In paragraph 1.4 of her proof Ms Purser says that she *"was part of the London First working group that has published recommendations on how estate regeneration can contribute more and better homes for Londoners (see appendix EP01)".*

Maybe take her to EP01 and point out that in under the section entitled 'Making the right offer' in section 4 on page 24 which recommends:

"Putting in place a deal that works for residents and is commercially viable. In deciding whether to support estate regeneration residents will rightly consider how it may benefit them and balance this against their current circumstances. Therefore the offer made to residents is crucial and in effect a deal must be struck between residents and the organisation undertaking the regeneration."

Maybe put it to Ms Purser that her organisation has not sought to strike a deal with residents, having instead resorted CPO powers to remove them.

Maybe then take her to the bullet points listed below the above paragraph where it says:

"Residents must have a genuine share in the benefits of estate regeneration. The deal must work for residents as a whole seeking to minimise impact and disruption, noting that the wider benefits delivered by regeneration will bring about individual challenges such as the ability of leaseholders/freeholders to purchase a home in the new development."

Later in this section it goes on to say:

"A generous offer to leaseholders and freeholders is to be encouraged. It is common to present a menu of options which provide choice and flexibility. This menu could include shared ownership or equity, discounted outright purchase with a mortgage, outright sale and a move away, or a **home swap**." (EPO1, page 30)

Point out to Ms Purser that NHHT is not offering two of the four options; the discounted outright purchase or home swap options. The only options NHHT is offering is shared equity or outright sale and move away.

Then take Ms Purser to the following page (page 31) where it shows a case study of an estate regeneration scheme by a housing association in Merton. Here it says the 'offer for resident homeowners' includes *'a new replacement home at no additional cost if they choose to stay or open market value for their home if plus 10% if they prefer to leave, or a shared equity option for those who prefer it.'* and also *'help if they need to move temporarily because of the regeneration.'*

Then take her to the following page 32 where it talks about the previous Aylesbury estate CPO and why it was refused. It says:

"The refusal was based on a failure to balance the overall benefits with the negative impacts the CPO would have on several of the leaseholders on the estate. In particular, the decision focused on the negative economic and social impact the CPO would have on elderly and black and minority ethnic residents by effectively pricing them out of the local market." (EP01, page 32)

"This decision marks a clear focus of the Secretary of State to ensure that regeneration projects are of benefit to existing as well as future residents. Much of the rationale for the decision was based on the financial offer made to existing residents, and their ability to remain on the estate, or at least in the local area."

Maybe put it to Ms Purser that in principle nothing has changed since the last public inquiry; the shared equity offer still contains restrictions on assignment/succession, it whilst it was modified prevent leaseholders sinking their savings into it, it still requires leaseholders to sink their homeloss payment into it. NHHT failed to make any significant changes in its offer to leaseholders, particularly in relation to the home swap offer, which was not only Council policy and in place at the time leaseholders were consulted on the scheme, but also forms part of current government guidance (Estate Regeneration Strategy) and the London First paper's recommendations that Ms Purser has herself relied upon in paragraph 1.4 of her evidence.

**Other extracts from EP01 that may be useful**:

"Developers should adopt a transparent approach to their viability testing (accepting that some information will be commercially sensitive and must remain confidential). This may mean using an 'open book' approach to viability which will allow the local authority, estate residents and wider community to understand the financial appraisal for the scheme and compliment the broader open relationship with the community that should be established." (Para 2 of page 37)

On page 11 of EP01 it refers to Elephant Park (Heygate estate regeneration) as a case study saying: "Valued at "£2.3bn the project aims to deliver 3,000 new tenure-blind homes". Maybe point out that as Mr Platts acknowledged on Wednesday, only 82 of these will be social rented tenure (3%). In breach of the DPA around 200 (what should have been social rented units) were provided as affordable rent as a result of the developer submitting a viability assessment saying that providing the requisite 12.5% all at social rent would render the development unviable.

NHHT has got all these homes in its pipeline and all this surplus - why does it need to resort to CPO's? Why can't it just swap one of its

21% profit

## Balance sheet - council subsidy = NHHT profit

Paragraph 8.4 of the Acquiring Authority's statement of case (NOV 2017) says:

"Notting Hill has to date spent 14.5m in progressing its proposals for the redevelopment of the Order Land, securing planning approval and undertaking the diversion of utilities (telecommunications, electricity, gas, water) currently serving the Order Land"

Ask Ms Purser to confirm this and then take her to paragraph 30 of GT6 and ask her to confirm that the utilities works will be reimbursed by the Council: *"It is agreed that the council will reimburse the costs of the Above Ground and Below Ground Demolition at the FDS,* ***as well as service diversions required.****"*

Go to GT6 and point out NHHT's board's rejection of £22m costs of the scheme that it was supposed to fund but now the Council has stepped in (GT6, para 16; table 1). We know the £16.8m demolition costs will be recouped by the Council in the form of the £17.5m land payment, but will the other phase 2 and plot 18 design fees be recouped? the Cabinet report is not clear.

## £30m GLA funding

Confirm with Ms Purser that the £30m GLA funding should have gone to the Council as an increased land payment under the terms of the DPA. Ask why it is instead going to NHHT. If she says so that it can provide more affordable housing then point out that under the section 73 amendments only 15 extra social rented units are proposed. (Jerry tenure table s.73) If she says 105 extra shared ownership units are being provided then point out that these are a net asset to NHHT.

Ask if she is aware that when we asked Steve Platts why the £30m funding was being diverted to NHHT he said it was because the development had become unviable.

Ask Ms Purser what NHHT's average operating margin is (somewhere in evidence) ask what its minimum operating margin is required in order for a scheme to be deemed viable. Point out that the viability note says 21%

Put it to Ms Purser that the £30m grant funding is effectively a windfall for NHHT - it will now make £56m profit rather than the £26m estimated in the viability statement.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| OUT | IN |  |  |  |
| £16.8 |  |  |  |  |
| £6m |  |  |  |  |
| £13m |  |  |  |  |

Confirm that the Council will only receive a share of any overage if sales receipts exceed expectations - a benchmark level (£471 p/sqft [redacted]).