

# Public Document Pack

## Housing Select Committee Agenda

Wednesday, 9 March 2016

**7.30 pm,**

Committee Room 1

Civic Suite

Lewisham Town Hall

London SE6 4RU

For more information contact: Timothy Andrew (Tel: 0208 3149976)

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# Housing Select Committee Members

Members of the committee, listed below, are summoned to attend the meeting to be held on Wednesday, 9 March 2016.

Barry Quirk, Chief Executive  
Tuesday, 1 March 2016

Councillor Carl Handley (Chair) Councillor Peter Bernards (Vice-Chair) Councillor John Coughlin Councillor Amanda De Ryk Councillor Liz Johnston-Franklin Councillor Maja Hilton Councillor Simon Hooks Councillor Olurotimi Ogunbadewa Councillor Jonathan Slater Councillor Susan Wise Councillor Alan Hall (ex-Officio) Councillor Gareth Siddorn (ex-Officio)	
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## MINUTES OF THE HOUSING SELECT COMMITTEE

Tuesday, 26 January 2016 at 7.30 pm

PRESENT: Councillors Carl Handley (Chair), Peter Bernards (Vice-Chair), Amanda De Ryk, Liz Johnston-Franklin, Maja Hilton, Simon Hooks, Olurotimi Ogunbadewa and Jonathan Slater and

APOLOGIES: Councillors John Coughlin and Susan Wise

ALSO PRESENT: Councillor Paul Bell (Chair Planning Committee C), Jeff Edean (Housing Programmes and Strategy Team Manager), Mark Humphreys (Group Finance Manager, Customer Services), Madeleine Jeffery (Private Sector Housing Agency Manager), Tracy Jones (Operations Manager) (Regenter B3), Maxeene MacFarlane (Contract Manager) (Pinnacle PSG), Genevieve Macklin (Head of Strategic Housing), Nina Morris (Lettings and Support Services Manager), Kevin Sheehan (Executive Director for Customer Services), Sandra Simpson (Leasehold Manager) (Pinnacle) and Simone van Elk (Scrutiny Manager).

### 1. Minutes of the meeting held on 1 December 2015

- 1.1 This item was discussed as the final item on the agenda.
- 1.2 That the Minutes part 1 be agreed subject to the addition under item 9 Select Committee work programme of an information item on Houses in Multiple Occupation and the use of article 4 directions on the Committee's work programme for March.

### 2. Declarations of interest

- 2.1 No interests were declared.

### 3. Brockley PFI - Mid-year Review

- 3.1 Tracy Jones (Operations Manager, RB3) introduced the report. The following key points were noted:

- The figures in paragraph 8.1 of the report contained some errors, so a new paper was distributed during the meeting.
- The PFI project monitors 26 key performance indicators. For 19 of these, data is gathered monthly and for the remaining 7, data is gathered annually.
- There have been 20 complaints made between September 2015 and February 2016. In the same period last year, the number of complaints was 24, which means there was a 25% reduction in complaints.
- RB3 hosts a debt advice surgery run by Project 170 in its offices. Residents affected by welfare reform are sign posted to these surgeries as well as other support.
- The target for void management is 28 days and during the first 6 months of this year the voids averaged 20.3 days.

- 3.2 Tracy Jones, Maxeene MacFarlane (Contract Manager, Pinnacle PSG), Sandra Simpson (Leasehold manager, Pinnacle PSG) and Genevieve Macklin (Head of Strategic Housing, Lewisham Council) answered a number of questions. The following key points were noted:

- In the last year, 14 to 15 cases of suspected fraud had been identified.

- As part of the Brockley PFI's lifecycle project, a survey is being carried out of the buildings to identify those where replacements are needed because elements of the buildings have come to the end of their natural life. Some of these proposed replacements would take place in a conservation area.
- All employees of the PFI project receive training on the safeguarding of vulnerable residents including those with mental health problems. The organisation has links to the Council's adult social care so people can be referred there. The PFI project is also arranging a meeting with employees from the South London and Maudsley NHS Foundation Trust and the Council's mental health team. Residents are also sign posted to community organisations for support where appropriate.
- There are some cases where leaseholders have difficulties paying their leaseholder charges. There can sometimes be disagreements with the costs of certain items of repair or maintenance. After 2 years of working through disagreements about the charges levied, the PFI project is now taking more drastic action where some residents are being taken to court. Some leaseholders have completely refused to engage with the leaseholder management team about the payment of charges. Two cases have been brought before the Leaseholder Valuation Tribunal and in both cases the ruling was that the leaseholders should pay the charge.
- Of the total of 505 leaseholders, there have been disputes listed with 175 of the leaseholders. Sometimes listing non-payment as an official dispute is the only avenue available to leaseholders if they feel they've been overcharged. No cases against leaseholders about the charges levied has been won by a leaseholder yet.
- When a resident chooses to exercise their Right to Buy, the Council is responsible and does provide any documentation about planned major works to the solicitor of the resident. It is the duty of the solicitor to properly inform their client about possible future costs. Existing leaseholders receive lots of notifications about major works that are planned and their estimated costs. There is rigorous guidance about the amount and type of notifications leaseholders should receive in advance of a major works project starting and Lewisham Council is following that guidance. Leaseholders are not exempt from charges for major works that are undertaken when they have just purchased a property. There is a level of charge they are still required to pay. The Council could consider extending the interest free repayment period for leaseholders.
- The Brockley PFI contract has a leaseholders' forum which meets three times a year. Every leaseholder in the scheme is invited to attend the forum and can suggest any item to be discussed. At the last forum, 40 leaseholders attended.
- Inspections of the buildings to establish whether maintenance is necessary are done by employees of the PFI project but residents are also invited to come along to each inspection round. Officers from Lewisham Council also inspect every estate at least once. An Independent Certifier was enlisted to monitor the quality of major construction works but as the PFI project no longer doing extensive refurbishments, they are no longer being used. A new contract for an Independent Certifier would be let as and when required.
- There have been teething problems when Lewisham Homes took over the IT system that monitors rent collections. The connections between the IT systems of Lewisham Homes, Lewisham Council and Brockley PFI have been difficult to set up.

3.3 The Committee made a number of comments. The following key points were noted:

- Sometimes, leaseholders can be surprised about a charge for maintenance or repair because they haven't considered these potential costs when buying a property. As there is an increase in the number of people wanting to exercise Right to Buy, there may be an increase in leaseholders being surprised by the charges levied against them.
- The Committee commented that local ward councillors could be invited to attend any leaseholder forum meetings.

3.4 **RESOLVED:** that the Committee noted the report.

#### 4. **Lewisham Homes Management Agreement Update**

4.1 This item was discussed after item 8 (Select Committee work programme).

4.2 Jeff Endean (Programme Manager Housing Matters) introduced the report. The following key points were noted:

- The management agreement was established in 2007 and was due to expire in 2017.
- Lewisham Homes has successfully increased the range and scope of services it provides on behalf of the Council in the recent years. Ground maintenance is an example of such a service.
- Lewisham Homes is planning on forming a new developments sub-committee to manage their new build programme. This would increase capacity to manage their building programme.
- A plan for Lewisham Homes to form a charitable subsidiary is being developed. This plan would outline the risks and benefits to changing the structure of Lewisham Homes. The Committee would be provided with more detail at their next Committee meeting.

4.3 Jeff Endean, Andrew Potter (Chief Executive Lewisham Homes) and Adam Barrett (Director of Resources Lewisham Homes) introduced the report. The following key points were noted:

- The 10 year length of the contract allows Lewisham Homes to offer more stability when recruiting new staff. The contract would contain a no fault termination clause that would allow the Council to withdraw from the contract before the 10 years of the contract had passed.
- The management agreement would allow the Council and Lewisham Homes to retain some financial flexibility as the budget for Lewisham Homes is set annually so open to regular review and possible changes. Lewisham Homes performs an annual review of their performance including their budget.
- The Lewisham Homes business plan is reviewed annually. This includes a review of the key performance indicators which involves measuring customer satisfaction.

4.4 **RESOLVED:** that the Committee noted the report, and that the Lewisham Homes Management Agreement report would return to the 9 March Committee meeting with more details on a plan to establish a charitable subsidiary.

## 5. Allocations Policy

5.1 This item was moved forward on the agenda to be discussed directly after agenda item 3 (Brockley PFI – mid-year review).

5.2 Genevieve Macklin introduced the report to the Committee. The following key points were noted:

- The allocations policy was last reviewed in 2012. Since 2012 the waiting list for social housing has increased by 23%. Issues around the availability of housing have intensified. There has been a reduction in the annual number of available lets. There are also issues around the funding of new housing supply.
- The Council is committed to using all available tools to alleviate problems with the lack of available housing, and the allocations policy is one of the tools the Council can use.
- One of the proposed changes is that the requirement for a local connection is increased from 2 years to 5 years. Exemptions for those who served in the armed forces will remain. This change would not apply retrospectively.
- The criteria for when the Council would need to consider a young person living with their family as requiring their own bedroom would change from 18 years to 21 years.
- People on the waiting list would no longer be offered a property at the point where they would be in 4 weeks of rent arrears. People would still be allowed to bid for properties but would only be allowed to move after the arrears had been cleared. This is a simplification of the current policy.
- All residents who are currently on the housing register would be consulted before any changes to the allocations policy could be implemented. Implementation of the changes would not occur until the autumn.

5.3 A member of the public made a representation to the Committee. The following key points were noted:

- Greenwich Council had changed the criteria for its local connection in its allocations policy and had been challenged in the courts.
- Local Authorities should not be able to use their local discretion to exclude people from the housing waiting list who have been determined to fulfil the priority criteria.
- Greater detail should be provided in the report to clarify which rules would apply to which cases, as different rules apply to homeless people and other people on the housing register which makes the allocations policy a complicated matter.
- An equality impact assessment should be provided to enable full consideration of the issues before a decision is made.

5.4 Nina Morris (Lettings and Support Services Manager) commented. The following key points were noted:

- The local connection requirement of having lived or worked in the borough for 5 instead of 2 years applies to people on the housing register under section 6 of the Housing Act. However, different rules apply to people who have applied for housing under 7 of the Housing Act which the Council has a duty to house because they are or are at immediate risk of becoming homeless. For homeless applicants, the requirements for a local connection are that they have lived in the borough for 6 months out of the last year or 3 out of the last 5 years.
- There is also an exemption in place for people who are employed in the borough, so they can still fulfil the criteria for having a local connection.
- The council has taken legal advice on the proposed changes to the allocation policy which indicated that under these changes the Council would still fulfil its legal requirements.

5.5 Genevieve Macklin, Madeleine Jeffery (Private Sector Housing Agency Manager) and Nina Morris answered questions from the Committee. The following key points were noted:

- The changes to the definition of need for a bedroom would apply to all new and existing housing applications where people, who are already part of a household, so for instance children growing up in a family that lives in social housing. Different rules regarding the definition of need for a bedroom apply to people that apply to be on the waiting list that are single.
- If people reject three consecutive offers for housing, the proposed policy would be that they are suspended from the waiting list for a year and unable to bid for properties. After a year, their circumstances would be reviewed to see if they would still fulfil the criteria to be placed on the housing register and whether they're priority status had changed. Data is being collated on how many people reject three offers of housing.
- If someone is on the housing register under a homelessness application, they are subject to a limited offers rule of 'one offer only'.
- The Council operates a combined register, so the list of approx. 9,000 people waiting for social housing includes the approximately 1,700 residents currently in temporary accommodation.
- In some circumstances people can be living in temporary accommodation that is subsequently offered as a permanent residence. This can happen when people are for instance offered temporary accommodation in Lewisham Homes residencies, and only if the accommodation is suitable.
- The rent arrears rules only apply to people who currently have rent arrears of 4 weeks or more, but would be applied to every application on the waiting list.
- The majority of temporary accommodation is provided in bed & breakfasts accommodation, which cannot become permanent.
- The Right to Move quota would be calculated based on the Council's Annual Lettings Plan. The Annual Lettings Plan is used by the Council to estimate how many yearly lets are likely to be available. A percentage of the available lets each month is selected to be used to fulfil the Right to Move quota. Housing moves across London are counted towards this quota.

5.6 The Committee made the following comments:

- It should be clarified in the report whether any of the proposed changes apply to people who are on the housing register under section 6 of the Housing Act, section 7 of the Housing Act or whether the changes would apply to both.
- It should be clarified in the report whether the limited offers rule of one offer (paragraphs 6.9 and 6.10) and the limited offers rule of three offers (paragraphs 6.18 and 6.19), applies people who are on the housing register under section 6 of the Housing Act, section 7 of the Housing Act or whether the changes would apply to both.
- It should be clarified in the report that the rent arrears rules (paragraphs 6.16 and 6.17) only refer to people that have current rent arrears, and not to people who have ever had rent arrears that have since been cleared.
- It should be clarified under the section for bedroom standard (paragraphs 6.20 to 6.22) that any proposed changes allow exemptions for people with medical and/or special needs.
- It should be highlighted in the report that there is the possibility that temporary accommodation provided outside the borough can become permanent if it is fit for purpose so people are aware of this possibility.

5.7 **RESOLVED:** that the Committee noted the report, and that officers would provide the clarifications requested in paragraph 5.5 to the report when presented to Mayor and Cabinet for a decision.

## 6. Key Housing Issues

6.1 Jeff Endean introduced the report. The following key points were noted:

- Housing benefit will be capped at the rate of Local Housing Allowance (LHA) for new tenants. Social rent is usually below LHA; however some affordable rents could be above the LHA level.
- The Housing and Planning Bill contains a proposal to make it compulsory for social landlords to charge social housing tenants whose household income is over £40,000 per annum (£30,000 out of London) 80% of market rents, and those whose household income is over £50,000 (£40,000 out of London) up to market rents. This is known as the 'pay to stay' scheme. £40,000 is not a significant income to be able pay market rate rents in London.
- The Council has set out its yearly voids to central government. This will likely be used to determine the amount to Council should pay for its high value voids, as opposed to a system where high value property would have become void before payment is due. The bill to Council would be based on the number of voids DCLG thinks you ought to have in a year as opposed to the number of voids the Council actually has.
- The Council has received extra funding for its rogue landlord taskforce. In addition, the Department for Communities and Local Government (DCLG) has awarded the Council £200,000 of funding for the provision of temporary accommodation.

6.2 Jeff Endean and Genevieve Macklin answered a number of questions from the Committee. The following key points were noted:

- The Council tends to use the voids created in its regeneration schemes to offer temporary accommodation to homeless households.
- It is not yet clear whether the 'pay to stay' scheme would be tapered or whether there would be a cliff edge between people earning £39,999 and people earning £40,000 a year.

6.3 The Committee made the following comment:

- The Committee and all Councillors should receive an update on the progression of the Council's New Homes Programme a couple of times a year. The main purpose would be to enable Councillors to answer questions from their residents about in which

locations the new Council housing was being built and how many units. A map would be useful.

6.4 **RESOLVED:** that the Committee noted the report.

## 7. Lewisham Homes mid-year review

7.1 This item was moved forward on the agenda to be discussed directly after agenda item 8 (Select Committee work programme) and agenda item 4 (Lewisham Homes Management Agreement Update).

7.2 Adam Barrett introduced the report. The following key points were noted:

- The report outlines the progress Lewisham Homes has made against their business plan.
- Targets for customer satisfaction are set out in business plan and are being monitored under the key performance indicators. The longer term target for customer satisfaction is 85%, which is outlined in the business plan. All staff of Lewisham Homes are asked to sign up to a commitment to deliver excellent services. Lewisham Homes has run 'a big conversation programme', where every manager in the organisation has spent a day calling residents to carry out a satisfaction survey.

7.3 Adam Barrett, Andrew Potter and Genevieve Macklin answered questions from the Committee. The following key points were noted:

- Lewisham Homes has links with staff with the South London and Maudsley NHS Foundation Trust. Staff receive considerable mandatory training on dealing with vulnerable residents and on safe guarding residents. Residents with suspected mental health conditions are sign posted to other organisation that can provide support. Lewisham Homes is also aware that people with mental health problems are more likely to fall into rent arrears, so has worked with the Council's welfare team when tenants are at risk of falling into arrears.
- The Decent Homes programme consisted of central government funding to upgrade homes to a decent homes standard. The programme had to be implemented quickly as the grant could otherwise have been removed.
- Some leaseholders have been concerned about the charges levied, and some tenants overall experienced some problems with the contractors. Lewisham Homes provides a leaseholders forum, but there are also mechanism to engage with the organisation via its website. Lewisham Homes has about 5,000 leaseholders.
- Disagreements with leaseholders about charges for maintenance or major works tend to revolve around the question: 'who gets to decide that maintenance or major work is needed and by what date?'. Lewisham Homes hires surveyors to identify what is needed in terms of maintenance and what is needed immediately. Some maintenance is obviously needed, such as replacing windows that are broken. Environmental improvements and hard landscaping tend to be more difficult to definitively establish.
- Big buildings works such as the Building Homes for the Future Programme are done by contractors, and the Decent Homes Programme has now been completed. However, there will still be situations where individual homes need their kitchens or bathrooms replaced. For those circumstances Lewisham is developing an in-house service. It is hoped this would lead to better customer satisfaction.
- There are always some residents that somehow fall through the gaps in terms of paying their rent. Some even deliberately not pay. Lewisham Homes provides support to people with difficulty paying their rents to reduce the number of potential evictions.
- Voids between April and November have moved from an average of 71 days in 2013-14 to 45 days in 2014-15. Voids do not just delay access to housing for residents, but they also mean Lewisham Homes loses out on rent it could otherwise charge. Lewisham Homes uses a definition of voids that includes the times properties are empty due to major works, while some social housing providers exclude those from their averages for voids.
- Across the country, there is a demand for sheltered accommodation but existing provision often doesn't meet the current requirements. Residents tend to feel some



provision is out-dated, so it's difficult to let such properties creating long periods of voids. Some accommodation is also planned for redevelopment so empty properties are not being let while residents are moving out over time. This also creates lengthy voids. The Council is formulating a plan of action for the sheltered accommodation schemes across the borough. Part of this work consists of assessing whether the accommodation is suitable according to current standards.

- Some voids are longer because of structural issues with the property. It can take an average of around 30 days to complete minor works in properties that have become void. Lewisham Homes is working to get this average down to 22 days.
- Half of the income team at Lewisham Homes works on welfare reform and its impacts on residents. When people's circumstances change, this can create an issue, especially when the new payment has to be backdated to the moment the change took place. Lewisham Homes works very closely with the Council's welfare team. Bills do get adjusted if a mistake has been made, or officers would explain what has happened to the tenant faced with an unexpected bill where no mistake has been made.
- Lewisham Homes and the Council agreed a loan to Lewisham Homes of £22m for which interest has to be paid. Lewisham Homes used this loan to purchase properties which are used to alleviate the need for temporary accommodation across the borough. If the loan would not be repaid in time, the ownership of the properties would revert to the Council. Once the loan runs out, there can be a conversation about the Council should enter into another loan.

#### 7.4 The Committee made a number of comments:

- The average length of voids means that some properties must stand empty for much more than 45 days.
- There are concerns that some resident are suddenly presented with substantial bills due to backdated changes in their welfare.
- Leaseholder satisfaction has dropped to 35%. The Committee wanted to information about the number of leaseholders whose properties are undergoing major works, both as a percentage and as an absolute number. They requested this information for properties that are undergoing major works as well as special works.

#### 7.5 **RESOLVED:** that the Committee noted the report, that the Committee be provided with the information on numbers of leaseholders whose properties are undergoing works as in paragraph 7.4 above, that the Committee be provided with information on the number and type of temporary accommodation that is provided with the Council's loan to Lewisham Homes, and that a report on the Council's plans for sheltered accommodation is added to next year's work programme.

## 8. **Select Committee work programme**

### 8.1 Simone van Elk (Scrutiny Manager) introduced the report. The Committee discussed the work programme and decided that:

- The following items would be on the agenda for the 9 March meeting:
  - New Homes programme
  - Lewisham Homes Management Agreement
  - Annual lettings plan
  - Affordability review – final report and recommendations
  - Key Housing Issues
  - Rehousing the homeless by charity groups
  - Houses in Multiple Occupation and Article 4 directions as an information item
- The following items should be considered in the next municipal year:
  - Housing & Health to be considered at the April meeting
  - Lewisham's Housing Strategy – Update on action plan
  - Communal heating systems review – Update on recommendations

**9. Referrals to Mayor and Cabinet**

9.1 There were none.

The meeting ended at 9.55 pm

Chair: \_\_\_\_\_

Date: \_\_\_\_\_

# Agenda Item 2

Housing Select Committee			
<b>Title</b>	Declarations of Interest	<b>Item No.</b>	2
<b>Contributor</b>	Chief Executive		
<b>Class</b>	Part 1 (open)	09 March 2016	

## Declaration of interests

Members are asked to declare any personal interest they have in any item on the agenda.

### 1 Personal interests

There are three types of personal interest referred to in the Council's Member Code of Conduct:-

- (1) Disclosable pecuniary interests
- (2) Other registerable interests
- (3) Non-registerable interests

### 2 Disclosable pecuniary interests are defined by regulation as:-

- (a) Employment, trade, profession or vocation of a relevant person\* for profit or gain
- (b) Sponsorship –payment or provision of any other financial benefit (other than by the Council) within the 12 months prior to giving notice for inclusion in the register in respect of expenses incurred by you in carrying out duties as a member or towards your election expenses (including payment or financial benefit from a Trade Union).
- (c) Undischarged contracts between a relevant person\* (or a firm in which they are a partner or a body corporate in which they are a director, or in the securities of which they have a beneficial interest) and the Council for goods, services or works.
- (d) Beneficial interests in land in the borough.
- (e) Licence to occupy land in the borough for one month or more.
- (f) Corporate tenancies – any tenancy, where to the member's knowledge, the Council is landlord and the tenant is a firm in which the relevant person\* is a partner, a body corporate in which they are a director, or in the securities of which they have a beneficial interest.
- (g) Beneficial interest in securities of a body where:-
  - (a) that body to the member's knowledge has a place of business or land in the borough; and
  - (b) either
    - (i) the total nominal value of the securities exceeds £25,000 or 1/100 of the total issued share capital of that body; or
    - (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person\* has a beneficial interest exceeds 1/100 of the total issued share capital of that class.

\*A relevant person is the member, their spouse or civil partner, or a person with whom they live as spouse or civil partner.

### (3) Other registerable interests

The Lewisham Member Code of Conduct requires members also to register the following interests:-

- (a) Membership or position of control or management in a body to which you were appointed or nominated by the Council
- (b) Any body exercising functions of a public nature or directed to charitable purposes, or whose principal purposes include the influence of public opinion or policy, including any political party
- (c) Any person from whom you have received a gift or hospitality with an estimated value of at least £25

### (4) Non registerable interests

Occasions may arise when a matter under consideration would or would be likely to affect the wellbeing of a member, their family, friend or close associate more than it would affect the wellbeing of those in the local area generally, but which is not required to be registered in the Register of Members' Interests (for example a matter concerning the closure of a school at which a Member's child attends).

### (5) Declaration and impact of interest on members' participation

- (a) Where a member has any registerable interest in a matter and they are present at a meeting at which that matter is to be discussed, they must declare the nature of the interest at the earliest opportunity and in any event before the matter is considered. The declaration will be recorded in the minutes of the meeting. If the matter is a disclosable pecuniary interest the member must take no part in consideration of the matter and withdraw from the room before it is considered. They must not seek improperly to influence the decision in any way. **Failure to declare such an interest which has not already been entered in the Register of Members' Interests, or participation where such an interest exists, is liable to prosecution and on conviction carries a fine of up to £5000**
- (b) Where a member has a registerable interest which falls short of a disclosable pecuniary interest they must still declare the nature of the interest to the meeting at the earliest opportunity and in any event before the matter is considered, but they may stay in the room, participate in consideration of the matter and vote on it unless paragraph (c) below applies.
- (c) Where a member has a registerable interest which falls short of a disclosable pecuniary interest, the member must consider whether a reasonable member of the public in possession of the facts would think that their interest is so significant that it would be likely to impair the member's judgement of the public interest. If so, the member must withdraw and take no part in consideration of the matter nor seek to influence the outcome improperly.
- (d) If a non-registerable interest arises which affects the wellbeing of a member, their family, friend or close associate more than it would affect those in the local area generally, then the provisions relating to the declarations of interest and withdrawal apply as if it were a registerable interest.

- (e) Decisions relating to declarations of interests are for the member's personal judgement, though in cases of doubt they may wish to seek the advice of the Monitoring Officer.

**(6) Sensitive information**

There are special provisions relating to sensitive interests. These are interests the disclosure of which would be likely to expose the member to risk of violence or intimidation where the Monitoring Officer has agreed that such interest need not be registered. Members with such an interest are referred to the Code and advised to seek advice from the Monitoring Officer in advance.

**(7) Exempt categories**

There are exemptions to these provisions allowing members to participate in decisions notwithstanding interests that would otherwise prevent them doing so. These include:-

- (a) Housing – holding a tenancy or lease with the Council unless the matter relates to your particular tenancy or lease; (subject to arrears exception)
- (b) School meals, school transport and travelling expenses; if you are a parent or guardian of a child in full time education, or a school governor unless the matter relates particularly to the school your child attends or of which you are a governor;
- (c) Statutory sick pay; if you are in receipt
- (d) Allowances, payment or indemnity for members
- (e) Ceremonial honours for members
- (f) Setting Council Tax or precept (subject to arrears exception)

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Housing Select Committee		
Title	New Homes, Better Places Programme Update	
Contributor	Executive Director for Customer Services	Item 3
Class	Part 1 (open)	09 March 2016

## 1 Purpose of the report

- 1.1 The purpose of this report is to update Housing Select Committee about progress in delivering against the target for the Council to build 500 new homes by 2018.
- 1.2 This report will also provide information on the overall housing delivery programme including the Council Housing development programme, Housing-Led Regeneration programme and Housing Zones.
- 1.3 This report provides an update on the Lewisham Homes Acquisition programme.
- 1.4 This report also seeks to highlight a number of specific developments that are part of the overall housing development programme.

## 2 Policy context

- 2.1 Addressing issues relating to the quality and quantity of housing stock in the borough relates directly to the Council's Sustainable Communities Strategy (clean, green and liveable) and to the Council's corporate priorities (Decent Homes for all).
- 2.2 The housing development programme helps deliver Key objective 2: "building the homes our residents need" of the Housing Strategy 2015-20.

## 3 Recommendations

- 3.1 It is recommended that Housing Select Committee:
- 3.2 Notes the progress made in delivering new Council homes in the borough.
- 3.3 Notes the progress made in reviewing sites for their potential for new build housing and that the previously agreed tenure split of 80% rented and 20% sale is maintained.
- 3.4 Notes the progress made on the Lewisham Homes Acquisition programme.
- 3.5 Notes the overall housing delivery programme, including the specific schemes highlighted below.

## **4 Background and progress to date**

- 4.1 The overall housing development programme being worked on by the Strategic Housing team contains two main programmes of development occurring across the borough the Council Housing development programme and the Housing-Led Regeneration programme. The programme also supports the development of Housing Zones within the borough.
- 4.2 **Council Housing development programme**  
In July 2012 the results of a technical and financial appraisal of the options available to the Council to meet the growing pressure on housing in the borough and London were presented to Mayor and Cabinet. As a result, the “Housing Matters” programme was launched, and had as one of its three objectives the target to build 250 new homes by 2017. The target has since been increased to 500 new Council homes by 2018 in a mixed tenure programme where a small percentage (20 percent target) of the total programme may be built for sale to cross-subsidise the delivery of new social rented homes.
- 4.3 It was agreed that Lewisham Homes would act as the Council’s delivery and development agent, project managing the design and construction process. The Council remains as the freeholder, so that the resources to support the programme are decided by the Council, the Council retains decision making authority and enters into contracts.
- 4.4 Construction works completed in March 2015 for a small development of six family homes on a garage site on the Mercator Road estate in Lee. Although small, the development was intended to act as both a pilot site to develop the best approaches to bringing forward new homes, and also an exemplar site to demonstrate to residents on future sites the high-quality and resident-centred approach that was to be taken with the new build programme generally.
- 4.5 Since then, there have been further nine completions from a conversion of the former community room into a residential flat, and the conversion of disused rooms above two separate shops on Deptford High Street to provide five homes to be used for temporary accommodation.
- 4.6 In addition to the 15 homes completed, there are 180 homes currently on-site at PLACE/Ladywell, Marischal Road, Dacre Park South, Longfield Crescent, Hazelhurst Court and Wood Vale. Beyond these, there are 209 homes which have previously been approved by Mayor and Cabinet for development, which are at various stages in the planning process.
- 4.7 In total then, there are 389 homes under development in the Council Housing development Programme. This report also provides information on additional sites that are currently being considered as potential locations for new homes, but on which no formal decisions have been made.
- 4.8 For each of the potential development sites, there remains considerable further work to do in conjunction with residents, Ward Councillors and the Council’s Planning Department before final development proposals can be established. There are



therefore risks that not all of these sites can be progressed to delivery, or that sites can be progressed but may not deliver the full number of homes. Equally, other sites may emerge through this process and provide capable of being delivered more quickly.

- 4.9 If these potential sites are included the total Council Housing development Programme will provide 650 homes, of which 519 (80 percent) are Council Homes, by March 2018.
- 4.10 In total the programme currently contains 740 homes, 90 of which are scheduled for completion after March 2018. The majority are being developed by Lewisham Homes who will be delivering 541 Homes, Phoenix Community Housing are developing 60, the Council is directly delivering 29 and the remaining 110 homes by other developers. Officers will continue to progress options as quickly as reasonably possible to meet the Council's objectives for new house building.
- 4.11 Of the 541 total homes that Lewisham Homes are delivering on behalf of the Council they anticipate that 474 will receive planning permission this year.
- 4.12 **Housing-Led Regeneration Programme**  
This programme includes long running estate regeneration projects at Heathside and Lethbridge, the Excalibur Estate and Deptford Southern Housing as well as newer schemes at Besson Street and the Bampton Estate. These are generally large schemes in partnership with RPs, the private sector and community led developers.
- 4.13 Phases 1, 2 and 3(A) of the Heathside and Lethbridge development have already been completed providing 377 homes of which 308 are affordable.
- 4.14 By March 2018 an additional 456 homes will provided of which 181 will be affordable.
- 4.15 The total programme, including phases of housing-led regeneration that are still at the early design stage, includes 2,333 homes of which 1,095 will be affordable, 1008 will be for sale and 230 will be built as a trial PRS scheme of which approximately 85 will be rented at affordable levels.
- 4.16 Housing-Led regeneration programmes are often very complex and all future phases will need considerable consultation with residents, councillors, planners and developers before the exact number and type of homes that can be delivered is finalised. Future updates to Housing Select Committee will provide an overview of this programme as the individual schemes progress.
- 4.17 **Housing Zones**  
This programme also includes work that supports the development of the existing Housing Zone at the Surrey Canal Triangle site which is facilitating the delivery of key infrastructure and allowing 532 homes to be delivered in earlier phases and is supporting the bid to designate the Catford regeneration programme as a Housing Zone that will deliver over 1000 new homes.

- 4.18 The Surrey Canal Triangle Housing Zone was one of the first Housing Zones approved in London and means that the scheme will benefit from a £20m loan funded by the GLA and the treasury. An agreement for the loan facility is due to be completed between the developer Renewal and the GLA shortly. This loan funding will facilitate the delivery of key infrastructure, including the new Overground Station along with two new bus routes and improvements to existing walking and cycling routes. Delivery of these transport links will provide significant benefit for the 40,000 people already living within a 15- minute walk of the Site and will allow development of the first two phases of the Scheme to proceed ahead of schedule delivering 532 homes. A programme of regular monitoring meetings will be agreed between the GLA, Renewal and the Council to enable accelerated delivery.
- 4.19 Mayor and Cabinet gave approval for the Catford regeneration programme to bid to the GLA to become a Housing Zone bid on 17 February. The Catford scheme is a good candidate for support as it is felt that the scheme could deliver the 1,000+ homes required by the Housing Zone's 2026 deadline. Officers have had discussions with the GLA about the nature of support that would be most beneficial and grant funding to support the delivery of affordable housing together with some enabling infrastructure works appears to be a best fit with the scheme objectives. An announcement of funding is expected in March 2016.

## 5 Programme

- 5.1 **Appendix A** provides a summary on a project-by-project basis of all projects currently being delivered as part of this programme. The table includes both currently approved sites, which have all been passed through the Council's decision making process and are currently in development (180 of which are now on site), and the planned future sites which are at an early stage of development and have not received approval.
- 5.2 The latter part of the list is based on high level estimates at this stage and sites are likely to move into and out of this programme as it progresses and the number of new homes associated with each site is equally subject to change. Nonetheless the list is provided at this stage to show the scale of the potential programme and to highlight potential locations. Over the coming months, officers will work in close consultation with residents, Ward Councillors and the Council's Planning Department to update and finalise these plans. It is expected that these sites will continue to be brought forward until the target of 500 new Council homes under construction is met.
- 5.3 The table below shows the Council Housing Development Programme by Ward, for details of the individual schemes please see **Appendix A**:

<b>Council Housing Development Programme</b>					
<b>Wards</b>	<b>Number of Schemes</b>	<b>Total Homes</b>	<b>Affordable</b>	<b>Council Homes</b>	<b>Sale</b>
Bellingham	2	95	0	84	11
Blackheath	4	45	0	25	20
Brockley	1	1	0	0	1
Catford South	0	0	0	0	0
Crofton Park	2	10	0	4	6
Downham	0	0	0	0	0
Evelyn	2	12	0	12	0
Forest Hill	3	88	0	56	32
Ladywell	1	12	0	8	4
Lewisham Central	8	162	33	103	26
New Cross	5	31	0	31	0
Perry Vale	2	62	0	62	0
Sydenham	4	64	0	58	6
Telegraph Hill	5	158	0	126	32
<b>Lewisham Total</b>	<b>39</b>	<b>740</b>	<b>33</b>	<b>569</b>	<b>138</b>

- 5.4 **Appendix B** provides a summary on a project-by-project basis of the Housing-Led regeneration programme. The table shows currently approved phases of regeneration, which have all been passed through the Council's decision making process and are currently in development and a further list of future regeneration sites and phases which are at an early stage of development.
- 5.5 The phases of the Housing-Led regeneration programme that are not currently underway or that have appropriate approval are potentially subject to change. All of these phases in the table are provided at this stage to show the scale of the potential programme and to highlight potential locations. Over the coming months, officers will work in close consultation with residents, Ward Councillors and the Council's Planning Department to update and finalise these plans.

- 5.6 For clarity, it should be noted that at this stage the number of new homes considered possible is an estimate and that they might change as a result of the detailed design, planning and resident consultation processes.

## 6 Update on Lewisham Homes Acquisition programme

- 6.1 On 14 January 2015 Mayor and Cabinet authorised Lewisham Homes to acquire up to 100 new units as an additional intervention to help manage homelessness demand and a loan of up £20m was provided to Lewisham Homes for this purpose.
- 6.2 The table below sets out the current position of the Lewisham Homes Acquisition programme:

	1 Beds	2 Beds	3 Beds	Total
Completed Acquisitions	0	25	8	33
Accepted Offers	1	16	2	19
<b>Totals</b>	<b>1</b>	<b>41</b>	<b>10</b>	<b>52</b>

- 6.3 Of the 33 completed acquisitions 25 are currently tenanted, with 4 more expected to follow in the next month.

## 7 Projects completed since the previous update

- 7.1 Since the previous update eight further units have been complete bringing the current total to 15. These are:
- Forman House, Telegraph Hill Ward (2 Homes)
  - 161-163 Deptford High Street, Evelyn Ward (2 Homes)
  - Angus Street, New Cross Ward (1 Home)
  - 28 Deptford High Street, New Cross Ward (1 Home)

## 8 Updates on Highlighted Schemes

- 8.1 The following section provides a short update on the specific projects that are currently on site or that have developed since the previous update.

### Longfield Crescent, Forest Hill Ward (27 Homes)

- 8.2 Planning permission was achieved on 09 April 2015 to build 14 flats (6 x 1-Bed and 8 x 2-Bed) and 13 houses (13 x 3-Bed) all for social rent. A contractor was appointed 30 September 2015. This scheme started on site in January 2016, completion is anticipated in March 2017.

### Wood Vale, Forest Hill Ward (17 homes)

- 8.3 Planning permission was achieved on 09 April 2015 to build 9 flats (1 x 1-Bed, 7 x 2-Bed and 1 x 4-Bed for Social Rent) and 8 houses (8 x 3-Bed for private sale). A contractor was appointed in October 2015. This scheme started on site in January 2016, completion is anticipated in May 2017.

Dacre Park (South), Blackheath Ward (25 Homes)

- 8.4 Planning permission was achieved on 04 March 2015 to build 25 flats (6 x 1-bed, 14 x 2-bed, 3 x 3-bed and 2 x 4-bed) all for social rent. A contractor was appointed on 30 September 2015. This scheme started on site in January 2016, with completion anticipated in February 2017.

Dacre Park (North), Blackheath Ward (5 Homes)

- 8.5 Planning permission was achieved in April 2015 to build 5 x 3-bed homes for private sale to support the rest of the Council Housing development programme. A competitive tender process is currently underway for these works and a contractor is expected to be appointed in April 2016. Start on site is anticipated for May 2016 with completion anticipated in February 2017.

Campshill Road, Lewisham Central Ward (51 Homes)

- 8.6 Planning permission was achieved on 5 December 2015 for 51 units (46 x 1-beds for social rent and 5 x 2-beds for shared ownership). Proposed changes to the funding arrangements for Extra Care and Supported housing have delayed the delivery of this scheme and our selected preferred partner has withdrawn. Officers are currently reviewing the options in light of this change.

Kenton Court, Bellingham Ward (35 Homes)

- 8.7 A planning submission was made in February 2016 to build 38 flats (6 x 1-Bed, 16 x 2-bed and 6 x 3-bed for Social Rent and 2 x 1-Bed and 8 x 2-Bed for outright sale). Mayor & Cabinet agreed that the former 3- storey extra care scheme should be demolished in January 2015 and it has been vacant since May 2015. Start on site is anticipated for August 2016 with completion anticipated by March 2018.

Eliot Bank & Knapdale Close, Forest Hill Ward (44 homes)

- 8.8 The proposal is to build 17 flats and 3 houses on Knapdale Close (2 x 1-Bed flats, 11 x 2-Bed flats, 4 x 3-Bed flats and 3 x 3-Bed Houses) all for social rent. To help support this Council Homes 20 flats and 4 maisonettes at Eliot Bank (15 x 1-Bed flats, 5 x 2-Bed flats and 4 x 2-Bed maisonettes) will also be built on Eliot Bank for private sale. The scheme is formed from underused open-space, garages and a parking area that is proposed to be relocated. New housing proposals will be complemented by environmental improvements to the remainder of the existing estate. Planning submission is anticipated for May 2016, start on site for October 2016 with completion in October 2018.

Excalibur Phases 1&2, Whitefoot Ward, (57 homes)

- 8.9 The Council entered into a development agreement with L&Q in early February 2016 and received a capital receipt of £1,758,650.39 to cover the land assembly costs for phases 1 & 2. Planning permission is in to deliver 57 homes ( 6 x 1-Beds for private sale, 26 x 2-Beds for rent, 12 x 2-Beds for private sale, 4 x 2-Beds for shared equity,

6 x 3-Beds for rent, 2 x 4-Beds for rent and 1 x 1-Bed for shared equity). The developer took possession of the site in February 2016 and completion is anticipated for October 2017.

Deptford Southern Housing, New Cross/Evelyn Wards, (321 homes)

- 8.10 This development comprises work across two sites at Amersham Grove and at the old Tidemill school. A planning application for the former Tidemill school site was submitted in January 2016 to provide 204 homes including 53 for social rent, 25 for shared ownership and 126 for sale. This equates to 38% affordable housing. A planning application was submitted for the Amersham Grove site in December 2015 to provide 117 new homes are to be built on the Amersham Grove site, including 24 for social rent; 15 for shared ownership and 78 for sale. This equates to 33% affordable housing. The development agreement for these schemes with Family Mosaic has now been signed. It is anticipated that start on site will be in August 2016 with completion in August 2020. Planning permission was granted for the creation of a park at Amersham Grove. After public consultation the name Charlottenburg Park was selected, the contractor is now and site and the park will open by summer 2016.

Church Grove, Lewisham Central Ward, (33 Homes)

- 8.11 London's first entirely affordable self-build scheme is being delivered in partnership with the Community Land Trust the Rural Urban Synthesis Society (RUSS). The project will deliver 33 homes (8 x 1-Beds and 6 x 2-Beds for shared equity, 1 x 1-Bed, 4 x 2-Beds, 5 x 3-Beds and 2 x 4-Beds for shared ownership, 2 x 3-Beds shared houses for affordable rent, 4 x 1-Beds and 1 x 4-Beds for social rent). A ballot is being held in early March for all of these self-build opportunities. A planning application is anticipated in August 2016 with start on site estimated for April 2017. Final completion is anticipated by mid-2019.

Besson Street, Telegraph Hill Ward (230-250 Homes)

- 8.12 In December 2015, officers presented proposals for developing the Besson Street site to the Housing Select Committee and subsequently to Mayor and Cabinet. The scheme proposal was to deliver:

- 230 to 250 homes for purpose built as "build to rent" homes to be brought forward by a new joint venture company in which the Council would have a stake and from which it would derive an on-going revenue stream;
- Approximately 35 per cent, or 80 to 90 of these, to be affordable homes with "Living Rents" linked to local incomes, distributed throughout the entire development rather than in a separate block
- A replacement health centre for the Queens Road Surgery
- New office space for the New Cross Gate Trust
- High quality amenity spaces, public realm and an outdoor gym

- 8.13 The agreed principle was that the site should be delivered through a joint venture (JV) partnership between the Council and an experienced private sector partner, in order to bring in expertise and share risk.

- 8.14 Mayor and Cabinet agreed that officers should develop the proposals in more detail, working alongside specialist legal, financial and property advisors in order to make final recommendations in relation to:
- The optimal commercial and legal structure of the partnership;
  - The preferred governance and decision making structures;
  - The proposed approach to selecting a private sector partner, and a timetable for doing so.
- 8.15 This work has now been completed, and this update provides Committee with the opportunity to review the final proposals ahead of consideration of those by Mayor and Cabinet on 23 March. It should be noted that the work that has been carried out in the intervening period has been of a technical nature, and the actual scheme design as developed by Assael Architects and presented to Committee in December has not changed.
- 8.16 Officers have obtained expert legal advice including from leading Counsel in order to establish the most desirable structure of the JV partnership and how to select a JV partner. As a result of this officers will propose that the partnership should be set up as a Limited Liability Partnership, which may be procured outside of EU procurement rules.
- 8.17 Commercial advice has been obtained to shape details of the scheme such as the expected rent levels, optimal bed size mix, specification of the units and car parking. A bespoke financial model has been created to test the viability of the scheme and the relative investment levels required of the partners, alongside the potential returns once the project has completed. The culmination of all of this work is a clear understanding of how the scheme will work, what the outcomes could be for the Council, and a comprehensive commercial proposition to enable the Council to select an investment partner.
- 8.18 In summary, officers propose to recommend to Mayor and Cabinet:
- The scheme currently has 232 homes, with 55 per cent as two-beds, 25 per cent as one-beds and 20 per cent as three-beds;
  - 35 per cent of homes will be affordable, and will be let at a discount rent to people who live or work in Lewisham and who meet the income criteria;
  - The discount rent will be based on the London Living Wage. It assumes that two earners occupy each flat, each paying 35 per cent of their net income on rent;
  - The rent therefore becomes constant across all unit sizes, and makes two and three bed homes affordable for families. The level of discount to the market rent therefore varies across each bed size and has an average discount of 32 per cent compared to market rents;
  - The Doctors surgery, community and amenity space aspects all remain;
  - That the procurement of an investment partner take place on this basis, and;
  - Is limited to three potential partners

- This enables decisions to be made at a later point about the level of investment the Council makes. The options will be to invest the land only or to take a greater share of the risk and to create a 50:50 joint venture partnership.

8.19 The assessment of the financial model is that the scheme is deliverable with these parameters in place. On that basis officers have carried out a second round of discussions with the market to test the scheme and assumptions to ensure that proposals are attractive to the market and therefore deliverable. Meetings were held with eight organisations, a range of PRS developers/ operators and investors. Key aspects discussed included the scheme characteristics, rent and discount levels, JV structure, required levels of return and procurement process.

8.20 This exercise created valuable feedback from the market about some specific aspects of the scheme, including procurement. Feedback from the potential partners was positive around a transparent procurement process however all advised that a limited number of three organisations should be invited to tender to gain maximum buy-in. Overall, discussions have shown that the proposals are attractive to the market.

8.21 The current position is that, subject to Mayor and Cabinet approval, the Council is now ready to commence the procurement process for the JV partner. The expected programme is set out below:

Procurement of partner	April – June 2016
Submission of Planning application	December 2016
Start on Site	April 2017
Completion	Spring 2019

## 9 Financial implications

9.1 The purpose of this report is to provide members with an update on the “New Homes, Better Places” Programme, and as such, has no direct financial implications.

9.2 The Council’s current 30 year financial model for the Housing Revenue Account includes provision for up to 500 new units, for social rent purposes, at an average cost of £190k each (adjusted annually for inflation) over the first 10 years of the model.

9.3 In addition to this, the Council’s General Fund Capital Programme currently includes provision of £12m for new build and property, including hostels acquisition.

9.4 Where schemes are of mixed developments, which include sales, the sales receipts generated will be reinvested back into the new build programme.

9.5 More detailed financial analysis of each scheme will be undertaken as they are developed and reported to members at a later date.



- 9.6 Officers are currently obtaining advice on aspects of financial arrangements in respect of the Besson Street scheme, the details of which will be included in the report to Mayor and Cabinet.

## **10 Legal Implications**

- 10.1 The Council has a wide general power of competence under Section 1 of the Localism Act 2011 to do anything that individuals generally may do. The existence of the general power is not limited by the existence of any other power of the Council which (to any extent) overlaps the general power. The Council can therefore rely on this power to carry out housing development, to act in an “enabling” manner with other housing partners and to provide financial assistance to housing partners for the provision of new affordable housing. In accordance with General Consent A3.1.1 of The General Housing Consents 2013 the Council may dispose of dwelling houses on the open market at market value.
- 10.2 Some of the proposals set out in this report are at an early stage of development. Detailed specific legal implications will be set out in subsequent reports to Mayor & Cabinet/Mayor & Cabinet (Contracts) as appropriate. Section 105 of the Housing Act 1985 provides that the Council must consult with all secure tenants who are likely to be substantially affected by a matter of Housing Management. Section 105 specifies that a matter of Housing Management would include a new programme of maintenance, improvement or demolition or a matter which affects services or amenities provided to secure tenants and that such consultation must inform secure tenants of the proposals and provide them with an opportunity to make their views known to the Council within a specified period. Section 105 further specifies that before making any decisions on the matter the Council must consider any representations from secure tenants arising from the consultation. Such consultation must therefore be up to date and relate to the development proposals in question.
- 10.3 The Localism Act 2011 brought in new powers to enable the Secretary of State to consult local authorities on self financing council housing and following consultation to determine changes to the Housing Revenue Account Subsidy. The Lewisham settlement following the determination made under powers conferred by the Local Government and Housing Act 1989 is set out in the financial implications of this Report and how this New Build Housing Programme will be financed.

## **11 Equalities Implications**

- 11.1 The provision of new homes will help the Council to address the general shortfall of affordable housing in the borough. There are more than 8,000 households currently on the Council’s waiting list for housing, and less than 1,500 properties become available each year. The New Homes Better Places programme helps to address this issue by directly adding to the Council’s housing stock.
- 11.2 The Equality and Human Rights Commission has recently issued Technical Guidance on the Public Sector Equality Duty and statutory guidance entitled “Equality Act 2010 Services, Public Functions & Associations Statutory Code of Practice”. The Council must have regard to the statutory code in so far as it relates to the duty and attention is drawn to Chapter 11 which deals particularly with the

equality duty. The Technical Guidance also covers what public authorities should do to meet the duty. This includes steps that are legally required, as well as recommended actions. The guidance does not have statutory force but nonetheless regard should be had to it, as failure to do so without compelling reason would be of evidential value. The statutory code and the technical guidance can be found at:

<http://www.equalityhumanrights.com/legaland-policy/equality-act/equality-act-codes-of-practice-and-technical-guidance/>

- 11.3 The Equality and Human Rights Commission (EHRC) has previously issued five guides for public authorities in England giving advice on the equality duty:
1. The essential guide to the public sector equality duty
  2. Meeting the equality duty in policy and decision-making
  3. Engagement and the equality duty
  4. Equality objectives and the equality duty
  5. Equality information and the equality duty
- 11.4 The essential guide provides an overview of the equality duty requirement including the general equality duty, the specific duties and who they apply to. It covers what public authorities should do to meet the duty including steps that are legally required, as well as recommended actions. The other four documents provide more detailed guidance on key areas and advice on good practice. Further information and resources are available at:
- <http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equalityduty/guidance-on-the-equality-duty/>

## 12 Environmental Implications

- 12.1 There are no environmental implications arising directly from the recommendations set out in this report. The design stages of all sites under consideration under the New Homes, Better Places programme will address environmental issues through the procurement of design partners and the planning process. The programme has a stated objective of improving places for existing residents as well as the residents who will benefit from the new homes.

## 13 Crime and Disorder Implications

- 13.1 The design of the new homes will incorporate recommendations from the police via the Secured by Design principles.

## 14 Background documents and originator

- 14.1 The background papers supporting this decision are:

Title	Date	File Location	Contact Officer
New Homes Better Places Programme	21 October 2015	Available at this <a href="#">link</a>	Jeff Endean

New Homes, Better Places Phase 3 Update	14 January 2015	Available at this <a href="#">link</a>	Jeff Endean
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14.2 If you would like any further information on this report please contact Jeff Endean, Housing Strategy and Programmes Manager on 020 8314 6213.

## Appendix A:

### Council Housing development Programme

Scheme Name	Partner	Ward	Total Homes	Affordabl e	Counci l	PR S	Sal e	Projecte d Start on site	Projected Completio n
Mercator Road (new build)	Lewisham Homes	Lewisham Central	6	0	6	0	0	Complete	Complete
Slaithwaite Community Room (conversion)	Lewisham Homes	Lewisham Central	1	0	1	0	0	Complete	Complete
Forman House (conversion)	Lewisham Homes	Lewisham Telegraph Hill	2	0	2	0	0	Complete	Complete
161-163 Deptford High Street	Council	Lewisham Evelyn	2	0	2	0	0	Complete	Complete
Angus Street (conversion)	Lewisham Homes	Lewisham New Cross	1	0	1	0	0	Complete	Complete
28 Deptford High St (hostel acquisition)	Council	Lewisham New Cross	3	0	3	0	0	Complete	Complete
Ashmead Road (conversion)	Lewisham Homes	Lewisham Brockley	1	0	0	0	1	On-site	Apr-16
PLACE / Ladywell (new build)	Council	Lewisham Central	24	0	24	0	0	On-site	May-16
Marischal Road (low cost home ownership)	Pocket Living	Lewisham Central	26	0	0	0	26	On-site	Nov-16
Dacre Park South (new build)	Lewisham Homes	Lewisham Blackheath	25	0	25	0	0	On-site	Feb-17
Longfield Crescent (new build)	Lewisham Homes	Lewisham Forest Hill	27	0	27	0	0	On-site	Mar-17
Hazelhurst Court (Extra Care)	Phoenix CH	Lewisham Bellingham	60	0	60	0	0	On-site	Mar-17
Wood Vale (new build)	Lewisham Homes	Lewisham Forest Hill	17	0	9	0	8	On-site	May-17
Honor Oak Housing Office (conversion)	Lewisham Homes	Lewisham Telegraph Hill	5	0	5	0	0	May-16	Oct-16
Hillcrest (conversion)	Lewisham Homes	Lewisham Sydenham	3	0	3	0	0	May-16	Oct-16
Pepys Housing Office (conversion)	Lewisham Homes	Lewisham Evelyn	10	0	10	0	0	May-16	Jan-17
Dacre Park North (new build)	Lewisham Homes	Lewisham Blackheath	5	0	0	0	5	May-16	Feb-17
Hatfield Close (conversion)	Lewisham Homes	Lewisham New Cross	1	0	1	0	0	Jun-16	Aug-16
Hawke Tower (conversion)	Lewisham Homes	Lewisham New Cross	1	0	1	0	0	Jul-16	Oct-16
Rawlinson House (conversion)	Lewisham Homes	Lewisham Central	1	0	1	0	0	Aug-16	Nov-16

**Council Housing development Programme**

<b>Scheme Name</b>	<b>Partner</b>	<b>Ward</b>	<b>Total Homes</b>	<b>Affordable</b>	<b>Council</b>	<b>PRS</b>	<b>Sale</b>	<b>Projected Start on site</b>	<b>Projected Completion</b>
Kenton Court (new build)	Lewisham Homes	Bellingham	35	0	24	0	11	Aug-16	Mar-18
Milton Court Road (new build)	Lewisham Homes	New Cross	25	0	25	0	0	Sep-16	Sep-17
Silverdale Hall (new build)	Lewisham Homes	Sydenham	13	0	13	0	0	Sep-16	Sep-17
Grace Path (new build)	Lewisham Homes	Sydenham	6	0	0	0	6	Sep-16	Sep-17
Honor Oak Community Centre (re-build)	Lewisham Homes	Telegraph Hill	57	0	45	0	12	Sep-16	Mar-18
Eliot Bank & Knapdale Close (new build)	Lewisham Homes	Forest Hill	44	0	20	0	24	Oct-16	Oct-18
Allison Close (new build)	Lewisham Homes	Blackheath	6	0	0	0	6	Jan-17	Jan-18
Pagoda Gardens (new build)	Lewisham Homes	Blackheath	9	0	0	0	9	Jan-17	Jan-18
Endwell Road (new build)	Lewisham Homes	Telegraph Hill	19	0	19	0	0	Jan-17	Jun-18
Wellmeadow Road (new build)	Lewisham Homes	Lewisham Central	20	0	20	0	0	Jan-17	Jun-18
Embleton Road sites (new build)	Lewisham Homes	Ladywell	12	0	8	0	4	Jan-17	Jul-18
Hillcrest Estate (new build)	Lewisham Homes	Sydenham	42	0	42	0	0	Jan-17	Jul-18
Dacres Road (new build)	Lewisham Homes	Perry Vale	17	0	17	0	0	Jan-17	Jul-18
Marnock Road (new build)	Lewisham Homes	Crofton Park	6	0	0	0	6	Feb-17	Feb-18
Crofton Park (new build)	Lewisham Homes	Crofton Park	4	0	4	0	0	Feb-17	Feb-18
Somerville Estate (new build)	Lewisham Homes	Telegraph Hill	75	0	55	0	20	Feb-17	May-18
Bampton Estate Site 4 (new build)	Lewisham Homes	Perry Vale	45	0	45	0	0	Mar-17	Sep-18
Champshill Road (Extra Care)	TBC	Lewisham Central	51	5	46	0	0	TBC	TBC
Church Grove Self-Build	RUSS	Lewisham	33	28	5	0	0	Jan-17	Jan-20

Central

<b>Total by March 2018</b>	<b>650</b>	<b>5</b>	<b>519</b>	<b>0</b>	<b>126</b>
		1%	80%	0%	19%
<b>GRAND TOTAL</b>	<b>740</b>	<b>33</b>	<b>569</b>	<b>0</b>	<b>138</b>

## Appendix B:

### Housing-Led Regeneration

Scheme Name	Lead partner	Ward	Total Homes	Affordable	Council	PRS	Sale	Projected Start on site	Projected Completion
Heathside and Lethbridge Phase 1	Family	Blackheath	138	115	0	0	23	Complete	Complete
Heathside and Lethbridge Phase 2	Family	Blackheath	190	144	0	0	46	Complete	Complete
Heathside and Lethbridge Phase 3 (A)	Family	Blackheath	49	49	0	0	0	Complete	Complete
Heathside and Lethbridge Phase 3 (B)	Family	Blackheath	169	57	0	0	112	On-site	Aug-17
Heathside and Lethbridge Phase 4	Family	Blackheath	236	125	0	0	111	On-site	Aug-18
Excaltibur Phase 1 & 2	L&Q	Whitefoot	57	39	0	0	18	Feb-16	Oct-17
Besson Street	JV	New Cross	230	85	0	145	0	Aug-16	Mar-18
Deptford Southern Housing	Family	New Cross/ Evelyn	321	117	0	0	204	Aug-16	Aug-20
Excaltibur Phase 3	L&Q	Whitefoot	95	61	0	0	34	Jan-18	Oct-19
Bampton Estate (sites 1-3)	L&Q	Perry Vale	220	80	0	0	140	Apr-18	Mar-23
Heathside and Lethbridge Phase 5	Family	Blackheath	264	131	0	0	133	Aug-18	May-21
Excaltibur Phase 4	L&Q	Whitefoot	121	73	0	0	48	Dec-19	Jun-21
Excaltibur Phase 5	L&Q	Whitefoot	98	55	0	0	43	Aug-21	Feb-23
Heathside and Lethbridge Phase 6	Family	Blackheath	145	49	0	0	96	Aug-21	May-23
		<b>GRAND TOTAL</b>	<b>2,333</b>	<b>1,180</b>	<b>0</b>	<b>145</b>	<b>1,008</b>		

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<b>Housing Select Committee</b>		
Title	Lewisham Homes Management Agreement	
Contributors	Executive Director of Customer Services, Head of Law	Item 4
Class	Part 1 (open)	09 March 2016

## **1 Summary for Housing Select Committee**

- 1.1 Housing Select Committee has scrutinised proposals to extend the management agreement between the Council and Lewisham Homes, which expires in 2017, on a number of occasions. Throughout this process the comments of Committee have shaped the negotiations between officers of both organisations.
- 1.2 The negotiation process has now broadly concluded, and on 23 March officers plan to present a final draft of the updated agreement to Mayor and Cabinet. If approved this would see the management agreement extended for a further 10 years from the spring, and would set the framework for the on-going discussions at an individual service level about specific service transfers to Lewisham Homes where operational and financial economies can be achieved by doing so.
- 1.3 As part of the on-going work in response to the housing crisis and the wide-ranging effects of legislative change and welfare reform, some high level and early preparatory work has also been undertaken in relation to the possibility that Lewisham Homes might create a charitable community benefit society organisation, set up for the express purpose of providing affordable housing for the residents of Lewisham. This work is at an early stage, and much more detail would be required to substantiate both its creation and any subsequent transfers of land or buildings into that charity. Nonetheless it is highlighted here at this early stage so that both Committee and Mayor and Cabinet are aware of the rationale for exploring the option, and the next steps that will be taken in that regard.
- 1.4 From this point forward the report contains the draft report for Mayor and Cabinet for 23rd March. Committee is asked to review and comment on this draft so that final amendments can be made head of consideration by Mayor and Cabinet.

<b>MAYOR AND CABINET - DRAFT</b>			
<b>Title</b>	Lewisham Homes Management Agreement (DRAFT)		
<b>Key decision</b>	Yes	<b>Item no</b>	
<b>Wards</b>	All		
<b>Contributors</b>	Executive Director of Customer Services, Head of Law		
<b>Class</b>	Part 1	23 March 2016	

## 2 Summary

- 2.1 On 14 January 2015 Mayor and Cabinet noted the timetable and scope of a project to extend the Lewisham Homes' Management Agreement after its expiry in June 2017. This project was to include a review of the potential ways in which Lewisham Homes might further evolve to help meet the Council's housing priorities to reflect the continued financial pressure on the Council and the wide ranging housing changes being brought forward in legislation such as the Housing and Planning Bill.
- 2.2 Lewisham Homes is a strongly performing ALMO. It is now drawing to the close of the £95m project to deliver the Decent Homes standard across 13,000 homes. This has helped to increase resident satisfaction with repairs from 59 per cent in 2007 to 72 per cent in 2015. Over the nine years of its existence, Lewisham Homes has increased satisfaction from 58 per cent to 71 per cent whilst its management fee has reduced from £22.5m to £18.7m.
- 2.3 Furthermore, in the past three years Lewisham Homes has successfully increased the range and scope of services it provides on behalf of the Council. It is leading the development of new Council homes on behalf of the Council, with nine homes complete, 75 on site and a further 102 homes approved by Mayor and Cabinet to start on site imminently. Since January 2015 it has led a programme of housing acquisition as one of a number of approaches to tackle the homelessness crisis affecting London, and in the past year has purchased 23 homes at a cost that means the Council can both offer better accommodation and save money, and has a further 25 homes in the purchase process.
- 2.4 Since the wider review of the management agreement of last year, two service transfers have already taken place to reflect an evolving approach whereby operational services are considered for transfer to Lewisham Homes, when doing so might enable those services to be both more responsive to tenants' needs, and to be delivered more efficiently. The first of these transfers has completed, and now sees all grounds maintenance services on Lewisham Homes estates provided directly by Lewisham Homes staff. The second will

complete in April of this year, and will see sheltered housing transferred and an enhanced service offered to residents.

- 2.5 A new Management Agreement is therefore an opportunity for the Council to formally record the direction that has already emerged over the past three years. This is an opportunity to review the purpose and function of the organisation, and the roles that it can most usefully play in supporting the Council to deliver its housing aims in the light of legislative, financial and strategic change. At the same time, by extending the duration of the existing agreement, this is an opportunity to put Lewisham Homes onto a sound strategic and financial footing, enabling it to plan for the medium term, and to recruit and retain the staffing capacity appropriate to the purpose that the Council has set for it over that period.
- 2.6 This report therefore sets out for Mayor and Cabinet the terms on which the management agreement is intended to be extended and lists the additional services that are currently under review for potential transfer from the Council to Lewisham Homes. Each of these services will be brought back to Mayor and Cabinet for a separate decision at the appropriate time, as will any final decisions about the establishment of a charitable community benefit society of Lewisham Homes, the rationale for which is also set out in this report.

### **3 Policy Context**

- 3.1 The proposed changes to Lewisham Homes' Management Agreement will be designed to help the Council deliver on a number of its key policy priorities. It supports the achievements of the Sustainable Community Strategy policy objectives:
- Ambitious and achieving: where people are inspired and supported to fulfil their potential.
  - Empowered and responsible: where people can be actively involved in their local area and contribute to tolerant, caring and supportive local communities.
  - Healthy, active and enjoyable: where people can actively participate in maintaining and improving their health and well-being, supported by high quality health and care services, leisure, culture and recreational activities.
- 3.2 It will also help meet the Council's Housing Strategy in which the Council commits to the following key objectives:
- Helping residents at times of severe and urgent housing need
  - Building the homes our residents need

### **4 Recommendation**

#### 4.1 Mayor & Cabinet is recommended to:

- Note the terms and scope for the proposed extension of the Management Agreement between the Council and Lewisham Homes as outlined in section 7
- Note the proposed revised Management Agreement and Schedules attached at Appendix 1
- Note the service areas which remain under consideration for a potential transfer to Lewisham Homes in the future, as set out in section 7 and that further reports will be brought back for consideration by the Mayor for each of these in due course;
- Note the high-level rationale for the establishment by Lewisham Homes of a community benefit society, to act as a vehicle to widen the Council's housing delivery options, and that a further report will be brought back to both Housing Select Committee and Mayor and Cabinet before that society is put into place.
- Note that the Housing Select Committee has scrutinised the proposals in this paper, and that its comments have been reflected in those proposals, as set out in section 9.
- Agree that Lewisham Homes' management agreement be extended for 10 years
- Agree that officers should seek approval for the extension from the Secretary of State
- Agree that the Executive Director for Resources and Regeneration be delegated authority to finalise the revised management agreement and schedules

## 5 Background

5.1 Previous government policy required Local Authorities to undertake a stock options appraisal to develop a strategy by which all their stock could meet the Decent Homes Standard. In order to bring in the investment needed to achieve this objective, the government provided three main ways to support local authorities who need additional funding to make their homes decent. These were:

- Setting up an Arms-Length Management Organisation (ALMO)
- Entering into a Private Finance Initiative (PFI) contract
- Transferring properties to a Registered Provider of social housing

5.2 The creation of Lewisham Homes as an ALMO was a major strand of Lewisham's Decent Homes strategy which was agreed by full Council on 29 June 2005 and approved by the Office of the Deputy Prime Minister (ODPM) in November 2005. The strategy also made use of the government's Private Finance Initiative and stock transfers to Housing Associations.

- 5.3 Lewisham Homes was established in June 2007 and currently manages 13,000 social housing tenancies and 5,000 leasehold properties within the borough, on behalf of the Council. The details of the arrangements between the Council and the ALMO for the delivery of the Housing Management service are set out in a Management Agreement that was established at the inception of the ALMO. This initial management agreement was for ten years and is due to expire in June 2017.
- 5.4 Lewisham Homes is a strongly performing organisation which has improved housing management services considerably in the short time that it has been charged with managing the Council's housing stock. This year it will manage more capital expenditure, and will continue to make more Council homes "decent".
- 5.5 By the end of March 2017, Lewisham Homes will have fully completed the Decent Homes works and the Council will be able to make greater use of its programme management and service delivery expertise in other service areas.
- 5.6 In recent years various amendments have been made to the management agreement to allow Lewisham Homes to take on additional services on behalf of the Council, including management of the Council housing IT systems, the delivery of the new build housing programme, grounds maintenance on estates, and potentially to provide an enhanced Sheltered Housing management service.
- 5.7 In addition to expanding its housing management services, Lewisham Homes has also been making excellent strides in developing the first new Council homes on behalf of the Council; the first of these homes have now been completed, and an update on progress is provided elsewhere on this agenda. It is also leading on acquiring new temporary accommodation on behalf of the council to help us manage the increasing housing need in the borough.

## **6 National policy and legislative change**

- 6.1 Since the General Election in May 2015 a large number of changes have taken place in the housing policy context. The Housing and Planning Bill was introduced into Parliament on 13<sup>th</sup> October 2015 and is expected to receive Royal Assent early in 2016. This bill contains a number of significant measures including:
- A requirement for local authorities to consider selling high value assets, and pay a set amount to the Treasury
  - 'Pay to Stay' for households in social housing who earn more than £40,000 a year in London
  - The Right to Buy extended to tenants of Housing Associations
- 6.2 In addition, the Welfare Reform and Work Bill includes further changes to welfare. Announcements in the budget and in the Comprehensive Spending Review introduce further changes including:

- A one per cent reduction in social rents
  - Further welfare reform including a reduction of the benefit cap
  - A shift towards new homes being provided for ownership rather than to rent.
- 6.3 The changes outlined above, alongside the on-going financial challenges faced by local authorities, means that the Council has to consider carefully how it adapts its strategy to meet these new challenges.
- 6.4 Since the establishment of Lewisham Homes, the Council has been reframing its Housing role so that it focuses more on the strategic aspects of housing demand, housing supply and housing need, whilst expanding the role of Lewisham Homes to become the main organisation undertaking operational housing management services on behalf of the Council. The principle behind the approach is to combine all services provided to residents under single management, in order to both drive up the level of responsiveness to specific local preferences, and to achieve operational and management efficiencies.
- 6.5 Given that Lewisham Homes is operating successfully, it is recommended to extend their scope to enable the Council to meet the increasing demand for housing as well as the policy and legislative changes required by government.

## **7 Proposed terms for management agreement extension**

- 7.1 This section outlines the terms that have been discussed and agreed in principle at an officer level between officers of Lewisham Homes and the Council, and which have been reviewed on a number of occasions during that process by the Housing Select Committee.

### Length of contract extension

- 7.2 It is proposed that the contract be extended by a period of 10 years, subject to the termination clauses set out below.

### Provisions for termination

- 7.3 On 16 September when Housing Select Committee first considered the proposal to extend the management agreement, it recommended that “with the level of uncertainty and associated risks at the present time, a ‘break clause’ should be considered so both parties can review the agreement at a later date.”
- 7.4 Under the proposed new terms the Council is entitled to terminate the Agreement at its discretion on the fifth anniversary of the Commencement Date.
- 7.5 It may also terminate in the following circumstances:
- where any tenants propose the formation of a tenant management organisation and in compliance with legislation a tenant management organisation is established which affects a substantial portion of the stock managed by Lewisham Homes;

- where Lewisham Homes is in material breach of its obligations and the breach is irremediable;
- where it is insolvent

#### Form of agreement

- 7.6 As part of the review, the management agreement document will be simplified and updated. However the requirements for Lewisham Homes to report its Business Plan and performance to Housing Select Committee and to Mayor & Cabinet will remain unchanged.

#### Scope of agreement

- 7.7 As outlined in 5.4, the revisions to the management agreement are designed to help enable Lewisham Homes to become the main organisation undertaking housing management services on behalf of the Council, Listed below are the services which have already been transferred or work is underway to transfer the service to Lewisham Homes. Further services of this kind may be considered for transfer in the future depending on the priorities of the Council and the performance of Lewisham Homes.

<b>Service</b>	<b>Proposed Date</b>
Professional Services Procurement in respect of managed budgets	1 April 2016
New Build Procurement in respect of managed budgets	1 April 2016
Commercial Aerial Leases	1 April 2016
Lumber Collection and Bulk Refuse	1 April 2016
Grounds Maintenance	1 April 2016
Private Sector Leasing	To be agreed
Pest Control	To be agreed
Enhanced Sheltered Housing	1 April 2016
Hostels	To be agreed
Community Centres on Housing Estates	To be agreed
Acquisition of properties for temporary accommodation	Since July 2015

- 7.8 Any additional proposed service transfer will be subject to a business case being drawn up by officers and further reports brought back for consideration by the Mayor in due course.

#### Timetable and next steps

- 7.9 If approved by Mayor & Cabinet, officers will approach the Secretary of State in order to receive the consent required to extend the agreement. It is anticipated that the new management agreement will commence in Spring 2016.

## **8 Community Benefit Society**

- 8.1 Mayor and Cabinet will be aware that the Council is bringing forward the development of new homes using a wide range of approaches. These range from direct development, managed by Lewisham Homes, through a range of partnerships including directly with residents themselves using the Community Land Trust model, to large scale long term investment projects in partnership with the private sector, such as that proposed at Besson Street. It also includes a programme of property acquisition, again led by Lewisham Homes and financed by the Council.
- 8.2 The on-going changes in the wider housing policy context, such as those contained in the Housing and Planning bill which will require Councils to sell “high value” void properties, reduce rents by 1 per cent for four years, and charge market rents to some higher earners, all affect the business model through which new homes are developed and managed. For instance the 1 per cent rent reduction has already led to the project to develop 51 new high quality homes for extra care at Campshill Road in Lewisham Central to be stalled.
- 8.3 This state of continual change means that it is right for the Council to continue to review all options regarding how it can continue to build and acquire new homes. As the Council’s main provider of all types of affordable housing, Lewisham Homes is exploring with the Council the potential to establish a charitable community benefit society for the express purpose of providing new affordable homes for the people of Lewisham. Officers are taking advice on the range of benefits that this approach may offer, drawing in the main on the fact that – because of the charitable nature of the organisation – the homes developed and owned by this organisation may be safeguarded for long term use as affordable housing regardless of the constantly changing policy environment.
- 8.4 The terms of the management agreement with Lewisham Homes do allow, in theory, for Lewisham Homes to create such an organisation. Were this approach to be pursued, then it could be used for instance as the vehicle through which Lewisham Homes acquires new properties on behalf of the Council. Additionally, the community benefit society could build new affordable homes on behalf of the Council when appropriate sites are identified, although this would always be subject to Council decision making, and rules surrounding best consideration when land transactions are considered.
- 8.5 Officers propose that further work be undertaken to review the options for the scale and scope of a potential charitable community benefit society for Lewisham Homes, to enable the board of Lewisham Homes, and subsequently the Mayor, to make all necessary decisions to enable its creation, if appropriate. It is anticipated that these decisions could be made in the summer/autumn of 2016.



## **9 Comments of Housing Select Committee**

- 9.1 The Housing Select Committee has been engaged in the negotiation and drafting process throughout the project to extend the management agreement between the Council and Lewisham Homes. The matter has been considered at three separate Committee meetings, at the start of the process in September 15 (check), when a draft heads of terms was available in January 2016, and then to review a draft of this report on 9 March. The comments of Housing Select Committee have been incorporated into this final draft.

## **10 Financial Implications**

- 10.1 Under the extended management agreement, Lewisham Homes will continue to be paid an annual management fee. The method of calculating that fee will be set out in the financial schedule of the agreement and will form a part of the HRA budget agreed annually as a part of the Council's budget setting process.
- 10.2 The finance schedule will also cover financial management and control requirements, relating to budget setting, monitoring and final accounts, and will set out arrangements for payments and the collection of income.
- 10.3 Funding for the transfer of new services will need to be contained within existing budgets, in both the General Fund and the Housing Revenue Account.
- 10.4 The proposal to give Lewisham homes the ability to establish a community benefit society is intended to give Lewisham Homes a tool under the management agreement to develop new ways of delivering new homes within the borough. To this extent, there are no financial implications in the recommendation relating to this proposal. A thorough assessment of the financial benefits and implications will need to be undertaken and reported back to members before the establishment of such a society and decisions on investment in and asset transfers to that society can take place.

## **11 Legal Implications**

- 11.1 Section 27 of the Housing Act 1985, provides the power to allow another person to exercise housing management on behalf of the local housing authority. This power enabled Lewisham Homes to be set up in 2007. The approval of the Secretary of State is necessary for such an agreement, and the variation or extension of a provision of a management agreement.
- 11.2 By virtue of Section 105 of the Housing Act 1985, there is a duty to consult secure tenants who are likely to be substantially affected by a matter of housing management i.e. which relates to the management of dwelling houses let by the Council under secure tenancies.

- 11.3 Lewisham Homes is a company limited by guarantee not having a share capital and is wholly owned by the Council. It has its own governance arrangements which are governed by its Articles which sets out its objects. Its decision making is through a Board comprising fifteen members consisting of three Council Board members, seven Board members representing tenants and leaseholders and five independent Board members. This conforms to the model for ALMOs recommended by DCLG. Subject to the provisions of the Companies Act 2006 and the directions of the London Borough of Lewisham in general meeting the business of Lewisham Homes is managed by its Board.
- 11.4 Lewisham Homes has its own Standing Orders and Financial Regulations which are approved by the Council and its accounts are subject to internal and external audit.
- 11.5 The proposed new Management Agreement requires Lewisham Homes, as the Council's housing manager for its housing stock, to comply with all statutory requirements to be observed and performed in connection with the services and to discharge all statutory functions of the Council delegated by the Council to it pursuant to section 27 of the Housing Act 1985 (as amended).
- 11.6 As set out in paragraph 6.6 the Council has currently delegated various functions to Lewisham Homes and plans to delegate further housing management functions to bring all of its housing management services under one operation. This is permissible under the legislation. The new Management Agreement will set out clearly the functions to be delegated.
- 11.7 The services proposed to be undertaken by Lewisham Homes under the new Management Agreement are largely regulated by statute and are subject to the regulatory framework of the Regulator, which is the HCA, where applicable. However, the new Agreement also provides for monitoring and overview by the Council. To achieve this, Lewisham Homes requires Lewisham Homes to submit a Business Plan which incorporates performance indicators as to its performance. Schedule 4 of the new Management Agreement sets out the requirements of the Business Plan which is subject to a three year substantial review and intervening annual reviews.
- 11.8 The Council has set out financial arrangements at Schedule 3 with which Lewisham Homes has to comply which provides for financial monitoring by the Council on a quarterly basis.
- 11.9 If Lewisham Homes fails to provide any of the services or is in breach of its obligations, the Council has a contractual right to set a remedial plan for improvement within set timescales and to terminate services or the whole Agreement if the plan is not met within these timescales.
- 11.10 There is a requirement for consultation and engagement with tenants and leaseholders through a Community Engagement Strategy, the form of which is annexed to the new Management Agreement. No variation of a tenancy is permitted without the Council's prior written consent

11.11 The usual protections are provided in the new Agreement including those relating to data protection and data sharing, Freedom of Information in compliance with statute, health and safety, insurance, and the handling of complaints. There is also an IT protocol governing the use of the Council's computer systems and or software.

11.12 Where further functions are delegated to Lewisham Homes, a process has to be followed which is set out at Schedule 7 which includes consultation with employees who may transfer and compliance with the Transfer of Undertakings Protection of Employee Regulations 2006 (TUPE).

11.13 There is a requirement for Lewisham Homes to co-operate and assist the Council in the discharge of functions which are reserved to the Council, for example its nomination and allocation rights.

## **12 Crime and Disorder Implications**

12.1 There are no specific crime and disorder implications arising from this report.

## **13 Equalities Implications**

13.1 There are no specific equalities implications arising from this report.

## **14 Environmental Implications**

14.1 There are no specific environmental implications arising from this report.

## **15 Background documents and originator**

15.1 There are no background documents to this report.

15.2 If you would like any further information on this report please contact Jeff Endean on 020 8314 6213

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<b>Housing Select Committee</b>		
Title	Rehousing the homeless: charity groups	
Contributors	Executive Director for Customer Services, Head of Law	Item: 6
Class	Part 1	9 March 2016

## 1 Summary

- 1.1 At its meeting on 26 January, Committee agreed to review the help that could potentially be made available to homeless families by charity groups. Officers have liaised with both CAYSH and Shelter in order to enable Committee to review this issue. Shelter has provided a written submission, which is set out in section 4, and CAYSH will attend to provide a presentation on the night of the Committee meeting.

## 2 Recommendation

- 2.1 Committee is recommended to note the contents of this report, and that a further presentation will be made on the night of the committee.

## 3 Background

- 3.1 At its meeting on 26 January Committee agreed to review the help that could potentially be made available to homeless families by charity groups. In particular this was intended to look at whether charities could facilitate the housing of homeless families with other families who have spare bedrooms, in a similar manner to the current support made available through, for example CAYSH, for single homeless cases.
- 3.2 Hosting or lodging schemes that accommodate households in owner-occupier spare rooms take considerable resources to develop and sustain. Schemes require substantial advertising in order to recruit households, households must then receive extensive training and provided on-going support to sustain placements and manage risk and incidents. It is uncertain how many households in Lewisham would be willing and able to accommodate families in their homes. Staffing of hosting schemes is only financially viable if a number of households are recruited, trained and supported. Family placements in host household accommodation could only be used on short term basis as lodging arrangements would not provide families with security of tenure.
- 3.3 Officers have liaised with both CAYSH and Shelter in order to enable Committee to review this issue. Shelter has provided a written submission, which is set out below, and CAYSH will attend to provide a presentation on the night of the Committee meeting.

## **4 Submission from Shelter**

4.1 Shelter proposes that Committee should be aware of the following issues and problems which, in its view, would result from an initiative to house homeless families with other currently housed families:

- The proposal would mean that families with children would be sharing facilities with other households, specifically kitchen and bathroom facilities. This may be a suitable option for emergency accommodation for a short period of time (for example, the 6 week limit on private shared accommodation); or perhaps for single people or couples without children, but it is unsuitable as a long term option for families. Although some families may prefer this option to being sent out of area, it shouldn't be seen as a solution to re-housing beyond the emergency period.
- If this was offered as a medium to long-term option then security of tenure would be threatened, as the eviction notice would only need to be 28 days for a lodger with a live-in landlord.
- Another key concern with this proposal is the risk of overcrowding. It is very unlikely that significant numbers of Lewisham residents will have 2 or more spare rooms available, that are of a good size. It is more likely that 1 spare room will be available, which would be unsuitable for a family with children as it would lead to overcrowding.
- Safeguarding is also a concern, especially where children are being re-housed in accommodation shared with an owner.
- The new laws governing Right to Rent must also be considered here. There are implications for landlords taking in lodgers, and the checks will require time and an understanding of the correct documentation and processes required. Landlords and letting agents are expected to have a strong understanding of this, so anyone taking in a lodger will need to be brought up to speed.
- The impact of taking in a lodger on a person's welfare benefits would also need to be considered to make sure that this didn't lead to a loss of income or the repercussions of overpayment (for example, on Housing Benefit).

## **5 CAYSH**

5.1 CAYSH is an independent charity based in south London that specialises in support and accommodation services for single young homeless people. CAYSH currently provide emergency lodgings placements for up to 3 months for young homeless people between the ages of 16 and 21 in Lewisham as part of the South East London Emergency Lodgings Accommodation Network (ELAN). There are currently 4 host households in Lewisham accommodating young people from across the sub-region. Representatives of CAYSH will attend Committee to brief members on their work and to discuss the potential for housing homeless families with other families.

## **6 Background documents and originator**

6.1 There are no background documents to this report.

6.2 If you would like any further information on this report please contact Jeff Endean on 020 8314 6213

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Housing Select Committee		
Title	Key housing issues	
Contributor	Executive Director for Customer Services	Item 7
Class	Part 1 (open)	09 March 2016

## 1 Summary

- 1.1 As part of the work programme, Housing Select Committee agreed to review the main housing policy implications arising as a result of the Government's legislative agenda, following the General Election in May. Committee also resolved to review the implications of any welfare reforms that would also be pertinent to housing.

## 2 Update on legislation timetable

- 2.1 The Welfare Reform and Work Bill has now had its final reading in the House of Lords and is expected to receive Royal Assent very soon. This bill contains the one per cent rent cut and the reduction of the benefit cap from £23,000 to £20,000 in London. More detail of the measures will be set out in subsequent regulation.
- 2.2 The Housing and Planning Bill is now in the Committee stage in the House of Lords and is expected to be passed in the Spring. This bill contains measures such as Pay to Stay, Starter Homes, High Value Asset Sales and Rogue Landlords. Again, the detail of these policies will be set out in regulation once the Bill has received Royal Assent.
- 2.3 Officers will ensure that members are briefed on the implications of the legislation and regulations once more detail becomes available over the coming months.

## 3 Lewisham response to the consultation on proposed changes to national planning policy

- 3.1 The Department for Communities and Local Government consulted councils on the proposed planning changes contained in the Housing and Planning Bill.
- 3.2 Lewisham's response made clear the concerns relating to the proposed changes to the definition of affordable housing towards home ownership and starter homes. The response emphasised that as the average household income is insufficient to access market housing the proposed changes to the definition will make it extremely difficult for the Council to deliver the need for social rented affordable housing. This is because there will be a duty to provide starter homes which will be given a priority over other more traditional forms of affordable housing.

- 3.3 Lewisham Council currently has over 9,000 households on its waiting list for social housing, and over 1,700 homeless families currently in temporary accommodation. In order to meet this housing need, the Council needs a supply of affordable rented housing. Therefore the response raised concerns that the proposed changes will significantly reduce this supply as starter homes will not be affordable to the vast majority of this group.
- 3.4 The response also noted that Lewisham Council has a track record of supporting low-cost home ownership within its wide range of policy responses to housing need in the borough. The first self-build Community Land Trust was approved by the Mayor in 2015 and will be going to planning later this year. In addition, there is an affordable home ownership scheme currently under construction led by Pocket Living. The response emphasises that in these schemes the subsidy must be protected to ensure that these homes are affordable in perpetuity.

#### **4 Local Government Association/Savills research on Starter Homes**

- 4.1 On 17 February 2016 the Local Government Association released analysis, commissioned from Savills, which states that discounted starter homes will be out of reach for all people in need of affordable housing in 220 council areas (67 per cent) and are out of reach for more than 90 per cent of people in need of affordable housing in a further 80 (25 per cent) council areas. People in need of affordable housing are defined as those who would have to spend more than 30 per cent of their household income to rent or buy a home.

#### **5 Submission to the LGA Housing Commission**

- 5.1 The Council submitted a response to the LGA Housing Commission which called for evidence of how Councils can respond to the need to build more homes.
- 5.2 Our submission highlighted our key initiatives including:
- Directly delivering 650 homes itself, the first for a generation
  - Working with our Housing Association partners to deliver a further 1,500 homes by 2018
  - Working with our ALMO Lewisham Homes on a property acquisition programme – the Council has provided a loan of £20m for the purchase of 80-100 units of accommodation for temporary accommodation in order to reduce the reliance on costly and unsuitable nightly paid accommodation for homeless households.
  - Using Modern Methods of Construction to quickly provide a new supply of temporary accommodation
  - Using public land in a new way through a Built To Rent project which will provide 250 new homes, a third of which will be affordable
  - Encouraging community-led housing by creating the first self-build Community Land Trust

## **6 Research on Temporary Accommodation**

- 6.1 London Councils commissioned a report by Julie Rugg from the University of York's Centre for Housing Policy which examines the temporary accommodation market in London and highlights evidence from the boroughs that explains why finding sufficient properties for homeless households has become harder. Lewisham provided data and evidence to inform the report.
- 6.2 The report found that there has been an overall increase in demand for TA across London. The sixteen boroughs which provided data between them purchased the equivalent of 983,716 weeks of temporary accommodation in 2014-15 compared with 766,471 in 2012-13. This represents an increase of 28 per cent.
- 6.3 The report concluded that central Government needs to acknowledge the substantial shortfall that now exists between support for Temporary Accommodation available through the housing benefit system and the actual cost of service delivery. It found that a reduction in the level of LHA has not led to a reduction in rental costs in this part of the market. More sophisticated interventions are required at central Government level in order to reduce cost pressures on London boroughs.
- 6.4 The report analysed the likely cost of temporary accommodation across London in 2014/15 and found that it was close to £663m. The level of expenditure met by London boroughs specifically from their own General Funds can be estimated at just over one quarter of that cost, or £170m.
- 6.5 In a section on 'Innovation in meeting TA need' the report noted the factory-manufactured 'pop-up' housing currently being assembled at PLACE/Ladywell which will provide 24 high quality properties for temporary accommodation much more quickly and more cost effectively than traditional methods of construction would allow.

## **7 Location Priority Policy update**

- 7.1 Housing Select Committee will be aware that a Location Priority Policy was developed over the past year. The following is intended to provide an update to Committee on the operation of this policy.
- 7.2 Members will be aware that the housing supply shortage across London and the changes in the housing market have made it more and more difficult to procure affordable accommodation in the borough boundaries. The figures below provide a snapshot of households placed in temporary accommodation as of 24 February 2016. The figures show that the majority of households in temporary accommodation are in Lewisham. Where households are placed out of the borough, the vast majority are placed in boroughs close to Lewisham, including in the south east London sub-region.

### Temporary accommodation in the borough

The table below contains a breakdown of the number of households in nightly paid temporary accommodation in Lewisham and the number of PSL units which are leased that are in the borough. A PSL unit is a private sector leased property which has been procured by the authority for the purposes of providing cheaper, more sustainable temporary accommodation.

Borough	Households in Nightly Paid	PSL Units	Total
Lewisham	146	626	772

### Temporary accommodation out of the borough

The below table contains a breakdown of the number of households in nightly paid temporary accommodation outside of the borough and the number of PSL units which are leased that are outside of the borough. A PSL unit is a private sector leased property which has been procured by the authority for the purposes of providing cheaper, more sustainable temporary accommodation.

Borough	Households in Nightly Paid	PSL Units	Total
Aylesbury	1	0	1
Barnet	8	0	8
Bedfordshire	1	0	1
Bexley	35	3	38
Brent	5	0	5
Bromley	25	1	26
Camden	6	0	6
Croydon	91	1	92
Enfield	1	0	1
Greenwich	51	4	55
Hackney	1	0	1
Hammersmith & Fulham	1	0	1
Haringey	4	0	4
Harrow	7	0	7
Havering	1	0	1
Hounslow	3	0	3
Kent CC	1	12	13
Kingston Upon Thames	1	0	1
Lambeth	34	0	34
Merton	3	0	3
Newham	9	0	9

Redbridge	33	0	33
Romford	5	0	5
Southwark	38	0	38
Sutton	3	0	3
Uxbridge	8	0	8
Waltham Forest	4	0	4
Westminster	3	0	3
<b>Total</b>	<b>383</b>	<b>21</b>	<b>404</b>

<b>Totals</b>				
<b>Borough</b>	<b>Households in Nightly Paid</b>	<b>PSL Units</b>	<b>Other TA units</b>	<b>Total</b>
Out of borough	383	21	0	404
Lewisham	146	626	588	1360
<b>Total</b>	<b>529</b>	<b>647</b>	<b>588</b>	<b>1764*</b>
<b>*The total includes properties currently being prepared to be re-let</b>				

## **8 Houses in Multiple Occupation and Article 4 Directions**

- 8.1 The Council's Planning Policy Team is currently undertaking research into the feasibility and implementation of Article 4 Directions regarding small Houses in Multiple Occupation (HMO) in the Borough. In planning terms a small HMO is defined as not more than 6 residents living together as a single household.
- 8.2 Article 4 Directions are one of the tools available to the Council to protect its family housing and residential character from change. An Article 4 Direction allows the Council to withdraw the "permitted development" rights that would otherwise apply by virtue of the Town and Country Planning (General Permitted Development) Order 2015. For example, in areas which may be experiencing a high number or concentration of small HMOs, the Council can make an Article 4 Direction that removes the "permitted right" and requires that planning permission is first obtained for the change of use. This means that a planning application must be made and granted, thereby ensuring that proper scrutiny takes place.
- 8.3 Article 4 Directions can be used where there is a concern about the creation of small HMOs in residential areas, primarily in converted former family dwellings. This particular type of HMO is reported to be having negative impacts on the built environment and Borough character as well as creating problems such as:
- crime and anti-social behaviour;
  - noise and nuisance;
  - accumulation of litter and household waste (due to inadequate waste and recycling facilities); and
  - poor standards of accommodation (re. space standards, ventilation, utilities provision and management).

- 8.4 The Council currently operates a mandatory licensing scheme for certain types of HMOs where the building is three or more storeys high and occupied by five or more people. There are currently nearly 200 HMOs in Lewisham with a mandatory license. Housing Select Committee will be aware that the Council is planning to introduce an Additional Licensing Scheme for HMOs above commercial premises. It is anticipated that up to 1,800 properties in the borough may have HMOs of this type. It is anticipated that this scheme will be approved by Mayor and Cabinet in March and licensing will commence in the autumn following a statutory notice period of three months.
- 8.5 The Planning Policy Team is currently carrying out work to identify the current number and spatial distribution of small HMO to ascertain the scale of the issue. The implementation of an Article 4 Direction would take up to 18 months in order to satisfy statutory requirements.
- 8.6 Housing Select Committee will be kept updated on the progress of the work on Article 4 Directions and consulted before any firm proposals are put forward.

## **9 Additional funding for Rogue Landlords and Temporary Accommodation**

- 9.1 The Council has successfully bid for funding from the Department for Communities and Local Government to fund Rogue Landlords work and to help ease the funding pressures on temporary accommodation.
- 9.2 The Rogue Landlord funding of £150,000 will be used to target the worst known rogue landlords in the borough and support greater joint working with other boroughs where these landlords are known to operate.
- 9.3 The temporary accommodation funding of £200,000 will help to ease budget pressures in this area and support the on-going work to prevent homelessness.

## **10 Legal Implications**

- 10.1 There are no additional legal implications to insert.

## **11 Financial implications**

- 11.1 The purpose of this report is to update members on current housing issues. As such, there are no specific financial implications arising from this reporting itself.
- 11.2 As firmer details become available, in particular regarding the new legislation, officers will report back to members with the implications of each issue.

## **12 Crime and disorder implications**

- 12.1 There are no crime and disorder implications arising from this report.

## **13 Equalities implications**

- 13.1 There are no equalities implications arising from this report.

## **14 Environmental implications**

14.1 There are no environmental implications arising from this report.

## **15 Background Documents and Report Originator**

15.1 There are no background documents to this report.

15.2 If you have any queries relating to this report please contact Jeff Endean on 020 8314 6213.

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Housing Select Committee		
Title	Select Committee work programme	
Contributor	Scrutiny Manager	Item 9
Class	Part 1 (open)	09 March 2016

## 1. Purpose

- 1.1 To provide Members of the Select Committee with an overview of the work programme for 2015-16 and to advise the Committee about the process for agreeing the 2016-17 work programme.

## 2. Summary

- 2.1 At the beginning of the municipal year each select committee is required to draw up a work programme for submission to the Overview and Scrutiny Business Panel. The Panel considers the suggested work programmes and coordinates activities between select committees in order to maximise the use of scrutiny resources and avoid duplication.
- 2.2 The meeting on 09 March 2016 is the last scheduled meeting of the Housing Select Committee in the 2015-16 municipal year. This report provides a list of the issues considered in 2015-16 (the completed work programme) and asks the Committee to put forward suggestions for the 2016-17 work programme.

## 3. Recommendations

- 3.1 The Select Committee is asked to:
- note the completed work programme attached at **Appendix B**;
  - review the issues covered in 2015-16 municipal year;
  - take note of the notice of key decisions attached at **Appendix C**;
  - consider any matters arising that it may wish to suggest for future scrutiny.

## 4. Housing Select Committee 2015-2016

- 4.1 The Housing Select Committee had eight meetings in the 2015-16 year:
- 15 April 2015
  - 19 May 2015
  - 08 July 2015
  - 16 September 2015
  - 27 October 2015
  - 01 December 2015
  - 26 January 2016
  - 09 March 2016

4.2 Along with all other select committees, the Housing Select Committee has devoted some time on its work programme to the proposals put forward as part of the development and delivery of the Lewisham Future Programme. It is anticipated that all overview and scrutiny committees will be tasked with reviewing further Lewisham Future Programme proposals in the 2016-17 municipal year.

4.3 The Committee's completed work programme is attached at **Appendix B**.

## **5. Planning for 2016-17**

5.1 Eight meetings will be scheduled for 2016-17 municipal year. A work programme report will be put forward at the first Housing Select Committee meeting of the 2016-17 year for members to review, revise and agree. The report will take account of the Committee's previous work and may incorporate:

- issues arising as a result of previous scrutiny;
- issues that the Committee is required to consider by virtue of its terms of reference;
- items requiring follow up from Committee reviews and recommendations;
- issues suggested by members of the public;
- petitions;
- standard reviews of policy implementation or performance, which is based on a regular schedule;
- suggestions from officers;
- decisions due to be made by Mayor and Cabinet.

### Issues arising from the 2015/16 work programme

5.2 The Committee has already indicated that there are matters it feels should be considered for further scrutiny, these are:

- Private Rented Sector Licensing
- The new homes programme
- Church Grove self-build
- Health and Housing - multi-agency approaches to tackling health-related issues in relation to housing
- The implementation of the Lewisham Housing Strategy

### Housing Select Committee terms of reference

5.3 The Committee's terms of reference are included at **Appendix A**.

5.4 The Council's constitution sets out the Committee's powers. The Committee has a responsibility for scrutinising the Council's strategic housing functions as well as the work of Lewisham Homes and the Brockley Private Finance Initiative (PFI). The strategic housing division is responsible for delivering housing objectives based on the borough's sustainable communities strategy and delivered through the borough's housing strategy, which is currently being renewed for 2015-2020.

5.6 The Council is responsible for a stock of approximately 18,000 homes. These are managed by the Council's Arm's Length Management Organisation, Lewisham

Homes and the Brockley Private Finance Initiative. In previous years, the Committee has scrutinised the Lewisham Homes and Brockley PFI annual reports and business plans. Members of the Committee have also resolved to receive six monthly updates from these organisations. The Committee's terms of reference also give it the remit to establish links with social housing providers in the borough.

## **6. Financial implications**

There are no financial implications arising from the implementation of the recommendations in this report. There will be financial implications arising from items on the agenda; these will need to be considered, as necessary.

## **7. Legal implications**

In accordance with the Council's Constitution, all scrutiny select committees must devise and submit a work programme to the Business Panel at the start of each municipal year.

## **8. Equalities implications**

8.1 The Equality Act 2010 brought together all previous equality legislation in England, Scotland and Wales. The Act included a new public sector equality duty, replacing the separate duties relating to race, disability and gender equality. The duty came into force on 6 April 2011. It covers the following nine protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

8.2 The Council must, in the exercise of its functions, have due regard to the need to:

- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act
- advance equality of opportunity between people who share a protected characteristic and those who do not.
- foster good relations between people who share a protected characteristic and those who do not.

8.3 There may be equalities implications arising from items on the work programme and all activities undertaken by the Select Committee will need to give due consideration to this.

### **Background documents**

Lewisham Council's Constitution

Centre for Public Scrutiny: the Good Scrutiny Guide

## **Appendix A**

### Housing Select Committee terms of reference

To fulfil all overview and scrutiny functions in relation to the discharge by the authority of its housing functions. This shall include the power to:-

- (a) review and scrutinise decisions made or other action taken in connection with the discharge of the Council of its housing function
- (b) make reports or recommendations to the authority and/or Mayor and Cabinet with respect to the discharge of these functions
- (c) make recommendations to the authority and/or Mayor and Cabinet proposals for housing policy
- (d) to review initiatives put in place by the Council with a view to achieving the Decent Homes standard, making recommendations and/or report thereon to the Council and/or Mayor and Cabinet
- (e) To establish links with housing providers in the borough which are concerned with the provision of social housing

Housing Select Committee work programme 2015/16

Programme of work

Work item	Type of item	Priority	Strategic priority	Delivery deadline	15-Apr	19-May	08-Jul	16-Sep	27-Oct	01-Dec	26-Jan	09-Mar
Lewisham Future Programme	Standard item	High	CP6	Ongoing				Savings				
Election of the Chair and Vice-Chair	Constitutional req	High	CP6	Apr								
Select Committee work programme	Constitutional req	High	CP6	Ongoing	Setting the work programme							
Lewisham Homes	Performance monitoring	High	CP6	Jan			annual report & business plan				mid year review	
Lewisham Homes - Management Agreement Changes including RP status	Standard item	High	CP6	Sept							Update	Update
New Homes Programmes (New Build, Self Build, Empty Homes, Acquisitions programmes, Innovative methods for deliver housing etc.)	Standard item	High	CP6	Mar-16								
Brockley PFI	Performance monitoring	High	CP6	Jan			annual report & business plan				mid year review	
Communal Heating Systems Review - Report and Recommendations	In-depth review	High	CP6	Mar-16	Report				Response from Mayor and Cabinet			Update - Moved to next municipal year
Single Homeless Intervention and Prevention (SHIP)	Standard item	Medium	CP6	July								
Affordability Review	In-depth review	High	CP6	Dec			Scoping Paper	Scoping Paper - Repr	Evidence Session 1	Evidence Session 2		Report
Lewisham's Housing Strategy (2015-2020) - Update	Policy development	High	CP6	Jan-16								moved to next municipal year
Private rented sector update/licensing scheme - Update	Standard item	High	CP6	Mar-16								
Proposed rent and service charge increases	Standard item	High	CP6	Dec								
Annual lettings plan	Standard item	High	CP6	Mar-16								
Monitoring Homeless Discharge - Update	Policy development	High	CP6	2016/17								
Key housing issues	Standard item	Medium	CP6	Ongoing			Government Housing Policy & Welfare (Post July 2015 Reform Changes - Update	Key Housing Issues (Post July 2015 Government Budget proposals)	Housing Bill			
Community Centres on Estates (*with Milford Towers	Standard item	Medium	CP6, CP9	Oct								
LB Newham - Red Door Ventures	Standard item	High	CP6	July								
Housing-Led Regeneration Opportunities	Standard item	Medium	CP6	Dec								
Locational Priority Policy - temporary accommodation	Policy development	High	CP6	Oct								
Allocations Policy (inc. access to affordable housing)	Policy development	High	CP6	TBC								
Rehousing the homeless - Charity Groups	Standard item	Medium	CP6	2016/17								
Older peoples housing and supported housing	Standard item	Medium	CP6	TBC								
Health and Housing (with HCSC) - multi-agency approach to tackle health related issues in relation to housing	Standard item	Medium	CP6, CP9	2016/17								Moved to next municipal year
HMOs and the use of Article 4 Direction	Information item	Medium	CP6	2016/17								

	Item completed
	Item ongoing
	Item outstanding
	Proposed timeframe
	Item added

Meeting Dates:						
1)	Wed	15 April		5)	Tues	27-Oct
2)	Tue	19-May		6)	Tues	1-Dec
3)	Wed	8-July		7)	Tues	26-Jan
4)	Wed	16-Sept		8)	Wed	9-March

Shaping Our Future: Lewisham's Sustainable Community Strategy 2008-2020		
	Priority	
1	Ambitious and achieving	SCS 1
2	Safer	SCS 2
3	Empowered and responsible	SCS 3
4	Clean, green and liveable	SCS 4
5	Healthy, active and enjoyable	SCS 5
6	Dynamic and prosperous	SCS 6

Corporate Priorities		
	Priority	
1	Community Leadership	CP 1
2	Young people's achievement and involvement	CP 2
3	Clean, green and liveable	CP 3
4	Safety, security and a visible presence	CP 4
5	Strengthening the local economy	CP 5
6	Decent homes for all	CP 6
7	Protection of children	CP 7
8	Caring for adults and older people	CP 8
9	Active, healthy citizens	CP 9
10	Inspiring efficiency, effectiveness and equity	CP 10

## FORWARD PLAN OF KEY DECISIONS

### Forward Plan March 2016 - June 2016

This Forward Plan sets out the key decisions the Council expects to take during the next four months.

Anyone wishing to make representations on a decision should submit them in writing as soon as possible to the relevant contact officer (shown as number (7) in the key overleaf). Any representations made less than 3 days before the meeting should be sent to Kevin Flaherty, the Local Democracy Officer, at the Council Offices or [kevin.flaherty@lewisham.gov.uk](mailto:kevin.flaherty@lewisham.gov.uk). However the deadline will be 4pm on the working day prior to the meeting.

A "key decision"\* means an executive decision which is likely to:

- (a) result in the Council incurring expenditure which is, or the making of savings which are, significant having regard to the Council's budget for the service or function to which the decision relates;
- (b) be significant in terms of its effects on communities living or working in an area comprising two or more wards.

January 2016	<b>Private Rented Sector Proposed Additional Licensing scheme for Flats over Commercial Premises</b>	02/03/16 Mayor and Cabinet	Kevin Sheehan, Executive Director for Customer Services and Councillor Damien Egan, Cabinet Member Housing		
January 2016	<b>Catford Regeneration Partnership Ltd Business Plan 2016-17</b>	02/03/16 Mayor and Cabinet	Janet Senior, Executive Director for Resources & Regeneration and Councillor Alan Smith, Deputy Mayor		

**FORWARD PLAN – KEY DECISIONS**

Date included in forward plan	Description of matter under consideration	Date of Decision Decision maker	Responsible Officers / Portfolios	Consultation Details	Background papers / materials
	<b>Ravensbourne Flood Alleviation Scheme</b>	02/03/16 Mayor and Cabinet	Janet Senior, Executive Director for Resources & Regeneration and Councillor Alan Smith, Deputy Mayor		
February 2016	<b>St Winifred's Catholic Primary School Making of Instrument of Government</b>	02/03/16 Mayor and Cabinet	Sara Williams, Executive Director, Children and Young People and Councillor Paul Maslin, Cabinet Member for Children and Young People		
	<b>Public Health GUM Sexual Health Provision</b>	02/03/16 Mayor and Cabinet (Contracts)	Aileen Buckton, Executive Director for Community Services and Councillor Chris Best, Cabinet Member for Health, Wellbeing and Older People		
December 2015	<b>Award of Contracts for Residential Detoxification Services</b>	15/03/16 Overview and Scrutiny Business Panel	Aileen Buckton, Executive Director for Community Services and Councillor Janet Daby, Cabinet Member Community Safety		
January 2016	<b>Contract Variation and Single Tender Action for PLACE/Ladywell</b>	15/03/16 Overview and Scrutiny Business Panel	Kevin Sheehan, Executive Director for Customer Services and Councillor Damien Egan, Cabinet Member Housing		



**FORWARD PLAN – KEY DECISIONS**

<b>Date included in forward plan</b>	<b>Description of matter under consideration</b>	<b>Date of Decision Decision maker</b>	<b>Responsible Officers / Portfolios</b>	<b>Consultation Details</b>	<b>Background papers / materials</b>
	<b>Contract Award for Targeted Family Support Service</b>	15/03/16 Overview and Scrutiny Business Panel	Sara Williams, Executive Director, Children and Young People and Councillor Paul Maslin, Cabinet Member for Children and Young People		
February 2016	<b>Discretionary Housing Payments for People Affected by Welfare Reform</b>	15/03/16 Overview and Scrutiny Business Panel	Kevin Sheehan, Executive Director for Customer Services and Councillor Damien Egan, Cabinet Member Housing		
	<b>Insurance Provisions and reserves</b>	15/03/16 Overview and Scrutiny Business Panel	Janet Senior, Executive Director for Resources & Regeneration and Councillor Kevin Bonavia, Cabinet Member Resources		
December 2015	<b>Reprocurement of Healthwatch and NHS Complaints Advocacy Service</b>	15/03/16 Overview and Scrutiny Business Panel	Aileen Buckton, Executive Director for Community Services and Councillor Chris Best, Cabinet Member for Health, Wellbeing and Older People		
January 2016	<b>Award of contract to deliver community breastfeeding support service</b>	15/03/16 Overview and Scrutiny Business Panel	Aileen Buckton, Executive Director for Community Services and Councillor Chris Best, Cabinet Member for Health, Wellbeing and Older People		

**FORWARD PLAN – KEY DECISIONS**

Date included in forward plan	Description of matter under consideration	Date of Decision Decision maker	Responsible Officers / Portfolios	Consultation Details	Background papers / materials
	<b>2016 Schools Minor Works Contract - Permission to vary 2015/16 Contract to deliver works to Fairlawn School</b>	15/03/16 Overview and Scrutiny Education Business Panel	Sara Williams, Executive Director, Children and Young People and Councillor Paul Maslin, Cabinet Member for Children and Young People		
	<b>2016 School Minor Works Contract - Restricted Tender Request and Permission to Vary a Contract</b>	15/03/16 Overview and Scrutiny Business Panel	Sara Williams, Executive Director, Children and Young People and Councillor Paul Maslin, Cabinet Member for Children and Young People		
December 2015	<b>'A natural Renaissance for Lewisham (2015-2020)' The Borough's Biodiversity Action Plan.</b>	23/03/16 Mayor and Cabinet	Kevin Sheehan, Executive Director for Customer Services and Councillor Rachel Onikosi, Cabinet Member Public Realm		
January 2016	<b>Beeson Street Scheme Approval and Proposed form of Investment partnership/procurement route</b>	23/03/16 Mayor and Cabinet	Kevin Sheehan, Executive Director for Customer Services and Councillor Damien Egan, Cabinet Member Housing		
January 2016	<b>Brasted Close Housing Development</b>	23/03/16 Mayor and Cabinet	Kevin Sheehan, Executive Director for Customer Services and Councillor Damien Egan, Cabinet Member Housing		
	<b>Comprehensive Equalities</b>	23/03/16	Janet Senior, Executive		

**FORWARD PLAN – KEY DECISIONS**

Date included in forward plan	Description of matter under consideration	Date of Decision Decision maker	Responsible Officers / Portfolios	Consultation Details	Background papers / materials
	<b>Scheme</b>	Mayor and Cabinet	Director for Resources & Regeneration and Councillor Joan Millbank, Cabinet Member Third Sector & Community		
December 2015	<b>Deferred Payment Agreement Arrangements Care Act 2014</b>	23/03/16 Mayor and Cabinet	Aileen Buckton, Executive Director for Community Services and Councillor Chris Best, Cabinet Member for Health, Wellbeing and Older People		
	<b>Development Agreement with the Education Commission for the Archdiocese of Southwark</b>	23/03/16 Mayor and Cabinet	Sara Williams, Executive Director, Children and Young People and Councillor Paul Maslin, Cabinet Member for Children and Young People		
November 2015	<b>Discharge into Private Rented Sector Policy</b>	03/16 Mayor and Cabinet	Kevin Sheehan, Executive Director for Customer Services and Councillor Damien Egan, Cabinet Member Housing		
	<b>Disposal of Land at Corner of Deptford Church Street and Creekside</b>	23/03/16 Mayor and Cabinet	Janet Senior, Executive Director for Resources & Regeneration and Councillor Alan Smith, Deputy Mayor		
	<b>Disposal of Saville Centre Lewisham High Street</b>	23/03/16 Mayor and Cabinet	Janet Senior, Executive Director for Resources &		

**FORWARD PLAN – KEY DECISIONS**

Date included in forward plan	Description of matter under consideration	Date of Decision Decision maker	Responsible Officers / Portfolios	Consultation Details	Background papers / materials
			Regeneration and Councillor Alan Smith, Deputy Mayor		
	<b>Health and Social Care Devolution Pilot</b>	23/03/16 Mayor and Cabinet	Aileen Buckton, Executive Director for Community Services and Councillor Chris Best, Cabinet Member for Health, Wellbeing and Older People		
August 2015	<b>Housing Allocations Policy</b>	23/03/16 Mayor and Cabinet	Kevin Sheehan, Executive Director for Customer Services and Councillor Damien Egan, Cabinet Member Housing		
January 2016	<b>Housing Led - Regeneration Sites, parts 1 &amp; 2</b>	23/03/16 Mayor and Cabinet	Kevin Sheehan, Executive Director for Customer Services and Councillor Damien Egan, Cabinet Member Housing		
January 2016	<b>Lewisham Homes Management Agreement</b>	23/03/16 Mayor and Cabinet	Kevin Sheehan, Executive Director for Customer Services and Councillor Damien Egan, Cabinet Member Housing		
January 2016	<b>Miscellaneous Debts Write Off</b>	23/03/16 Mayor and Cabinet	Janet Senior, Executive Director for Resources & Regeneration and Councillor Kevin Bonavia, Cabinet Member Resources		

**FORWARD PLAN – KEY DECISIONS**

Date included in forward plan	Description of matter under consideration	Date of Decision Decision maker	Responsible Officers / Portfolios	Consultation Details	Background papers / materials
January 2016	<b>New Bermondsey Housing Zone Bid Update</b>	23/03/16 Mayor and Cabinet	Janet Senior, Executive Director for Resources & Regeneration and Councillor Alan Smith, Deputy Mayor		
	<b>OFSTED Inspection of Services for Children in Need of Help and Protection, Children Looked After and Care Leavers</b>	23/03/16 Mayor and Cabinet	Sara Williams, Executive Director, Children and Young People and Councillor Paul Maslin, Cabinet Member for Children and Young People		
	<b>Lewisham Safeguarding Children Board OFSTED Action Plan</b>	23/03/16 Mayor and Cabinet	Sara Williams, Executive Director, Children and Young People and Councillor Paul Maslin, Cabinet Member for Children and Young People		
January 2016	<b>Phoenix Homes Community Housing Development Agreement</b>	23/03/16 Mayor and Cabinet	Kevin Sheehan, Executive Director for Customer Services and Councillor Damien Egan, Cabinet Member Housing		
June 2014	<b>Surrey Canal Triangle (New Bermondsey) - Compulsory Purchase Order Resolution</b>	23/03/16 Mayor and Cabinet	Janet Senior, Executive Director for Resources & Regeneration and Councillor Alan Smith, Deputy Mayor		
	<b>Contract Award for Community</b>	23/03/16	Sara Williams, Executive		

**FORWARD PLAN – KEY DECISIONS**

Date included in forward plan	Description of matter under consideration	Date of Decision Decision maker	Responsible Officers / Portfolios	Consultation Details	Background papers / materials
	<b>Nutrition and Physical Activity</b>	Mayor and Cabinet (Contracts)	Director, Children and Young People and Councillor Chris Best, Cabinet Member for Health, Wellbeing and Older People		
	<b>Annual Pay Statement</b>	30/03/16 Council	Andreas Ghosh, Head of Personnel & Development and Councillor Kevin Bonavia, Cabinet Member Resources		
January 2016	<b>Catford Regeneration Partnership Ltd Business Plan 2016-17</b>	30/03/16 Council	Janet Senior, Executive Director for Resources & Regeneration and Councillor Alan Smith, Deputy Mayor		
February 2016	<b>2016 School Minor Works Contract</b>	05/04/16 Overview and Scrutiny Education Business Panel	Sara Williams, Executive Director, Children and Young People and Councillor Paul Maslin, Cabinet Member for Children and Young People		
	<b>Annual Lettings Plan</b>	04/16 Mayor and Cabinet	Kevin Sheehan, Executive Director for Customer Services and Councillor Damien Egan, Cabinet Member Housing		
May 2015	<b>Formal Designation of Crystal Palace &amp; Upper Norwood</b>	04/16 Mayor and Cabinet	Janet Senior, Executive Director for Resources &		

**FORWARD PLAN – KEY DECISIONS**

<b>Date included in forward plan</b>	<b>Description of matter under consideration</b>	<b>Date of Decision Decision maker</b>	<b>Responsible Officers / Portfolios</b>	<b>Consultation Details</b>	<b>Background papers / materials</b>
	<b>Neighbourhood Forum and Area</b>		Regeneration and Councillor Alan Smith, Deputy Mayor		
November 2015	<b>Temporary Accommodation Procurement Strategy</b>	04/16 Mayor and Cabinet	Kevin Sheehan, Executive Director for Customer Services and Councillor Damien Egan, Cabinet Member Housing		
January 2016	<b>Hostels/Private Sector Leased Service Transfer to Lewisham Homes</b>	05/16 Mayor and Cabinet	Kevin Sheehan, Executive Director for Customer Services and Councillor Damien Egan, Cabinet Member Housing		
February 2016	<b>Processing of Dry Recyclables Contract</b>	05/16 Mayor and Cabinet (Contracts)	Kevin Sheehan, Executive Director for Customer Services and Councillor Rachel Onikosi, Cabinet Member Public Realm		
	<b>Contract Award Security</b>	06/16 Mayor and Cabinet (Contracts)	Janet Senior, Executive Director for Resources & Regeneration and Councillor Alan Smith, Deputy Mayor		
	<b>Contract Award Cleaning</b>	06/16 Mayor and Cabinet (Contracts)	Janet Senior, Executive Director for Resources & Regeneration and Councillor Alan Smith, Deputy Mayor		
	<b>Contract Award Planned and</b>	06/16	Janet Senior, Executive		

<b>FORWARD PLAN – KEY DECISIONS</b>					
<b>Date included in forward plan</b>	<b>Description of matter under consideration</b>	<b>Date of Decision Decision maker</b>	<b>Responsible Officers / Portfolios</b>	<b>Consultation Details</b>	<b>Background papers / materials</b>
	<b>Preventative Maintenance</b>	Mayor and Cabinet (Contracts)	Director for Resources & Regeneration and Councillor Alan Smith, Deputy Mayor		
	<b>Insurance Renewal</b>	09/16 Overview and Scrutiny Business Panel	Janet Senior, Executive Director for Resources & Regeneration and Councillor Kevin Bonavia, Cabinet Member Resources		



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# Overview and Scrutiny

## Affordability Review

### Housing Select Committee

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#### Membership of the Housing Select Committee in 2015-16:

**Councillor Carl Handley (Chair)**

**Councillor Peter Bernards (Vice-Chair)**

**Councillor John Coughlin**

**Councillor Amanda De Ryk**

**Councillor Maja Hilton**

**Councillor Simon Hooks**

**Councillor Liz Johnston-Franklin**

**Councillor Olurotimi Ogunbadewa**

**Councillor Jonathan Slater**

**Councillor Susan Wise**

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<b>4. Purpose and structure of the Review</b>	<b>**</b>
<b>5. The Policy Context and Review Focus</b>	<b>**</b>
<b>6. The Evidence</b>	
• Neil McCall, Group Operations Director, Affinity Sutton	
• Steve Moseley, Assistant Director, Strategy & Operations, L&Q	
• Dr Jacqui Daly, Research & Consultancy Director, Savills	
• Kath Scanlon, Deputy Director, London School of Economics and Political Science (LSE)	
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### Appendices

## **Chair's Introduction**

*To be added*

Councillor Carl Handley  
Chair of the Housing Select Committee

**1. Executive Summary**

*To be drafted once the recommendations have been agreed*

## **2. Key Findings**

Having considered the evidence presented to it over the course of the review, it is the Committee's opinion that:

### **3. Recommendations**

The Committee would like to make the following recommendations:

Recommendation 1:

xxx

Recommendation 2:

xxx

Recommendation 3:

xxx

Recommendation 4:

xxx

Recommendation 5:

xxx

#### **4. Purpose and structure of the review**

- 4.1 At its meeting on 16 September 2015, the Committee decided to carry out a review into the affordability of housing in Lewisham.
- 4.2 A couple of the drivers behind the Committee's decision to carry out the review was a study on Affordable Rents was being carried by Affinity Sutton with the Cambridge Centre for Housing & Planning Research, and the upcoming London Mayoral election in 2016 where the affordability of housing in London will be a key issue. It was further felt that it would be important for Lewisham to play a role in shaping some of the policy debate regarding how to make housing more affordable and accessible in London.
- 4.3 The Committee therefore wanted to outline some of the key issues in respect of affordable in Lewisham and what policy initiatives could be considered to improve affordability.

#### **Timetable**

- 4.4 At its meeting on 16 September 2015, the Committee considered a scoping report for the review and agreed terms of reference. It was decided that the review would explore the following themes and seek answers to the following questions:
- Define what 'affordability' means at a local level.
  - What are the factors that are causing affordability issues across all housing tenures in the borough?
  - What are the Council and its key housing partners doing to alleviate the issue of affordability of housing in the borough?
  - What is the Council doing in terms of working with developers to ensure affordability issues in developments are appropriately addressed in the borough?
  - Are the Council's affordable housing objectives (as in the Sustainable Communities Strategy, the Core Strategy, the new Housing Strategy etc.) being met?
  - What are the policy options that could help deliver more affordable housing across all tenures in Lewisham?
  - Are there any current initiatives or research being conducted that could make housing more affordable in Lewisham?

#### **Witnesses**

- 4.7 Evidence sessions were held on: 27 October 2015 and 1 December 2015. The witnesses who gave evidence to the Committee were:

#### ***Neil McCall (Group Operations Director, Affinity Sutton)***

Affinity Sutton is a national housing association, with 57,000 properties across over 120 local authorities across the country. In Lewisham,

Affinity Sutton has 593 properties, which are in the Orchard Gardens and Leybridge & Newstead estates, which were both stock transfers from the Council.

***Steve Moseley (Assistant Director, Strategy & Operations, L&Q)***

L&Q manages over 70,000 homes in London and South-East England. As well as building homes, they also help manage the homes after completion and are involved in community regeneration projects. Their 'L&Q Foundation' also invests £4 million each year in opportunities for local communities, including employment training, activities for young and older residents, financial advice and community building. L&Q are partnered with local authorities, voluntary organisations, faith groups, social enterprises and business networks.

L&Q manages over 7,000 properties in Lewisham. Their property portfolio in the borough mainly consists of properties the Council has transferred to them in the Grove Park, Catford, Rushey Green, Forest Hill and Sydenham areas. The first stock transfer from the Council to L&Q was Lewisham Park which took place in 2007.

***Dr Jacqui Daly (Research & Consultancy Director, Savills)***

Savills plc are an international real estate services provider, with an international network of more than 600 offices and associates throughout the Americas, the UK, continental Europe, Asia Pacific, Africa and the Middle East, offering a broad range of specialist advisory, management and transactional services to clients all over the world.

Savills plc offers a wide range of specialist property services from investment advice, consultancy services and valuations to sourcing sites for development and estate management.

***Kath Scanlon (Deputy Director, London School of Economics and Political Science (LSE))***

LSE is a specialist university with an international intake and a global reach. Its research and teaching span the full breadth of the social sciences, from economics, politics and law to sociology, anthropology, accounting and finance. Founded in 1895, the School has an outstanding reputation for academic excellence. 16 Nobel prize winners have been LSE staff or alumni.



## **5. The Policy Context and Review Focus**

5.1 At their meeting on 16 September 2015, the Committee considered the Scoping Paper for the Affordability Review<sup>1</sup>, and were giving the option of looking at the following four areas for the review:

- Social Housing
- Private Rented Sector
- Owner Occupation
- Shared Ownership

5.2 The Committee decided to concentrate on the following areas:

- Social Housing
- Private Rented Sector

### **The policy context**

5.3 Lewisham's Sustainable Communities Strategy sets out six key priorities for the borough as a whole, including 'Clean, green and liveable – where people live in high quality housing and can care for and enjoy their environment'. The strategy also outlines a long-term ambition to see an extra 11,000 new homes in Lewisham by 2020. The Strategy states that it sees progress in as an increase in the number of homes and affordable homes in the borough.

5.4 Lewisham's Core Strategy has the objective to make provision for the completion of an additional 18,165 net new dwellings from all sources between 2009/10 and 2025/26, to meet local housing need and accommodate the borough's share of London's housing needs. This aims to exceed the London Plan target for the borough. The Core Strategy also has the objective to make provision to meet the housing needs of Lewisham's new and existing population, which will include;

- provision of affordable housing
- a mix of dwelling sizes and types, including family housing
- lifetime homes, and specific accommodation to meet the needs of an ageing population and those with special housing needs
- bringing vacant dwellings back into use

5.5 The current administration has also made a specific commitment to build 500 new homes by 2018.

### **Social and affordable housing**

5.6 The legal definition of social housing, from a regulatory perspective, is contained in the Housing and Regeneration Act 2008 (s68-70)<sup>2</sup> and it

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<sup>1</sup> Affordability Across All Housing Tenures Review: Scoping Paper; September 2015, Housing Select Committee

<sup>2</sup> See: <http://www.legislation.gov.uk/ukpga/2008/17/contents>

includes low cost rental accommodation and low cost home ownership. However, social housing is commonly defined as housing which is let at low rents on a secure basis to those who are most in need or struggling with their housing costs<sup>3</sup> and does not cover low cost home ownership. A key function of social housing is to provide accommodation that is 'affordable' to people on low incomes. Limits to rent increases set by law mean that rents are kept affordable.

5.7 The table below shows typical rents charged to people who live in Lewisham. Affinity Sutton has recently adopted a new rent model as detailed in section 4.13 below. The Living Rent (shown in italics) is a proposed rent model in a recently published report, which has not yet been adopted by any housing provider.

Average weekly gross rent for 2-bedroom properties in Lewisham					
Mean Market Rent	Affordable Rent (80% market)	Affordable Rent (65% market)	Affinity Sutton new rent model	Social Rent	<i>Living Rent (NHF/Savills)</i>
277.11 <sup>4</sup>	221.69	180.12	167 <sup>5</sup>	114.71 <sup>6</sup>	110.84 <sup>7</sup>

5.8 It could be said that there is a need for each authority to define what is "affordable" in the context of its housing needs and market and the relationship between house prices (and rents) and household incomes. However, it is commonly accepted that social rent is typically between 40% and 60% of market rent

5.9 The Coalition Government, as part of its housing policy reforms, announced in July 2011 its affordable homes programme. Part of this programme was to introduce Affordable Rent. Unlike the traditional Social Rent, Affordable Rent is linked to market rent levels, with housing providers able to charge up to 80% of market rent. Therefore, affordable rent is in effect a direct replacement for social rent, with increased revenue streams countering significantly lower grant rates.<sup>8</sup> The Coalition Government also introduced the 'Affordable Housing Guarantee scheme' to support the building of new additional affordable homes. The scheme was meant to offer housing associations and other private registered affordable housing providers a government guarantee on debt they raise to deliver additional newly-built affordable homes. This was meant to help reduce their borrowing costs, increasing the number of new homes they can afford to provide (the guarantee scheme is complemented in England by grant funding, although the guarantees themselves are UK wide)<sup>9</sup>.

<sup>3</sup> Shelter website, What is social housing?  
[http://england.shelter.org.uk/campaigns/why\\_we\\_campaign/Improving\\_social\\_housing/what\\_is\\_social\\_housing](http://england.shelter.org.uk/campaigns/why_we_campaign/Improving_social_housing/what_is_social_housing)

<sup>4</sup> Cambridge University, 'Housing Costs, Affordability and Rent Setting', June 2014

<sup>5</sup> Affinity Sutton, 'Affordability: A Step Forward', May 2015

<sup>6</sup> Cambridge University, 'Housing Costs, Affordability and Rent Setting', June 2014

<sup>7</sup> Savills, 'Living Rents by Local Authority', June 2015

<sup>8</sup> Lewisham Council, 'Affordable Rent Study Market Research & Affordability Analysis', February 2014

<https://www.lewisham.gov.uk/myservices/planning/policy/LDF/development-policies/Documents/LewishamCouncilPODAffordabilityStudyFinal.pdf>

<sup>9</sup> Gov.UK, 'Definitions of general housing terms', November 2012, <https://www.gov.uk/definitions-of-general-housing->

- 5.10 In addition to social rent (between 40 and 60 % of market rent) and affordable rent (80% of market rent) there is also intermediate rent which is set at a level above social rent, but below market levels and which does not include 'affordable' rent.
- 5.11 The result of the affordable rent policy has meant that affordability in social housing has become an issue. It has been calculated that in the highest priced areas of London, average 'affordable rents' have reached £269 a week. This equates to nearly two-thirds of the average Londoner's take-home pay. Private sector developers are required to build a certain amount of affordable housing as part of their planning permission. The amount they must build is calculated by councils with reference to each project's finances. However, it has been found that just 20% of the 23,000 homes being built on 61 sites that have started since March 2014 are affordable, according to the figures this equates to fewer than 4,700 homes<sup>10</sup>.
- 5.12 Other research has found that London's poorest households have been hit by a £50m rent rise as housing associations switch thousands of tenancies to higher affordable rents to make up a shortfall in government funding. The research shows that about 11,000 homes in the capital have been converted from "social" housing to 'affordable' since 2012, according to latest figures from the GLA. Annual rents have risen by £29m, but the total cost to tenants over the three years to date has been £49.7m<sup>11</sup>. Research undertaken by Inside Housing shows that rent rises have meant households need an average income of £40,000 a year to pay housing costs in these homes, rising to more than £80,000 in the most expensive boroughs. The analysis, carried out for Inside Housing by property consultancy Hometrack, showed the average affordable rent on a two-bedroom property let at 66% of market rates in London had risen from £964 a month in 2013 to £1,007 in 2014. This ranged from £627 in Bexley to £1,988 in Kensington and Chelsea – meaning an income of £80,591 would be needed to meet the costs in the west London borough. The figures assume 40% of income is spent on housing<sup>12</sup>.
- 5.13 As part of its 'Homes for forgotten families towards a mainstream shared ownership market' report, Shelter found that the Affordable Rent Programme is also changing the nature of the social housing offer. It is leading to higher rents and shorter contracts, making the tenure less distinct from private renting<sup>13</sup>.

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[terms](#)

<sup>10</sup> Financial Times, 'London struggles to build affordable homes', March 2015 <http://www.ft.com/cms/s/0/4ea96f5e-bde6-11e4-9d09-00144feab7de.html#axzz3blGBC4Om>

<sup>11</sup> The Guardian, 'Tenants hit by £50m rent rise as social housing converted to 'affordable' homes' March 2015 <http://www.theguardian.com/society/2015/mar/29/tenants-face-70m-rent-rise-as-social-housing-converted-to-affordable-homes>

<sup>12</sup> Inside Housing, 'Affordable rent' in London hits £1,000 per month on new builds', February 2015 <http://www.insidehousing.co.uk/affordable-rent-in-london-hits-1000-per-month-on-new-builds/7008453.article>

<sup>13</sup> Shelter, 'Homes for forgotten families: Towards a mainstream shared ownership market', August 2013 [http://england.shelter.org.uk/professional\\_resources/policy\\_and\\_research/policy\\_library/policy\\_library\\_folder/homes\\_for\\_forgotten\\_families\\_towards\\_a\\_mainstream\\_shared\\_ownership\\_market](http://england.shelter.org.uk/professional_resources/policy_and_research/policy_library/policy_library_folder/homes_for_forgotten_families_towards_a_mainstream_shared_ownership_market)

- 5.14 Concerns around the affordability of housing association rents are shared by a number of Registered Providers. Affinity Sutton has recently decided to introduce rents linked to the Living Wage<sup>14</sup> after research it undertook with the Cambridge Centre for Housing and Planning Research. L&Q also links rents to local wages<sup>15</sup>.
- 5.15 The Joseph Rowntree Foundation and the National Housing Federation commissioned a recently published report by Savills on affordability<sup>16</sup>. This report proposed a 'Living Rent', which would be set at a borough-level with the intention that the average low income household would not have to spend more than a third of its income on rent payments.
- 5.16 A report was also recently published by the campaign group SHOUT (Social Housing Under Threat), the National Federation of ALMOs and research consultants Capital Economics<sup>17</sup> which argues for a return to social rents for new build properties, highlighting the potential savings in housing benefit this could provide.

### **Private rented sector**

- 5.17 The issues of a shift in demographics; the increasingly limited access to social housing, and more recently difficulties in buying and selling in the owner-occupied market has led to major pressures in obtaining affordable rented private sector accommodation in London over the past 10-15 years.
- 5.18 In 2011, it was estimated that over a million households who would otherwise have become owner-occupiers have not been able to do so — and most are therefore now renting. Many who aspire to home ownership may have to live for a longer period — or even permanently — in private rented housing. On the other end of the spectrum, renting in the private sector is playing an increasing role in accommodating those who might otherwise be housed in the social rented sector as an answer to ever-growing waiting lists and problems of accommodating homeless households. More recently, the sector has increased its role as a provider of housing for young people and low-income households. Accessing the sector remains problematic however, and concern has focused particularly on difficulties with housing benefit (which is being further restricted), and on those who are unable to pay the deposit usually required. Landlords involved in this part of the market are often very different from those letting to better-off employed households<sup>18</sup>.

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<sup>14</sup> <http://www.insidehousing.co.uk/affinity-sutton-links-rents-to-living-wage/7010383.article>

<sup>15</sup> <http://www.insidehousing.co.uk/a-new-era-for-affordable-rents/7009008.article>

<sup>16</sup> <http://www.savills.co.uk/blog/article/189220/residential-property/a-living-rent-could-solve-the-housing-crisis.aspx>

<sup>17</sup> <http://4socialhousing.co.uk/research>

<sup>18</sup> London School of Economics, 'Towards a Sustainable Private Rented Sector', 2011

[https://www.lse.ac.uk/geographyAndEnvironment/research/london/events/HEIF/HEIF4b\\_10-11%20-newlondonenv/prslaunch/Book.pdf](https://www.lse.ac.uk/geographyAndEnvironment/research/london/events/HEIF/HEIF4b_10-11%20-newlondonenv/prslaunch/Book.pdf)

- 5.19 The size of the private rented sector in London was considerably larger than other regions in 2001 (14.3%) and the difference increased further in the following decade. By 2011 almost one-quarter of households in London (23.7%) were renting from a private landlord or letting agent<sup>19</sup>.
- 5.20 Furthermore, Londoners are paying more than £13.1 billion in rents to private sector landlords annually. In 2012, London median rents increased by around 9 per cent to £1,196 per month. This level of rent compares with gross monthly incomes (based on a 40 hour working week) of £990 at the national minimum wage, and £1,368 on the London Living Wage. London rents are therefore more than twice the level the England average rent and follow an estimated 12% rise in rents the previous year. Evidence suggests these average rises mask much higher local increases, for example in Newham (39 %) Redbridge (28 %) and Tower Hamlets (19 %) in 2012<sup>20</sup>.
- 5.21 A recent survey suggests that 47% of private renters in London have £100 or less disposable income after paying for essentials such as rent, fuel bills, food, and council tax each month. There are impacts too in relation to key workers, as unaffordable local rents make it more difficult to obtain jobs because they would have to travel further and incur greater child care costs<sup>21</sup>
- 5.22 Alongside all these issues of affordability, there has also been the impact of the Coalition Government's 'Welfare Reforms', which included a Housing Benefit cap of £500 a week for couples and single parent households and £350 a week for single adult households without children. Due to the levels of rent in London, over half of the households affected by the benefit cap live in London, with a total of £130m to be cut from household incomes each year<sup>22</sup>. Research carried out by Generation Rent suggests that as many as 39% of tenants have had to cut back on heating to make sure that they can pay the rent and a further 33% have had to reduce their food bills. However, it should be noted that this problem is not confined to the private rented sector and is symptomatic of a wider problem with the cost of housing across all tenures<sup>23</sup>.
- 5.23 All of these factors mean that the private rented sector is no longer affordable for many of the households who need it, in London and across England. This is also not taking into account the other practical

<sup>19</sup> London School of Economics, 'The rapid growth in London's private rented sector and what it means for our housing system', January 2014 <http://blogs.lse.ac.uk/politicsandpolicy/all-eyes-are-on-londons-private-rented-sector/>

<sup>20</sup> GLA Housing and Regeneration Committee, 'Making London's private rented sector fit for purpose', June 2013 <http://www.london.gov.uk/sites/default/files/Rent%20Reforms%20-%20Making%20the%20Private%20Rented%20Sector%20Fit%20for%20Purpose%20Final.pdf> )

<sup>21</sup> LB Haringey, 'Experiences and effects of the benefit cap in Haringey' October 2013 <http://www.cih.org/resources/PDF/Policy%20free%20download%20pdfs/Experiences%20and%20effects%20of%20the%20benefit%20cap%20in%20Haringey%20-%20October%202013.pdf>

<sup>22</sup> LB Haringey, 'Experiences and effects of the benefit cap in Haringey' October 2013 <http://www.cih.org/resources/PDF/Policy%20free%20download%20pdfs/Experiences%20and%20effects%20of%20the%20benefit%20cap%20in%20Haringey%20-%20October%202013.pdf>

<sup>23</sup> Generation Rent, 'Heating, Eating, Or Paying Rent?' August 2014 [http://www.generationrent.org/heating\\_eating\\_or\\_paying\\_rent](http://www.generationrent.org/heating_eating_or_paying_rent)

issues such as the specific up-front costs associated with obtaining a private rented sector tenancy, which often involves paying for a credit check, letting agent fees and putting down a security deposit, as well as paying the first month's rent in advance.

### **Government housing policy May 2015-**

5.24 The Government's July 2015 Budget presented a number of proposals in relation to Housing Policy:

#### a) Rent Reduction

The budget announced that the previous policy of social housing rents increasing by the Consumer Price Index plus one per cent is to be ended. Instead rents will be reduced by one per cent a year from April 2016 until 2020 (when it is said that the previous policy will be re-adapted). This applies to all social rents including affordable rents.

Whilst this policy will make rents more affordable for tenants in social housing, concerns have been raised about the impact that this will have on the supply of new housing. The Office for Budget Responsibility forecast that this policy could result in 14,000 fewer affordable homes being built by 2021 due to Housing Associations revising their development plans .

#### b) Pay to Stay

The other proposal from the budget which will have an impact on rents and affordability is 'Pay to Stay'. This proposal is that tenants of social housing with a household income higher than £40,000 a year in London (£30,000 elsewhere) will have to pay higher rents, up to the market rent, from 2017. Registered Providers will be able to keep additional rental income from this scheme, but local authorities (including those with ALMOs) will have to pay this additional rental income to the Treasury.

In terms of affordability, this policy will mean that some tenants of social housing will see their rents increase significantly. It is not yet clear whether there will be a taper for those tenants who earn more than the threshold, but who could not afford full market rents where they live.

#### c) Welfare reform

In addition to the announcements which will have a direct impact on rents, the budget also announced that working-age benefits will be frozen for four years, that those aged 18 to 21 will have no automatic entitlement to housing benefit and that the benefit cap will be reduced to £23,000 in London. All of these changes will have an impact on the

ability of many residents in Lewisham to afford housing costs, regardless of the tenure in which they live.

- 5.25 The Government also has a Housing Bill which is presently going through Parliament, that will legislate for the Conservative 2015 Manifesto commitment to extend the Right to Buy to tenants in Housing Associations to enable more people to buy a home of their own.

### **The Picture in Lewisham: information from the 2011 Census and other relevant housing statistics**

- 5.26 The Scoping Paper for the Affordability Review also presented some relevant housing statistics in respect of Lewisham.
- 5.27 The 2011 Census showed that owner-occupation in Lewisham has gone down from 53,800 to 50,700 between 2001-2011. The social rented sector has gone down from 38,200 to 36,100 in the same period, but is still larger than the private rented sector which leapt from 14,100 to 28,200. This outlines the growth in the private rented sector, which has occurred across London over the past 10-15 years.
- 5.28 Of the 50,700 in the owner-occupier sector, 63% owned by mortgage, 34% owned outright and 3% were in shared ownership. In terms of economic activity, the 2011 Census showed that 77.1% of owner-occupiers and 79.3% of those in the private rented sector were in employment. However, only 48.6% of those in the socially rented sector were in employment. 20.3% of those in the socially rented sector were either unemployed or long-term sick and 19.7 were retired.
- 5.29 93% of 116,000 'household reference people' on the 2011 Census were in four economic activity groups: in employment (80,000); retired (17,000); unemployed (6,000); long-term sick & disabled (5,500). Of the 6,000 people registered as unemployed, 55% were in the socially rented sector, 30% were in the private rented sector and 15% were owner-occupiers. One-third of households in Lewisham had dependent children and 60% of lone parents were in the socially rented sector.
- 5.30 The borough's median house prices are generally lower than the London average but still well above £200,000 (Crofton Park Ward has the highest average at £462,000 and the lowest ward is New Cross with an average of £240,500 as of 2014). Therefore the same issues concerning people being able to buy their own home affect those in Lewisham as they do those across London. Nevertheless, Lewisham was listed in the 'top 10 most affordable boroughs in Greater London to buy property' in recent research by property group, CBRE<sup>24</sup>. The median earnings for Lewisham are £27,251, whereas the London median earnings is £28,000 so this could have an impact on affordability across all housing tenures. Lewisham has the second-

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<sup>24</sup> Daily Telegraph, 'Mapped: the last affordable London boroughs in which to buy', December 2014).



fastest rate of house price rises in the capital in the year to April, with an annual growth rate of 16.4%<sup>25</sup>.

5.31 In respect of the private rented sector, for a 2-bedroom property in Lewisham, the median borough rent is £1,104 per month, which compares to the London median of £1,288 per month. For a 3-bedroom property, the median borough rent is £1,380 a month, compared to the London median of £1,560<sup>26</sup>.

5.32 In respect of affordable rents, in 2013-14 Lewisham Council commissioned 'pod LLP' Council to undertake a study relating to "Affordable Rent" levels, and specifically the ability of local residents considered to be in housing need to meet a range of Affordable Rents, up to 80% of the market value. In its conclusion, the overarching findings of the study were:

- Although there are geographical affordability differences by postcodes, we would recommend applying overarching rent guidance rather than a set of guidelines based on postcodes. This will be simpler to operate in reality.
- There is a huge difference in affordability between smaller and larger homes. One and (to some extent) two bed homes would appear to be affordable for most people, regardless of circumstances.
- For three and four bed homes, affordability varies hugely depending upon whether the household is in employment. Unemployed larger families will see a sometimes significant reduction in their weekly budget.
- Larger working families will not necessarily be affected by higher rent levels in terms of residual income.

5.33 The report concluded that that Affordable Rent guidance could be provided to Registered Providers within the Borough stating that appropriate Affordable Rent levels would be as such:

- 1-bed: 80% market rent or Local Housing Allowance (LHA)
- 2-bed: 70 to 80% market rent or LHA
- 3-bed: Up to 65% or a proportion at the capped rent of 50%
- 4-bed: 50% market rent (capped rent)

5.34 The report concluded that:

"The rent levels above would give some comfort that the 'at risk' larger unemployed families will at least have some housing options that will not see immediate affordability issues. As three beds are the threshold point at which affordability issues begin in earnest, it could be that a

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<sup>25</sup> Land Registry House Price Index

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/430497/HPIReport20150511.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/430497/HPIReport20150511.pdf)

<sup>26</sup> Mayor of London; 'London Rents map' <http://www.london.gov.uk/priorities/housing-land/renting-home/rents-map?source=vanityurl>



proportion of these could be appropriate at a lower 'capped' level for families most in housing need, but with the remainder placed at a slightly higher rental level (up to 65%) for working families where affordability is not as acute an issue. Such a split would be more difficult for four bed homes as the affordability results are that much worse<sup>27</sup>."

- 5.35 Lewisham is making a contribution to the social rented sector and affordable housing, with its Housing Matters policy and related future developments, which will deliver against the target for the Council to build 500 new homes by 2018. For all newly built homes, the previously agreed tenure split of 80 per cent social rented and 20 per cent private sale will continue to be applied in order for sales proceeds to cross-subsidise the construction of new social housing<sup>28</sup>.

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<sup>27</sup> Lewisham Council, 'Affordable Rent Study: Market Research & Affordability Analysis', February 2014  
<https://www.lewisham.gov.uk/myservices/planning/policy/LDF/development-policies/Documents/LewishamCouncilPODAffordabilityStudyFinal.pdf>

<sup>28</sup> Housing Select Committee Report, 'New Homes, Better Places Update' May 2015  
<http://councilmeetings.lewisham.gov.uk/documents/s36478/04HSCNewBbuildReportFinal190515.pdf>

## **6. The Evidence**

### **Neil McCall (Group Operations Director, Affinity Sutton)**

- 6.1 Affinity Sutton is a national housing association, with 57,000 properties across over 120 local authorities across the country. In Lewisham, Affinity Sutton has 593 properties, which are in the Orchard Gardens and Leybridge & Newstead estates, which were both stock transfers from the Council.
- 6.2 Neil McCall reported to the Committee that in Lewisham, Affinity Sutton has 593 properties, which are in the Orchard Gardens and Leybridge & Newstead estates, which were both stock transfers from the Council. After their research into affordability undertaken in 2011, Affinity Sutton chose to limit the rent charged on larger units to 65% as these were judged to be unaffordable at 80% to larger households with higher outgoings
- 6.3 The Committee also heard that with the reduction in capital grant rates for new housing supply reduced and other housing policy changes since 2010 like the Affordable Rent Policy, Affinity Sutton felt that some research needed to be conducted to consider what the principles of setting a rent policy should be and what Affinity Sutton's new Affordable Rent policy might look like. In doing so, Affinity Sutton decided that it would work alongside Cambridge Centre for Housing and Planning Research (CCHPR), as they had already worked alongside them for a research paper in 2014 called 'Housing Costs, Affordability and Rent Setting'.
- 6.4 Committee were also informed that the work in the report may need to be reviewed in light of the Government proposals since the elections, such as the 1% year-on-year reduction in social rent. Affinity Sutton has estimated that this could have the potential to cost them around £340m over the next 10 years.
- 6.5 Responding to questions from the Committee, Neil McCall said that Affinity Sutton refers to Social Rent as the 'Target Rent' in its report. He also said that Affinity Sutton would like to move more of its residents off Housing Benefit, as this benefits both the rent payer and the taxpayer in the long run.
- 6.6 The Committee also heard that Affinity Sutton's rent policy is linked to the National Minimum Wage and London Living Wage, and will take into account the Government's new National Living Wage, which will replace the Minimum Wage (which at the present rates will be lower). The Committee also heard that the rent-setting policy of Affinity Sutton is deliberately linked to the London Living Wage to make the rental link to earnings more prevalent. Affinity Sutton also pays its staff the London Living Wage.

- 6.7 Neil McCall also told the Committee that he estimated that approximately 55-60% of Affinity Sutton residents would be in receipt of Housing Benefit. The Committee applauded the aim of reducing the amount of Affinity Sutton residents that are in receipt of Housing Benefit
- 6.8 The Committee heard that even though many Housing Association run at a surplus, most of the finances are already earmarked for property improvements and new builds. They also need to borrow from financial institutions to deliver on their developments. This has to be balanced with setting rent levels that are 'affordable' for their residents. Housing Associations and housing providers like Affinity Sutton needed to be open to new arrangements – such as considering temporary accommodation – to tackle the housing crisis in London. Affinity Sutton does have some hostels in the London Borough of Bromley.

**Steve Moseley (Assistant Director, Strategy & Operations, L&Q)**

- 6.9 As noted earlier, L&Q manages over 7,000 properties in Lewisham. 300 properties within Lewisham are of 'Affordable Rent':
- 6.10 Steve Moseley reported to the Committee that, like Affinity Sutton, the reduction in capital grant rates for new housing supply reduced and other housing policy changes since 2010, meant that L&Q felt it needed to review the rents policy, to try to ensure that they were affordable, but still allow enough revenue to improve existing properties and create new developments. L&Q also decided that their rents policy would not have any properties at '80% of the market value'. Most of their properties are between 55-70% of the market rent. The Committee also heard that L&Q's rent policy will have to be reviewed again at the end of 2015-2016 in light of the new Government's housing policy proposals that have been announced since the General Election.
- 6.11 Steve Moseley also reported to the Committee that the Government's plans for a 1% year-on-year cut in social rent could lead to L&Q building 18,000 fewer homes up to 2020 due to loss of revenue. L&Q has chosen to bridge this gap through efficiencies and increasing income to maintain its development pipeline. Also, the proposed new the Benefits Cap of £23,000 inside London and £20,000, is estimated to cause average shortfall of £65 per week on those affected by it in L&Q properties. Larger households on low incomes could be affected by as much as a £110 per week shortfall. As housing associations housing providers do not have any control over welfare and tax policy, any efforts to make rents more affordable could be offset by Government policy. This might mean there is no reduction in the percentage residents pay on rent in relation to their household income.
- 6.12 The Committee also heard that L&Q has always taken a more conservative approach to rent setting, which is why no affordable rents are charged at 80% of the market rate – they have never seen that as 'affordable' rent. It was also noted that L&Q need to look further into the implications of the Governments latest welfare and housing policy changes to understand their implications on L&Q's rent setting policy.
- 6.13 Responding to questions from the Committee, Steve Moseley said that L&Q paid its staff the London Living Wage. Committee were also informed that L&Q believe that the average rent for Lewisham is approximately 65% of market rents, which is in line with similar Housing Associations and properties across London.
- 6.14 Steve Moseley also reported that L&Q has an L&Q Foundation, which was established in 2011, that helps residents with a number of community investments and initiatives. It has funding of approximately £4.5m a year does a number of things such as run 'job-ready' work and training programmes to providing discretionary housing payments for qualifying residents. These are measures that can help alleviate the

benefits cap and other welfare changes that have been enacted since 2010.

- 6.15 The Committee were also informed that L&Q recognised that there are some anomalies in respect of rent charges. Some of these have been caused by the move to affordable rents policy and they will be willing to look into any problems this caused to residents. The Government's 'pay-to-stay' policy may also cause a situation where people who live in similar properties, but pay different levels of rent.

**Dr Jacqui Daly (Research & Consultancy Director, Savills),**

- 6.16 As noted earlier, Savills plc are an international real estate services provider, with an international network of more than 600 offices and associates throughout the world. Savills plc offers a wide range of specialist property services from investment advice, consultancy services and valuations to sourcing sites for development and estate management. Jacqui Daly had spent approximately 15 years conducting research on the Private Rented Sector, and was currently conducting research in the Build-to-Rent market.
- 6.17 Jacqui Daly reported to the Committee that the current market trends in housing in the UK since 2000, are that owner occupation has been falling, social housing is continuing to fall (as it has since the early 1980s) and the private rented sector has been increasing, with an estimated 5.7m dwelling in the private rented sector by 2018. This period has also seen a growth in buy-to-let properties – from 2m to 4.2m from 2001-2015 and this has helped the growth of the private rented sector.
- 6.18 Jacqui Daly also reported that some of the factors that have led to an increase in the private rented sector have been cultural changes, such as the difficulty of young people to get on the housing ladder, more people divorcing and/or staying single, the flexibility of not owning your own home. The financial crisis of 2008 has also exacerbated the problem of first-time buyers owning their own home due to the stricter lending rules and difficulty in raising enough money for a deposit, so more people are using the private rented sector.
- 6.19 The Committee also heard that there is also the issue of rising house prices, especially in London/South-East London. House prices in London have seen real annual trend-line growth of 3.6% over recent years. In terms of deposit affordability, in 2002, the deposit-to-income ratio in London was approximately 40%, but in 2015 that has gone up to over 120%. In the UK as a whole, the average deposit is £27,885, whereas in London alone it is £74,519. There has been a definite shift from owner-occupation in the under 35 and 35-44 years categories, with a fall of 732,000 and 783,000 people in mortgaged owner-occupation.
- 6.20 Jacqui Daly reported to the Committee that in respect of the private rented sector, People using the private rented sector went up 2.43m from 2001-2011– and in the under 35 category, went up 1.137m. In Lewisham, properties in the private rented sector increased from 15,930 in 2001 to 29,375 in 2011. The social rented sector was pretty static around 36,000 and owner-occupation decreased slightly from 53,826 to 50,664 in the same period. The growth of growth of households in the private rented sector has been over 80%, which outstrips the growth in London and England and Wales (just over 60%). The projection is that the shift to using the private rented sector is set to

continue, with all age groups bar the over 65s seeing a growth in the use of the private rented sector.

- 6.21 Jacqui Daly also noted that policymakers have been looking to see how they support the 'build-to-rent' market to cater for this growth in use of the private rented sector. For local authorities, this is beneficial as it will help provide vibrancy and create a sense of place in large regeneration sites, ease waiting list for affordable housing, and it attracts dynamic and mobile young professional with high disposable incomes. The National Planning Practice Guidance (NPPG) has offered planning obligation flexibilities for particular schemes. Under 'viability under the Guidance, it acknowledges explicitly that viability will vary with housing type, including housing for sale or rent.
- 6.22 Jacqui Daly presented to the Committee some examples of flexible arrangements to encourage 'build-to rent':
- North Acton, Ealing: M&G / HUB Residential  
Ealing agreed to allow the conversion of the original S.106 affordable housing requirements to 20 discounted market rent units, so enabling M&G to manage the complete property as a single entity but with some tenants paying a percentage of market rent.
  - Lewisham Gateway - Muse developments and Fizzy  
Fizzy helped to de-risk the development to ensure delivery
- 6.23 The Committee also heard that research shows that people in this country still aspire to own their own homes, but this now happens much later than 30 years ago.
- 6.24 The Committee also heard that some landlords and developers have looked to offer longer-term contracts as per the 'German model' of private rented, but Savills have found through research that some young people are happy to have more short-term, flexible contracts. The Committee also heard that in the German private rented sector contract might start at market rate, but the rental rises are fixed, so the renter will know how much the rent will be incrementally.

**Kath Scanlon (Deputy Director, London School of Economics and Political Science (LSE)),**

- 6.26 Kath Scanlon, Deputy Director of the LSE, has carried out a series of research projects looking at the Private Rented Sector in London, elsewhere in the UK and abroad.
- 6.27 Kath Scanlon reported to the Committee that historically, private rented sector housing consisted of purpose built estates, for example Du Cane Court, Balham and Dolphin Square, Pimlico, both in London, built in the 1930s. However, things began to change post-WWII o Post-deregulation (starting in the 1950s) companies wanted to sell – and did over the next twenty years. Owner-occupation grew rapidly with well-developed leasehold arrangements and the possibility of buying long leases o Tax benefits and other incentives meant private sector building was almost always for owner-occupation o New rented housing provided in the social sector.
- 6.28 The Committee also heard from Kath Scanlon that Private rented sector declined to 11% of total stock in England by the mid- 1980s. However, the deregulation of rents in 1988 led to slow increase in supply of housing for the private rented sector. They also heard that other factors led to the growth of the private rented sector from the late 190s, namely:
- Owner-occupation for young people badly was hit in early 1990s with the recession
  - Buy-to-Let mortgages introduced in late 1990s – therefore the private rented sector started to increase quite quickly
  - ‘Affordability crisis’ of housing in the early 2000s added to pressure on private rented sector.
- 6.29 In terms of those who provide property for the private rented sector, nearly 80% of come from landlords who own only one property. That consisted approximately 40% of dwellings.
- 6.30 Kath Scanlon also reported to the Committee some information to give the Review an international perspective. The Committee heard that England’s private rented sector constitutes 17% of the housing market, but in countries like USA (32%) and Germany (59%) it is much higher. Some other countries like The Netherlands (10%) and Spain (7%) it is much lower. It was stated that in most countries tenants are:
- Young or old
  - Low-income
  - Singles or single parents
  - Mobile:
    - young professionals
    - students
    - high-income corporate transfers
  - Those who can’t afford owner-occupation:



- housing benefit recipients
- migrants
- those who can't afford mortgage deposits

6.31 The Committee also heard that generally, those that do not live in the private rented sector, are the following:

- Middle- and upper-income families almost always own their homes
- Very few of the elderly rent privately in the UK (not the case in some other countries)

A lot of Western countries have some form of 'rent control', whether that be rent regulation, or tenant has the first refusal on sale of unit.

The UK does not have these controls

6.32 The Committee also heard from Kath Scanlon about 'The German Model'. For the 'German model', the terms and conditions for renting are as follows:

- Tenants get indefinite leases
- Landlords can evict only for reasons set out in the law; notice period 3 – 9 months depending on how long tenancy has lasted
- If the landlord sells, the lease binds the new owner
- Initial rent can be freely set, but not more than 20-50% above average rents in the local area—but new restrictions in Berlin, Munich
- Rent can go up every 15 months by average in the area

6.33 The Committee heard that the rental offer in Germany has a number of factors:

- Most private rented sector units are in rental-only blocks in single ownership
- Tenants stay for long time (average 11 years)
- Landlords invest into the longer term
- Landlords provide minimal facilities beyond the dwelling itself: usually no furniture or kitchens

6.34 Kath Scanlon noted that the economic environment in Germany is different to the UK:

- Over most of last thirty years real house prices fell in most areas
- General inflation also very low so costs fairly predictable, though some problems as standards have risen for example energy efficiency
- Some areas where pressures on rental market and difficulties in finding accommodation - extending to more cities since 2008
- Owner-occupation and house prices in these areas now rising quite rapidly.

6.35 The conclusions for the evidence presented by Kath Scanlon was as follows:

- Private rented sector has grown quickly in London since early 1990s, mostly through transfer of existing homes rather than new build
- 1988 deregulation of rents and leases contributed. English rental market much less regulated than in most European countries
- Private rented sector rents higher in London than almost anywhere else—as are house prices
- Effects of policies like rent control depend on legal, cultural and economic frameworks. What works well elsewhere might work very differently here.

6.36 Under questioning from the Committee, Kath Scanlon reported that primary housing problem in London and the South-East has been the 'housing bubble' and high prices resulting from the supply of housing not keeping pace with demand resulting from economic growth and migration.

6.37 The Committee also heard that big property developers are more inclined to deliver longer-term tenancies, such as the East Village (London 2012 Olympic site). They also heard that in terms of housing costs, to income, this should not be more than 30% of income to be comfortable. In London, most rents are above 30% of income.

## **7. The Committee's findings**

## **8. Monitoring and ongoing scrutiny**

- 8.1 In addition to a Mayoral response, the Committee would like an update on the implementation of any agreed recommendations before the end of the 2016/17 municipal year.