

Creating an inclusive community, a vibrant street and affordable homes on Somerleyton Road

As a Cabinet member you are uniquely placed to help realise the aspirations of Brixton people for genuinely affordable housing as part of an inclusive community where people of different incomes, ages and circumstances live together and support one another.

This is the vision that Brixton Green has been working on for more than eight years. At the end of September, we submitted a proposal (on behalf of a new joint venture charitable company comprising Lambeth, Brixton Green and future tenants – the Somerleyton Trust) for the purchase of the lease of the Somerleyton Road site and the subsequent development of 234 homes. The proposal demonstrates a viable project for a 100% rented scheme that stacks up financially and meets planning policy.

Our proposal offers huge benefits for Lambeth:

- **Enables the community to lead** – Our proposal ensures that residents are in control of their homes. It establishes a community-led landlord for the long-term through the Somerleyton Trust, which has tenant and wider community control built-in to its membership and board. The Trust has a long-term responsibility to ensure that all residents are involved, there is investment in people’s skills and wellbeing and the street becomes a vibrant, active community.
- **Financially and legally viable** - Our proposal is backed by strong delivery and financial partners: Places for People, one of the largest housing associations in the country who are willing to work on behalf of the Somerleyton Trust as a Delivery Agent. This would see them taking delivery and development risk, including sourcing the development finance. We have expressions of interest for the re-financing post-completion from some of the largest UK institutional investors, subject to Lambeth demonstrating they are willing to progress in support of this community-led approach. These organisations have the right credentials and financial standing to make sure that Brixton Green’s proposal is a success.
- **Delivers homes our residents need** – the project is for **234 flats** in total (excluding plot E), all for rent, with **50% affordable housing** (117 flats) - made up of 65 flats at real social rents (guideline target rents, determined through the national rent regime, as defined in the S106) + 36 flats at rents less than Local Housing Allowance (eligible for housing benefit, and also counted as ‘Affordable Rent’) + a further 16 flats at intermediate rents (homes for sale and rent provided at a cost above social rent, but below market levels). All of these are defined in policy as ‘Affordable Housing’. We want them to be genuinely affordable for local people on typical local household incomes.
- **Ready to start work now** – Place for People have long experience, serious delivery capacity and a team ready to go. They have developed with us a Process Map for how to get from now to full occupation of all the flats. This was ready to show to the Interim Chief Executive, but we were not given the opportunity to do so. It explains the detail of legal contracts, development agreements and business plan preparation for the development, with a clear timetable for decisions by all the parties, including Lambeth Council.

- **Reduced risk for the Council** – Our proposal does not require Lambeth to borrow any money for construction or long-term operations, as we have found a delivery agent willing to support the Somerleyton Trust, and pension fund investors willing to fund long-term. Our proposal requires Lambeth to dispose to the Somerleyton Trust the lease for the land only, based on a long-lease and deferred payment of the principle, which would give the council a regular income. The delivery agent will be taking the financial risk during the development phase. With a lease, the site remains in the control of Lambeth Council, and reverts to the Council at the end of the lease, or in the event of default on any lease payments, or conditions.
- **Affordable housing increases over time** – the scheme uses market rent housing to subsidise social rents, which enables 50% affordable housing at the start. Because the landlord is the Community Trust it will be required to maximise the proportion of genuinely affordable housing. The operational business plan shows the proportion of affordable housing can be increased to 75% by Year 15.
- **Long term security and high standards for all residents** - All homes are built to the same standard, and market and social tenants live side-by side. Rents are linked to residents' incomes and tenants have security that they can stay in their home when their income changes

If the Council accepted our proposal this would be a development which Lambeth and the community can be very proud of long into the future.

We need your help

We have just been told that the Council is minded to **reject our proposal and develop Somerleyton Road through Homes for Lambeth.**

Not only would this be a **massive missed opportunity**, it would also send a message that, despite many assurances over the years, the **Council is not serious about enabling the community to lead.** This decision would be at odds with the ambition of the Council, as stated in its Constitution, to put “the resources of the state at the disposal of citizens so that they can take control of both services and the places in which they live...”.

As a Cabinet member, your role in deciding how to proceed with the Somerleyton Road project is vital. I do hope you will challenge colleagues and make sure that this decision is properly thought through.

Cabinet meeting 22 Jan – Mobilisation of Homes for Lambeth

You will note the Cabinet Report for the mobilisation of Homes for Lambeth says, at paragraph 3.5, “It may well be that by lending to Homes for Lambeth, the Council is limited in the amount of borrowing it can undertake for other projects”. It also points out that “development risk is the greatest”.

In a time of continuing government cuts to funding, are you confident that you have enough officers with the necessary experience and skills to manage the construction of Somerleyton Road simultaneously with the 3 large estate regeneration plans?

Our proposal removes both the need to borrow and the development risk, and brings in a large organisation with proven capacity to ensure delivery.