

<b>Mayor and Cabinet</b>		
Report Title	New Homes, Better Places Phase 3 Update	
Key decision	No	Item No.
Ward	All	
Contributors	Executive Director of Customer Services Executive Director of Resources and Regeneration Head of Law	
Class	Part 1	Date: 14 January 2015

## **1. Summary**

- 1.1. In July 2012 the Council embarked on a programme to build new Council homes in response to a series of on-going housing policy and delivery challenges, most notably an enduring under-supply of new affordable homes available to the Council to meet the housing demands placed upon it.
- 1.2. A series of update reports has subsequently been considered by Mayor and Cabinet and construction has commenced of the first new homes in the programme, which constitute phase one of the “New Homes, Better Places” programme. The programme has a target of delivering 500 new homes in the borough by 2018. Phase two is currently at the planning stage and construction is expected to start on site for this phase in June 2015. Initial capacity studies have been undertaken at the proposed sites for phase 3 of the programme.
- 1.3. This report presents for Mayor and Cabinet a summary of the progress in preparing plans for constructing new homes on all proposed sites and phases. Having considered these plans, Mayor and Cabinet is recommended to approve the proposed ten sites which can provide up to 124 homes to be taken forward as phase three of the “New Homes, Better Places Programme”, for detailed design proposals and resident consultation to be carried out.
- 1.4. Furthermore a programme of outline site capacity reviews is on-going on a continuous basis, and as such a further update will be provided to Mayor and Cabinet in spring 2015 setting out options for the sites that might constitute phase four of the build programme.

## **2. Purpose**

- 2.1. The purpose of this report is to inform Mayor and Cabinet about progress in delivering against the target for the Council to build 500 new homes by 2018, and in particular the proposals for the next phase of the build programme.

- 2.2. Mayor & Cabinet approval is sought to agree that plans for these sites be further developed, with a view to obtaining planning permission and subsequently procuring a build contractor or otherwise delivering the construction of the homes, as appropriate according to the best commercial options available to the Council.

### **3. Policy Context**

- 3.1. 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).

### **4. Recommendations**

It is recommended that Mayor and Cabinet:

- 4.1. Notes the progress made in delivering new Council homes in the borough.
- 4.2. Notes the progress made in reviewing sites for their potential for new build housing.
- 4.3. Approves the proposal for the ten sites identified below, to proceed with more detailed design and resident consultation exercises, with a view to developing them to the point that they would constitute phase three of the New Homes, Better Places programme. The ten sites proposed for this phase would provide up to 124 new homes.

New build schemes (98 homes):

- Eliot Bank, Forest Hill Ward (21 homes)
- Hillcrest Clubroom, Sydenham Ward (7 homes)
- Kenton Court, Bellingham Ward (29 homes)
- Greystead Road, Forest Hill Ward (30 homes)
- Somerville Court, Telegraph Hill Ward (11 homes)

Conversions programme (26 homes):

- Foreman House, Telegraph Hill Ward (2 homes)
- Slaithwaite Community Room, Lewisham Central Ward (1 home)
- Sector J Club Room, Telegraph Hill Ward (4 homes)
- Honor Oak Housing Office, Telegraph Hill Ward (6 homes)
- Pepys Housing Office, Evelyn Ward (13 homes)

- 4.4. Notes that the previously agreed tenure split of 80% rented and 20% sale is maintained and that the location of the units proposed for sale will be presented to Mayor and Cabinet in the next update report. This will take into account the market conditions at the time and professional sales advice.

- 4.5. Notes that final approval to proceed with these sites is expected to be sought in September 2015.
- 4.6. Agrees that in order to maintain maximum pace with delivering the programme, planning permission be sought for the demolition of Kenton Court and Somerville, as soon as possible after they have been decanted and to delegate authority to the Executive Director of Customer Services to let a demolition contract in situ.
- 4.7. Notes the progress made by Phoenix Community Housing in developing plans for a 60 unit extra care scheme at Hazelhurst Court in Bellingham, as set out in section 10, and;
- 4.8. Approves the use of Section 106 funding to support the delivery of that scheme, as set out in section 10 and delegates authority to the Executive Director for Customer Services, in consultation with the Director of Regeneration and Asset Management and Head of Law, to finalise the terms of that grant agreement.

## **5. Background and progress to date**

- 5.1. 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.
- 5.2. 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.
- 5.3. Construction works are in progress for a small development, of six family homes on a garage site on the Mercator Road estate in Lewisham Central. 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. This site therefore forms "phase one" of the "New Homes, Better Places" programme and the delivery of the six homes remains on target to complete as planned in February 2015.
- 5.4. In September 2014 the most recent update relating to the programme was provided to Mayor and Cabinet. This set out site appraisals which found capacity for 74 new homes across four sites, constituting phase two of the programme. Permission was given for officers to develop these plans further and to submit planning applications for all four sites,

which has now been done and the homes are therefore at the planning stage. Dependent on the planning process, it is expected that construction of these new homes will commence during summer 2015, taking the total number of new homes under construction at that point to 80.

- 5.5. For all of these homes the previously agreed tenure split of 80 per cent social rented and 20 per cent private sale will continue to apply in order for sales proceeds to cross-subsidise the construction of new social housing. Further phases will continue to be brought forward in order to reach the target of 500 new social rented Council homes by 2018.
- 5.6. Section 7 of this report sets out progress in identifying further opportunities for the construction of new homes including, for the first time, the provision of new homes by converting buildings which are currently used for a different purpose. At present it is expected that the 10 sites set out here could provide for a further 124 new homes. This therefore is the biggest phase of new build to date, and will take the number of new homes under development past 200.
- 5.7. A further report, setting out plans for phase four of the programme – which is expected to be of a similar size to phase three – is expected to be ready for consideration by Mayor and Cabinet in spring 2015.

## **6. Design development**

- 6.1. Initial capacity studies for a total of 12 potential sites for development were undertaken by an appointed architect in October 2014. Of these sites, five have been selected as per paragraph 4.1.2. for inclusion in the proposed third phase. Sites for new build homes were identified with the following criteria:
  - Preference for sites with a capacity of more than 10 homes
  - Underused and or redundant land
  - Locations which are popular for both rented and homes for sale
  - Places which may benefit existing as well as new residents
- 6.2. In the following sections, the report outlines the proposals for each of these sites for new build homes and the sites identified for the conversions programme.

## **7. Summary of phase three proposal**

- 7.1. An on-going programme of site reviews and capacity studies is underway in order to identify potential locations for the construction of new homes. The results of this process are then used to create phases of development, as set out previously. At present there are two phases underway, and for the foreseeable future it is expected that further phases will come forward very regularly until the target of 500 new Council homes under construction is met.

- 7.2. The proposal set out below therefore represents the sites with the greatest potential for the delivery of new homes at this stage. These sites also include plans for the conversion of existing non-residential assets into social housing.
- 7.3. These conversions are now possible largely because the move of Lewisham Homes from a variety of premises into the Old Town Hall in Catford offers an opportunity to convert the premises they are vacating into residential accommodation, and also means that there is now sufficient scale in the programme to commence the conversion of other similar assets which until now had been less feasible to convert.
- 7.4. The conversions also offer the opportunity to create new residential accommodation more quickly and more cheaply than constructing new homes, which is very important given the scale of the on-going housing pressures the Council faces.
- 7.5. In addition to the conversions, which will offer a total of 26 new homes across five sites, it is also proposed to commence the development of detailed plans and resident consultation for 98 new build homes across a further five sites. These five sites include the site of the two current extra care schemes that Mayor & Cabinet agreed to close once suitable alternative accommodation has been found for existing residents. Plans for these sites are being brought forward now to minimise the amount of time that any of these buildings sit empty, and crucially to ensure that they are returned to a housing use as soon as possible.
- 7.6. As previously in the programme, the sites that have been proposed for new homes have been selected on the basis of the following criteria:
- Where possible sites should have the capacity for at least ten homes;
  - Preference is for underused and or redundant land where new construction can help improve the area;
  - Locations which are popular for both rented and homes for sale
  - Developments which may benefit existing as well as new residents
- 7.7. In the following section, the report outlines the proposals for each of the sites proposed for new build homes or the conversion of existing assets, and appendix A provides more detail about the new build proposals. For clarity, it should be noted that at this stage the number of new homes considered possible is an estimate, and that it might change as a result of the detailed design and resident consultation processes.

## **8. Proposed sites – new build**

### **8.1. Site one: Eliot Bank, Forest Hill Ward (21 homes)**

The proposal is to build 21 two-bed flats placed over six stories on green open space. The site is in a residential setting amongst existing six and seven storey blocks. There will be shared amenity, access and

waste facilities and cycle storage and the level of parking provision will be tested as part of the detailed design, planning and resident consultation processes. The site is in close proximity to the development of Featherstone Lodge by Hanover Housing Association, and so flexibility will be built into the construction programme to delay starting on this site to allow for the completion of works at Featherstone Lodge, if this becomes necessary

8.2. Site two: Hillcrest Clubroom, Sydenham Ward (7 homes)

The proposal is to build seven two-bed flats over three stories on the site occupied currently by a single storey building which is poorly used at present. Although the number of homes achievable is low, the site is still being proposed now rather than allowing it to continue to be an unused asset. There will be shared amenity access for waste facilities and bike storage and at this stage no car parking spaces are anticipated.

8.3. Site three: Kenton Court, Bellingham Ward (29 homes)

The proposal is to build 29 flats (7 one-bed, 16 two-bed and 6 three-bed) on the site, which is currently occupied by a three storey extra care scheme. In November Mayor & Cabinet agreed to close the extra care scheme because it was in need of significant modernisation and was very poorly suited to the needs of the client group.

Officers continue to support residents to find alternative accommodation, and at present it is expected that the scheme will be completely vacant early in 2015. As a result of the need for extensive modernisation, because of the potential to redevelop the site to provide a range of housing types, including family houses, and because it is possible to develop a scheme at this location that makes better use of the site, it is proposed that the existing building should be demolished rather than refurbished. It is also proposed that this should happen as soon as possible after the existing scheme has been decanted, in order to provide better security to the site and to save time on the construction programme once planning permission has been granted.

8.4. Site four: Greystead Road, Forest Hill Ward (30 homes)

The proposal is to build 30 flats (7 one-bed and 23 two-bed) over four stories on a site which currently has garages, hard standing and lawn. The site is within an extensive area of un-built land and is surrounded by existing residential blocks. There is a potential link between this scheme and the expansion of Fairlawn Primary School, which is situated next to the site. This is currently being proposed to take forward as a joint housing and schools project in order to make best use of the Council assets at the location, and potentially to provide efficiencies in design, site surveys and other pre-development costs. It is expected that the housing development will provide shared access, waste facilities and cycle storage and the capacity for a limited number of allocated car parking bays.

- 8.5. Site five: Somerville Court, Telegraph Hill Ward (11 homes)  
The proposal is to build 11 flats (5 two-bed and 6 three-bed) on a two storey block currently occupied by an extra care scheme which Mayor & Cabinet agreed to close at the same time as Kenton Court. The site is amongst two and three storey houses, which form part of a wider estate. The proposal relates the new development to the heights of the immediate surroundings and the main access would be from Wellington Close

The same logic that was set out for Kenton Court also applies here, which is that it is proposed to demolish the existing building to make way for a new development that offers a wider range of housing types, which can be purposely designed to modern space standards. It is also proposed that the existing building be demolished as soon as possible after the building is completely vacant, which in this case is expected to be in spring 2015.

- 8.6. Site six: Foreman House, Telegraph Hill Ward (2 homes)  
The proposal is to convert disused non-residential space into two flats (1 one-bed and 1 two-bed).

- 8.7. Site seven: Slaithwaite Community Room, Lewisham Central Ward (1 home)  
The proposal is to convert a closed community room into a two-bed flat.

- 8.8. Site eight: Sector J Club Room, Telegraph Hill Ward (4 homes)  
The proposal is to convert a closed club room into four flats (1 one-bed and 3 two-bed).

- 8.9. Site nine: Honor Oak Housing Office, Telegraph Hill Ward (6 homes)  
The proposal is to convert a closed housing office into six flats (1 one-bed, 4 two-bed and 1 three-bed).

- 8.10. Site ten: Pepys Housing Office, Evelyn Ward (13 homes)  
The proposal is to convert a closed housing office into 13 flats (5 one-bed and 8 two-bed).

## **9. “New Homes, Better Places” Programme and Timetable**

- 9.1. The table on the following page sets out the whole “New Homes, Better Places” programme as it stands at present, alongside target dates for delivery timescales and the programme aim is to exceed this timetable where possible.

Phase	Social Homes	Rent	Sale Homes	Total	Target start on site date	Target completion date
Phase 1	6		0	6	Started March 2014	February 2015
Phase 2	62		12	74	June 2015	February 2017
Phase 3	100		24 (maximum)	124	Conversions – Summer 2015 New Build – November 2016	End 2017 (latest)
Total Programme at present	Up to 204 new homes					

9.2. As set out previously, officers are continually reviewing sites for their capacity for new housing. It is intended that a further report be brought back for consideration of Mayor and Cabinet in Spring 2015, setting out proposals for phase four of the programme that would take it further towards the target of 500 new Council homes by 2018.

## 10. Hazelhurst Court

10.1. In January 2013 Mayor and Cabinet received details of two potential new extra care schemes in the borough. The first of these, at Campshill Road, is progressing well and is expected to start on site in the spring of 2015.

10.2. The second of those potential schemes had been proposed by Phoenix Community Housing (PCH). PCH's outline proposal was to create a further 60 new dwellings on the site of the current Hazelhurst Court, which currently accommodates 68 designated elderly units. The new development would also include key community facilities such as a communal lounge, kitchen and dining that could support the needs of the new and existing residents.

10.3. New extra care provision in this location could help to address a range of housing needs, which goes beyond the benefits offered by the other new extra care schemes in development in the borough. Principally this is because of the fact that, within the stock owned by PCH in the wards of Bellingham and Downham, there is a predominance of larger family homes which means there are few opportunities for older residents to "down size" into smaller properties that potentially are more suitable for their needs. Providing new high quality extra care homes should help to address that problem, and by enabling these moves it will also make available larger family homes to help address the wider pressure the Council faces in meeting housing need.

10.4. Mayor & Cabinet considered this proposal and gave in-principle agreement to support the development of extra care provision on this site, through a grant of S106 funding, subject to the development of a final cost and funding model, and noted that a request for final authority



to support the scheme would be brought back for consideration in due course.

- 10.5. Since that time officers have worked closely with PCH and with the GLA to finalise the terms of the development. The GLA has awarded the project funding, and the Council's funding is required to cover a viability gap, in order to develop such a large number of high quality homes which will all be available for social rents. The project is expected to be considered by a planning committee in January, and so final confirmation of the funding arrangement will be required.
- 10.6. As such, the Mayor is requested to agree that the Council should provide support for the Hazelhurst Court development, should planning consent be given. This support is to be in the form of S106 funding, which will be for not more than £2.3m and will be conditional on the Council obtaining 100 per cent nomination rights and agreeing to the social care service model. The Mayor is also requested to agree to delegate to the Executive Director for Customer Services in consultation with the Director of Regeneration and Asset Management and Head of Law, the authority to finalise the terms of that grant agreement.

## **11. Financial implications**

- 11.1 The Council's 30 year financial model for the Housing Revenue Account currently includes provision for the build of 250 properties at an average cost of £150k each (adjusted annually for inflation) over the first 10 years of the model.
- 11.2 The Phase 3 project is the third to be developed and will be brought forward for approval in Spring 2015. This phase involves up to 124 units and will assume the same average cost per unit used in the modelling for previous phases.
- 11.3 The financial model shows that the cost of the proposed revised unit target can be contained within the HRA.

## **12. Legal Implications**

- 12.1 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.
- 12.2 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.

- 12.3 Such consultation must therefore be up to date and relate to the development proposals in question.
- 12.4 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.
- 12.5 The giving to Lewisham Homes the management of the construction works in relation to the new housing units will not be deemed to be a contract let by a public body for the purposes of the public procurement regime as Lewisham Homes' principal activities are for the Council who is the sole member and exercises strategic control over its decisions.
- 12.6 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: gender, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 12.7 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.
- 12.8 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. Equalities Implications**

13.1 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.

13.2 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/>

13.3 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

13.4 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/>

### **14. Environmental Implications**

14.1 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.

**15. Crime and Disorder Implications**

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

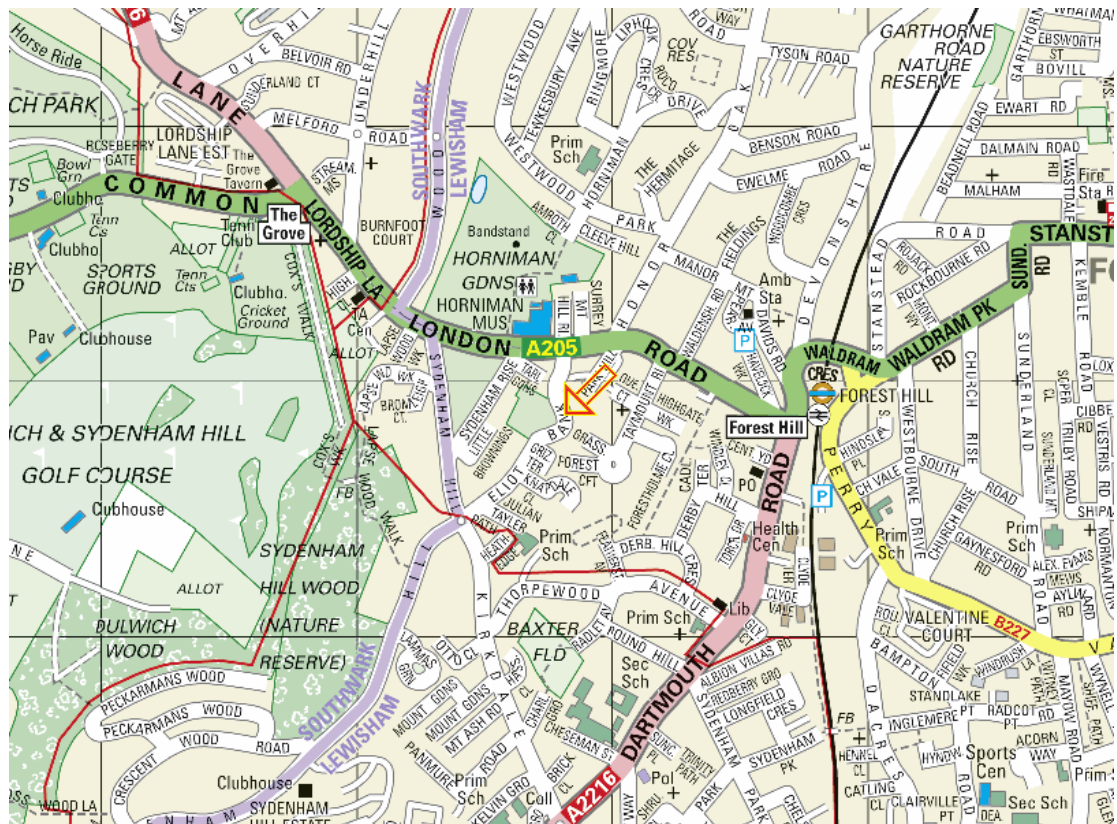
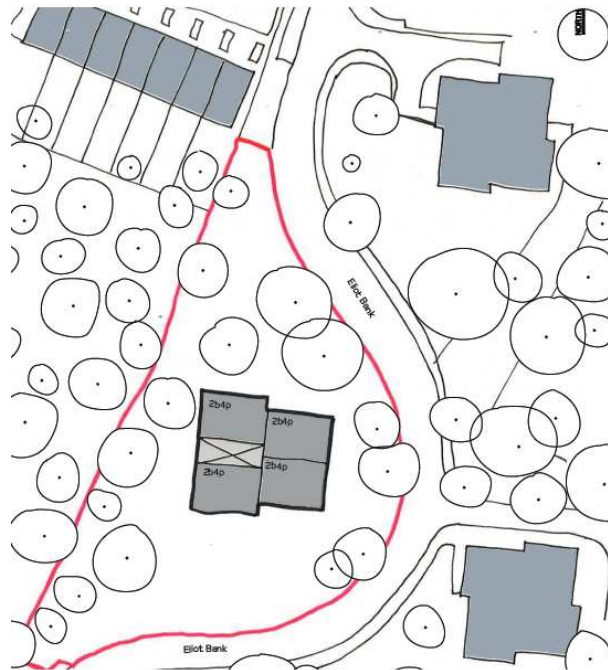
**16. Background Documents and Report Originator**

16.1 There are no background documents to this report.

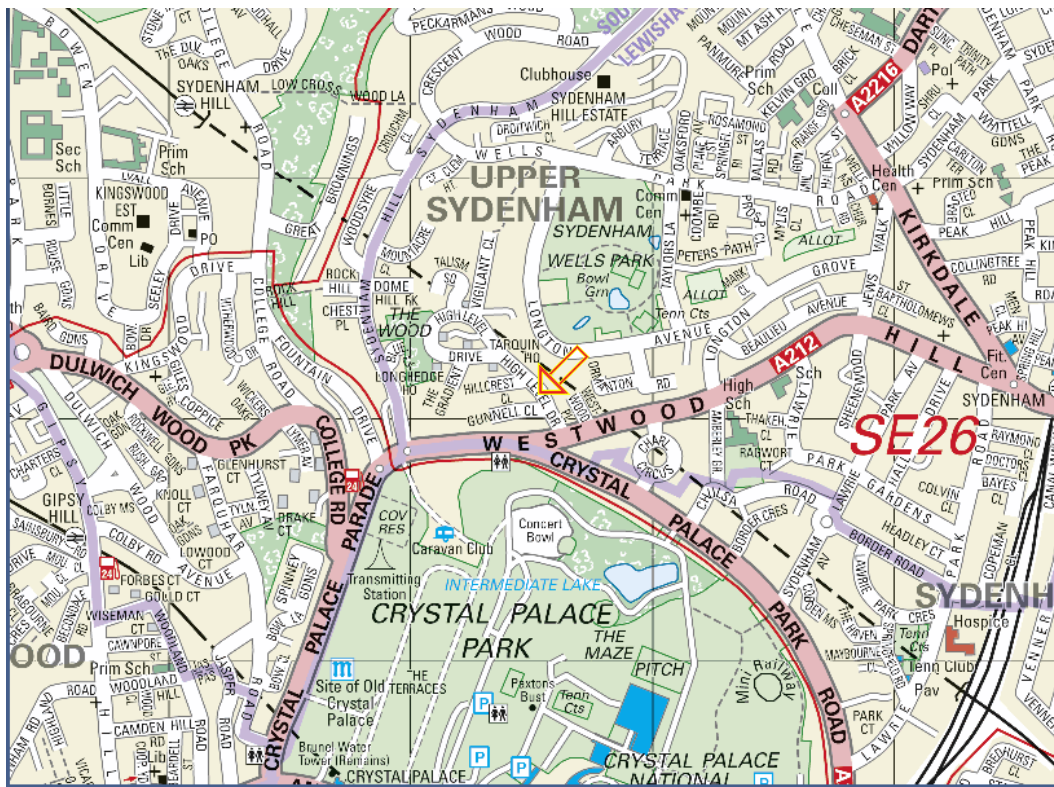
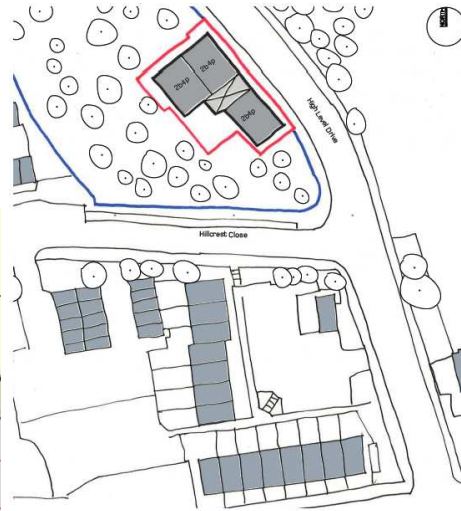
16.2 If you have any queries relating to this report please contact Jeff Endean on 020 8314 6213.

# Appendix A: Site drawings and maps

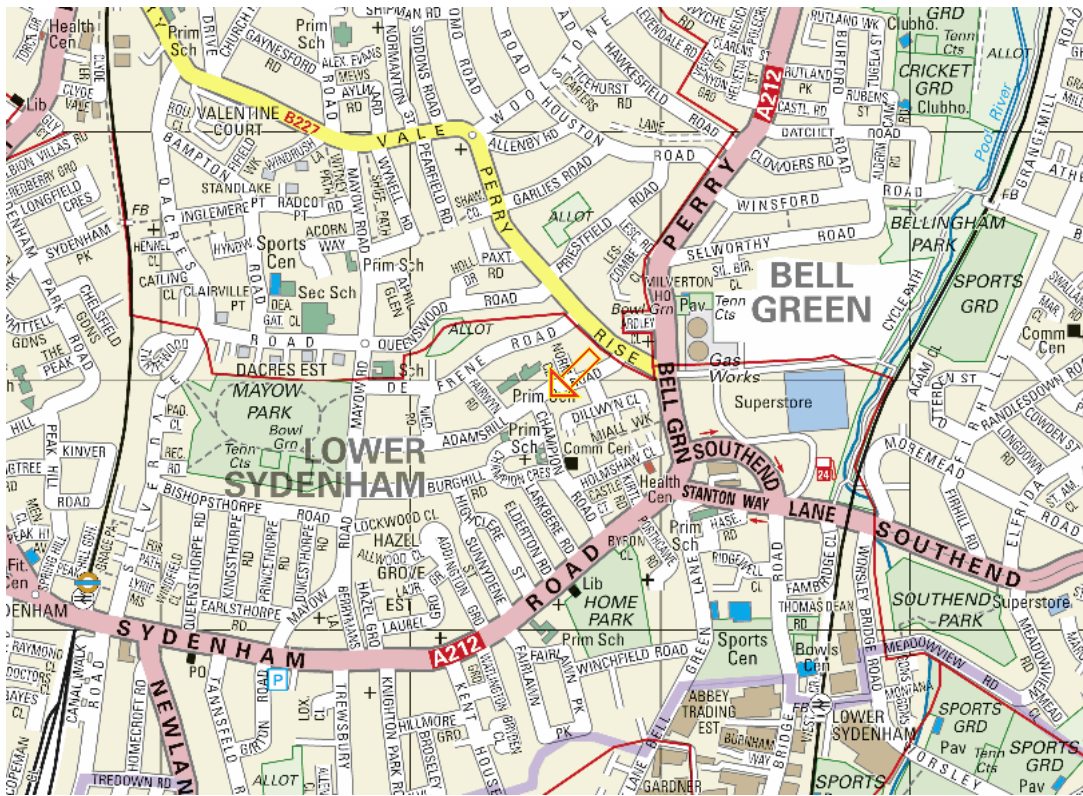
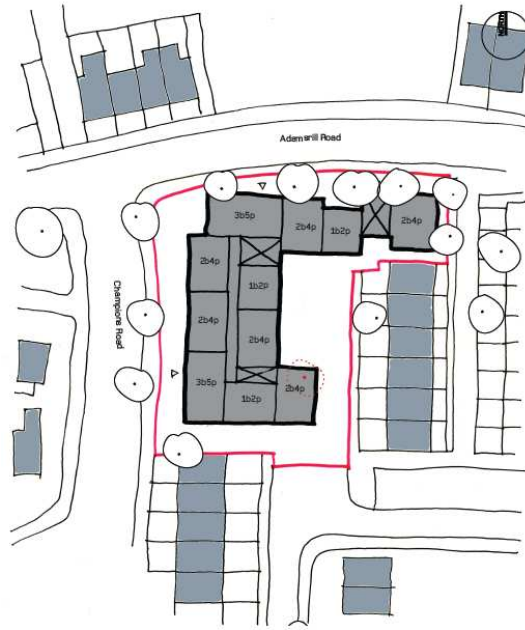
## Site 1: Eliot Bank



Site 2: Hillcrest Clubroom



# Site 3: Kenton Court



# Site 4: Greystead Road





# Site 5: Somerville Court

