

MONTREAL SQUARE: QUESTIONS & ANSWERS FOR RESIDENTS
7 October 2019

(Updates the questions and answers previously issued in February 2019)

The CHS Board has approved plans to redevelop the homes at Montreal Square to make the best use of the land available on the site and to increase the number of desperately needed affordable homes in Cambridge, particularly for people on lower incomes. **This document aims to answer the questions you may have.**

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1. What is being proposed?

CHS's original aim was to replace the current 18 homes with twice that number of new, modern, spacious, energy efficient affordable homes. This would enable all the current residents to return to new homes in Montreal Square and provide new affordable homes for people on the Council's housing needs register.

In June 2019 the Residents Association asked CHS to look at the potential for a partial redevelopment of the site as well as a whole site proposed design. CHS are currently looking at both options and aim to report back on them by Christmas

Options for a viable partial redevelopment could include

- houses at social rent for existing tenants
- further houses and flats at affordable rent (around 60% of open market rent)
- a few new affordable homes for shared ownership sale.

The key factors for CHS are to:

- Ensure all current tenants can return to a more energy efficient new home that is cheaper to run, as well as approx 15% larger than current home, with gardens and own in-curtilage parking.
- Retain the same amount of open green space, in the same or similar position
- Increase the number of homes on the site – all of which will be affordable – to help address the critical dearth of affordable housing within the city of Cambridge
- Avoid the need to build either homes for market sale or homes for private rent

2. What are the main reasons for the redevelopment?

1. As a charity, CHS has a duty and desire to provide as much affordable housing in Cambridge as we can
2. There is a desperate need for more affordable homes in Cambridge, particularly for people on lower incomes
3. It's currently almost impossible for CHS to build affordable housing in Cambridge, where need and lack of affordability is greatest.

3. What are CHS's intentions?

- CHS intends to provide only affordable new homes on the site.
- For existing residents, the new homes will be larger, better quality, more energy efficient and cheaper to run than the current homes. In addition, they will be at the same social rent, with normal yearly increase in line with inflation.
- The additional new homes will be at affordable rents (around 60% of open market rent)
- CHS is NOT intending to build any market sale homes on this site. If we can get enough grant from Homes England, we would prefer to build all the new homes for social rent too.

4. What does the redevelopment mean for current residents?

- The residents occupying the current houses will all be temporarily relocated within Cambridge during the redevelopment, and their temporary accommodation will take into account residents' needs and circumstances
- As well as providing practical help, CHS will cover the cost of moving (to temporary accommodation and back again, or for a single permanent move)
- Any rent increase for the temporary accommodation will be funded by CHS
- Each Montreal Square resident will be entitled to a statutory Home Loss Payment, which is set by government. Currently this is £6,400 per tenancy (in addition to any expenses)
- Once the redevelopment is complete, all residents will be able to return to Montreal Square
- All residents choosing to return to Montreal Square will be able to be involved in the specification and design of their new home in whatever way possible.
- The new proposed homes will be around 15% larger than the current houses and considerably more energy efficient, meaning the cost of living for current residents will be reduced
- CHS actively wants current tenants to return to Montreal Square, hence the package we are offering.

5. How was the design brief for the architect drawn up?

Residents were invited to shape the redevelopment by responding to a list, sent in May 2018, of "Key points for residents for Montreal Square redevelopment design brief." A summary of residents' responses was sent to the architect, together with some key principles set out by CHS:

- Residents to have new houses no smaller than their current ones, at no higher rent than current rent (for same size of home)
- Maximise new affordable housing on the site subject to this design brief
- High built-in energy efficiency standards
- Seek to address current residents' concerns regarding potential loss of community
- Residents' participation in design process will not be taken to mean acceptance or support for redevelopment
- Residents to see and comment on indicative scheme design before CHS Board makes a decision on redevelopment.

The design is also required to meet a range of technical specifications, including CHS's floor area standards:

Table 1 - Minimum gross internal floor areas and storage (m²)

| Number of bedrooms(b) | Number of bed spaces (persons) | 1 storey dwellings | 2 storey dwellings | 3 storey dwellings | Built-in storage |
|-----------------------|--------------------------------|--------------------|--------------------|--------------------|------------------|
| 1b | 1p | 39 (37) * | | | 1.0 |
| | 2p | 50 | 58 | | 1.5 |
| 2b | 3p | 61 | 70 | | 2.0 |
| | 4p | 70 | 79 | | |
| 3b | 4p | 74 | 84 | 90 | 2.5 |
| | 5p | 86 | 93 | 99 | |
| | 6p | 95 | 102 | 108 | |
| 4b | 5p | 90 | 97 | 103 | 3.0 |
| | 6p | 99 | 106 | 112 | |
| | 7p | 108 | 115 | 121 | |
| | 8p | 117 | 124 | 130 | |

6. How does CHS know this scheme is possible?

We have had an initial scoping meeting with the City Council Planning Department, including the 'Urban Design' team who influence planning decisions, and our current design work bears this in mind. If or when we have a financially viable scheme in principle, we will submit a formal Pre-Application to the City Planners and will meet with them for in-depth discussions about the detailed scheme.

We have also calculated the expected costs of building and maintaining these new homes, the future rental income and income from shared ownership sales over a period of forty years to ensure this plan would work financially. We have made assumptions about how much government grant we could get, and this determines the split between affordable rents and shared ownership. We believe we can get enough grant to ensure that none of the homes need to be sold on the open market.

7. How will the new development be funded?

The scheme will be funded by

- CHS borrowing money from banks or investors and repaying it over 40 years
- Grant from the government body Homes England – if we can get enough grant from Homes England, we would prefer to build all the new homes for social rent.
- Income from shared ownership sales

8. Could the construction be done in phases?

For all units to be affordable housing, costs of the proposed redevelopment need to be kept to a minimum and developing the site in one phase would be more cost effective.

- Developing in two phases might possibly work for CHS if Phase 2 very swiftly followed Phase 1. We will have more detail on this by the end of November 2019.
- A phased re-development is significantly more likely to require the inclusion of market sale housing to cover the additional costs.

9. What are the next steps in the process?

A formal Planning Pre-App submission requires a considerable amount of detail including land, boundary and ecological survey information, and we will be undertaking surveys in October/November 2019. It is highly likely that some aspects of the scheme design will change as we go through the planning process. The Planning process including Pre-App submission, meeting(s), written advice and formal planning submission will take around 12 months or more.

Should planning permission be given, there would then be a period (likely to be at least a year) of detailed preparation. This would include extensive support to all residents to move to temporary accommodation, with compensation via a Statutory Home Loss Payment currently set at £6400 per tenancy by the government.

As well as providing practical help, CHS would also cover the cost of moving (to temporary accommodation and back again, or for a single permanent move) as well as any difference in rental costs during a temporary move. All residents choosing to return to Montreal Square will be able to get involved in the specification and design of their new home in whatever way possible.

10. What if the City Council requires substantial changes to this plan in order to grant Planning Permission?

That will depend on the level of change. If the changes make the proposed scheme more expensive then we will either need to ask for more grant or increase the number of homes for shared ownership or potentially sell some homes on the open market. We have always been clear that we might need to do that.

If the changes affect something in the design which is important to residents then we'll need to discuss the implications with you.

11. How could more homes be accommodated on the site at the same time as retaining the green space?

Subject to further information from on-site surveys in October/November, our indicative design work shows there is scope to increase the overall number of homes. A factor that will make this possible is to reduce overall garden size, resulting in smaller gardens compared to what is currently there now.

12. How would we address parking issues, which residents have already identified?

Our indicative design seeks to ensure that residents are allocated their own parking spaces where possible, and includes personal, in-curtilage parking spaces for all the houses for existing residents.

13. Can we see CHS's financial viability assessment for the scheme?

CHS has already made available to residents the financial assumptions behind the viable full Jan 2019 redevelopment plan for Montreal Square. We will be reviewing viability over the next two months and will share our findings with residents as soon as possible after that.

14. Why does the scheme include shared ownership housing?

Shared Ownership (part buy-part rent) is a form of affordable housing that was introduced in the late 1970s to help people unable to afford a home on the open market to get on to the property ladder. Provided by housing associations like CHS, it allows the purchase of a share in a property (typically between 25 and 75 per cent). The current national requirement to access shared ownership is a maximum household income of £80,000 outside of London. The median income of shared owners buying in the East of England in 2017 was around £30,000 per annum. Generally,

purchasers buying shared ownership in the Cambridge area have a household income of £30,000 to £50,000.

CHS would prefer to provide all the new homes on the site at the most affordable, social rent levels. However this would require more public grant from Homes England than we are likely to get. Providing some shared ownership housing will provide capital receipts to help make a scheme viable. The receipts are from the initial share that is purchased, and this money will help to cross-subsidise both the social and affordable rented homes proposed. All shared owners will need to register with www.helptobuyese.org.uk.

15. Is CHS making money from this scheme?

No. Each development must pay for itself over a 40 year period. This is what we mean by it being financially viable.

CHS Group is a charity and community benefit society which means it cannot distribute any financial surpluses to shareholders; any surpluses are reinvested in new affordable homes or in new services for vulnerable people.

16. Why don't we know what the scheme will look like?

Some aspects of the scheme design will change as we go through the planning process in order to take on board feedback from the various stages involved, both formal and informal, over a period of 12 months or more.

17. Why hasn't CHS held a ballot of Montreal Square residents?

Since deciding in January 2018 to look at redevelopment options again, CHS has been in regular contact with Montreal Square residents. This has been through update letters and individual visits to each household and also through meetings with the Montreal Square Residents Association and with residents not represented by the Residents Association. This has enabled residents to consider and respond to proposals at a formative stage and given CHS a good understanding of residents' views.

It is housing association good practice in London to hold tenant ballots on redevelopment projects providing more than 150 additional homes following demolition. The Montreal Square proposals do not fall into this category. CHS recognise that there are good practice drivers for regeneration schemes and are keen to use the best practice guidance as a bedrock to what we do.

18. Why is CHS planning this and why now?

As a charity, CHS has a duty and a desire to provide as much affordable housing in Cambridge as we can. Private rented property in Cambridge is unaffordable for people on low incomes. We want to build more homes to help more people. It's currently almost impossible for CHS to build affordable housing in Cambridge, where need and lack of affordability is greatest.

CHS entered into consultation with residents at Montreal Square six years ago and decided not to redevelop the site at that time. This is now something we need to review as the housing affordability crisis in the city has worsened significantly since then.

19. Why has CHS chosen Montreal Square?

In order to build new affordable homes in Cambridge, CHS has very few options as other sites are too expensive. In addition to issues with the age and future maintenance of the houses, Montreal Square is the only CHS site in Cambridge suitable to build more new homes than exist there already, due to the size of the whole plot. This will allow us to help more households with affordable homes than would otherwise be possible.

The homes at Montreal Square are also becoming increasingly expensive for CHS to maintain, and to upgrade to modern day standards for existing and future residents. Substantial investment would be needed to make significant improvements in the energy efficiency of these homes in the short to medium term.

CHS also has a duty to make the best use of its resources and our Regulator requires us to achieve effective management, value for money and best use of our assets. CHS's Asset Management Strategy has identified Montreal Square as a high priority for appraisal. Over the next thirty years, we would need to spend around 45% more per property at Montreal Square, compared to what we will spend on the average CHS property. An additional £360k of investment will be needed within the next five years to bring the properties up to our energy performance standards.

20. What do we mean by 'affordable housing'?

CHS has always provided social housing, and more recently shared ownership homes too. As current residents you will continue to pay rents equivalent to the rate you pay now. Rents will be higher for the additional homes, based on the Local Housing Allowance set by government, which is currently £153.79 per week for a two bedroomed home. This would still be well below local market rents (around 40% less). If we were to charge rents equivalent to our existing homes at Montreal Square, we could only do so by building more homes for shared ownership or market sale. We think it will be better to build as many rented homes as we can, at a rent that lower income households can afford.

21. How will CHS support its residents through the process?

CHS will support you throughout the process, including finding alternative accommodation on a temporary basis (or a permanent move if you prefer it). CHS will pay the difference in rent for temporary accommodation if it exceeds your current rent. We will also cover any reasonable costs associated with the moving process. Further help will be provided if needed, for example, for making arrangements with suppliers or packing and unpacking belongings.

22. Where will the temporary housing be?

CHS would find you somewhere as close as possible to where you need it although we cannot guarantee how close this might be. This may be a home that CHS already owns in Cambridge however we do not expect to have enough of these – so we will ask other landlords to help.

23. What will happen about rent payments?

If you choose to return to live in a new home in Montreal Square, you will not pay a higher rent than your current rent for the same size of home would be. Energy running costs will be significantly lower in a newly built home.

You may need to pay a higher rent for a permanent move if you choose not to return to Montreal Square, depending on the size of the property, location and landlord (if you have a secure tenancy and move to another CHS address, you would keep the rights this includes).

24. Will residents have a say in what new homes they can return to?

Yes – if you choose to return to a new home in Montreal Square, you will be able to get involved in the specification and design of your new home in whatever way possible.

25. How much compensation will be paid?

Each CHS tenant will be entitled to a statutory Home Loss Payment, which is set by government. Currently this is **£6400** per tenancy (in addition to any expenses). This may have increased in line with inflation by the time any plans move forward. CHS has a policy on compensation for home improvements, and would need to discuss your circumstances with you individually.

26. Could the compensation affect entitlement to benefits?

It depends what assets you already have. It is possible that the compensation might result in some reduction in benefits, and you would need to take advice on this. You may want independent advice, or CHS's own Money Matters Team could help.

27. What about removal costs?

As well as providing practical help, CHS will also cover the cost of moving (to temporary accommodation and back again, or for a single permanent move) as well as any difference in rental costs during a temporary move.

28. What would happen if residents say no to moving temporarily?

We recognise that moving residents out of their homes is very disruptive, creating uncertainty and needing to adapt to major changes. It is CHS's hope that you will feel able to work with us and we will do our utmost to make the process as painless as possible by offering as much support as we can. In the event that anyone refuses to leave their properties, CHS would have to explore legal action which can lead to eviction, although this is a very last resort and something we hope not to have to do.

29. When will residents be expected to move out?

There will be a period of detailed planning, which we expect to take at least one year. It could be significantly longer as much of this is beyond our control. Timescales are subject to the planning process with the City Council, so it is not possible as yet to be more precise. Now that a decision has been made to go ahead, we will begin work with residents to prepare for the planning process as soon as possible.

30. Why has CHS decided to go ahead with the proposals even though not all residents are in favour?

CHS has a duty to take residents' views into account during the decision making process and has taken your views on board to inform the final decision. As we have said before this doesn't mean residents have the final say on whether the development goes ahead. The final decision rests with CHS's Board, who carefully considered both the views of residents, and a wide range of other factors.

31. Who can residents contact at CHS for more information or support?

Your Housing Officer is Mehwash Hussain (01223 713531, mehwash.hussain@chsgroup.org.uk) who can answer your questions or find an answer for you. If she is not available, David Bailey, Housing Manager, can also be contacted (01223 713561, david.bailey@chsgroup.org.uk)

32. Who can residents contact outside CHS for advice?

CHS will notify your City Council councillors of its decision (contact details at the end of this document) and your Member of Parliament Daniel Zeichner MP. You can also seek advice at the Citizens Advice Bureau (66 Devonshire Road, CB1 2BL, **0344 848 7979** www.cambridgecab.org.uk) at no cost, or from a solicitor.

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