

Hexagon Housing Association – information to Housing Select Committee Meeting – Wednesday March 11, 2015

(Following headings from Cllr. Carl Handley’s invite letter of 21 January 2015)

Hexagon’s work to support eligible households to downsize

We have provided direct one to one advice on how to downsize to affected residents using our own staff and in the early days of the bedroom tax, we bought in an external support service from Open Doors to facilitate their moves.

We have also changed our policy on not allowing transfers with rent arrears to move (without clearing their account) and have subsequently authorised moves for some households with sizeable arrears. We now also allow residents with arrears who are bedroom tax affected to do a mutual exchange (and we ask them to sign a repayment agreement.)

Since April 2013, when the bedroom tax was implemented, we have transferred 9 Lewisham residents to smaller homes.

At the last count we had a total of 10 mutual exchanges (across all five boroughs in which we work) that we can say for sure are specifically because of the welfare reforms.

To put that figure into some context, 63 Hexagon residents in Lewisham have done a mutual exchange since June 2006.

Despite our focus and efforts, we have encountered significant reluctance of bedroom tax affected households to move, especially when they are able to cover the rent shortfall which many are doing at the current time.

Hexagon’s thoughts on the recent decline in re-lets

We have not observed a decline in re-lets. Our general needs re-let figures for the last three years are as follows:

Year	Hexagon Re-lets in Lewisham					total
	1 bed	2 bed	3 bed	4 bed		
2012/13	21	14	5	2	42	
2013/14	13	10	6	1	30	
2014/15 to date	16	11	7	1	35	

Hexagon's plan for new supply

In the 2011-15 programme, approximately 45% of our GLA funded programme was delivered in LB Lewisham. That totalled 113 new homes on three sites (75 homes at Baring Road, 32 homes at Springbank Road, and 6 homes at Lewis House).

In the 2011-15 programme, we have an allocation for 200 new homes across the five boroughs in which we work. It is too early to say what might be delivered in Lewisham as our allocations are not made specific to any particular LA area and they will be delivered where opportunities arise and where LA's provide support for our plans.

Our main challenge at present to delivering a reasonable portion of development in Lewisham is land availability. Rising land values and increased competition from developers for sites provides a serious challenge, along with increases in building costs.

We have a strategic objective to deliver some housing for outright sale to deliver cross subsidy to bring down the level of so called "affordable" rents (see below for more information on actual rent levels) and this could add up to around 40 new homes to the total output.

Hexagon update on the use of Fixed Term Tenancies

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

Hexagon update on Affordable Rents

Since April 2013, we have let 148 general needs homes in Lewisham. 86 homes were at "affordable rents" and a further 62 homes were let at traditional social rents (i.e. target rents).

63 of these 86 "affordable rent" lettings were for new homes which had been funded under the 2011-15 programme.

The rents on the 86 "affordable rent" homes can be grouped as follows:

28	homes	<£175 per week (including service charges)
47		£175-200 per week inclusive
3		£200-225 per week inclusive
8		£225-250 per week inclusive

Our highest "affordable rent" was £246 per week.

We have not worked out the blended average of the market rent on a Lewisham specific basis although we are running at about 71% of the market so far this year (2014/15) across our entire stock on homes let at "affordable rent".

Where we charge “affordable rents” our policy is to charge 80% of the market rent for 1 and 2 bedroom homes. For homes with three bedrooms, we charge a sum which is set by an (external produced) affordability calculation taking into account the benefit cap and this is generally well below 0% of market rent. All of these rents are subject to being below the local housing allowance. We charge social rents (i.e. target rents) on homes with 4 bedrooms as the benefit cap would generally not cover an “affordable rent” for such a large household.

As mentioned about, we are currently pursuing a programme of outright sale homes to create a cross subsidy stream to mitigate against the worst excesses of the “affordable rent” funding regime.

Hexagon’s plans for assisting Lewisham in tackling homelessness in the Borough

Hexagon’s key contribution to fighting homelessness is by making the vast majority of our new and existing lettings available to LB Lewisham to house those in the most severe housing need.

For example, in this current year, 38% of our lettings in Lewisham were made to homeless households (17 of 45 lettings) and we expect that pattern to continue so long as the Borough allocations continue to provide priority to homeless households.

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