

# MINUTES OF THE HOUSING SELECT COMMITTEE

Wednesday, 6 March 2013 at 7.30 pm

PRESENT: Councillors Carl Handley (Chair), Vincent Davis (Vice-Chair), Paul Bell, Liam Curran, Amanda De Ryk, Patsy Foreman and Vicky Foxcroft

ALSO PRESENT: Councillor Alan Hall, Peter Gadsdon, Timothy Andrew, Mark Humphreys, Madeleine Jeffery, Petra Der Man, Colin Moone, Alison Potter, Louise Spires, Lucy Chitty (L&Q), Debbie Coombs (Family Mosaic), Lina Jamoul (London Citizens), Ms Roberts (Passfields Leaseholders), Ms Jerez Da Silva (Passfields Leaseholders), Dave Smith (East London Community Land Trust), Ted Stevens (National Self Build Association) and Dave Dayes (RUSS)

Apologies for absence were received from Councillor Ami Ibitson, Councillor Darren Johnson and Councillor Sam Owolabi-Oluyole

## 1. Minutes of the Housing Select Committee meeting held on 4 February 2013

1.1 Councillor De Ryk updated the committee on the recent visit that she and Councillor Johnson had undertaken to the 999 Club in Deptford. The key points to note were:

- The core activity of the 999 Club is their day centre which is open all year. They do a lot of work in the local community.
- Councillors had undertaken a visit to the night shelter, which is normally open between November and March, which has since closed early this year due to a shortfall in funding.
- There was a welcoming and non-judgemental atmosphere in the night shelter
- The 999 club is not a major charity and does not receive a lot of statutory support

**RESOLVED:** That the minutes of the meeting held on 4 February 2013 be signed as an accurate record of the meeting.

## 2. Declarations of Interest

- 2.1 Councillor Bell declared a non-prejudicial interest as a Lewisham Homes Board Director.
- 2.2 Councillor Hall declared a non-prejudicial interest as a Phoenix Community Housing Board Director.

## 3. In depth review into Low Cost Home Ownership - Evidence Session 2

3.1 The Chair introduced Ted Stevens (Chair – National Self Build Association) who presented a series of Power Point slides on self build to the committee. The key points to note were:

- Lewisham was responsible for igniting the self build movement in the UK in the 1970s and 1980s with the self build homes at Segal Close in the Borough. These

homes were designed so they were simple to build. With builders requiring very little training.

- The Self Build Market peaked around 1997 with almost 20,000 completions per annum
- Research shows that over half of UK residents want to build their own home at some stage, 30% want to do it within 5 years and 400,000 searched Rightmove.co.uk to try and find a plot in September 2012.
- Finding sites is difficult and despite the demand it is likely that very few of those interested will eventually go on to build their own home.
- Self build does not need to be a “Grand Design” – the majority of self build homes are more modest structures including those built in Lewisham
- Self build homes are not necessarily as high quality as those built by Council or Developers however self builders benefit from an enhanced sense of community with self builders living in their homes for an average of 25 years.
- National and regional planning policies, including the National Planning Policy Framework, do now include sections on self build and Ted suggested that councils must measure local demand.
- The local economy can be boosted by self builders hiring in local tradesmen and shopping in local builders merchants.
- Information was provided on a series of self build projects elsewhere in the UK.

### 3.2 In response to questions Ted Stevens advised the committee that:

- The cost of building a self build home is dependent on the size of the property however a very basic home can be built for between £30,000 and £40,000. Ted suggested that a house could be built to a “social housing specification” for around £100,000 as self builders do not have the other costs and overheads such as advertising and marketing associated with large developers.
- It is relatively straightforward to get a mortgage for a self build scheme however it can require extra administration, and associated fees, as money is usually released in stages so the bank can check on work.
- The Financial Services Authority rules now mean that it is unlikely that councils will be able to offer mortgages. Ted Stevens suggested that he knew of one Council offering a mortgage through an intermediary.
- There is a Greater London Authority (GLA) funding scheme that is seeking applications from groups of self builders.
- There is an opportunity for self builders to lead on the design process but self builders tend to benefit from the help of someone with a knowledge of the construction industry
- Other local authorities (LAs) looking at self build schemes are looking at prioritising those on the housing waiting list but it is possible for each LA to set their own priorities.
- There are a range of options for building including total self build and shell build / self finish where the main work is carried out by builders and the self builders finish the property.
- There is a need to recognise and trust that it is in a self builders interest to build their own home to a good standard and make it work.
- There are a number of options for providing affordable land including Community Land Trusts, groups buying land together and only paying for the land in the event of selling the house.
- There is a need for LAs to be creative if they wish to support self build – the Council can set parameters/criteria to ensure that self build homes are aimed at priority groups.
- Other European countries including Holland and Germany have more self builders than the United Kingdom.

- The length of time it takes to complete each scheme depends on the site and the size of the developments

3.3 The Chair introduced Dave Smith and Lina Jamoul who informed the committee of their work with the East London Community Land Trust (CLT). Key points to note were:

- The East London CLT are hoping to submit a planning application to found London's first CLT at the old St. Clements hospital site in Mile End which will involve working in partnership with the developer Galliford Try.
- The East London CLT is an open membership organisation that local people can join for £1.
- The CLT will own the entire site and collect ground rent from homes to re-invest in the local area. Members will vote on how to spend an estimated £45,000 each year.
- Homes in the CLT will be bought from the developer at the point of sale and sold to CLT members at a rate based on a formula that takes into account median income in the local area. The formula is also applied when selling the property to ensure that homes remain affordable in the long term.
- Buying a home through the CLT may not necessarily be the cheapest option when compared with other products such as shared ownership but it is open to all local residents.
- In order to set up a successful CLT there needs to be an active community group in place – councils can not impose a CLT.

3.4 In response to questions Dave Smith and Lina Jamoul advised the committee that:

- There is no subsidy involved in the East London CLT and they have not been provided with free land.
- The business model is based on the CLT buying properties from a developer at an affordable rate (£142,000 - 70% of market value) and the CLT will then make money over time through membership fees and rents based on their formula.
- Some LAs are considering giving away free land but there are other options including mutual ownership – there is a need to come up with new solutions to longstanding housing problems.
- The East London CLT are currently working on a local lettings policy that will help maximise the availability of affordable housing in the local area by helping people downsize.
- CLTs can help provide permanently affordable housing.
- The East London CLT expect to pay around £3,000,000 for the homes on the St Clements site and they estimate that they could sell them for around £3,800,000 based on their formula. The only funding they will require will be a bridging loan to help buy the land.
- The East London CLT have a close relationship with London Citizens, an alliance of community organising groups, but they are a separate organisation.
- It is unlikely that a high street bank would offer a mortgage but they are confident that they can come up with a solution
- Banks are put off by the position they would be left with in the event of a default but the CLTs position is that they would be able to sell the property on the open market.
- If problems arise the CLT are confident that they will be able to manage them as they want to build an organisation with a community feel and a close relationship with tenants.

3.5 The Chair introduced Ms Jacob Da Silva and Ms Roberts to the Committee. Both are residents of the Passfields Estate and came to give evidence on behalf of

Passfields Leaseholders who had purchased their homes through Right to Buy. Key points to note were:

- Ms Jacob Da Silva had purchased her property in a listed building and she knew that there were upcoming major works at the time of purchase.
- The works started two months late and when completed she felt they were of a poor quality.
- The leaseholders believe that replacement windows had resulted in mould starting to form in the property as a result of increased condensation.
- Painters had painted over mould with water based paint
- Leaseholders had been advised to take up wooden floors and put down carpet to help with condensation.
- Ms Roberts indicated that the elderly leaseholders she represented had to clean their windows on a daily basis to remove condensation.
- A new lift was installed in July 2012 and Ms Da Silva indicated that it has so far broken down on five occasions resulting in families on the upper floors living in fear of getting trapped.
- A entry door system has recently been installed which hasn't worked since January leaving elderly residents feeling at risk from bogus callers.
- Residents were billed for roof maintenance twice in a short period of time.
- The levels of communication from Phoenix were below the levels the leaseholders expected.

3.6 In response to questions on their experience of owning a Right to Buy property Ms Jacob Da Silva and Ms Roberts advised the committee that:

- Ms Da Silva bought her property 5 years ago
- Ms Roberts indicated that there was no consultation prior to major works taking place.
- There are no longer regular public meetings of the Tenants and Residents Association (TRA) where residents can raise issues as the meeting format has changed to drop in sessions.
- Both residents indicated that they had not been told about the opportunity to go through a Leaseholder Valuation Tribunal (LVT).
- Phoenix had supplied leaflets on dealing with damp and mould
- An independent surveyor has been to inspect the properties – residents were led to understand this was on behalf of Lewisham Council.
- Water was switched off in the properties to allow repairs but not all residents were informed in advance.
- Leaseholders indicated that, as they pay service charges, they would expect better levels of communication.
- Ms Da Silva indicated that she has spent between £20,000 and £30,000 on repairs but she believes that the value of her property has not increased and that she would be unable to sell her property.
- Furthermore Ms Da Silva indicated that she has now stopped payments to Phoenix until improvements are made.
- Given her experience to date Ms Da Silva would now re-consider her decision to purchase the property.

3.7 Members of the committee advised the residents to open a complaint with Phoenix through their established complaints procedures and further advised that details of their case would be shared with officers, local councillors and the local MP.

3.8 The Chair introduced Lucy Chitty from London and Quadrant (L&Q) and Debbie Coombs from Family Mosaic to give evidence to the committee on shared ownership. In response to questions members were advised that:

- Owners of a shared ownership / equity property hold a full repairing and insuring lease and their rent is discounted as a result.
- Residents are expected to pay 100% of the cost to rent a property as they have 100% of the usage of the property.
- The rent is used to fund a share of the loan used to purchase the property not to make a profit to fund repairs.
- Shared Ownership is one option for Low Cost Home Ownership and when a purchaser buys a house they are aware of what they are signing up to.
- The Greater London Authority (GLA) are responsible for setting the maximum discount of 75%
- All applicants are assessed by an independent financial advisor
- Rent and mortgage payments can take up no more than 40% a prospective buyer's net income
- Shared ownership should be seen as a springboard into home ownership as purchasers can, and often do, increase their share of the home to 100%.
- Whether a shared ownership option can be considered low cost changes depending on the fluctuations of the private market.
- Whilst rental charges may rise over time it is anticipated that incomes will also increase.
- The maximum and minimum income levels required to be eligible for a shared ownership scheme changes depending on the product in question however indicative figures were provided by L&Q who stated that for a 25% share in a 1 bedroom property in Lewisham an income of £28,000 per annum would be required which was above local median income. The maximum income level to be eligible for the L&Q scheme is £60,400 for a one bed property and around £70,000 for a 3 bedroom property.
- Other criteria to be eligible for a shared ownership scheme are set on a development by development basis. These can also differ depending on the borough and can be set to give priority to groups such as key workers, Ministry of Defence personnel, social tenants or local residents. Many schemes choose to gradually widen these parameters over time to ensure that the houses are sold.
- Prospective purchasers now apply directly to each scheme as the HomeBuy scheme has now been replaced.
- Homeowners in financial difficulty are referred by Family Mosaic to a credit control team who can offer information, advice and guidance; help with managing arrears; advice on selling a home; and advice on stair casing down to a lower ownership share or to a normal tenancy arrangement. Residents are referred after independent financial advice.

**Resolved:** The evidence presented to the committee be noted and the information provided by the Passfields Residents be shared with Whitefoot ward councillors, Council officers, the local MP and Phoenix Community Housing.

#### **4. New arrangements for social housing complaints**

4.1 Peter Gadsdon introduced the report. The key points to note were:

- The Localism Act 2011 has introduced changes to the way complaints against social landlords are handled prior to referral to the Housing Ombudsman (HO) – once a complainant has exhausted the Council / Arms Length Management Organisation (ALMO) / Housing Association (HA) complaints procedures a referral to the HO must now come in writing from a designated person (DP) unless the complainant waits for a period of 8 weeks.
- A DP can be any elected member of the Council, a local MP or a tenants panel.
- The report recommends that the chair of the Housing Select Committee (HSC) and two additional members of the HSC are appointed as the main Designated

People in Lewisham in order to create a system that is easier for residents to understand.

- Conversations with the top 9 partner HAs in Lewisham have lead officers to conclude that they are not considering setting up a tenants panel and Lewisham Homes are not currently planning to do so either.
- Based on current trends officers would expect to see 20 complaints referred to a DP each year.
- The report advises that corporate complaints will support the Designated Person in their role.

4.2 In response to questions from the committee members were advised:

- Corporate complaints can support any member acting as a designated person in relation to a social housing complaint.
- MPs have not been approached to take on the role of main designated person.
- Under the Localism Act all members are designated people.

**RESOLVED:** The report be noted; the chair of the housing select committee to act as the main Designated Person and the remaining members of the HSC will act as designated people where there is a conflict of interest or the chair is unavailable.

## 5. Annual Lettings Plan 2013-14

5.1 Colin Moone introduced the report. The key points to note were:

- In 2012/13 the Council expect to house a total of 1774 residents on the housing waiting list. 20.1% of these residents came from band 1 of the housing waiting list, 25.7% from band 2, 32.9% from band 3 and 1.7% from band 4.
- Lewisham are nearing completion on large decants at Heathside and Lethbridge, Excalibur and Milford Towers.
- In 2013/14 the Council expect to house 1515 households in total.
- Lewisham are currently accepting more applications in band three of the Housing waiting list than they are housing each year.
- Lewisham are housing households more than many other boroughs in London.
- Appendix 8 of the report provides a breakdown of the demographics of the households that have been housed in the period between April and December 2012.

5.2 In response to questions from the committee officers advised that:

- Members of the armed forces are categorised under “any other band 1” in the report.
- Households on the waiting list may be staying in a number of locations including Bed and Breakfast accommodation, in their current home, in private sector rented accommodation or a hostel.
- The exceptional cases referred to in the report relates to those on the waiting list who have been taken out of turn and moved quicker than expected.
- “Priority homeless” refers to any household on the housing waiting list.
- On current projections the housing waiting list will continue to grow in the coming years
- Lewisham are likely to dip just under last years letting target based on the current rate of re-housing
- The annual lettings plan is a projection based on the knowledge and experience of officers – it is difficult to be completely accurate.

- The Homesearch system allows officers to prioritise certain groups for housing if necessary – i.e. in the event of a decant.
- The lettings plan allows the council to keep track of who they are housing each year.

**RESOLVED:** That the report be noted; and that the answer to the recent council question on the costs of Temporary Accommodation is supplied to the committee.

## **6. Cash Incentive Scheme (CIS) 2013/14**

6.1 Standing Orders were suspended at 9.55pm

6.2 Colin Moone introduced the report. The key points to note were:

- The CIS has an annual budget of £200,000 and unspent funds can be rolled forward resulting in a budget of £565,869 for 2013 / 14.
- The report proposes increasing the cash incentive to approximately 15% of the average market value of the same size property.
- Paragraph 4.5 of the report sets out the market value of properties locally
- Paragraph 4.6 sets out the cash incentive for releasing each property type locally up to a maximum of £44,000.
- The scheme will allow residents to move anywhere in the UK with restrictions including not being allowed to buy a property at auction, not moving into a houseboat and not buying a right to buy property (RtB)

6.3 In response to questions the committee were advised:

- RtB has prevented some spend on the CIS as it offers more favourable terms to the prospective buyer.
- A mortgage must be secured before the cash incentive is released – residents are not being offered a payment simply to leave their home.
- It is possible to pay residents to leave their home and this has been tried in other London boroughs including Brent.
- Although the CIS and other incentive schemes exist there is currently very little incentive to leave a council tenancy

**RESOLVED:** That the report be noted.

## **7. Select Committee Work Programme**

7.1 Joseph Dunton introduced the report. The key points to note were:

- The report sets out the draft work programme for the 2013 / 14 municipal year.
- Members are invited to suggest any ideas for an in depth review or items they wish to add to the work programme.
- There is a proposal from the Overview and Scrutiny Committee for the committee to undertake a review into Emergency Services in Lewisham and the scrutiny manager can bring a scoping report to the next meeting.
- There is a proposal arranging a visit to a self build scheme if the committee want to do more research

7.2 Members of the committee suggested that they could forward any issues they may wish to look at as part of the Emergency Services review to the Scrutiny Manager in advance of the April meeting.

7.3 Members of the committee suggested further items to be added to the select committee work programme:

- An item on the progress with the 250 housing units being built in Lewisham as part of the Housing Matters Programme.
- A paper on the Local Authority borrowing cap and any upcoming developments
- An update on the Newham Licensing Scheme

7.4 The committee noted that some residents had raised with them their concerns that the ongoing Housing Matters consultation process is not giving equal consideration to the two remaining options.

**RESOLVED:** That the draft work programme is noted; the suggestions of members be included in the draft work programme report for the April meeting; members would pass on any suggestions on what to cover as part of the Emergency Services Review; and the concerns of the committee regarding the ongoing Housing Matters consultation be referred to Mayor and Cabinet.

## **8. Items to be referred to Mayor and Cabinet**

8.1 The committee decided to refer the concerns of some residents as noted in paragraph 7.4 of these minutes to Mayor and Cabinet.