

HOUSING SELECT COMMITTEE		
Report Title	Church Grove self-build scheme update	
Key Decision	No	Item No. 6
Ward	Lewisham Central	
Contributors	Executive Director of Customer Services	
Class	Part 1	Date: 3 February 2014

1 Overview

- 1.1 On 24 October 2012, Mayor and Cabinet agreed that officers should explore the potential for a resident-led self-build housing scheme on the site of the former Watergate School, off Church Grove in Lewisham Central, and that officers should work with Lewisham Homes on the selection of a local organisation or community group to help shape the proposal.
- 1.2 This paper updates the Housing Select Committee on progress in that regard, and the findings from the programme of engagement with residents and local community groups. In addition it sets out the key issues for consideration with the delivery of a self build scheme in order to explain the two emerging and differing approaches to how the scheme might move forward. Finally it sets out the further work that needs to be undertaken before a recommendation can be made about how the scheme should be developed, and before any formal commitment can be made to potential self builders.

2 Recommendations

- 2.1 The Housing Select Committee is recommended to:
- 2.2 note the views and preferences expressed by residents as part of the consultation on the development of the site; and
- 2.3 note the two potential models through which the potential self build homes could be delivered, the further work required in order to make a recommendation regarding which would be most appropriate, and the timetable for doing so.

3 Background

- 3.1 On 24 October 2012, Mayor and Cabinet agreed that officers explore the proposal for a resident-led custom build type scheme on the site of the former Watergate School, off Church Grove in Lewisham Central. This process was to be carried out jointly by the Council and Lewisham Homes, in its role as new homes delivery agent for the Council, and should include working with the community to identify both potential self builders and also local community groups or organisations that might support the development.
- 3.2 Since then the development of the project has featured two principal activities. First a programme of awareness raising and resident and community engagement to review the potential options and raise interest in the scheme has been delivered. Second, officers have reviewed the various ways in which a self build scheme could be delivered, and compared these against the physical constraints of the site, the financial and delivery context in which the homes will be delivered, and the views and preferences of the residents that were received from the consultation.
- 3.3 The sections that follow set out a summary of the results of both of these activities, the two main methods through which the scheme could be delivered, and the further work that is required in order to make a recommendation about which of those is most appropriate.

4 Types of self build schemes and associated issues

- 4.1 There is a very wide range of options and models for the delivery of resident-led self build schemes, and as such the following paragraphs set out a brief summary of the main types to place the options for delivering the Church Grove site into context.

Self build and custom build

- 4.2 The simple self build model is that an individual or group obtains land and then manages and finances the entire development project themselves. This could include either completing the actual design and build activities themselves, or directly organising and procuring professional support which could include architects, project managers and build contractors.
- 4.3 This approach is best suited to individuals or groups who have both an interest in the land on which the homes are to be built – to enable them to attract development finance to fund the project – and who already have the skills, confidence and time to take forward the development themselves.

- 4.4 Taking forward this approach on the Church Grove site would mean identifying a group of residents that have the necessary skills and experience, and making the land available to them to build a scheme to their own design and preference. The Council might be able to maintain some control in this situation, for instance by withholding land transfer until the self builders had developed satisfactory plans, or potentially by entering into a Development Agreement with them.
- 4.5 This approach, whilst undoubtedly simplest, offers the least opportunity to meet the policy objectives for the site of meeting housing need and providing skills and training opportunities to the self builders and other residents. Furthermore a group of self builders with the required skills and confidence to build a scheme such as this need not acquire the land to do so from the Council, as it is likely that they would be able to identify and acquire private sites to build on.
- 4.6 Custom build differs from self build in that it allows for a wider range of people to be involved - that is people with a wider range of existing skills, confidence and capacity to contribute financially are able to be incorporated into a custom build scheme than a self build scheme.
- 4.7 This is possible because of the standard delivery model for custom build schemes in which an expert contractor will assist in the design phase and then manage the construction activity. This removes a lot of the risk from the self builders, and enables people with a wider range of skills to take part, and to develop skills through the construction process supported by the contractor.

Land ownership, development model and financing

- 4.8 There are broadly three ways the Council's land at Church Grove could be treated by the development.
- 4.9 First, it could be sold, either as a freehold or a long lease to a group of self builders able to raise sufficient capital to purchase it and build homes on the site. This option offers simplicity, and the potential to receive a capital receipt for the land which might then be recycled into the new home building programme, or any other Council priority.
- 4.10 As above however, this would favour more able self builders with access to finance, and as such would be less likely to benefit, for instance, residents currently on the Council's housing register. There would be less control over the development than in the other models below.
- 4.11 Second the land could be retained wholly or in large part by the Council. This would be made possible if the development was led in some part,

and financed at least initially, by the Council. Under this approach Lewisham Homes might project manage a development with selected self builders, assist them in appointing contractors and professional support, assist in the design development process and enable them to develop skills throughout the process.

- 4.12 A wide range of residents might be involved in this process, as the minimum contribution would be to help shape the design of the scheme. This approach would require the build costs to be met by the Council. However, with the on-going New Homes Better Places programme already developing homes on one site and options for further development on other sites, this approach could be incorporated into that programme, effectively as a highly customised version of a standard new build project.
- 4.13 The final option is that the land is transferred (or sold) into a trust of some form, which would likely be made up of the self builders, the Council, and potentially a community group or other stakeholder who might contribute to the development. One model of this would be the Community Land Trust (CLT) model, within which the land and the new homes are “locked in” and any subsidy, increases in land value and future revenue recycled to enable the trust to potentially develop further schemes in the future. The governance of a CLT is typically a democratic three way board formed of the residents of CLT housing, the wider community and the Council or other landholder. The CLT would then manage the completed homes
- 4.14 As sales are not possible under the CLT model it is likely that this approach would only be possible for the custom build model, and therefore could enable a wide range of residents to be involved. There are however complexities to this approach compared to a simple custom build led by Lewisham Homes; there will be start up and transaction costs in creating the CLT, and further due diligence on the relative financial and other benefits of this model would need to be undertaken before such an approach could be recommended.

5 Resident engagement programme and key messages

- 5.1 The programme of resident engagement focussed first on raising awareness, and subsequently on bringing together people who had expressed an interest in increasingly detailed conversations about how the scheme might be developed.
- 5.2 Following a range of press coverage advertising the proposed scheme and asking for potential self builders, or community groups which might support a self build scheme, to express an interest in taking part, a register of interested parties was constituted and grew by the end of the engagement period to over 200. This included residents in a range

housing tenures with a range of housing needs, from those on the Council's housing register seeking an opportunity to design and develop a new home to rent which better meets their need, to residents in private rented or owner occupation seeking the opportunity to obtain land to develop new homes which they would subsequently own.

- 5.3 In September 2013 the social enterprise "Our London" was appointed to act as a facilitator to this group of residents and to assist in assessing the various ways in which the scheme might be developed. Subsequently a 'Discussion Day' was held on the 5th October 2013 near the Church Grove site. Around 65 interested households attended this event, were presented with a number of example projects and a simple overview of the options for group self build, and had the opportunity to start to think about how the Church Grove site might develop as a community led scheme, and if and how they might individually be able to contribute to that.
- 5.4 Following the discussion day everyone who had expressed an interest was given the opportunity to attend further detailed discussions with Our London, in small groups of around five households, throughout October. Around 40 households attended these sessions. These discussions gave residents the opportunity to ask more detailed questions about the project, and self build in general. Our London outlined various options under consideration by the council and asked interested residents how they felt the project should work. The following section summarises resident preferences.
- 5.5 There was overwhelming support for a self build group made up of a mixture of backgrounds and financial circumstances, potentially including market rent and shared ownership. However residents felt that people the scheme should not be targeted at who could otherwise afford to buy a home at full market value.
- 5.6 While residents were not in a position to show a clear preference for any of the various models for delivering self build schemes, there was a commonly held desire for long term stability and some form of ownership. This was based on giving people "a greater stake in the community" and the feeling that "if you have helped to build something suited to yourself, then you should have a stake in it over the long term". A sense of ownership is closely connected with the knowledge that one can stay in the same home over the long term and "put down roots" despite small changes in family circumstances. Some residents were interested in the possibility of transitioning from social rent to part-ownership in the same home, while others thought some form of mutual or co-operative ownership would provide similar benefits.

- 5.7 There was a strongly held desire for control by residents of the design process, and in some cases, control over other parts of the development process. However, although residents would like a high degree of control in the scheme, their financial circumstances meant most of them didn't want to be exposed to too much risk. For example, the group would like to lead the briefing and selection of architects and consultants, and may be able to access grant funding for consultancy costs, whereas borrowing money and hiring contractors carries greater risk, and most felt this would be better handled by people with experience and expertise.
- 5.8 There was a broad desire for control over the long term management of the completed scheme, which is in line with the long term commitment people wish to make to the project and the area, and the control over the design and development of the scheme.
- 5.9 Discussions also covered topics such as decision making, skills and time input, training and qualifications, sustainability, site layout and access, common areas, and design of homes. Feedback from residents on these topics is referred to in the project approaches outlined below, although they will ultimately depend on input from the selected self-builders.

6 Rural Urban Synthesis Society (RUSS)

- 6.1 As part of the resident engagement programme the offer of being involved was also made to community groups who had the interest and/or the experience to support the development.
- 6.2 Of the groups that were involved, one such group – the Rural Urban Synthesis Society (RUSS) – was involved in detail in the discussion with residents. RUSS is formed of a number of local Lewisham residents with a range of backgrounds and experience. It has been incorporated as a Community Land Trust and has undertaken extensive research to support the development of options for the Church Grove site.
- 6.3 Some of the membership of RUSS are residents who expressed an interest through the consultation process in becoming self-builders themselves. Other members of the group are people with experience of facilitating, shaping and carrying out self-build projects in Lewisham. The aim of the group is to support others, through their own skills and experience, to carry out self build project which improve skills, achieve high environmental standards and create self sustaining communities.
- 6.4 RUSS has formed some initial ideas about how the Church Grove site might be delivered, has attracted some finance and external grant funding to support that work, and has now expressed a wish to work with the Council to develop the Church Grove site. As set out below, in order to

assess whether this is a viable option, and before any final recommendation can be made – or any offer made to residents, there remains further work to do to test how this approach might work.

7 Options for taking the scheme forward

7.1 Bringing together the different options for delivering a self build scheme, the feedback from the residents who have been involved to date, and the possibility of creating a Community Land Trust in the medium term, there are broadly two different options for taking the scheme forward from here, which are as follows:

1. A mutual or community owned scheme, where the project would be delivered by an independent entity such as a Community Land Trust or co-operative, and supported to a greater or lesser extent by the Council.
2. An 'assisted custom-build' approach which would be delivered by Lewisham Homes working in partnership with residents at an early stage, on design and construction, with the completed scheme retained as council housing.

7.2 These options are outlined in more detail in the following sections.

8 A mutual or community owned model, such as a Community Land Trust

8.1 Community owned or mutual organisations can take many forms. A Housing Co-operative (co-op) would be independent of the Council and democratically controlled by its residents. A Community Land Trust (CLT) would be an independent legal trust with equal tripartite representation from the Council, from residents, and from other independent interests on the board. Other variants are also possible and can be fine tuned to the circumstances of a particular group or project. In essence these models all have residents as part of the governance of the organisation which owns and manages the site and sets rents to provide a range of affordable tenures. As such they have the potential to offer the greatest degree of community control over the development process.

8.2 An independent CLT or a co-op may undertake housing development by borrowing money from the market, or from social impact lenders, or from the GLA custom build loan fund, which is not available to boroughs. This would allow the Council to use its borrowing capacity on other schemes, and the Council would also be in a position to secure a land receipt for the site. However this could leave a small independent organisation exposed

to construction risks and financial risks, which is something most residents did not feel comfortable with.

- 8.3 As a small independent organisation providing affordable housing, a CLT or co-op could become a Registered Provider. In this case the Council could transfer the land at a discount, and could lend at a low rate, or act as security for loans. In offering such subsidy and support it is likely the Council would expect an agreement with the co-op or CLT on the future use of any revenue surpluses for meeting other housing needs. This support would help reduce risks for the mutual organisation, and subsidy would go towards the development of affordable housing. However the full package of support and much of the development process would be similar to a development delivered by the Council / Lewisham Homes, except with more complicated legal and governance arrangements that would take a longer time to set up and limit the Council's influence.
- 8.4 Considerable further due diligence is required to ascertain whether this approach could be viable, and if so whether any community group might be capable of working with the Council in doing so. This work would include working with potential groups to test their financing models, their approach to governance, the approach that they would take to housing management and the implications and interplay of that with the Council's established allocations policy for social housing. The outcome of this work would then inform a cost/benefit analysis comparing a potentially simpler custom build approach, as below, with a potentially more innovative community owned model such as this.

9 An assisted custom build approach delivered by Lewisham Homes

- 9.1 Under this model, an 'assisted self-build' approach could be delivered by Lewisham Homes working in partnership with residents at an early stage. A group of self builders would be selected and would need to establish a decision making and governance process within the group, which would be facilitated by Lewisham Homes. Residents would sign a 'code of conduct' agreement, encapsulating how the scheme would be developed, and what residents would expect of each other.
- 9.2 The self-build group and Lewisham Homes would work together to write a brief and competitively select architects and other consultants, acting as joint client to the design process (although consultants would be likely to be hired by Lewisham Homes). Lewisham Homes would set a typical construction budget, and would work with self-builders to decide how that budget would be prioritised, giving the self builders influence over the design. The self-build group may be able to help research additional capital grants for the installation of particular environmental technologies, which would be accessed by the Council or Lewisham Homes.

- 9.3 Once planning permission is secured, Lewisham Homes would procure a main contractor. Compared to a CLT model, this would protect the self builders from construction risk. The construction contract would require the contractor to take on self-builders as apprentices or trainees. Whilst some self-builders may already have existing construction skills, this approach would enable others to gain qualifications and learn different skills, while the main contractor carries out the heavier work of foundations and structure to complete the 'shell and core'.
- 9.4 Typically in assisted self build projects, self builders have been offered small discounts on rents or 'sweat equity', an amount payable when they move out, to account for their labour in building the scheme. This is unlikely to be possible if this approach, as the homes would be owned by the Council and therefore rents would be set in line with the Council's rent policy. However the approach could offer other benefits such as the opportunity to influence design and gain qualifications, which go beyond financial remuneration.
- 9.5 Once construction is complete, the self builders could be offered standard Council secure tenancies at target rent levels. It may also be possible to offer shared ownership and other low cost ownership products through Lewisham Homes, if and when these options are developed in line with the agreed programme of new housing development as part of New Homes Better Places. The balance of expressions of interest received so far suggests this may be around 30% of households units, with the other 70% at social rent. Market rents and 'affordable rents' would be unlikely to be available, and the properties would be available for 'right to buy' after a certain period of time, as usual.
- 9.6 For the Council this approach would offer greater control over the use of the site, through Lewisham Homes' role as project manager, and would enable a range of people to be involved. It would however require investment in the new homes from the Council and not the self builders themselves, but it would not require a land sale, instead the Council would benefit from maintaining ownership of the site and any rented properties built on it.

10 Next steps and timetable

- 10.1 Further work now needs to be undertaken in order to make a final recommendation about which of these two models offers residents the most appropriate means for developing their own homes, and which offers the Council the most appropriate balance between financial and delivery risk, and the opportunity to provide a genuinely engaging and innovative model of self build for residents to take part in and learn new skills from.

- 10.2 In particular, this will involve working in detail on the proposed CLT model for the site, to test options and risks relating to financing, legal, governance, housing management and the implications and interplay of that with the Council's established allocations policy for social housing.
- 10.3 The next update to Committee will set out a full cost, benefit and risk analysis comparing the two models ahead of a formal recommendation and the selection of a group of residents to take part in the scheme. This process is expected to be complete by late summer of this year.

11 Financial implications

- 11.2 This report is intended to update members on progress to date in respect of exploring the potential for a resident led self build scheme in the borough. As such there are no financial implications to the recommendations set out in section 2.
- 11.3 A full cost, benefit and risk analysis comparing the two models outlined in section 7.1 will be presented to members ahead of a formal recommendation in the next update to committee.

12 Legal implications

- 12.2 General legal issues which arise in relation to the models being considered are flagged up in the body of this report. In particular, these relate to issues around land transfer and the terms upon which any land transfer takes place in order to ensure that the Council retains sufficient control and complies with its statutory duties. These issues will be explored in more detail as part of the next steps and detailed legal implications will be provided at the time a final recommendation is made.

13 Crime and disorder implications

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

14 Equalities implications

- 14.2 There are no specific equalities implications arising from this report.

15 Environmental implications

- 15.2 There are no specific environmental implications arising from this report.

If you would like any further information on this report please contact Jeff
Endean, Housing Strategy and Programmes Manager on 020 8314 6213