

MINUTES OF THE HOUSING SELECT COMMITTEE

Wednesday, 11 March 2015 at 7.30 pm

Present: Councillors Carl Handley (Chair), Paul Bell, Amanda De Ryk, Maja Hilton, Simon Hooks, Olurotimi Ogunbadewa and Jonathan Slater.

Apologies: Councillors Peter Bernards (Vice-Chair), John Coughlin and Susan Wise.

Also present: David Montague (Chief Executive, L&Q), David Westworth (Director of Customer Services, Phoenix), Carol Carter (Group Director of Housing, Hyde), Shaun Holdcroft, (Director of Resident Services for London, Hyde), Tom McCormack (Chief Executive, Hexagon), Brendan Sarsfield (Chief Executive, Family Mosaic), Kevin Sheehan (Executive Director, Customer Services), Genevieve Macklin (Head of Strategic Housing), Jeff Endean (Housing Programmes and Strategy Team Manager), Madeleine Jeffery (Private Sector Housing Agency Manager), Melanie Dixon (Homeseach Operations Manager), Roz Spencer (Co-ordinator, Rogue Landlords Taskforce), Mark Humphreys (Group Finance Manager, Customer Services), Rachel George (Partnerships and Regeneration Manager), Roger Raymond (Scrutiny Manager).

1. Minutes of the Meeting Held on 28 January 2015

1.1 RESOLVED: That the minutes of the meeting held on 28 January 2015 be signed as an accurate record of the meeting

2. Declarations of Interest

2.1 Councillor Bell declared a non-prejudicial interest as a member of the board of Lewisham Homes.

3. Invitation to Registered Housing Providers

3.1 The representatives for each organisation were as follows:

- David Montague (Chief Executive, L&Q)
- David Westworth (Director of Customer Services, Phoenix)
- Carol Carter (Group Director of Housing, Hyde)
- Shaun Holdcroft, (Director of Resident Services for London, Hyde)
- Tom McCormack (Chief Executive, Hexagon)
- Brendan Sarsfield (Chief Executive, Family Mosaic)

All the witnesses gave a brief introduction about their organisation, as a housing provider operating in Lewisham, and responded to the following questions, as outlined in the agenda paper.

3.2 Their work to support eligible households to downsize

In response to this question, and follow-up questions from the Committee, the following was noted:

- None of the registered housing providers have evicted any residents due to the Bedroom Tax.

a) David Montague (Chief Executive, L&Q):

- L&Q have been working closely with their local authority partners to promote mutual exchange opportunities with residents. This includes three mutual exchange events undertaken in Lewisham. They also provide financial assistance to support residents with the associated costs of moving home, where a resident is downsizing through a transfer or mutual exchange to another L&Q home. Residents affected by the size criteria may be able to downsize with arrears on their account.
- Presently 59 residents have been agreed for downsizing, and 14 more in the pipeline.
- They spend approximately £2m a year across the organisation for support for welfare reform.

b) David Westworth (Director of Customer Services, Phoenix):

- Phoenix has a Trading Places project that they fund to help residents who want to downsize property, through mutual exchange.
- They also run events to promote mutual exchange to their residents.
- They are building an Extra Care Scheme at Hazelhurst Court which may free up more properties through downsizing.
- They are currently reviewing their Incentive Scheme for downsizing properties to see how it can be more attractive to residents.
- Officers attempt to identify residents that could be interested in downsizing through visits and events, amongst other things.

c) Carol Carter (Group Director of Housing, Hyde) and Shaun Holdcroft, (Director of Resident Services for London, Hyde):

- Hyde has been investing an additional approximately £500,000 a year across the organisation to support residents to manage the impact of welfare reform, this includes a specialist team of Housing Options advisors focused on helping residents to downsize.
- Only a handful of families have moved so far; many families are reluctant to leave at the present time.
- The Specialist Housing Options Team have access to a flexible fund to provide practical and financial support to residents and spend a lot of time with older residents, to reassure them that if they would like to downsize, they would be supported to manage any health concerns and help in accessing services.

d) Tom McCormack (Chief Executive, Hexagon):

- Hexagon have provided direct one-to-one advice on how to downsize to affected residents using their own staff; and in the early days of the

Bedroom Tax, they bought in an external support service from Open Doors to facilitate moves.

- They also allow residents with arrears to downsize, if they so wish.
- Since the introduction of the Bedroom Tax, Hexagon has transferred 9 Lewisham residents to smaller homes.
- Hexagon has had a total of 10 mutual exchanges (across the five boroughs in which they operate) that they can say for sure are specifically because of the Government's welfare reforms.
- Their financial incentive to encourage tenants to downsize has been as successful as they would like, as many people do not want to move from what they perceive to be their family home. Support might be better provided in aiding the logistics of a move, if the tenant decides to do so.

e) Brendan Sarsfield (Chief Executive, Family Mosaic):

- 27 residents have been affected by the Bedroom Tax; four have downsized since 2014 and a further seven would like to move.
- Family Mosaic offer financial incentives of £500 per bedroom released, plus money towards removal costs.
- They have an operational target to increase moves due to downsizing.
- They have conducted casework with Bedroom Tax downsizers to find rehousing solutions.
- On selected new homes Family Mosaic would like to discuss with the Council the possibility of using 1-2 bedrooms for their downsizers and offering off-site substitutions of released larger properties to the Council.
- They also advertise the offer of downsizing in their newsletter and on their rent documents.

3.3 Their thoughts on the recent decline in re-lets; and plans for new supply

In response to these questions, and follow-up questions from the Committee, the following was noted:

a) David Montague (Chief Executive, L&Q):

- Since April 2012, L&Q has re-let 655 studio, 1 and 2 bedroom homes in Lewisham. 46% of these have been let at Affordable Rent levels. In the 2010-12 period, there were 1,131 relets.
- L&Q are experiencing a reduction in available homes for re-lets, as demand for moves continues to outweigh supply. In their experience, this decline is exacerbated as some residents cannot afford to move or find a suitable home via mutual exchange.
- Mutual exchanges provide the best moving option for the majority of their residents - especially in Lewisham. Compared to other moving options, there is a smaller waiting time as homes are not subject to location or transfer criteria.
- To help meet the demand for housing in London, L&Q has a development pipeline of 13,000 homes. In Lewisham, L&Q's development pipeline will provide over 800 homes. 130 of these homes should be at affordable rent levels.
- L&Q would welcome an increased partnership with Lewisham and would be keen to explore potential new ways of working together.

- In terms of leaseholders, they understand that they have specific concerns that need specialist care. They have an in-house team that deals with the construction companies and maintenance issues on behalf of the residents. These issues are now seen as a customer care concern and L&Q is committed to improving the service they provide to leaseholders.
- 100% of properties are provided for lettings and L&Q adheres to the protocol on lettings with the Council.

b) David Westworth (Director of Customer Services, Phoenix):

- Phoenix have about 250-270 relets a year, and this hasn't varied much in recent years.
- They are providing £26-30m for new supply now that they have achieved a lot of progress with Decent Homes improvements. Potentially, there will be 400 new properties in Lewisham, including the 60 units in Hazelhurst Court.
- They are looking to work with other providers to look at increasing supply.
- Phoenix has about 800 leaseholders; they have conducted focus groups with leaseholders to learn about their concerns and match their expectations. There have been improved relations between Phoenix and their leaseholders as a result of these focus groups.
- They are working with the Council to ensure that they free up and release properties quickly to the Housing Register, when the properties become available.

c) Carol Carter (Group Director of Housing, Hyde) and Shaun Holdcroft, (Director of Resident Services for London, Hyde):

- There has been a significant fall recently in relets in Lewisham, with half the number in 14/15 compared to 13/14.
- They have looked to unlock more properties through a crackdown on fraud and other non-compliant activities. This has released a further six properties this year.
- Hyde have 250 new builds in the pipeline Lewisham and hope to create more supply through leveraging their GLA grant-funding programme and working in partnership with the Council.
- They have a Specialist Home Ownership Team which ensures leaseholders are provided with the right services. Having more transparent, user-friendly services in this area has led to a significant fall in enquiries from leaseholders.
- Hyde has had success with their joint ventures with local authorities in other areas to provide new supply.
- Hyde looks to provide all properties to the common housing register with the Council. If there is any delay in adding properties to the register, they will liaise with the Council about the reasons for this.

d) Tom McCormack (Chief Executive, Hexagon):

- Hexagon has not observed a decline in re-lets. The yearly re-let figures for the last three years have been between 35-42 properties.

- In Hexagon's 2011-15 programme, approximately 45% of their GLA funded programme was delivered in LB Lewisham. That totalled 113 new homes on three sites (75 homes at Baring Road, 32 homes at Springbank Road, and 6 homes at Lewis House).
- Over their next few years, Hexagon has an allocation for 200 new homes across the five boroughs in which they operate. It is too early to say what might be delivered in Lewisham as their allocations are not made specific to any particular local authority area and they will be delivered where opportunities arise and where local authorities provide support for their plans.
- To subsidise rents and increase income streams, they would like to have more houses for outright sale, which is planned at circa 40 units.
- Hexagon has been more pro-active in dealing with issues raised by leaseholders than in the past, and in some instances some complaints have been brought to Board-level and this has been a catalyst to ensure the problems are resolved.
- They reported that Hexagon is a signatory to the protocol on lettings with SELHP and the Council, which he believed allocated 25% of all first lettings to HAs, and in that context, he said it might be helpful if Council officers clarified the nominations agreements for the benefit of the Committee.

e) Brendan Sarsfield (Chief Executive, Family Mosaic):

- The re-let activity for Family Mosaic across London has been similar to last year, with approximately 470 properties re-let. There have been 40 relets in Lewisham.
- Family Mosaic is expecting new builds of approximately 1300-1400 units in Lewisham. A third of these are expected to be available for rent.
- Family Mosaic acknowledges that open engagement with their leaseholders will, in the long-term, be beneficial to all tenants as problems will be resolved sooner.
- Family Mosaic is a signatory to the protocol on lettings and will look into whether the protocol is being adhered to, and if not what the reasons for delay might be.

Madeleine Jeffery (Private Sector Housing Agency Manager), said that the policy for letting states that 100% of properties should be available for common lettings. They understand that some properties have been left off the register for lettings in the past, but their concerns have been alleviated more recently, working with the registered housing providers.

3.4 An update on the use of fixed term tenancies

In response to this question, and follow-up questions from the Committee, the following was noted:

a) David Montague (Chief Executive, L&Q):

- L&Q offers fixed term tenancies to some of its homes because housing is a scarce resource and housing need can change over

time, as residents' circumstances change and they can outgrow the suitability of the homes.

- To date (since the Localism Act came into force) they have let 1,078 homes in Lewisham of which 62% have been issued a fixed term tenancy.
- The policy is generally 1-year probation and a maximum of 5 years.
- L&Q recognise some residents' needs do not require frequent review; such as those residents in supported, sheltered or agency-managed homes, or for those aged 60 or over. In these cases they do not offer fixed term tenancies to residents.

b) David Westworth (Director of Customer Services, Phoenix):

- Phoenix has decided not to have any properties on fixed-term tenancies.

c) Carol Carter (Group Director of Housing, Hyde) and Shaun Holdcroft, (Director of Resident Services for London, Hyde):

- Hyde does have properties that are fixed-term tenancies – these are confined to Affordable Rent tenancies at present.
- There is a 'presumption of renewal' for tenants.
- As residents get closer to the end of the tenancy agreement, residents will be subject to an affordability assessment, plus other measures, to assess whether there have been a significant change in their ability to pay. They expect only a very small percentage of residents to have a significant increase in their income that would warrant a non-renewal of the tenancy agreement so the property can be let to someone else, in more need.

d) Tom McCormack (Chief Executive, Hexagon):

- Hexagon does not use fixed tenancies for their general needs lettings and we have no plans to do so in the immediate future.

e) Brendan Sarsfield (Chief Executive, Family Mosaic):

- Family Mosaic understands that fixed-term tenancies are difficult but they have to look at measures that address the housing crisis. 60% of lettings were on fixed-term tenancies in Lewisham since they were introduced. Exemptions are usually reserved to existing social housing tenants, who get tenure protection.

3.5 Update the Select Committee about affordable rents in your properties

In response to this question, and follow-up questions from the Committee, the following was noted:

a) David Montague (Chief Executive, L&Q):

- L&Q have set their affordable rents with reference to household incomes and market rents and they currently average around 65% of the market

rate in the borough, which is below what they are permitted to charge (i.e. up to 80% of the market rate).

- Properties with 3-4 bedrooms and above are not included in the affordable rent scheme.
- b) David Westworth (Director of Customer Services, Phoenix):
- As Phoenix grows in size, it will have to look again at its affordable rents policy – to decide how many of its properties would be eligible for an ‘affordable rent’ charge.
- c) Carol Carter (Group Director of Housing, Hyde) and Shaun Holdcroft, (Director of Resident Services for London, Hyde):
- Hyde currently has a cap of £180 per week on Affordable Rent Conversions though this cap was fixed 2 years and is due to be reviewed. On new build schemes these are discussed with the council in the context of financial viability.
 - Currently charge ‘affordable rents’ of an average of 65% of the market rate.
- d) Tom McCormack (Chief Executive, Hexagon):
- Since April 2013, Hexagon has let 148 general needs homes in Lewisham. 86 homes were at affordable rent levels and a further 62 homes were let at traditional social rent levels.
 - 63 of these 86 “affordable rent” lettings were for new homes which had been funded under the 2011-15 programme.
 - Hexagon are running at about 71% of the market rent so far this year (2014/15) across their entire stock on homes let at “affordable rent”.
 - Of its 2015-2018 programme, Hexagon expect at least 25% of its properties to be at affordable rent levels. They hope to create a cross-subsidy of income to ensure rents at genuine affordable levels.
- e) Brendan Sarsfield (Chief Executive, Family Mosaic):
- Family Mosaic have made the decision that it will charge social rents rather than affordable rents. This is done from cross-subsidy, which allows them to charge lower rents.

3.6 Their plans for tackling homelessness in the borough: more specifically how can they help Lewisham address increased homelessness in the borough

In response to this question, and follow-up questions from the Committee, the following was noted:

- In respect of foreign ‘buy-to-leave’ investors, the registered housing providers have signed up to the Mayor of London’s protocol on housing, which means that properties are advertised locally at the same time they are advertised abroad.

a) David Montague (Chief Executive, L&Q):

- In 2014, L&Q made an investment of £10 million to help Broadway St Mungo's launch Real Lettings - a £45 million property fund, to provide housing for the homeless. L&Q's Board also agreed to set aside a further £10 million to support Broadway St Mungo's create a centre of excellence that will support homeless people develop the necessary life skills to re-engage in society as independent individuals.
- In terms of providing temporary accommodation, L&Q has not done this for many years.
- In terms of the housing crisis and lack of available homes, the problem of first-time buyers getting on the housing ownership ladder will continue; this will lead to a rise in those in the private rented sector.

b) David Westworth (Director of Customer Services, Phoenix):

- Phoenix would be willing to enter into discussions with the Council about short-term temporary accommodation properties, like those being provided on the Ladywell site.
- Post-election, the issue of how local authorities can access finance to build more social housing will have to be considered by the incoming government.

c) Carol Carter (Group Director of Housing, Hyde) and Shaun Holdcroft, (Director of Resident Services for London, Hyde):

- They feel they are not best placed to provide temporary accommodation, but happy to have a discussion with the Council to see if they could help with locating sites for moveable temporary units.
- They support the National Housing Federation's 'Homes for Britain' campaign; if the political will was there to support a long term strategy to increase supply, it could alleviate many of the homelessness and housing problems.

d) Tom McCormack (Chief Executive, Hexagon):

- In this current year, 38% of Hexagon's lettings in Lewisham were made to homeless households (17 of 45 lettings) and they expect that pattern to continue so long as the Borough allocations continue to provide priority to homeless households.
- They would be reluctant to enter the temporary accommodation area, as they have previous experience of this in the past and have not been as successful as they would have liked.
- Political parties are now recognising that to tackle the housing crisis, you have treat housing as part of the country's infrastructure, and hopefully that will mean they will help to invest in house-building in the future.

e) Brendan Sarsfield (Chief Executive, Family Mosaic):

- Family Mosaic are hoping that its new build programme and closing their transfer list, which will limit moves to management moves, serious health issues and under occupiers will help.

- They have done temporary accommodation in the past, but had difficulties whilst doing so. They would be willing to talk to the Council about any proposals to provide temporary accommodation in the borough.
- The housing crisis in London needs to be tackled as people are attracted to the South-East of the country due to its economic opportunities and therefore it's a problem that will not go away. If other local authorities in London operated like the way Lewisham operated, then there would be a better chance of making some progress in tackling the housing crisis.
- Councils need to explore building more social housing, as well as housing associations.

3.7 RESOLVED: That the Committee:

- a) Would like to thank all the attendees for attending.
- b) Note the responses to the questions provided.

4. Private Rented Sector Update - Licensing Scheme

4.1 Roz Spencer (Co-ordinator, Rogue Landlords Taskforce) gave a presentation to the meeting. The key points to note were:

- The South East London Housing Partnership (SELHP) plus LB Lambeth have held their inaugural Licensing meeting.
- LB Southwark are already out to consultation on their licensing scheme, whereas Greenwich and Lambeth have not yet reported to their Leader/Cabinet.
- The report that came to the December 2014 meeting laid out the present situation, established the importance of evidence and asked the questions. Since that meeting, officers have begun to turn data into intelligence, and analysis into evidence
- Across London, 5 boroughs have proceeded with an additional licensing scheme, focusing on small Homes with Multiple Occupation (HMOs); or localised selective scheme in anti-social behaviour (ASB) hotspots. Informally, SELHP and LB Lambeth are aligning around these two components.
- Lewisham work:
 - Commissioned two new databases, by using statistical analysis undertaken by consultancy Mayhew Harper working for other London boroughs – this is expected to be ready in April 2015.
 - reviewed primary survey research commissioned by SELHP and LB Lambeth into the experiences and perceptions of private tenants and their landlords and agents which reported in October 2014.
 - Mapping of the poorest private rented sector (PRS)
- The results have shown that:
 - 'Continuing attrition' of the Local Housing Allowance sector is expected to occur as landlords relet to higher income earners

- when those claiming some housing benefit leave. Non-mandatory HMOs are the poorest income earners.
- People paying highest rents are less satisfied than median rent payers.
- Those who are paying the highest rents are not necessarily on highest incomes.
- The results did not find the following:
 - Housing Benefits claimants less likely to say there is ASB in there area.
 - No strong spatial pattern of poor standards except where damp and mould more prevalent close to border of inner/outer London benefit rates and in six secondary & tertiary shopping areas (Deptford, Lee, Hither Green, Brownhill Road, Sydenham and Brockley).
- The key risks of licensing are that the current shortages of rented stock accessible to low income households gets worse; and skill shortages for low income jobs locally could be a problem. However, the risks with the status quo is that the worst private rented housing is not effectively regulated.
- License fee income can only be used for the administration of a licensing scheme – including compliance monitoring - but must not be used to finance enforcement activity.
- The early indications for costs from modelling for a licensing scheme are estimated at:
 - Whole Borough Selective Scheme over five years: £4.2m
 - Localised additional licensing of private rented flats and HMOS over commercial premises over 5 years: £2.4m
- Conclusions are:
 - The worst PRS is over commercial premises.
 - A licensing scheme can provide a portfolio solution for regulation.
 - The costs of running a selective scheme in comparison to an additional scheme seem to be quite variable.
 - The risk of reducing supply of affordable housing is set against the risks of failing to raise standards in the worst PRS stock in the borough

4.2 In response to questions from the Committee, the following was noted:

- Lewisham want to focus on the properties that would be most in need from a licensing scheme, which is why officers are looking at a scheme that covers flats over commercial premises.
- Lewisham are continuing to tackle rogue landlords in the borough. A licensing scheme for flats over shops will be another option in the Council's strategy to drive up the standards in the PRS.

4.3 **RESOLVED:** That the Committee

- a) Support the business case as proposed to introduce licensing of flats over commercial property.
- b) Would like to receive further updates as part of its 2015-16 work programme.

5. Annual Lettings Plan

5.1 Madeleine Jeffery (Private Sector Housing Agency Manager), introduced the report to the meeting. The key points to note were:

- Lewisham's priorities best distributes to those in most need, reducing under occupation and severe overcrowding, moving single vulnerable households on from supported accommodation to independence, supporting the regeneration of designated housing estates, reducing the number of homeless households in unsuitable and costly temporary accommodation.
- Lewisham has increased the number of lettings to homeless households to keep pace with the increase in accepted homeless applications and reduced supply. The Allocation Policy must give preference to these groups above others. There is no requirement to give an equal weighting to all of the reasonable preference categories. However, from December 2013 to December 2014 Lewisham has seen a significant increase in households in temporary accommodation - 26% - reflecting a five year trend. Since 2010/11 numbers in nightly paid temporary accommodation has increased by 73%. Therefore Lewisham has increased the percentage of lettings to this group: a target of 80% of all available two bedrooms and 70% of available three bedroom accommodation was introduced on 1st September 2014.
- It is anticipated that there will be a reduction in lets and new supply; lets for 14/15 were expected to be 1384, however projections indicate that this figure will be closer to 1162 - a reduction of 18%. Again, this reflects a five year trend; overall lets have reduced by 38.5% since 2010 /11.

5.2 In response to questions from the Committee, the following was noted:

- Stipulation for members of the Armed Forces is part of the allocations policy, and they usually have approximately two lets per year provided to the Veterans Association.

5.3 RESOLVED: That the Committee note the report.

6. Key Housing Issues

6.1 Jeff Endean (Housing Programmes and Strategy Team Manager), gave a presentation to the meeting. The key points to note were:

- The Elphicke-House review looked at the role of local authorities in supporting the delivery of new homes, and was published on the 27th January 2015.
- The key recommendations were:
 - Local authorities to become 'housing delivery enablers'.
 - To consult on extending the Transparency Code to cover all HRA land. The Transparency Code 2014 details information which must be made publically available.

- Government to monitor schemes to support small builders to expand.
- Government to consider strengthening advice to encourage councils to pro-actively support neighbourhood planning.
- Councils to pro-actively use existing powers, levers and opportunities and to periodically test value for money of contracts.
- Government to work with LGA to encourage councils to fulfil the role of 'housing delivery enablers'.
- The 'Church Grove Community Housing Development' went to Mayor and Cabinet on 4 March 2015. The process will now begin to tender bids, and the successful bidder will be chosen in Autumn 2015.

6.2 In response to questions from the Committee, the following was noted:

- Officers are compiling a list of organisations and community groups who have indicated they are interested in future self-builds. Members should notify officers if they know of anyone who is interested in this project.
- The Mercator Road development received its first tenants on 12 March 2015 – the Council's first new build housing in 30 years.

6.3 RESOLVED: That the Committee note the report.

7. Communal Heating Systems Review - Report and Recommendations

7.1 The Chair reported that the report would be deferred to allow more time to obtain additional information from the Planning Service and Building Control, and the report would be re-submitted, including this new information, at the start of the 2015-16 year.

8. Select Committee Work Programme

8.1 Roger Raymond (Scrutiny Manager) introduced the report. The key points to note were:

- The Committee has now concluded its work programme for 2014-15.
- Some items that the Committee have indicated it wants to consider in 2015-16 are:
 - Private Rented Sector Licensing
 - New Homes Better Places
 - Self-build
 - Homelessness
 - Lewisham Housing Strategy (2015-20) – Update
 - Temporary Accommodation Pressures – Policy Options Update

8.2 In response to questions from the Committee, the following was noted:

- Suggestions for the Committee's work programme for 2015-16 should be sent via the Scrutiny Manager or Chair, and would be presented in a work programme report for the first meeting of 2015-16.

- The Scrutiny Manager would also liaise with officers in relation to items for the 2015-16 work programme.

9. Referrals to Mayor and Cabinet

9.1 None.

The meeting ended at 10.05pm

Chair:

Date:
