

# Report – Community and Children’s Services Committee

## York Way Estate Provision of Social Housing

*To be presented on Thursday, 17<sup>th</sup> June 2021*

*To the Right Honourable The Lord Mayor, Aldermen and Commons  
of the City of London in Common Council assembled.*

### **SUMMARY**

This City of London Corporation has a corporate objective to deliver 700 new socially rented homes by 2025. In June 2016, an external evaluation of 10 prospective sites concluded that Avondale Estate, York Way Estate (the subject of this report) and Sydenham Hill Estate should be grouped together. This approach would enable a master plan to be developed for each site, a consistent approach to housing design, and achieve economies of scale. The York Way Estate social housing project presents a valuable opportunity for the City Corporation to enhance the provision of its social housing offer.

In April 2020, your Community and Children’s Services and Projects Sub Committees approved an option for York Way Estate which would allow for the development to be built through phasing, depending on finance and approvals, and sought to maximise the available grant from the GLA and achieve economies of scale. This option would also give the City Corporation the option of scaling back the number of homes to be delivered, once there was clarity on the 2020/2021 S106 funding position.

During the pre-planning process, the London Borough of Islington advised that the new blocks would not be able to exceed the height of the existing blocks. Therefore, in order to deliver 90 new homes as set out in the original brief, it was necessary to add an additional block. This has increased the Gross Internal Area (GIA) of the scheme from 96,192 sq ft to 100,807 sq ft. The total spend to date is £872,098 and the costed risk provision utilised is £20,000, with the total resources required to meet the next gateway (Gateway 5 – Authority to Start Work) of £508,177. The total estimated cost of the project including risk and inflation is £32,393,000.

As the cost of the project exceeds £5m, the approval of the Court of Common Council is hereby sought at Gateway 4b stage in accordance with the City Corporation’s project procedure.

### **RECOMMENDATIONS**

The Court is asked to approve the progression of the project beyond Gateway 4b and, in so doing:-

1. Endorse the designs which have been developed up to RIBA Stage 3.
2. Authorise the additional budget of £508,177 to further develop the scheme and reach Gateway 5.

3. Agree that the project can now progress to the construction stage, subject to the approval of the planning application, for the delivery of 91 new homes.
4. Note the total estimated cost of the project at £28,317,157 excluding risk and inflation. The total estimated cost including risk and inflation is £32,393,000.
5. Agree to delegate consideration of future project report approvals to the Community & Children's Services Committee and Projects Sub-Committee, and such relevant committees as may be required in respect of any unanticipated funding matters.

## MAIN REPORT

### Background

1. This City of London Corporation has a corporate objective to deliver 700 new socially rented homes by 2025.
2. As part of activity to meet this objective, in June 2016, BNP/Montague Evans were commissioned to evaluate 10 prospective sites for housing development. Their report concluded that Avondale Estate, York Way Estate (the subject of this report) and Sydenham Hill Estate should be grouped together, and a design team commissioned, to explore opportunities there. This approach would enable a master plan to be developed for each site, which would help to implement a consistent approach to housing design, and economies of scale would be accrued by combining the developments. Consequently, in February 2017, your Projects Sub and Community and Children's Services Committees approved expenditure of £214,500, for consultant fees and associated staff costs of £25,000, to commission a design team to progress delivery of 600+ units on the City's housing estates.
3. The York Way Estate project element of this progressed to Gateway 3 (options appraisal) in April 2020 and your Committees approved a budget of £1,373,000, to design a scheme for around 90 homes, across three to four plots, and progress towards a planning application. The estimated total cost of £25 million to £30 million (excluding risk) could be borne by existing S106 monies of £10.4 million, if no further cost pressures on existing projects emerged, and GLA grant of £8.28 million. However, the project would also require future anticipated S106 funding from the 4C Hotel Minorities development, of up to £10 million, and proceeds from the disposal of Islington Arts Factory and Fann Street.
4. The option set out above allowed for the development to be built through phasing, depending on finance and approvals, and sought to maximise the available grant from the GLA and achieve economies of scale. This option would also give the City Corporation the option of scaling back the number of homes to be delivered, once there was clarity on the 2020/2021 S106 funding position. It should be noted that all costs had been informed by direct quotes from potential suppliers, or from typical percentages benchmarked across completed or ongoing housing development projects.
5. In November 2020, your Committees received a progress report and noted that plans were being developed by the Royal Institute of British Architects (RIBA)

Stage 3, with the intention of submitting a planning application in the Spring of 2021.

6. Pre-application Meetings and a Design Review Panel with the London Borough of Islington had resulted in positive feedback about the principal of the development, with an emphasis on enhanced greening, energy and sustainability, and a pedestrian connection through the site.

### **Current position**

7. On 30 April and 17 May this year, your Committees considered the Detailed Design Report for this project and approved the proposals set out in this report. The report noted that the planning application for 91 new homes had been submitted to the London Borough of Islington on 29 March 2021 and validated on the same day, with a target date of 28 June 2021 for a decision.
8. The scheme will include the following features:
  - Replacement of the existing community centre, with replacement by either a standalone centre or one integrated into the ground floor of a residential block.
  - Comprehensive estate-wide landscaping, with new play space and improvements to vehicular, service and pedestrian access to ensure compliance with current planning requirements.
  - Due to the modest number of new homes being proposed, Modern Methods of Construction (MMC) options have not been achievable. However, there are still MMC options relating to facades, services and internal finishes which will be explored.
  - Officers are continuing negotiations with our warranty provider (Local Authority Building Control) to ensure that all the new homes will be covered by a comprehensive warranty on completion.
9. The design solution proposed in this report meets the key measures of success, as follows:
  - The design of the new housing is of a high quality, exceeding defined space standards and relying on low-cost energy supplies. The City of London Housing Design Guide has been used as a key reference point throughout the design process to contribute to these high-quality designs.
  - The planning application was submitted on 29 March 2021 and confirmation has been received that the application has been backdated and validated on 29 March 2021.
  - The deadline for the GLA grant has been extended to March 2022, and the project is on target to start onsite by this date, allowing us to draw down these funds.

## Implications

### Financial

10. At the end of RIBA Stage 3, the cost was estimated at £28,317,157, excluding risk and inflation. The project had an estimated cost per square foot of £280, and an average cost per unit of £311,177 (including the costs for the construction of the new community centre and estates office). These figures were reasonably comparable with the City Corporation's similar sized scheme at Sydenham Hill (cost per square foot £294 and cost per unit £297,479). After meeting the planners' requirements, the cost is estimated to be £32,393,000 (including the new community centre and estate office). This is an average cost per unit of £359,922 and a cost per square foot of £321. This still compares favourably to the value of the units being built. Funding of the £32.4 million (including risk) would come from a balance of £17.8m of s106 funding in hand, right to buy receipts and proceeds from the disposal of Fann St. An additional £9m would come from a GLA grant, £1m from the receipt related to the Islington Arts Factory and up to £4.5m from the Hotel Minorities development.
11. The change in the total estimated cost of the project since November 2020 is approximately £4.8 million (excluding risk and inflation). The London Borough of Islington's Planning Authority have advised that the new blocks cannot exceed the height of the existing blocks. Therefore, to deliver 90 new homes as per the original brief, it has been necessary to add an additional block. This has increased the Gross Internal Area (GIA) of the scheme from 96,192 sq ft to 100,807 sq ft, and now includes the community centre and estate office. The total spend to date is £872,098 and the costed risk provision utilised is £20,000, with the total resources required to meet the next gateway (Gateway 5 – Authority to Start Work) of £508,177.
12. The existing Risk Register is sufficient to support the project and is to be retained to the next stage. The amount to be rolled forward is £174,500.

### Corporate Plan, Climate Change and Equality

13. This project supports the City of London's Corporation's Corporate Objective of delivering 700 new socially rented homes by 2025 and supports the Corporate Plan in respect of 'shaping outstanding environments' by striving for the highest standards in sustainability and creating secure, resilient and well-maintained spaces.
14. As of August 2020, the City of London Corporation's Housing need stood at 827 households (Register) and 612 households (Waiting List). The specific housing need at York Way Estate would fall under the Local Lettings Policy and be accommodated as a priority.
15. The scheme aligns with the City Corporation's new 'Climate Action Strategy' targeting net zero carbon by 2040 across our supply chain, through changes in the procurement process and improving the energy efficiency of our properties and climate resilience of our buildings.
16. The scheme has been designed to achieve a Home Quality Mark score of 4.5 stars, with ambitious sustainability targets and in accordance with London Energy

Transformation Initiative Standards, which aim to put London on the path to a zero-carbon future.

17. All new homes will be dual aspect and 10% will be wheelchair accessible, as per the planning requirements for all comparable new build developments. Officers have completed an Equality Impact Assessment, which has concluded that the project does not have a negative impact on anyone who may be associated with the protected characteristics and will provide new homes that will benefit all protected characteristics considered.
18. Officers have completed a comprehensive resident engagement and consultation process and met with local councillors to discuss the proposals.

### **Conclusion**

19. The York Way Estate social housing project presents a valuable opportunity for the City Corporation to enhance the provision of its social housing offering. Your Community & Children's Services Committee, with the support of the Projects Sub-Committee, endorses this proposed scheme and recommends it to the Court accordingly.

All of which we submit to the judgement of this Honourable Court.

DATED this 30<sup>th</sup> day of April 2021.

SIGNED by the Chair.

**Ruby Sayed**  
Chair, Community and Children's Services Committee