

THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA

HOUSING STOCK OPTIONS REVIEW

CABINET WORKING GROUP (PRE MEETING)

9 SEPTEMBER 2009

REPORT BY THE DIRECTOR FOR PROPERTY

MASTERPLAN AND FEASIBILITY STUDY – LATIMER

1. INTRODUCTION

- 1.1 I am writing to report the conclusions of the masterplan study, undertaken by Urban Initiatives for the Latimer (Notting Barns – South) area.

2. BACKGROUND

- 2.1 The Latimer study area comprises the Silchester and Lancaster West estates, together with adjoining Council-owned residential estates and other property interests, such as Kensington Leisure Centre and Thomas Jones Primary School. The site extends to 18.3 hectares. There are currently 1,804 residential units, of which 1,452 are social rented and 352 leasehold/freehold.
- 2.2 This study will compliment the work being carried out by Tribal and will report on the feasibility and financial viability options for estate renewal at this site.
- 2.3 The objectives of the study were to contribute to the wider regeneration of North Kensington and create sustainable, strong communities by:
- Returning to a more traditional street form to improve connectivity;
 - Replacing social rented housing to improve quality;
 - Providing new market housing to create mixed communities;
 - Providing new local shopping facilities to create vibrancy and vitality;
 - Providing a new secondary school to increase education choice;
 - Providing new/replacement business studios to support local businesses;

- Providing a new/relocated leisure facility to improve access and services; and,
- Improving social, community and health facilities to support local people.

3. MASTERPLAN STUDY BY URBAN INITIATIVES/URBAN DELIVERY

- 3.1 Urban Initiatives produced a masterplan that was reported to the 13 July 2009 Cabinet Working Group Pre-Meeting.
- 3.2 Within the masterplan they proposed a Farsighted Option (15 to 20 years), which aims to create a high quality new neighbourhood and an Early Value Option (1 to 5 years) which is focused on the Silchester Estate.

4. THE FARSIGHTED MASTERPLAN

- 4.1 This breaks the area into four distinct areas, Cornwall Crescent, Notting Barns, Walkers Road and Silchester.
- 4.2 Urban Initiatives comment on options for the location of the new North Kensington school on page 21 and alternative leisure options on pages 22 and 23. Within their viability they assume that the leisure centre is relocated.
- 4.3 To enable deliver of the farsighted masterplan it is broken down into construction phases. The phasing moves from the west of the site east to enable decant of tenants. The flexibility of the masterplan enables the phases to be altered, however Urban Initiatives believe the masterplan as shown provides the optimum solution both in respect of the ultimate value and cost.

5. THE EARLY VALUE OPTION

- 5.1 This option focuses on the area to the west of the Hammersmith and City line. It would retain the existing tower blocks in the area and construct new infill apartment buildings and terraced housing.
- 5.2 The option would create a street based area west of Latimer Road Station, creating a more mixed community through the development of private homes. In total there would be the provision of 555 homes of which 199 would be retained (167 affordable) and 356 new build (98 affordable).
- 5.3 The Academy would be provided on the site of the existing pitches as envisaged from the study by John McAslan and Partners.

6. VIABILITY

6.1 The conclusion for each option is as follows:

Farsighted Option

6.2 Set out below is Urban Deliveries financial viability for the various phases with three sensitivities run on the basis of estimated sale values. The figures exclude the costs of the development on the Silchester Garage site, as this will be funded from the Unilateral Undertaking for the Holland Park School and the new Academy costs are excluded. The sport centre development (circa £25 million) is included in the appraisals.

Value						
	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5	Combined
Upper	-£34.92m	-£67.04m	£72.90m	-£2.10m	£123.33m	£92.17m
Middle	-£43.12m	-£81.14m	£29.40m	-£11.70m	£71.73m	-£34.83m
Lower	-£51.42m	-£95.34m	-£14.10m	-£21.30m	£20.13m	-£162.03m

6.3 The figures within each phase include the residual land receipts, the costs for the new private/social accommodation and the estimated costs of refurbishing the retained social rented units.

6.4 The figures are not based on cashflow analysis of the scheme. The figures are based on an analysis of each individual site with the totals accumulated. No allowance has been made for grant funding, however, Urban Initiatives comment on this in pages 52 and 53 in their report.

6.5 On the basis of the figures supplied and the phases proposed the farsighted masterplan would require funding whatever level of sensitivity in phase 1 and 2.

6.6 The combined out turn of all the phases under the upper value assumptions is the only one to produce a surplus overall.

Early Value Option

6.7 If a short term gain is required to provide capital receipts for the HRA an Early Value Option is proposed. This is limited to the Silchester area and provides a mix of new private and affordable units.

- 6.8 This option retains the towers, with limited demolition of other buildings, and provides for the construction of several infill apartments and terraced houses. The leisure facility would be retained on its existing site or relocated elsewhere.
- 6.9 This phase excludes the costs of the Silchester Garage development (assumed funded as part of Unilateral Undertaking on Holland Park School) and provides a surplus.
- 6.10 If this option is pursued there will be a potential short term surplus, however the delivery of the main masterplan assumptions will change and the financial viability may be compromised in the later stages.

7. CONCLUSION

- 7.1 This report concludes the masterplanning and feasibility study for Latimer. The farsighted masterplan demonstrates a vision for the future of Latimer. Urban Initiatives produce a viability that will potentially deliver significant returns at the upper range of values, although much of it will come in the later phases. In intermediate phases they show deficits.
- 7.2 Urban Initiatives have modelled the phasing based on their view of the optimum value being produced by re-siting the leisure centre and creating a sports/leisure hub within the Silchester estate.
- 7.3 However, the Council may decide that the retention of the leisure centre in its current position, as envisaged under the Early Value Option, is preferred. If this is the case, and to take account of this, Urban Initiatives would need to be instructed to remodel the phasing and viability (if possible to show a surplus on each phase) after further work has been carried out on the new North Kensington school and proposals for the Silchester Garage site.
- 7.4 Urban Initiatives have indicated, subject to the final brief that they would be able to undertake further modelling for circa £5,000 to £10,000.
- 7.5 The Early Value Option will deliver a net surplus in the short term providing a capital receipt for the HRA. The consequence of undertaking this option will be that the values achieved are less than for the Farsighted Option.
- 7.6 If the Council decides to progress any of the options beyond this decision then a formal project brief would need to be prepared and a project team instructed to consider methods of procurement,

develop a formal planning brief and oversee project delivery. In addition a communication plan would need to be developed to ensure for regular communication and consultation with residents in parallel to the technical work.

8. RECOMMENDATION

8.1 The Cabinet is invited to note the contents of this report.