Kingsbridge Residents Steering Group meeting

13.11.19

Attendence:
Pam Cole Chair for this meeting.- Resident
Deirdre Benjamin – Resident
Shantha Gowda – Resident
David Ledbetter – Resident
Sima Rahman – Resident
Jesmin Akhter – Resident – New member.
Ardi Rahman – Resident – Observer.

Glenn Power – Resident 4 Estates forum
Mike Tyrell – Resident advocate
Christine Searle – Newmill Consultants
Iftikhar Ahmed – Newmill Consultants
Rob Lantsbury – Newmill Consultants
Leigh Pattison – OHG
Ceire Sheehy – OHG

1. **Welcome & introductions** – Pam agreed to Chair the meeting, residents, consultants and staff introduced themselves.

2. **Apologies** – Apologies received from Anna Cushen, Eliza Janiec, Natalie Hajek & Mohammed Sharif Hossain

3. **Minutes of last meeting** – CS to email glossary to RSG members, Sema to be added in attendence log as giving her apologies, with this addition the minutes were accepted.

4. **Matters arising** – **October & November meeting; 6.8** LP confirmed that there were no issues from OHG viewpoint to prevent mortgages or sales; the individuals concerned would be required to pay an administration fee for the remortgage to be noted on the lease. **8.2** LP confirmed that the legal budget was £17,500; if the RSG had issue(s) they wished to receive advice on they would need to produce a brief to get quotes. Newmill advised they would be able to help produce this. The meeting discussed the amount; LP noted if further funds needed then they could be found. **9.2** LP produced an organisational chart for OHG and went through this document. The RSG noted they wanted names against posts, OHG to provide this where possible. LP advised that Richard Hill, CEO, will be meeting with Chairs of TRA's next week and also the 4 Estates Forum, at which this issue should be discussed. MT noted residents wanted to know the outcome of the reorganisation, people felt OHG had become more of a silo organisation. LP asked that the TRA report back on the TRA chairs meeting. It was agreed that the Chart to be appended to the minutes and will be emailed to members. **9.1** Architectural brief has been sent out

Attendance log –

5. The log was completed to take into account this meeting, it was agreed that those members who have missed 3 meetings to be reminded in writing and yellow carded by Newmill on behalf of the RSG, it was agreed that the new members to be officially accepted to the group.

6. **Joint venture presentation** –

Glenn Power circulated a paper he had prepared on this subject; Glenn has been on the 4EF for three years and had spent a lot of time looking at the prospect of regeneration and its funding. He was glad to report that after Project Stone things have changed, there was now proper consultation and the prospect of a higher percentage of social housing coming out of a regeneration projects and OHG were proposing to keep rents exactly the same, which is a good thing.

Glenn noted that OHG had yet to establish their offer to leaseholders; he reiterated he was not talking about whether or not to regenerate but to discuss Joint Ventures' (JV). He noted that If a significant redevelopment option was chosen as the preferred option and won a ballot OHG said there was a 'strong possibility' that a JV with a private developer will be the route OHG chose to deliver the project, this was from a senior OHG officer in the regeneration team in response to initial questions from the Four Estates Forum.

Glenn's first point was that a JV with a private developer would reduce the proportion of social housing viable to deliver due to private developers requiring higher profit margins. Glenn then went through his paper comparing schemes funded by housing associations (acting alone or in non-profit making partnerships with other social landlords) to JVs between housing associations and profit making developers.

- In a scheme self-funded by housing association surplus margins required can be around 12% of total building costs. (eg, Clarion in estate redevelopments in Merton). According to Homes England average building costs in London were around £265,000 per average sized home in 2018. (Roughly equivalent to a two bed flat). A 12% surplus margin would be £31,800/unit, for all tenures.
- Developers, (and JV's between associations and developers), typically require a much higher profit margin, for market sale homes; 20% of the sales value. With house prices for new build on the Isle of Dogs of around £600,000, a 20% profit margin would be £120,000/unit. The higher margin is considered

necessary to incentivise investors and to pay dividends to developers' shareholders.

- The difference in profit margins between the two funding models – for market sale homes - is around £88,000.
- JV's margins for 'affordable' homes are lower, around 6% of their value based on future revenues/rents, because there is minimal risk of not letting them. This margin is the same or similar for schemes funded by housing associations.

Glenn advised that the assumed build costs in his paper were gleaned from the government's consultation paper on councils' use of RTB receipts in 2018, based on average space standards, which meet or exceed minimums.

The meeting then discussed the issues Glenn's paper raised. RSG members asked how 'non-profit making partnerships' worked. Glenn talked about ways of maximising affordable housing if OHG had limited borrowing capacity - a possible 'non-profit' partnership with another Housing Association or the Council who could raise funds without the need to produce profit; all partners would need to more than cover their costs. If the partner was Tower Hamlets Council they may want all the nominations once the current residents had been re-housed, if another HA what they required out of the partnership would need to be worked out, there are examples using stock sharing. A non developing HA is likely to have more borrowing capacity. They could do some of the borrowing and get a modest return or some new stock.

LP noted all parties needing to be clear on what they required from the JV in the beginning. She further noted that OHG aimed for 50% affordable, on the Bellamy Close and Byng Street, this was up to 55%, but it does mean increasing density.

It was noted that any model would include sensitivity to all issues Brexit etc. It was clear that some JV's were driven by profit and the usual margin was 20%. LP also noted that a HA raising their own finance would be limited to how many schemes they could take on at once which was another reason for using a JV partner, a JV allows an RP to spread their expenditure on development further and reduces risk.

Glenn noted that the ballot gave residents some influence. On Bellamy & Byng scheme a JV may be used for a consented planning scheme but the percentage of social homes proposed would be protected.

The meeting asked about borrowing to progress regeneration schemes, Glenn noted no HA, as far as he was aware, had reached their borrowing limits yet, despite borrowing increasing following reductions in government grants since 2010. The meeting debated the benefits of a JV as against HA borrowing. The meeting also discussed the issue of public land going into private hands through private joint ventures.

LP briefly described OHG internal approval process in terms of finances, Glenn noted the £400m OHG had borrowed recently (2018/19). Some may not yet be allocated to specific projects. Glenn also noted the Clarion project in Merton which was self-financed, and as result was set to produce a high proportion of social homes. The RSG asked if OHG would be approaching LBTH as a potential partner; LP advised she had not had that discussion. Glenn noted that the 18,000 people on Tower Hamlets waiting list were the one group who were voiceless in this discussion. Glenn also noted that a number of private developments on the Isle of Dogs had reduced social housing contribution to around 25%, compared to the minimum policy requirement of 35%.

Action: JV to be put on forward plan for the RSG as an issue to be returned to.

7. **Survey update** – Rob Lantsbury (RL) spoke to the update report. Since the paper had been issued the number of completed surveys was at 37 with a small number of residents advising they would not be taking part in the survey.

   The meeting discussed the issues that were coming up frequently in the survey, particularly damp and condensation. It seems the damp not just restricted to external walls and there appeared to be a multitude of reason's leading to this problem.

   MT asked if OHG were writing to absentee leaseholders, CS-OHG replied not as yet but will be in the future. The RSG agreed that OHG and Newmill can do targeted door knocking after this round of appointments had been completed.

   MT suggested that Newmill drafted a newsletter advertising their service and promoting the survey and used this to target non-resident leaseholders.
   Action: The RSG agreed to this.

8. AOB – The meeting agreed that December's agenda would include the presentation of the areas which could be included in future training programme. MT spoke about the work he had been doing with respect to training on the Teviot Estate and suggested starting with the London housing design guide which considers current standards required. . LP was concerned that RSG members would be concerned that OHG were pushing for new build as an option which was not case. Another area for training was to look at the approach taken on the other two projects with respect to on Options Appraisals, agreed that the first training would be in the January meeting. LP requested that architects brief be added to the December agenda.
9.

Meeting end 8.35pm Date of next meeting 11th December, 2019.