

<b>MAYOR AND CABINET</b>			
<b>Report Titles</b>	Proposed London Borough of Lewisham (Heathside and Lethbridge Estate, Lewisham – Phase 4B) Compulsory Purchase Order 2013		
<b>Key Decision</b>	Yes		
<b>Ward</b>	Blackheath		
<b>Contributors</b>	EXECUTIVE DIRECTOR FOR CUSTOMER SERVICES, EXECUTIVE DIRECTOR FOR RESOURCES & REGENERATION, HEAD OF LAW		
<b>Class</b>	Part 1	Date	19 March 2014

## 1. Summary

- 1.1. On 25<sup>th</sup> June 2003 Mayor and Cabinet agreed the proposal to expand the Council's established estates regeneration programme to include Heathside and Lethbridge. On 9<sup>th</sup> June 2004 Mayor and Cabinet agreed to the process of an open competition at Heathside and Lethbridge to find a partner to re-provide social housing and mixed tenure housing. Following the outcome of the open competition, on the 22<sup>nd</sup> February 2006 Mayor and Cabinet agreed that Family Mosaic become the Council's preferred development partner for the re-development of Heathside and Lethbridge ("the Scheme").
- 1.2. The Council re-housed tenants and bought back leaseholders in Braid House (Phase 1) and 1 – 28 Lethbridge Close (Phase 2) between 2006/07 and 2009/10 respectively. The Phase 1 and 2 building works are now complete with around 120 tenants from the original estate now living in new homes. The Phase 3 decant of tenants and leaseholders was completed in February 2013 and demolition and building works are underway.
- 1.3. On 3rd October 2012 Mayor and Cabinet approved that Phase 4 be split in two and bought forward, allowing tenants to move into homes in Phases 1 and 2. Mayor and Cabinet approved the making of a Compulsory Purchase Order for Phase 4A in April 2013. This has been put in place to ensure that the Council will be able to gain vacant possession of Phase 4A in accordance with Family Mosaic's programme and funding requirements. Most tenants in Phase 4A have now been re-housed.
- 1.4. The decant of tenants in Phase 4B, Melville House started in January 2013 and leaseholder buy backs commenced in December 2012. In order to start the Phase 4B building works on time, the Council is required to provide vacant possession of the Phase 4B site during the Spring/ Summer 2015. To ensure this is possible, Officers are seeking authority to proceed with a Compulsory Purchase Order in respect of the land comprising the Phase 4B site.

## 2. Purpose of Report

- 2.1 To update Mayor and Cabinet on the progress of the Heathside and Lethbridge Regeneration Scheme.
- 2.2 To seek authority to proceed with all necessary statutory procedures to obtain a Compulsory Purchase Order for the compulsory acquisition of all interests in the land and buildings known as Melville House, the site of which is shown verged in black on the plan attached as Appendix A, other than those interests already in the ownership of the Council.

### **3. Recommendations**

It is recommended that the Mayor:

- 3.1 resolves to make a Compulsory Purchase Order in accordance with Section 17 of Part II of the Housing Act 1985 and the Acquisition of Land Act 1981, for the compulsory acquisition of all interests in the land and buildings known as Melville House, Heathside and Lethbridge Estate, Lewisham, the site of which is shown verged in black on the plan attached as Appendix A, other than those interests already in the ownership of the Council;
- 3.2 delegates authority to the Director of Director of Regeneration and Asset Management, in consultation with the Head of Law, to determine the final extent of the land to be included within the Compulsory Purchase Order provided that the Compulsory Purchase Order shall not include any additional land outside the area shown verged in black on the plan attached as Appendix A;
- 3.3 authorises the appropriate Officers to take such other action as may be necessary to make, obtain confirmation and effect the Compulsory Purchase Order and to acquire all interests under it; and
- 3.4 delegates authority to the Executive Director for Resources and Regeneration (in the event that the Secretary of State notifies the Council that it has been given the power to confirm the Compulsory Purchase Order) to confirm the Compulsory Purchase Order if the Executive Director is satisfied that it is appropriate to do so.

### **4. Policy Context**

- 4.1 The re-development of Heathside and Lethbridge contributes to key national objectives, particularly meeting the decent homes standard and increasing the supply of affordable housing. The Decent Homes Strategy required all local authorities to carry out a stock options appraisal by July 2005 to determine how Decent Homes will be achieved for all Council housing stock.
- 4.2 The Council completed its stock options appraisal in June 2005 and submitted a comprehensive Decent Homes strategy to Government Office for London (GoL) setting out an investment plan for the entire housing stock to meet the Decent Homes standard.
- 4.3 The re-development will see the replacement of 565 non decent or unusable homes with modern high quality homes in a well designed neighbourhood. In addition, the Scheme will deliver a minimum of 126 additional affordable units and a supply of intermediate rent or private sale units.

- 4.4 The whole Scheme supports the Sustainable Community Strategy 2008 – 2020 especially the priority outcomes Reducing inequality – narrowing the gap in outcomes for citizens; Clean, green and liveable – where people live in high quality housing and can care for and enjoy their environment and Dynamic and prosperous – where people are part of vibrant communities and town centres, well connected to London and beyond.
- 4.5 Further, the re-development of Heathside and Lethbridge is in line with the Council's established housing policy as set out in previous reports to Mayor and Cabinet and also contributes significantly to the Councils incoming Housing Strategy for 2009 – 2014 'Homes for the future: raising aspirations, creating choice and meeting need'.
- 4.6 The Scheme will increase local housing supply and by introducing a range of housing types and tenures for a range of income households, the Scheme will help to widen housing choice. More specifically, the Scheme contributes to a host of strategic objectives. By obtaining funding from the HCA and using Council owned land for the purposes set out here, the Council is engaging with delivery partners and making the best use of available resources. The Scheme aims to meet strategic targets of delivering 50% affordable units across the Scheme and of providing 35% of affordable homes as family sized accommodation. A key principle of the Scheme is to make the new development a desirable place to live, supporting the strategic objectives around design quality and safety, accessibility and improving environmental performance. In addition, Family Mosaic will manage all new homes, regardless of tenure through an integrated management body that will work with existing residents to ensure it provides high quality housing management.
- 4.7 The Council has outlined ten corporate priorities which enables the delivery of the Sustainable Community strategy. The re-development of Heathside and Lethbridge addresses the corporate priorities to provide decent homes for all, to invest in social housing and affordable housing in order to increase the overall supply of new housing. The Scheme will also develop opportunities for the active participation and engagement of people in the life of the community.

## **5. Background**

- 5.1 In 2000, The Government introduced the Decent Homes Standard as one of the national floor targets set following the spending review as a part of the then emerging Neighbourhood Renewal agenda. The target was emphasised further when it was included in the Governments Plan for Sustainable Communities 2003. The Council's housing investment policy in place at the time recommended that to ensure sustained housing investment in the borough the Council should explore a range of investment options. The Council had undertaken a stock condition survey in 2001 and developed a four fold approach to meeting the decent homes standard. The purpose of the four fold approach was to respond most appropriately to local circumstances and has been: the utilisation of the Mainstream Capital programme, major regeneration schemes, Brockley PFI and the pursuit of a possible range of investment options for the remaining stock.
- 5.2 At this time, the Council already had a long term successful approach to major regeneration of priority estates and this was a key vehicle used to bring about major improvements to housing stock. These were estates where the cost of tackling the

range of physical and social problems meant they fell outside of the scope of the Council's Capital Programme.

- 5.3 The aim has been to build upon the Council's partnership arrangements, particularly with registered social landlords, and the use of other sources of finance, such as section 106 agreements, private finance and capital grant, to ensure that we secure the best possible funding solutions to re-develop these key areas of the borough. The Council's estate regeneration programme is well established and has successfully introduced a mixture of tenures into deprived areas creating balanced and sustainable communities.
- 5.4 Regeneration schemes were therefore a key part of the four fold approach to meeting the decent homes standard. On 25<sup>th</sup> June 2003 Mayor and Cabinet agreed that officers look at the feasibility of adding a further 4 estates to the estate regeneration programme, one of these being Heathside and Lethbridge. Officers undertook condition surveys and an independent resident survey as detailed below before Mayor and Cabinet agreed to the process of an open competition to find a partner to re-provide social and mixed tenure housing on 9<sup>th</sup> June 2004.

#### Stock Condition and Reasons for Regeneration

- 5.5 A stock condition survey of the Estate undertaken by Savills in 2001 reported that there was 88% non decency in Heathside blocks and 81% non decency in Lethbridge blocks, non decency being measured against the Decent Homes Standard. This was against an overall Borough percentage of 61%.
- 5.6 Mayor and Cabinet subsequently agreed that a further feasibility study be undertaken for Heathside and Lethbridge. This was duly commissioned and completed by BPTW Partnership in January 2004. While this survey found that refurbishment to the Decent Homes Standard would cost in the region of £7.312 million across the Estate, more comprehensive refurbishment across all blocks to a higher standard would cost in the region of £29.3 million.
- 5.7 Furthermore, in order for Heathside blocks to meet the Decent Homes Standard, the properties in these blocks would have to be internally re-modelled to provide modern kitchens and flat layouts. This would entail decanting residents and reducing the bed size of properties, which would cause additional disruption for residents and is not an end result that would meet Borough housing needs. Additionally, the Heathside blocks in this Phase do not have lifts, being 5 storey walk up blocks, a type of structure that would not be built in modern housing.
- 5.8 Regeneration of the whole Estate will address wider issues than the condition of the properties. Refurbishment would not address key issues around design and layout nor would it encourage community development or tackle inherent social issues. At the start of the Scheme the Estate had the highest multiple deprivation indices and 2008 statistics showed that only 9% of heads of households were in full-time employment. As development partner, Family Mosaic are committed to working with existing service providers and residents to improve the social and economic outlook of residents. The new build option will also deliver a further key economic aim that could not be achieved through refurbishment, the creation of a sustainable mixed tenure community.

- 5.9 A further feature of the Scheme will be the improvement to security and safety. The current layout of the blocks and relation to surrounding properties mean that there are areas with little or no natural surveillance. The new development planned by Family Mosaic is designed on the principles of 'Secured by Design' and will provide increased natural surveillance reducing the likelihood of criminal and antisocial activity.
- 5.10 In 2008, the financial impact of the economic downturn led the Council to review the options available to the estate and work with its partner Family Mosaic to bid to national agencies for funding. As a part of this process, further cost consultant estimates estimated that the original figures at paragraph 5.6 above for refurbishment to meet the Decent Homes Standard were too low and not realistic, meaning that the cost of refurbishment across the Estate would be even greater than originally assumed.

#### Independent Resident Survey

- 5.11 In November 2003 independent Consultation Company Public Participation and Research (PPCR) were commissioned to carry out an independent survey on Heathside and Lethbridge. The report was completed in late January 2004 and exceeded the required response rate of 60%, achieving a rate of 63%.
- 5.12 The primary objective was to explore the views of residents on where they live, the condition of their existing homes and their future housing aspirations. Findings show that residents generally liked their own properties, but there was increasing dissatisfaction with their block and wider estate.
- 5.13 Concerns that were raised identified problems with lifts, security, refuse disposal and maintenance. Characteristics residents liked were predominantly connected to the location of the estate, including transport links and shopping facilities.
- 5.14 A high percentage of residents were in favour of demolishing their block (63%) with a high number of residents initially stating a wish to return to newly provided homes (75%).
- 5.15 The results of the survey were reported back to Mayor and Cabinet on 9<sup>th</sup> June 2004 for consideration. It was agreed that Officers should use the existing structures of the Tenants and Residents Association and stakeholders group (which is held as part of the NRF work taking place on the estate) to create a Residents Steering Group to input into the next stage of the regeneration process which was the process of an open competition to find a partner to re-provide social and mixed tenure housing.

#### Open Competition and Selection of Family Mosaic

- 5.16 On 9<sup>th</sup> June 2004 Mayor and Cabinet also agreed to the process of an open competition to find a partner to re-provide social and mixed tenure housing. Following on from a three stage competitive procurement process, on 22<sup>nd</sup> February 2006 the final stage of the selection process was reported to Mayor and Cabinet along with comments from relevant Departments across the Council and from the Residents Steering Group. This report saw the selection of Family Housing Group (now Family Mosaic) as the Council's preferred development partner. A set of

commitments made to the Residents Steering Group by Family Mosaic formed the basis of Family Mosaic's selection.

- 5.17 Throughout 2006/07 Family Mosaic and the Council progressed many aspects of the Scheme including planning and design, scheme programme and resident consultation. During 2007/08, the Council began to buy back leaseholders in Phases 1 and 2 by agreement and the process of decanting tenants from these Phases. Family Mosaic went through the procurement process to identify a private developer partner. However by summer 2008 it became clear that the economic down turn was having a significant effect on the Scheme. The collapse of the property market meant that the Scheme as originally proposed was no longer financially viable and Family Mosaic's private developer partner withdrew.
- 5.18 During 2008, Officers from the Council and Family Mosaic worked together to find a way of progressing the Scheme. Both parties remained committed to the regeneration partnership that was developing with Estate residents and approached a range of funding bodies such as the then English Heritage, Housing Corporation and the Greater London Authority. The newly formed Homes and Communities Agency (HCA) expressed an interest in being part of the regeneration of the Estate and attributed this to the amount of work already undertaken, deliverability of the Scheme and the strong partnership approach taken by the Council and Family Mosaic. The HCA were a part of the ongoing negotiations on the Memorandum of Understanding between the Council and Family Mosaic which was signed in September 2009 and the bespoke overarching financial model for the Scheme. The HCA therefore subsequently agreed to provide £14.4m of funding for Phase 1 and £10.3m funding for Phase 2 and have been involved in detailed discussions on the financial model and legal agreements and are contributing in the region of £1.5m to Phase 3.
- 5.19 Throughout 2009 the Council and Family Mosaic worked towards meeting HCA funding requirements to start on site by the end of March 2010. During this period, Family Mosaic submitted and were granted outline planning consent for the Scheme Master Plan and detailed planning consent for Phase 1 and both parties signed a Development Agreement in March 2010.

## **6. Project Progress**

- 6.1 Summary of the principles of this project and progress to date:

Overarching agreements in place between the Council and Family Mosaic:

- 6.2 Memorandum of Understanding (October 2009)  
Development Agreement (March 2010)  
Masterplan Outline Planning Permission (March 2010)

Phase 1:

- 6.3 Decant and demolition of the site were undertaken between 2007-2009. In March 2010: Family Mosaic obtained detailed planning permission for Phase 1; entered into the Phase 1 building contract with Rydon and the Council disposed of the Phase 1 site to Family Mosaic. This meant that HCA funding of £14.4m was secured for Phase 1.

- 6.4 Rydon have completed this build and most flats are occupied. 138 homes were built in total, with 79 for rent, 20 for sale and 29 for shared ownership. Sales of private and shared ownership units have gone very well and residents moving into the rented homes are very pleased with their new homes. In addition, a number of resident leaseholders from Phase 3 chose to buy properties here under the shared equity scheme.
- 6.5 Rydon signed up the 3 apprentices required by S106 planning agreement and were able to arrange ongoing employment for many once their contract ended.

Phase 2:

- 6.6 Decant and demolition of the site were undertaken between 2007-2010. In January 2011: Family Mosaic obtained detailed planning permission for Phase 2; entered into the Phase 1 building contract with Ardmore and the Council disposed of the Phase 2 site to Family Mosaic. This meant that HCA funding of £10.3m was secured for Phase 2.
- 6.7 Ardmore have finished on site. They have completed 70 homes for rent, 50 for shared ownership and 50 sales units. Private sales are now complete and residents are very pleased with their new homes.
- 6.8 Ardmore signed up 6 apprentices during their contract and more than fulfilled their obligations for local labour under the Section 106 agreement.

Phase 3 progress to date:

- 6.9 Decant of 143 (95 secure tenants) properties took place between April 2011 and January 2013. Of the 23 leaseholders, 9 remained when the Compulsory Purchase Order was enforced in February 2013, meaning that the CPO was vital in ensuring timely possession of the Phase 3 land for hand over to Family Mosaic.
- 6.10 Family Mosaic have detailed planning approval for this Phase and are in contract with builder Ardmore who are now progressing with demolition and site works. Family Mosaic have funding in place for this Phase which is due to complete in stages between Spring 2015 and 2016.

Phase 4A progress to date:

- 6.11 Decant of 80 secure tenants began in January 2013 with 50 tenants moving into new homes in Phases 1 and 2. Two tenants remain of which 1 is soon to move. Tenants that wanted to move into new build but were unable because there were insufficient properties remaining in Phases 1 and 2 in their bed size will be able to return to the new development in the future. Leaseholder buy backs have been ongoing since December 2012 and the Council is soon to use the CPO to ensure vacant possession of the site. The Family Mosaic's contractor's selection process is underway and demolition is due to commence in June 2014 with the new homes complete by early 2017.

Phase 4B progress to date:

- 6.12 Decant of 40 tenants began in January 2013 with tenants having the option of moving through Homesearch away from the estate or waiting for new build to be complete in Phase 3 in March 2015. Leaseholder buy backs are underway. It is intended that vacant possession be obtained for mid 2015 for demolition and site works to commence.

#### Funding Update

- 6.13 Family Mosaic have obtained £3m from the London Mayors Covenant Fund for the whole of Phase 4. Family Mosaic will be cross subsidising the scheme from private sales and using their own subsidy where necessary to ensure viability.

### **7. Scheme Proposals and Features**

- 7.1 Melville House has a number of problems in terms of its design and condition. Like the other blocks on the Estate which have already been demolished for Phases 1, 2 and 3, this block would have needed a range of repairs and improvements in order to meet the Decent Homes Standard and further improvements to modernise the block to a desirable standard.

Elements needing repair or replacement:

- wiring
- boilers
- kitchens
- bathrooms
- front entrance doors
- communal and external repair and decoration
- furthermore, the physical constraints of the blocks mean that lift access could not easily be added and re-modeling of the internal spaces would be required to provide kitchens of a modern space standard

- 7.2 The Council looked at these specific requirements for each block in conjunction with the wider issues, such as layout and design of the blocks, the concentration of bedsitters and economic and security issues when deciding to proceed with a regeneration scheme for the Estate.

- 7.3 As a result of the Scheme, there will be a qualitative improvement in terms of the accommodation provided and the standard of the individual properties to be built by Family Mosaic will be significantly improved. Key points are:
- Properties for rent will be built to Parker Morris space standards meaning that they will exceed the Housing Corporation's Scheme Development Standards.
  - All homes will be built to Lifetime home standards and will reach Code for Sustainable Homes level 4. In addition there will be 10% homes that will be wheelchair adaptable across the development.
  - The properties will be built to higher standards such as to high acoustic ratings, reducing noise related problems. Better insulation and energy efficiency will reduce heating costs as well the provide environmental benefits.
  - There will be high quality and generous private and public amenity space provided, This includes a public square being provided as part of Phase 2, a central park area that will be provided in Phase 5, smaller play areas close to each block, communal gardens and large private balconies.



- The overall development is built to 'Secure by Design' principles and there will be good public lighting to the courtyard and amenity spaces.
- A new multi function community space will be provided. The Council and Family Mosaic have been working with existing community groups since 2004 and will continue to do so on issues such as design and sustainability.
- There are street level entrances on the row of terraced style housing so that as well as core entrances, some households will have access directly into their new homes.

7.4 There will also be a quantitative gain in affordable homes as a result of the development including diversification of tenure. Originally there were 416 social tenanted properties and 111 leaseholders on Heathside and Lethbridge. The new overall development will consist of 1192 new homes, of which 447 will be social tenanted properties. Currently it is planned to also provide 90 shared ownership properties, 61 properties for shared equity and 594 for private sale although these figures may change throughout the scheme.

7.5 The existing breakdown of the properties in Phase 4B is as follows. Melville House: 21 x 2 bed tenants and 4 leaseholders; 19 x 3 bed tenants and 4 leaseholders.

7.6 The proposals underlying the Compulsory Purchase Order for Phase 4B form an integral part of the Scheme which is intended to benefit the residents of the Estate and the Estate as a whole. If this Phase of the Scheme is not completed, then the objectives referred to above will not be met. Future phases of the Scheme will be in jeopardy and the overall effect of the Scheme which the Council is seeking will not be achieved.

## **8. Phase 4B Vacant Possession**

8.1 In accordance with the Council's current Allocations Policy, the Council will re-house secure tenants. Family Mosaic are offering a nil rent or part rent shared ownership scheme to existing resident leaseholders that wish to continue in home ownership in the new development and can afford it. Leaseholders that are not financially able to continue with a home ownership option will be re-housed as a tenant. Rehousing is carried out in accordance with the Council's Allocations Policy and Local Lettings Plan. Non resident leaseholders are bought back at market rate and paid the statutory 7.5% home loss payment.

8.2 All affected tenants and leaseholders are made a Home Loss Payment, removal expenses and reconnection costs and, if appropriate, an ex-gratia payment based on an assessment visit.

8.3 There are 8 leaseholders in the blocks in Phase 4B. GL Hearn have been appointed to act as the Council's Valuer for this Phase and have visited all leaseholders and sent out offer letters. Currently one has been bought back and the Council will be making every effort to acquire the properties by agreement as was the case in previous Phases. However, in view of the requirement for the Council to provide vacant possession of Phase 4B by Spring/Summer 2015, the Compulsory Purchase Order is required so as to avoid delay and uncertainty and to secure the objectives underlying the Scheme and the likely funding requirements.

8.4 Tenants have just begun moving from Melville House and most will be able to move

into new build homes ready from March 2015 should they wish to do so. All tenants receive one to one help from a dedicated Council Decant Officer to help them with the process of moving to another property.

## **9. Consultation**

- 9.1 The consultation which has taken place with residents and tenants in connection with the Heathside and Lethbridge Regeneration Programme has been extensive.
- 9.2 Starting in 2004, the estate wide consultation included an independent survey carried out by PPCR (as detailed in paragraphs 5.14-5.17 above), letters, newsletters and drop in sessions. Interested residents from the TRA formed the resident steering group, which have met on a monthly basis from December 2004. This group has also been attended by a number of Ward Councillors. Consultation and information sharing with the community stakeholders has been ongoing through the Neighbourhood Forum also from 2004. This is a group of estate service providers and includes representatives from both youth groups, the luncheon club, Age Concern, PCT and local primary school. Council Officers and subsequently officers from Family Mosaic and Resident Liaison officers from the building contractors have attended these quarterly meetings to keep all service providers updated on estate activities. This has provided a useful body for consulting about the new community facility. Family Mosaic have supported this and groups that attend the Forum with small grants.
- 9.3 Family Mosaic's involvement in the Scheme led to a comprehensive consultation strategy being developed. The general approach throughout the Scheme has been that Officers from the Council and Family Mosaic take detailed information for discussion to the resident steering group before information is then raised or discussed at TRA meetings or at estate wide events. There have also been regular letters and newsletters to keep residents and neighbours updated and representatives from the Council and Family Mosaic have attended every TRA meeting since the end of 2004. The first estate wide fun day event to raise awareness of the regeneration was the 'Have your say Day' on 21<sup>st</sup> October 2006.
- 9.4 In November 2006 the resident steering group were involved in the selection of Planning Aid for London (PAL) to act as the resident design advisor. Throughout 2007 PAL held 11 Design Workshops, which were open events for all residents to come along and learn about the master planning process and give their views on how the Scheme was taking shape.
- 9.5 Additional consultation was undertaken during 2007 such as joint events with the TRA, Visits to other housing schemes and architects offices, weekly surgeries and community facilities consultation with service providers.
- 9.6 During 2008 monthly meetings with the resident steering group continued for Officers to update on any financial matters. When, in 2009, it became clear that the HCA were in support of the Scheme, there were intensive resident consultation sessions on the estate to consult on the master plan and detailed designs for Phase 1. During April - June 2009 there were a range of open sessions advertised across the estate that took place during breakfast time and evenings as well as during the day. There were 2 estate wide fun day events held to kick off the consultation and

then to inform residents of the Planning Application in September 2009.

- 9.7 During June - August 2010 there were a range of consultation events for Phase 2 design including a summer bbq which also displayed design proposals, a targeted consultation for Landale Court residents and design group workshops on specific issues such as flat layouts, appearance of the new buildings and landscaping.
- 9.8 The two builders held 'meet the builder' events to introduce themselves to residents. These took place in June 2010 (Phase 1) and May 2011 (Phase 2). Both Builders provided a full time dedicated Resident Liaison Officer (RLO), who was responsible for being on the estate, meeting residents, holding coffee mornings etc to engage with residents through out the build process. These RLO's are able to liaise between residents and builders to quickly alleviate any concerns over the building programme. This will be repeated in all future Phases.
- 9.9 On the 16<sup>th</sup> March 2011 the Council and Family Mosaic held an information event for those tenants being decanted in the Phase 3 decant. At this event information packs were given out covering a range of topics such as tenancy information, design standards and a DVD with fly through of some typical new apartments. A similar event, with the information packs was held specifically for elderly residents in Landale Court on the 4<sup>th</sup> May 2011.
- 9.10 There has been specific consultation with residents around the Phase 4 detailed planning application during 2013/14. This has included an exhibition day in October 2013, 3 design focus group sessions with presentations and discussions led by the architect during Winter 2013-14 and a final event due to take place in the Spring 2014 to show residents what the final detailed Planning submission will be. There have been further newsletters to keep residents updated.
- 9.11 Section 105 of Part IV of the Housing Act 1985 makes it a requirement for a landlord authority to consult with those of its secure tenants who are likely to be substantially affected by a matter of housing management. The Act specifically identifies a new programme of improvement or demolition to be a matter of housing management to which Section 105 applies. This consultation was originally undertaken in January 2008 and again in August 2009 and as the phasing requirements changed was also undertaken in December 2010 and in October 2012 when Phase 4A was brought forward. In each instance, the Mayor decided that there was general support for the Scheme and approved the overall decanting and demolition of Heathside and Lethbridge and subsequent changes to phasing.

#### Leaseholder Options and Consultation

- 9.12 In addition to this consultation about the Scheme, process and design, there has been specific consultation with and information given to leaseholders. This has included a leaseholders only Phase 4A and Phase 4B meeting in 2005 with supplementary information being sent out in 2005 and 2006. Due to the effect of the economic down turn on the Scheme, consultation was focused on all residents until the autumn of 2010 when detailed leaseholder information was sent out in October and then again in March 2011. During this time there were further leaseholder only meetings.
- 9.13 Communications with resident leaseholders in Phase 3 was carried out through

arranged joint visits with Council and Family Mosaic Officers allowing discussion of individual circumstances. This is being repeated for Phase 4A. Furthermore, Family Mosaic provided financial advice to resident leaseholders and this will be available again.

9.14 As part of the original bid process, RSL's were asked to provide a range of options for resident leaseholders. Family Mosaic's options have been developed to respond to the current economic climate and property market. The options are:

1. Purchase a flat on a nil rent shared ownership basis  
The Council and Family Mosaic hope that most resident leaseholders will want to continue being a part of the local community and invest in a new home in the development. This option is similar to a usual shared ownership option with no rent paid on the proportion not owned by the leaseholder.
2. Purchase a flat on a part rent shared ownership basis  
This options responds to declining market conditions and the awareness that many households may not have 50% equity in their properties required for the nil rent shared ownership option. This allows leaseholders to have less equity in their home in exchange for a smaller proportion of ownership.
3. Receive full open market value and move away  
The Council will buy the flat and the leaseholder will be entitled to receive full market value for your home plus a 10% homeloss allowance. The leaseholder then makes their own arrangements for new accommodation. This is the only option available to non resident leaseholders as they have another primary residence elsewhere.
4. Purchase a flat outright on the new development  
For residents who can afford and want to buy a new flat anywhere in the development outright. Family Mosaic will aim to negotiate a discount for resident leaseholders who purchase an apartment off plan.
5. Return to becoming a tenant. This option is only open to those leaseholders that cannot afford a home ownership option.

## **10. Planning Permission for Phase 4 of the Heathside and Lethbridge Regeneration**

10.1 Outline planning permission for the Scheme was granted in March 2010. Family Mosaic intend to submit the Phase 4 detailed Planning application in March 2014.

## **11. Funding for Phase 4 of the Heathside and Lethbridge Regeneration**

11.1 The re-development of Heathside and Lethbridge was originally intended to be a self financing scheme using cross subsidy from the sale of private units to fund the social housing and ancillary facilities. However due to the economic downturn and collapse of the property market, the Scheme became unviable and the Council and Family Mosaic were required to seek external funding opportunities.

11.2 Discussions with the outgoing Housing Corporation and newly formed Homes and Communities Agency (HCA) took place throughout 2008-09 and 2009-10. The HCA have approved the Scheme's bespoke financial model and understand that while Family Mosaic are committed to providing a baseline of social rented units, the aim is also to produce a high proportion of private units that, where possible will reduce the grant requirement. The early involvement of the HCA means that despite the

Council and Family Mosaic being required to seek funding in the usual way with the HCA, the HCA are committed to the longer term aspirations of this re-development Scheme.

- 11.3 To date, the HCA have provided £26m funding for Phases 1, 2 and 3 of the Scheme. Family Mosaic have obtained a further £3m grant funding for Phase 4. Although the Government has substantially reduced the grant funding for regeneration schemes such as this there maybe future funding streams available and due to the HCA's longer term involvement in this Scheme, the Council and Family Mosaic remain positive about the HCA's commitment to Heathside and Lethbridge.
- 11.4 As lower levels of grant funding have been expected for some time, Family Mosaic instead look at alternative means of funding such as cross subsidy from the sales units, the possible introduction of private rented units (that won't take away from social rented unit numbers) and their own subsidy. Sales of the private units for Phases 1 and 2 have been highly successful and so the Council and Family Mosaic remain confident of the funding for this Phase.

## **12. Financial Implications**

- 12.1 Financial provision has already been made in the Capital Programme for the acquisition of the outstanding interests in Phase 4B of the scheme that are not in the Council's ownership as approved by the Mayor & Cabinet on 3rd October 2012. It is expected that this provision will be sufficient to meet the cost of the CPO preparation, acquisition and compensation.
- 12.2 The financial structure of the Scheme means that the Council's costs of obtaining vacant possession will be met by Family Mosaic at the point of start on site for that Phase. This of course means that there is some level of risk as the Council will incur these costs in advance. However, Family Mosaic have already fully reimbursed the Council for the costs of Phases 1 and 2 under the same arrangement. In addition, should Family Mosaic not undertake the re-development of Phase 4B, the Council will have a vacant site and outline planning permission.

## **13. Legal Implications**

- 13.1 Section 17 of the Housing Act 1985 empowers the Council, as a local housing authority, to acquire land, houses or other properties for the provision of housing accommodation. This power is available even where the land is acquired for onward sale to a third party, as long as the purchaser intends to develop it for housing purposes. The 1985 Act also empowers local authorities to acquire land compulsorily (subject to authorisation from the Secretary of State) but only where this is in order to achieve a qualitative or quantitative housing gain. The Council will therefore have to demonstrate such gain when seeking Secretary of State confirmation of any CPO. A total of 117 new homes are expected to be built under Phase 4A, replacing the existing 100 flats within Ferguson House and Travis House and a total of 67 rented units going in Phase 4B. A quantitative housing gain will therefore be achieved. As set out at Section 7 of this report, acquisition will also achieve a qualitative housing gain.
- 13.2 The Council is able to demonstrate that the land shown by hatching on the plan

attached as Appendix A is required in order to secure the carrying out of the redevelopment of Phase 4B.

- 13.3 Once the CPO is made by the authority it must be notified to relevant persons and publicised, following which it will be submitted to the Secretary of State for confirmation. Any person may object to a CPO and if an objection is made and not withdrawn, a public inquiry is required to be held. Any public inquiry will be conducted by an Inspector appointed by the Secretary of State who will hear evidence from any persons objecting to the CPO and from the Council. The Inspector would then submit a report on the Public Inquiry and his/her recommendations to the Secretary of State who would then decide whether or not to confirm the Order.
- 13.4 Before confirming the Order the Secretary of State would have to be satisfied, in particular, that there are no planning obstacles to the implementation of the Scheme, that the Order would achieve a qualitative or quantitative housing gain and that there is a compelling case for the CPO in the public interest
- 13.5 The process of acquiring and obtaining possession of properties through a CPO may take up to 12-18 months if a Public Inquiry is required before the Secretary of State can confirm the CPO.
- 13.6 The Planning and Compulsory Purchase Act 2004 introduced a new power under which the Council may under certain circumstances, confirm its own Compulsory Purchase Orders. If the Secretary of State is satisfied that the statutory notice requirements have been met, that no objection has been made to the Order (or that any objection made has been withdrawn), and that the Order is capable of confirmation without modifications, then he may notify the Council that it has the power to confirm the Order itself. Should the Council be given this power, then before confirming the Order, it would need to be satisfied that the matters referred to at paragraph 13.4 are satisfied.

### Equalities Legislation

- 13.7 The Equality Act 2010 (the Act) introduced a new public sector equality duty (the equality duty or the duty). 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.
- 13.8 In summary, 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.
- 13.9 The duty continues to be a “have regard duty”, and the weight to be attached to it is a matter for the Mayor, bearing in mind the issues of relevance and proportionality. It is not an absolute requirement to eliminate unlawful discrimination, advance equality of opportunity or foster good relations.

- 13.10 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/legal-and-policy/equality-act/equality-act-codes-of-practice-and-technical-guidance/>
- 13.11 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
- 13.12 The essential guide provides an overview of the equality duty requirements 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-equality-duty/guidance-on-the-equality-duty/>

#### **14. Human Rights Act 1998 Implications**

- 14.1 The Act effectively incorporates the European Convention on Human Rights into UK law and requires all public authorities to have regard to Convention Rights. In making decisions Members therefore need to have regard to the Convention.
- 14.2 The rights that are of particular significance to Members' decision in this matter are those contained in Articles 8 (right to home life) and Article 1 of Protocol 1 (peaceful enjoyment of possessions).
- 14.3 Article 8 provides that there should be no interference with the existence of the right except in accordance with the law and, as necessary in a democratic society in the interest of the economic well-being of the country, protection of health and the protection of the rights and freedoms of others. Article 1 of the 1<sup>st</sup> Protocol provides that no-one shall be deprived of their possessions except in the public interest and subject to the conditions provided for by law although it is qualified to the effect that it should not in any way impair the right of a state to enforce such laws as it deems necessary to control the uses of property in accordance with the general interest.

- 14.4 In determining the level of permissible interference with enjoyment the courts have held that any interference must achieve a fair balance between the general interests of the community and the protection of the rights of individuals. There must be reasonable proportionality between the means employed and the aim pursued. The availability of an effective remedy and compensation to affected persons is relevant in assessing whether a fair balance has been struck.
- 14.5 Therefore, in reaching his decision, the Mayor needs to consider the extent to which the decision may impact upon the Human Rights of estate residents and to balance this against the overall benefits to the community which the redevelopment of Heathside and Lethbridge will bring. The Mayor will wish to be satisfied that interference with the rights under Article 8 and Article 1 of Protocol 1 is justified in all the circumstances and that a fair balance would be struck in the present case between the protection of the rights of individuals and the public interest.
- 14.6 It is relevant to the consideration of this issue, that should the Scheme proceed most displaced occupiers would be offered re-housing in accordance with the Council's re-housing policy. Secure tenants will be entitled to home loss and disturbance payments. Leaseholders will be entitled to receive market value for their properties as well as home loss and disturbance payments where appropriate in accordance with the Land Compensation Act 1973

## **15 Environmental Implications**

- 15.1 The new homes to be built by Family Mosaic will be more thermally efficient than the existing ones and hence, apart from being cheaper to heat, will generate less greenhouse gases.

## **16. Crime & Disorder Implications**

- 16.1 The Family Mosaic redevelopment is planned to meet the Police's Secured by Design standards and should lead to a reduction in crime and the fear of crime.

## **17. Equality Implications**

- 17.1 There are equalities implications in the decanting and re-building process and there will also be benefits in the completed Scheme.

Equalities implications: during the process

- 17.2 During the door knocking, Council and Family Mosaic staff built up a database of households that have English as a second language so that key information can be translated.
- 17.3 The decanting process provides a very individual service, where decant officers visit tenants at home and get to know them and their needs on an individual basis, so that any special requirements can be taken into account such as language, mobility or support needs. It is recognised that decanting is a very stressful time and decant officers will offer as much support as required to minimise the anxiety to residents.

Equalities implications: the completed development



- 17.4 The Scheme will provide thermal and security improvements, with all new properties meeting the decent homes standard. This will be of benefit to the tenants of the new social housing, many of whom are likely to be disadvantaged.
- 17.5 All new affordable units in the development will meet lifetime homes standards. A Lifetime Home is the incorporation of 16 design features that together create a flexible blueprint for accessible and adaptable housing in any setting so that the unit can be adapted when required to suit residents changing needs.
- 17.6 In line with GLA and Council policy, 10% of units across the development will be wheelchair accessible or easily adapted for those using a wheelchair.
- 17.7 The topography of the site is challenging. The architects are designing the master plan to alleviate problems associated with access, particularly for the elderly and wheelchair users. Issues being taken into account are using ramps instead of steps and altering the land gradient where possible.
- 17.8 All new blocks will have lifts serving smaller cores/ units so will get less use and have a longer life expectancy.

## 18. Conclusion

- 18.1 Approval of the recommendations in this report is critical for the implementation of the Scheme. The proposals underlying the Compulsory Purchase Order for Phase 4B form an integral part of the Scheme which is intended to benefit the residents of the Heathside and Lethbridge Estate and the Estate as a whole. If this Phase of the Scheme is not completed, then the objectives referred to in this report will not be met. Future phases of the Scheme will be in jeopardy and the overall effect of the Scheme which the Council is seeking will not be achieved.
- 18.2 In order to facilitate the Scheme proceeding to schedule and for the Council to avoid incurring costs due to any delays caused in delivering vacant possession of the property, it is considered prudent and essential that the Council resolves to make the necessary Compulsory Purchase Order to allow the acquisition of all interests in the Phase 4B site, other than those interests already in the ownership of the Council.

## 19 Background papers and author

Title Document	Date	Location
Re-Development of Heathside and Lethbridge: Phase 3 decant & S105 Consultation	Mayor and Cabinet February 2011	5th Floor Laurence House
Re-Development of Heathside and Lethbridge: Phase 3 decant and Phase 2 land disposal	Mayor and Cabinet November 2010	5th Floor Laurence House
Re-Development of Heathside and Lethbridge: Update, Development Agreement and Phase 1 Land Disposal	Mayor and Cabinet November 2009	5th Floor Laurence House
The re-development of Heathside and Lethbridge– Update and Memorandum of Understanding	Mayor and Cabinet March 2009	5th Floor Laurence House

Title Document	Date	Location
The re-development of Heathside and Lethbridge– Decanting and Demolition Notice	Mayor and Cabinet March 2008	5th Floor Laurence House
The re-development of Heathside and Lethbridge – initial funding requirements	Mayor and Cabinet June 2007	5th Floor Laurence House
The re-development of Heathside and Lethbridge – selection of preferred development partner	Mayor and Cabinet Feb. 2006	5th Floor Laurence House
The next four regeneration schemes update	Mayor and Cabinet 9 <sup>th</sup> June 2004	5th Floor Laurence House
Housing Investment Strategy: The way forward and The Housing Investment Strategy: Covering Report	Mayor and Cabinet 17 <sup>th</sup> September 2003	5th Floor Laurence House
The next four regeneration schemes	Mayor and Cabinet 25 <sup>th</sup> June 2003	5 <sup>th</sup> Floor, Laurence House

19.1 For more information on this report please contact Genevieve Macklin, Strategic Housing on 020 8314 6057.