with this commitment, and because the delivery of the redevelopment masterplan is no longer considered financially viable (as described in the Financial Comments in section 7.0 of this Report), the infill masterplan will be progressed, with a community led approach being followed as before.

5.0. The Infill Masterplan

- 5.1. The infill masterplan (*see appendix 1*) consists of clusters of new homes in the north and south of St Raphael's, facing the river along the western edge of the existing homes, and some in underused pockets of land within the estate. It currently delivers 370 new homes; 334 flats and 36 houses. The detail is likely to change as engagement with the community progresses and the design is developed.
- 5.2. All new homes are forecast to be 100% affordable, owned and managed by the Council, for both overcrowded St Raphael's tenants and people on the social Housing Register. At least 35% of the new homes will be family housing with three or more bedrooms, and in line with GLA funding requirements, formula (or social) rent would be charged¹. This is the same rent charged on all Council properties re-let after becoming vacant.

¹ The basis for the calculation of formula rents is: 30% of a property's rent is based on relative property values, 70% of a property's rent is based on relative local earnings and finally a bedroom factor is applied so that, other things being equal, smaller properties have lower rents

- 5.3. In response to residents preferences and the project objectives, the masterplan proposes that:
- Buildings range in height, with the taller buildings on the north and south edges of the site;
 - Homes are built with front doors facing the park and existing open spaces to improve surveillance, and infill buildings are built in underused areas of the estate to activate the streets;
 - New communal green space is provided in between the new blocks to improve safety and surveillance and improvements to the Brent River Park adjacent to the site are made.
- 5.4. The current financial appraisal indicates that the infill masterplan is financially viable. Detailed financial appraisals will be carried out for each phase as the scheme designs develop and more detailed cost information is known.
- 5.5. The design of the phase 1 site in the south of St Raphael's started in July 2021, with start on site currently forecast for winter 2022/23 and completion winter 2025/26. The design team will, as before, take a co design approach to the design of the buildings and public realm improvements.

Infill Plus

- 5.6. There is the potential to deliver significant place making improvements alongside the delivery of the new homes, which arguably, whilst not as transformational as full redevelopment, has the ability to improve the lived experience for St Raphael's residents.
- 5.7. Early priorities for delivery in 2021/22 ahead of the delivery of the Phase 1 site, are focused on the issues identified through recent consultation with residents on the Resident Charter and via estate walkabouts. They centre on improvements to the care and maintenance of the estate and target green spaces, waste management and parking. In addition, the purchase and installation of a temporary building for use by the community and project team is included. Work to deliver these priorities started in July 2021 and the following have already been completed:
- Grass cutting schedule has been reviewed and updated, and all grass in public areas has been cut;
 - A tree survey has been carried out which has identified all problem (overgrown) trees, now prioritised for cutting in the autumn;
 - Weed spraying over all paths has been completed;
 - Basketball hoops and nets for the cage have been ordered;
 - A plan to improve the external appearance of the Wates site office has been established, with delivery planned winter 21/22;
 - All abandoned vehicles have been removed in a Day of Action;

- Traffic Management Order consultation commenced to establish the best approach to manage the parking;
- A plan to demolish the dilapidated building on Lovett Way / Hardie Close has been established, with hoarding to be erected to ensure site safety in the meantime;
- Missing or damaged communal bins have been ordered and will be replaced in autumn 21;
- All reported repairs to Council owned homes and communal areas have been reviewed and a plan established to address outstanding actions.

5.8. Through the engagement with residents over the past two years, a list of more significant improvements have emerged. They include:

- Improved lighting and surveillance across the estate;
- Improved landscaping and usability of the green spaces and in particular the Brent River Park, with new spaces to sit, play and socialise;
- Improved and new (green) play spaces across the estate;
- Provision of a new large community centre, work spaces and improved retail units;
- Improved waste management across the estate;
- Improved light public infrastructure such as bridges and paths to create better opportunities for walking & cycling;
- Reduction of rat running through the estate;
- Improved connectivity.

5.9. The improvements requiring significant investment as listed at 5.8 will be considered alongside the design of the homes for the Phase 1 site and remaining phases of the Masterplan. The current list will be discussed with residents to identify any gaps, and an order of priority for delivery established prior to being taken forward as a definitive part of a scheme.

5.10. Consideration of wider Council objectives for health, education, culture, climate emergency etc. will also be brought to bear in these discussions. Priorities and initiatives for these areas will be generated through conversations with residents about need and delivery preferences. Work across the Council on identification of health priorities has already started, with engagement with residents to start in the coming weeks.

5.11. The approach to planning needs to be agreed but it is likely that a hybrid planning application would be made, with detailed design for Phase 2 and the remainder at outline. The planning application could be structured such that the wider 'infill plus' improvements are triggered as development phases are brought forward thereby managing cashflow. This position is supported by early conversations with Planning.

- 5.12. Accordingly, the timeline for delivery of the Infill Plus improvements is likely to mirror the development timeline which, although not confirmed at this stage, is as follows:

Infill Plus Improvements	Delivery
Early improvement priorities	2021 to 2022
Phase 1 site (in the south of estate)	2023 to 2026
Phase 2 & 3 sites (middle and north of the estate)	2025 to 2028

- 5.13. The costs to deliver the 'infill plus' improvements outlined at 5.8 and to be confirmed through discussion with residents, will be established through the design process and budget requested at a future Cabinet meeting. The indicative costs as it is understood at this stage are set out in the financial implications in section 7.0 of this report.
- 5.14. Delivery of the improvements will be phased in such a way that they limit sunk costs and do not preclude (in the short to medium term) the future delivery of the redevelopment masterplan should this prove financially viable and desirable at a later date.
- 5.15. Budget is requested for the design of the remaining masterplan phases and the design of the associated estate wide infill plus improvements, and the supply and installation of a temporary community building.
- 5.16. Beyond the works identified through the maintenance programme, it is unlikely that significant improvements to the appearance of the existing homes could be made as the majority of the properties are cross wall construction, which would not support external wall cladding or other energy efficiency improvements in line with the Climate Emergency commitments. That said, households on St Raphael's should continue to expect a good level of ongoing maintenance and repair, both of their homes (if Council tenants or leaseholders) and their estate.
- 5.17. The Council's Allocations Scheme enables Council tenants living in St Raphael's, and on the social housing register, to benefit from the new homes being built. This will include tenants living in previously excluded parts of the area, for example those living next to the North Circular.

6.0. The Resident Charter

- 6.1. St.Raphael's Voice (SRV) is a constituted group of c. 15 resident volunteers from across the estate, established in 2019 and recognised by Brent Council to represent all St Raphael's residents who may be affected by the proposals. The group has consistently supported the Future St Raphael's project, providing an unbiased input on all aspects of the project and critically, championing a

community led approach. The involvement and input from all members of the group and in particular the Chair and Vice Chair, has been invaluable.

- 6.2. The Charter was created by the SRV Board, supported by PPCR, the Independent Tenant and Leaseholder Advisor (ITLA). The St.Raphael's 'Infill Plus' Charter (the Charter) is a set of commitments and ways of working established and requested by residents, developed with the Council. The Charter sets out how the Council will deliver the Infill Plus development for the St.Raphael's estate and community (please see *Appendix 2*).
- 6.3. In May 2021, a consultation on the draft Charter was carried out led by the ITLA, sponsored by the SRV and supported by the Council. The consultation ran for 6 weeks. An overall response rate of 35% of households was achieved with 83% of returns from Council tenants. A summary of the Resident Charter consultation is available on the Council website (www.brent.gov.uk/straphs).
- 6.4. The Charter is built around four themes of:
 - Putting local residents first;
 - Building high quality affordable Council homes for social rent;
 - Being an active place-maker (community builder);
 - Being a responsive, progressive & transparent landlord.
- 6.5. An action plan will be created for each commitment in the Charter, and progress reported to the SRV at its monthly meetings, and to the St Raphael's community bi annually.

7.0. **Financial Implications**

- 7.1. Current modelling estimates a residual land value of £3.7m for the infill masterplan, assuming £100,000 GLA grant funding per unit and over a 60-year investment period, making the infill option viable for the Council. This estimate will be refined as the scheme progresses.
- 7.2. There are a range of initiatives that could be carried out in addition to the infill development to deliver place making improvements and benefits to residents, the 'infill plus' options. The investments required to delivery these infill plus options will be decided through resident engagement and further analysis. The approximate cost of all potential 'infill plus' costs was estimated at c. £30m. These costs are to be refined through the design process and engagement with residents and as such, a budget for this is not requested in this paper. Once the budget requirement is identified, the Council can investigate funding sources, which may include any funds from the development, capital receipts, strategic Community Infrastructure Levy (SCIL) and borrowing.

Viability testing of 'infill plus' options has not been undertaken at this stage.

7.3. Previous modelling for the full redevelopment was based on the GLA's former funding programme (AHP 2016-21) and under this funding model, the full redevelopment option had a viability gap of -£26.6m. Under the new GLA funding model (AHP 21-26), the viability gap had worsened from -£26.6m to -£80m.

7.4. The changes to the GLA funding programme are :

- abolition of the tariff with grant per unit set at £100k or a negotiated rate based on costs of delivery;
- removal of grant funding for new Council homes deemed to be replacement for existing Council homes;
- and a cap on rent that can be charged for new Council homes in receipt of GLA funding at social rent, which is approximately 9% lower than London Affordable Rent (LAR).

7.5. The cash flow model has also been updated to reflect programme and market changes, including land assembly costs of £143m, market-pricing changes within the construction sector and changes to the unit and tenure mix. It was also subject to an external audit that concluded the model is fit for purpose but also recommended a number of refinements, which have now been included in the model.

7.6. The revised viability gap ranges from -£91.5m as a best-case scenario, to -£148.5m as a worst case, with the intermediate case of -£110.2m preferred by the Council.

7.7. The project team has investigated ways to improve viability of the redevelopment including changes to tenure mix and additional private homes for resale. These alterations do not improve viability sufficiently and the full redevelopment remains unviable for the Council due to the negative NPV and as the full redevelopment would not achieve payback within a 60 year period.

7.8. This paper requests £2.35m of budget for the commencement of the design in the Infill Masterplan and wider estate improvements and the purchase and installation of a temporary community building. The budget is split as £2.2m for the design and £0.15m for the temporary community building.

8.0. **Legal Implications**

8.1. The recommendation at paragraph 2.1 is likely to result in the making of a Key Decision as it may result in the Council incurring expenditure or making of savings of £500k or more; or depending on the location of the infill works it may be significant in terms of its effects on communities living or working in an area comprising two or more wards or electoral divisions in the area of the local authority." Key Decisions are subject to the Council's Access to information Rules

within Part 2 of the Constitution. This means that the relevant recommendations must be published on the Forward Plan at least 28 days before the decision is taken unless it is exempt from publication. The Council must also wait a minimum of 5 days after the decision is made to implement the decision, or longer, if the decision is called in by the Council's Overview and Scrutiny Committee.

- 8.2. The recommendation at paragraph 2.1 involves New Spending within the meaning of the Financial Regulations in Part 2 of the Council's Constitution. As such, it will require Cabinet Approval.
- 8.3. The Council may need to appropriate the housing Land for planning purposes in order to override any third party rights. The Consent of the Secretary of State would be required prior to appropriating the site pursuant to section 19 of the Housing Act 1985. The Site may need to be appropriated in order to use the Council's powers pursuant to section 203 of the Housing Act 2016 (the 2016 Act). The Council would need to appropriate the site once planning permission has been granted. Appropriation can only take place once the land is no longer used for housing purposes as defined within part II of the Housing Act 1985. When making an application to the Secretary of State the Council will need to advise the Secretary of State whether social housing will be provided to the secure tenants required to leave the site in order to facilitate the development. Compensation may be payable to parties that may be affected by the use of the Council's powers pursuant to the 2016 Act.
- 8.4. The Council has powers to develop open space pursuant to section 241 of the Town and Country Planning Act 1990 where the open space land has been appropriated for planning purposes. The Council pursuant to section 122(2A) may appropriate open space land provided the requisite advertising period has been adhered to in relation to the consultation that is required to be undertaken prior to exercising the Council's power to appropriate.
- 8.5. A report on title will need to be completed by the Legal department, which may identify third party rights that may need to be overridden using the S203 powers. The Council is under a duty to consult and negotiate with third parties and where necessary, pay compensation. A survey report will identify the level of compensation payable.
- 8.6. The report on title will also identify agreements and easements that will need to be entered into with third parties. It is proposed that we delegate authority to the strategic director to enter into all easements licences leases and agreements relating to the infill development required in order to facilitate the completion of the development

9.0. Equality Implications

- 9.1. When making decisions in regards to service delivery, the Council has a duty to prevent discrimination, harassment and victimisation in relation to the Public Sector Equality Duty that covers the nine protected characteristics. The Council must also advance equality of opportunity and foster good relations between persons who share and do not share a protected characteristic. This would involve removing or minimising disadvantages and taking steps to meet the needs of each individual.
- 9.2. Throughout the master planning engagement to date, persons who share a relevant protected characteristic have been supported to participate. Equality monitoring has been undertaken at all events to track progress on reach and identify gaps.
- 9.3. Targeted initiatives and approaches have been implemented to increase reach with certain groups, but there are still some areas where engagement could be improved, in particular with young people, Asian and Muslim residents and adult men.
- 9.4. Through ongoing equality impact assessment, the project team will continue to monitor the reach and the targeting of the engagement, and the impact of the infill development on residents with protected characteristics, considering and implementing measures to mitigate negative impacts and maximise positive impacts.

7.0 Consultation with Ward Members and Stakeholders

- 7.1 The Lead Member and Ward Members have been consulted on the recommendations in this report.

8.0 Human Resources/Property Implications (if appropriate)

- 8.1 None.

Report sign off:

Phil Porter

Strategic Director of Community
Wellbeing