

**THE LONDON BOROUGH OF SOUTHWARK  
(AYLESBURY ESTATE SITES 1B-1C)**

**COMPULSORY PURCHASE ORDER 2014**

**PINS REFERENCE: NPCU/CPO/A5840/74092**

**Summary of Evidence of  
Rastko Novakovic (35% Campaign)  
For the Aylesbury Leaseholders Group**

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1. My name is Rastko Novakovic. I am giving evidence on behalf of the 35% Campaign which is a campaign set up by the Elephant Amenity Network, of which I have been a member since 2010.
2. The 35% campaign was established with the aim of ensuring that developments comply with the Council's minimum requirement of 35% - with a focus on the Elephant and Castle area. A full description of the group is available on our web site: [35percent.org](http://35percent.org)
3. We run an active blog, which is a resource not just for local residents, but also journalists and academics. Our campaigning - especially around viability testing - has resulted not just in high profile media coverage<sup>1</sup> but also policy change.
4. We have a network of individuals with expertise who we can call upon, including architects, and academics specialising in planning and development viability. We called upon these when we took part in a landmark Information Tribunal case in 2014.
5. After winning the case and forcing the disclosure of the viability assessment for one of London's most high profile redevelopment schemes, we successfully lobbied Southwark Council and the GLA to introduce transparency in viability testing.
6. Before counsel became involved in the first inquiry in 2015, I acted as an advocate for the objectors and have taken a close interest in the Aylesbury regeneration scheme since the first the inquiry.

7. I have since been involved in undertaking research with purposes of providing privoing evidence to the public inquiry.
8. I Have been sure to substantiate all the assertions I have made with documentary evidence which is largely in the public domain.
9. The first part of my statement addresses the question of the viability of the scheme underlying the order, in line with the Inspector's question of whether the scheme is likely to be blocked by any impediment to implementation.
- 10.I chart the decline in government subsidies, in the short and long term term as well as government policy changes which have led to a collapse of social rent as a tenure, instead favouring new products such as affordable rent and living rent; and welfare reforms which impact on increases in rent arrears. I refer to: the Department for Communities and Local Government, the GLA's Housing Committee, the Homes and Community Agency.
- 11.Other factors, which I list, have contributed to the rise in indebtedness from Housing Associations, making them more volatile and susceptible to the market. I refer to Moody's, Communities and Local Government Committee, the Treasury, Office for Budget Responsibility, National Housing Federation, Standard & Poor's. NHHT itself has had its credit ratings repeatedly downgraded, its schemes paused, and has rescinded certain already committed costs to the Aylesbury scheme. The NHHT merger with Genesis does not create a more stable partnership due to repeated credit downgrades of that housing association as well and its near-bankruptcy in 2009.
- 12.The increased debt exposure and reduced credit rating of the combined Notting Hill Genesis group will result in increased financing costs. These, in turn, will result in a lower profit margin, which will affect the group's credit rating, thereby increasing financing costs in a vicious circle. It will affect its ability to progress schemes with lower operating margins, and increases the pressure on rental income from its affordable housing lettings.
- 13.For all these reasons, I reiterate a case for full transparency on the viability studies, reports, minutes and reviews, especially in line with the AA's recently adopted "Development viability SPD" (March 2016).

14. NHHT's record of delivering affordable and social housing in Southwark is questionable: Bermondsey Spa saw it substituting social rent for affordable rent; Wood Dene saw a decade long delay after demolition; sites A & B of the Elmington estate saw a net loss of 334 social rented homes. I quote other reasons and examples for why NHHT and Genesis's commitment to social rented housing is questionable.
15. I reiterate and substantiate a request for information on Mayor's Affordable Housing Programme funding bid and allocation for FDS and plot 18.
16. The second part of my statement addresses NHHT's lack of commitment to social rented housing through examining the NHHT chief executive's public statements and her work with the Centre for Social Justice, her work on the Localis review, an extensive statement by Steve Hilditch on his experience as NHHT board member, as well as the track record of Genesis housing association and its business strategy.
17. The third part of my statement restates concerns and objections raised at the previous inquiry in May 2015, which have since been proved to be founded. They also put into question the AA's statements made in May 2015. It is up to the current inspector to determine whether the previous inquiry was willingly misled by the Acquiring Authority. I demonstrate how, in the case of Bermondsey Spa, NHHT provided 44 affordable instead of 44 social rented units and how this came about due to NHHT's lack of commitment to social rented housing provision, the AA's lack of capacity to monitor s106 compliance and planning breaches and the AA's lack of willingness to enforce planning breaches. This has resulted in a loss of both social rented units on the Bermondsey Spa site and a loss of both social rented units and affordable rented units on the Manor Place site, which is also a NHHT development.
18. I outline the subsequent complaint by the 35% campaign to the Local Government Ombudsman listing a further 40 planning breaches and the LGO decision which found that the AA had no monitoring procedures in place, and did no checks whatsoever to ensure that providers delivered affordable housing in accordance with s106 tenure requirements. The LGO direction for a borough-wide audit has still not been followed and hence there is no record of s106 monitoring and ongoing planning breaches.

19. This claim is further supported by our evidence relating to the Aylesbury phase 1a (L&Q) development which shows that the developer applied for two variations to the s106 agreement, both before and after delivery which has made the scheme non-compliant with the Area Action plan by providing 46% affordable housing and not 59% as required by the AAAP. The tenure distribution set out in the AAAP has also been violated. Moreover, the statement provided by the AA at the previous inquiry, claiming that NHHT was delivering 51.3% affordable housing on that site, now decisively no longer holds.
20. NHHT has applied for a similar variation on plot 18 claiming that it will make up the shortfall by providing more affordable homes on later phases. I submit that this emerging pattern will be repeated with the affordable housing/tenure mix being kicked into the distance as viability constraints are realised when each phase becomes active.
21. In conclusion, NHHT and Genesis face a plethora of viability issues. Their track record demonstrates a lack of commitment and ability to deliver social rented housing.
22. Planning consent should not be taken as an indication of what will be delivered on the order land as developments are subject to variations, both those agreed by NHHT and the Acquiring Authority and those which have not been agreed by both parties. There is strong evidence of schemes delivered or currently in construction which do not comply with local planning policies or the AAAP. The Acquiring Authority does not have systems in place to monitor, secure, deliver or guarantee that the development will meet the scheme proposed for the order land.
23. I submit that for the reasons listed above, the scheme underlying the order is unlikely to proceed according to the development plan. It is unlikely to deliver the social and environmental benefits envisaged by AAAP and therefore the order should not be confirmed.