

4 February 2019

Thank you to all Montreal Square residents who came along to meet CHS Board members on Thursday 17 January. Hearing a range of perspectives and experience directly from you was very important. Together with the information you have provided previously, the Board was able to focus on the impact that the redevelopment proposal would have on you.

Alongside the views of current Montreal Square residents, the Board balanced

- The needs of future local residents for safe, affordable, energy-efficient rented homes
- Disruption to the successful community in the Square
- CHS's social objectives as a charity, to provide extra affordable rented homes
- The focus of Government Policy, to build new homes especially in areas of greatest need such as in Cambridge
- The requirements of our Regulator, to make the best use of our assets to deliver increased numbers and higher quality affordable homes.

There had been some suggestions that Montreal Square residents should be balloted about the redevelopment plans before the Board made a decision. After careful consideration the Board decided not to do this for the following reasons:

- Residents have put their views strongly to CHS over the last year and a special meeting was held to enable any resident who wanted to put their views personally to Board members last month
- Residents' views have shaped our proposal, eg through retaining the current open space in our outline plan
- Residents' views are very important but not the sole factor. The Board has to balance these with CHS's social purpose and the potential for this site to provide much more affordable housing to contribute to tackling the housing crisis in the city. People who would be able to live in these new homes cannot be consulted about the proposal.
- It is a very small estate and a formal ballot could exacerbate tensions as individual resident's views may be identifiable
- There is no requirement for a ballot.

**After considering all of these factors, the Board has decided to proceed with redeveloping Montreal Square.** This will bring long term benefit to people in housing need and to Cambridge, although there will be considerable disruption to current residents in the shorter term.

We understand residents' concerns regarding your special sense of community and will do our utmost to ensure that redevelopment will enable renewal of the Montreal Square community, based on the strong relationships you have described to us.

Having listened to your input to the consultation process so far, the redevelopment will offer:

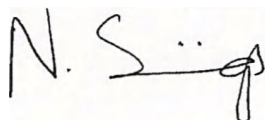
- All residents the chance to return to a new, energy efficient home at Montreal Square which is about 15% larger than their current home and at the same sort of rent level
- An extensive personal support package to help residents prepare, move out of their homes temporarily and return to their new home
- CHS meeting the cost of this support package, ensuring rents in temporary accommodation are no higher than in your current home and providing a home loss payment of £6,300 to each household
- Investment in building a new community with the new residents when you return to Montreal Square including agreeing a local lettings plan to support this.

All current residents will be able to return to new homes in Montreal Square and we are keen for you to get involved in specifying requirements for your new homes. You may have seen some inaccurate comments that the redevelopment will be largely for shared ownership or that you would not be able to return. In fact around 80% of the new homes will be for rent, with the remainder as shared ownership in order to subsidise the rented housing. CHS is committed to all current residents returning to Montreal Square if they wish to.

Our next step will be to work with you on a scheme design as we work towards submitting a formal planning application to the City Council. As you know, this can take many months with much of the process beyond CHS's control, so the results may not be known until the autumn of 2020.

We are keen to keep you as informed as possible throughout the process and to work in partnership with all of you at each stage. To this end we will come back to you in March with more information, including an outline framework looking forward. Meanwhile, please let us know on 0300 111 3555 if you would like to arrange a visit at your home for further discussion. Whatever your views on redevelopment, I recognise this is important news for you and I want to assure you that the Board is taking its responsibilities to you extremely seriously.

Yours sincerely

A handwritten signature in black ink, appearing to read 'N. Scrivings', with a stylized flourish at the end.

Nicola Scrivings  
Chair

Enclosures:

- Summary of Key Points - Montreal Square residents meeting with Board members, 17 January 2019
- Minutes of a meeting of the CHS Board on 25 January 2019

## Summary of key points

### Montreal Square residents meeting with Board members, 17 January 2019

#### Board members present:

- Nicola Scrivings (NS)
- Nick Brown
- Tendai Kariwo
- Carole Herries
- Sharon Allen
- Phin Hodson
- Phil David

#### CHS Staff present:

- Nigel Howlett (NH) - Chief Executive
- Jane Kershaw - Corporate Governance & Planning Manager
- Helen Tonks - Head of Housing

Nicola Scrivings opened by explaining that the Board was there to listen to residents' views and that all Board members had seen all written statements submitted by residents.

In total, Board members heard from 15 households.

#### Montreal Square Residents Association

Representatives from eight Montreal Square households

#### Overall position:

- Very upset about loss of a successful model of social housing with happy, solid homes and strong, safe, supportive community
- CHS should refurbish rather than redevelop
- High degree of local support via local Labour Party, Daniel Zeichner MP and petition signed by 3220 people

#### Concerns:

- Lack of information from CHS
- CHS is not demonstrating its values eg of listening to and valuing its tenants
- Loss of long established gardens and associated wildlife
- Loss of play area for wider neighbourhood
- Loss of links to where brought up children
- CHS is proposing a 4 storey block of flats as part of development
- Possible impact of whole redevelopment process on residents' health
- Increased density of proposed redevelopment scheme
- Fact that no. 10 Montreal Square has been empty since Christmas
- Shared ownership homes are not affordable

#### Want:

- CHS to provide financial viability rationale and estimated costs of refurbishment option
- CHS to provide more detailed information so Residents Association can offer alternative plans with input from experts
- CHS to ballot residents
- Alternative ways of increasing density and consideration of greenfield sites elsewhere

## Summary of key points

### Montreal Square residents meeting with Board members, 17 January 2019

**Other residents** - representatives from seven Montreal Square households

Overall position:

- Like living in Montreal Square and wary of inevitable disruption of redevelopment but understand CHS goal to provide more affordable housing.
- Generally positive about indicative design and keen to engage with specifying individual household needs

Concerns:

- Issues with age and condition of current houses - eg cold, damp, high costs of heating
- Nature and location of temporary accommodation
- Keen to keep the green space
- Some anxiety about split in community between residents for and against

Want:

- CHS to get on with making a decision
- CHS to ensure it does what it says it will do
- Clarification about timelines, decanting, allocation process for new houses
- To get involved with ongoing design process with a view to their individual requirements (solar panels, built in cupboards, preferences for a flat or single level accommodation etc) being taken into account as far as possible.

### Next steps

- Nicola Scrivings confirmed the CHS Board would make decision soon, and CHS would write individually to all residents with its decision.
- Nigel Howlett agreed with Residents Association request to set out the financial viability rationale and to provide some cost figures.

## Summary of key points

### Montreal Square residents meeting with Board members, 17 January 2019

#### Financial viability cost information - as requested

CHS's objective is to provide as much additional affordable housing as possible in a way that meets planning requirements and reflects residents' views. Since this requires the demolition of existing residents homes, all residents need to be supported to move out temporarily and to return later as they wish.

As both we and our regulator require we have assessed the proposal to see that it offers value for money in both social and financial terms. In social terms, the Board focussed on the balance between the additional affordable housing we could provide and the disruption and upset to current residents. In financial terms we have appraised the scheme as with any other new housing development. This means we check to ensure that the income from rents and shared ownership sales on the scheme can repay the money we need to borrow to carry out the works within 40 years.

At this stage we have estimated the redevelopment costs to include:

- £6,488k demolition and construction costs
- £457k write-off of historic costs
- £143k fees and costs to get planning consent
- £126k external contract management fees
- £361k CHS project management costs
- £311k costs for moving, supporting and compensating residents and managing empty properties
- £63k costs associated with shared ownership sales
- Giving a total scheme cost of £7,949k

We have estimated that this total cost is reduced by:

- £1,440k grant from Homes England
- £1,633 from first tranche shared ownership sales

This gives a net scheme cost of £4,876k

Making our standard assumptions on management and maintenance costs, rent increases and so on and allowing for current residents to remain on social/secure rents, the scheme narrowly meets our appraisal criteria:

- Repays its capital costs in year 39 (we require schemes to repay by year 40)
- Has a Net Present Value (NPV) of £28k (we require schemes to have a positive NPV)

As we work up a detailed scheme with residents and planners it is highly likely that these cost and income estimates will change and the scheme will have to change in response. For example, if costs go up we will have to look for other savings in the scheme, apply for more grant or do an extra shared ownership home. Or if we got more grant we could do an extra rented home and if we got significantly more grant we could do some of the new homes at social rents rather than Local Housing Allowance rents.

*Thought they were all about social rents.*

## THE BOARD

Minutes of a meeting of the Board held at 2.30pm on 25 January 2019 at **Endurance House, Histon.**

<b>Present:</b> Nicola Scrivings (Chair) Phin Hodson Nick Brown Sharon Allen Chris Knight Phil David Tendai Kariwo Gerard Oberholzer Carole Herries, via conference call	<b>In attendance:</b> Chief Executive Finance Director Operations Director HR Director Head of Housing Head of Property Services Head of Development Corporate Governance & Planning Manager Corporate Services Manager, minutes
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### **Welcomes and Apologies for Absence**

Apologies had been received from Karen Mayhew and Bruce Kerr. The Chair welcomed everyone to the meeting and thanked PH and KM for their emailed comments/queries.

### **1 Conflicts of Interest**

The Chief Executive and Finance Director are members of the CandCD Board. The Chair is also Chair of Cambridgeshire Community Services NHS Trust. Carole Herries is on the Board of Havebury HA. Nick Brown is director of HTS Estates Ltd and HTS Residential Ltd.

### **2 Potions Forward for Montreal Square: comparative viability**

The CEx introduced the paper and noted that this was the end of a second period of consultation with residents about the future of Montreal Square. After a year of consultation a final decision was needed today.

CHS has always been clear that the issue is not just a matter of what the current residents want. This is very important, but the Board must also balance this with our social purpose of providing more affordable housing in Cambridge. The CEx highlighted the following points:

Clarification that the indicative design did include some flats of 4 storeys (there had been an error on the original design summary).

The paper includes a summary of residents' views. The Residents' Association (RA) had requested a lot more detail than we had currently available, including a scoreable matrix with evaluation and financial criteria. The CEx did not feel it was possible to provide objective scores around the disruption to current residents and the benefits to unknown

future residents. The Board's decision needs to be made on a judgement weighing up all these factors. We had responded to a letter from the MP and Councillors by outlining our decision not to offer a residents' ballot. The reasons were summarised again in the paper.

Regulatory and strategic legal considerations - CHS had consulted and listened to residents' views over an extended period. The indicative design had come about as a result of those views, which is why there had been no formal design when we started the consultation. Officers will now formally sign off our public sector equality duty impact assessment. This will be finalised with the Chair and circulated to Board members.

Decanting arrangements - these were clear in the Board paper. Although CHS has a number of possible decant properties it was likely that we will need help from other housing providers to meet the needs of all residents.

Media plan - an outline plan was included in the paper.

A Board member raised the question of 4 storeys - was this acceptable to the Council? HD responded that this is only an in principle design that had been through a pre-planning meeting. He also confirmed that there was potential scope to increase this to create more units to meet more need. The CEx pointed out that a commercial developer would seek to maximise density but that CHS is trying to balance maximising the number of affordable homes against the desires of current residents and the need to support the strong sense of community. Scheme design was very likely to change as engagement with the planning process continued. He noted that we are treating this as a self-contained project, so that if costs increase, this development must absorb those costs possibly by increasing the level of grant, the amount of shared ownership or in the worst case scenario, adding market sale homes. We have been clear about this both to the Council and to residents.

The Chair asked members to discuss the key decision-making factors .

A Board member asked whether we can provide evidence that we have not been able to secure land for affordable housing within the City and it was confirmed that CHS has not been able to do so since 2012. This decision on the future of Montreal Square is for CHS to make and Board Members have to use their reasonable judgement weighing up the information and evidence, particularly including that from residents. If the redevelopment goes ahead then the final scheme would be subject to further consultation with residents.

It was noted that a number of residents do recognise that their current homes are not ideal - the Residents' Association may also recognise this but do not want to lose their gardens and do not want to disrupt and dilute their community with new residents who may cause problems. CHS has experience of community development work and building new communities after development. A Board member raised the possibility of a Local Lettings Plan (LLP) and the HH responded that we would be keen to have an LLP at Montreal Square and already have some in place elsewhere in terms of age/children/employment etc. There was support for the use of an LLP as it would be putting current residents first. In

terms of density, we believe that the indicative scheme is less dense than some other commercial developments in the Mill Road area.

It was suggested that some form of scorecard against our corporate objectives would be helpful but the CEx noted that while formal scoring was inappropriate, points could be put into a similar format without scoring and the Board agreed this should be done. **Members agreed that CHS's task here was balancing provision to meet the potentially conflicting needs of both current and future residents.**

It was noted that there is a comprehensive package available to support residents, including suggestions around a Montreal Square legacy. It was felt important that we recognise the disruption that redevelopment will cause and it was agreed that we should be open to further mitigation and continue to listen and engage. It was noted that it was already a divided community. **The Board expects that officers' approach must be to continue to listen, involve and improve.**

**Members noted that, as far as we can be sure at this preliminary stage, the scheme is as planners' might require.**

The FD confirmed that the scheme financial appraisal is as accurate as it can be based on current assumptions and noted that we may be able to use recycled capital grant as part of the overall grant funding that will be discussed with Homes England.

Feasibility of decanting - **Members agreed that getting this right was very important and that CHS needs to do its best to cater for residents' needs.** The project includes a level of engagement to enable us to listen and respond to the needs of individual residents and to try to reach a consensus that suits each household. The OD noted that there needs to be full commitment to do the redevelopment if that is what the Board decides. Members also agreed that the principle of fairness is very important when dealing with any challenges.

**Board agreed that sufficient information had been provided on residents' views and sufficient analysis on the outcomes and viability of a redevelopment and on the consequences of not going ahead with it.**

**After careful consideration the Board approved going ahead with the redevelopment at Montreal Square.**

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#### Next steps

- Finalise Equality Assessment with Chair
- Communications to residents - the Board will be notified when this happens
- Communications to stakeholders
- Communications to wider audience
- Reports on progress to go to each future Board meeting